



Gold price hits (another) record high

- The spot gold price hit another high overnight, rising 1.3% to USD 1536.10/oz on Comex, as the US dollar fell again following the US Federal Reserve's decision to keep borrowing costs at record lows (refer below).
- Iron ore prices (delivered China) rose 1.1% to USD 181.50/t. China Iron and Steel Association data point to a daily steel output rate of 1.918 million tonnes for the first 20 days of April, or an annualised rate of almost 700Mt, some 11% higher than 2010's output of 626Mt. If sustained, this output rate is bullish for iron ore and coking coal prices.
- US economic growth slowed from a 3.1% annual pace in the fourth quarter to 1.8% in the March quarter. Economists had expected growth of around 2%. US jobless claims rose by 25,000 to 429,000 in the last week. US pending home sales rose by a larger than expected 5.1% in March. The previously released February result was revised down from a gain of 2.1% to 0.7%. Both European and US equities rose Thursday on strong earnings results, even as US GDP figures disappointed against analyst expectations.
- Base metals ended mostly higher with lead being the laggard even as exchange stocks for most metals rose. A weaker US dollar supported price sentiment.
- US crude oil prices ended slightly higher, taking support from the weaker US dollar, to close at USD 112.86/bbl, while UK crude fell, but finished at USD 124.80/bbl. OPEC daily crude oil shipments have fallen to 22.75mnbpd for the four weeks to May 14, from 23.03mnbpd in the four week period to April 16, but are likely to increase through the rest of May and into June as seasonal demand picks up.

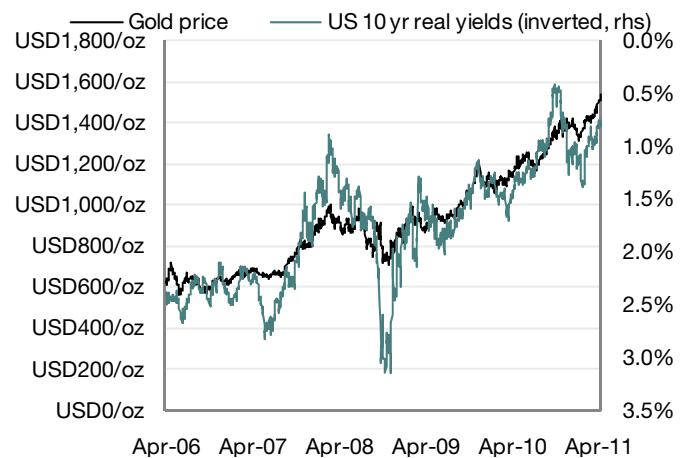
Chart of the Day: Gold price continues to strike new record highs on easy US monetary policy

- US Federal Reserve Chairman Bernanke's press conference following the two day Fed meeting this week confirmed that the Fed is in no hurry to tighten monetary policy any time soon. The current USD 600b programme of bond purchases will complete on schedule by end June, and maturing bond proceeds will continue to be reinvested, which in effect keeps monetary policy quite loose.
- Partly reflecting this, and also reflecting weaker Q1 US GDP this week, and concomitant more moderate future inflation expectations; US real long bond yields have ticked lower in recent weeks and in particular this week. This has closed a gap that had previously opened up between the gold price and (inverted) real long yields – see chart. We continue to expect gold prices to struggle when US GDP growth (and yields) eventually recover but the timing of this improvement in the US economy and yields looks a little more uncertain now.

Overnight Price Moves (full table over)		28-Apr-11	
New York (Dow Jones IA)		12,763	0.6%
London (FTSE 100)		6,070	0.0%
AUD/USD		1.0884	0.6%
LME Metals (28-Apr)			
	USD/t	USc/lb	% chg
Aluminium	\$2,759	125	0.8%
Copper	\$9,296	422	0.0%
Lead	\$2,506	114	-0.5%
Nickel	\$26,836	1,217	0.9%
Tin	\$32,011	1,452	0.2%
Zinc	\$2,234	101	0.4%
Iron ore & Steel			
	USD/t	% chg	
Iron ore (62% Fe, cfr China)	\$181.50	1.1%	
Steel Billet (LME)	\$545	0.0%	
Precious Metals			
Gold			
Spot (USD/oz)	\$1,536.20	0.6%	
Comex (USD/oz) *	\$1,536.10	1.3%	
AUD spot (AUD/oz)	\$1,406.39	0.1%	
Silver (USD/oz)	\$48.44	1.2%	
Platinum (USD/oz)	\$1,842.25	0.9%	
Palladium (USD/oz)	\$776.25	1.1%	
Oil			
NYMEX light sweet crude (USD/bbl) *	\$112.86	0.1%	
Brent (USD/bbl)	\$124.80	-0.7%	
Singapore TAPIS (USD/bbl)	\$132.08	0.6%	

Source: Bloomberg, globalCOAL, CBA. Prices are indicative and subject to change. Oz refers to Troy ounce. * Near month.

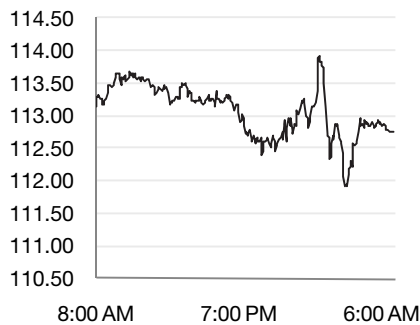
Chart of the Day: Gold price and US real long bond yields (real 10 year yields)



Source: Bloomberg, CBA.

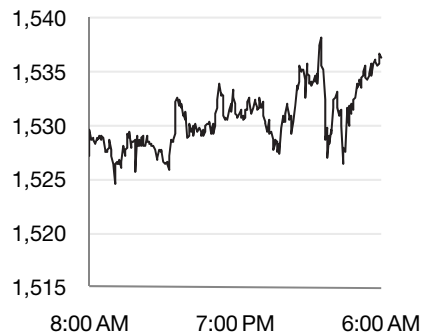


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



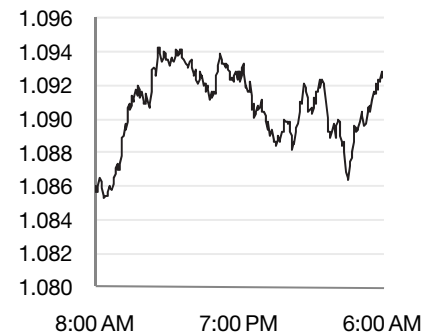
Source: Bloomberg, CBA. 5 min intervals.

Figure 2: Gold (spot, US/oz) intraday price



Source: Bloomberg, CBA. 5 min intervals.

Figure 3: Australian dollar (USD/AUD) intraday price



Source: Bloomberg, CBA. 5 min intervals.

Overnight Market Price Snapshot

LME Metals (28-Apr)			change over						change over		
Cash	USD/t	US\$/lb	day	week	month	Oil	USD/bi	day	week	month	
Aluminium	\$2,759	125	0.8%	0.9%	5.3%	NYMEX light sweet crude **	\$112.86	0.1%	1.0%	5.8%	
Copper	\$9,296	422	0.0%	-4.0%	-1.2%	Brent (Dated)	\$124.80	-0.7%	0.5%	6.4%	
Lead	\$2,506	114	-0.5%	-4.9%	-8.5%	Singapore TAPIS	\$132.08	0.6%	1.2%	7.7%	
Nickel	\$26,836	1,217	0.9%	-0.2%	2.9%	Dubai	\$118.98	1.0%	1.8%	8.7%	
Tin	\$32,011	1,452	0.2%	-2.0%	0.7%						
Zinc	\$2,234	101	0.4%	-4.7%	-4.8%	Refined products, Singapore					
Steel Billet	\$545	na	0.0%	2.3%	0.6%	Gas Oil (USD/bbl) ***	\$139	1.3%	0.3%	5.3%	
						Jet Fuel (USD/bbl)	\$141	1.3%	0.9%	5.6%	
						Fuel Oil (USD/t) ****	\$688	1.0%	0.6%	4.7%	
Futures (3 mth)						Currencies					
Aluminium	\$2,768	126	0.9%	0.8%	4.5%	AUD/USD (London close)	1.0884	0.6%	1.3%	5.1%	
Copper	\$9,320	423	0.0%	-4.0%	-1.1%	AUD/EUR	0.7356	-0.1%	-0.2%	0.8%	
Lead	\$2,491	113	-0.3%	-4.2%	-7.6%	AUD/JPY	88.73	-0.5%	1.0%	3.4%	
Nickel	\$26,850	1,218	0.8%	-0.2%	2.9%	AUD/CNY	7.08	0.5%	1.0%	4.3%	
Tin	\$32,050	1,454	0.2%	-2.1%	0.8%	AUD/KOR	1,168	0.2%	0.7%	2.7%	
Zinc	\$2,247	102	0.3%	-4.8%	-4.9%	EUR/USD	1.4796	0.8%	1.5%	4.3%	
Steel Billet	\$549	na	0.0%	0.7%	-1.1%						
Stocks		tonnes				Coal*	USD/t				
Aluminium	4,612,050	5,950	8,975	16,675		Newcastle	\$121.48	~	-1.3%	-1.9%	
Copper	463,650	150	7,375	23,800		Richards Bay	\$123.27	~	-0.7%	0.6%	
Lead	308,375	1,000	3,750	27,075		DES ARA	\$127.52	~	-0.6%	-1.1%	
Nickel	117,384	-588	-558	-6,312							
Tin	20,570	285	385	2,285		Iron ore & Steel	USD/t				
Zinc	821,375	4,675	7,075	84,700		Iron ore (62% Fe, cfr China)	\$181.50	1.1%	1.5%	5.3%	
Steel Billet	58,305	0	0	3,965		China domestic Rebar	\$725.98	0.2%	1.4%	4.3%	
						East Asia HRC (cfr) *****	\$725.00	0.0%	0.0%	-0.7%	
Precious Metals						US domestic HRC (US/st) *****	\$865.00	0.0%	-0.3%	-1.1%	
Gold	USD/oz (unless stated otherwise)										
Spot	\$1,536.20	0.6%	2.0%	7.3%		Equity & Debt Capital Markets					
Comex *	\$1,536.10	1.3%	2.2%	6.8%		New York (Dow Jones IA)	12,763	0.6%	2.1%	3.6%	
AUD spot (AUD/oz)	\$1,406.39	0.1%	0.4%	1.4%		London (FTSE 100)	6,070	0.0%	0.9%	2.7%	
Silver	\$48.44	1.2%	4.0%	28.6%		Europe (EuroStoxx50)	3,005	0.9%	2.4%	3.2%	
Platinum	\$1,842.25	0.9%	1.4%	4.2%		Toronto (Metals & Mining)	4,494	-0.5%	-2.6%	0.3%	
Palladium	\$776.25	1.1%	0.7%	1.7%		Philadelphia Gold & Silver Index	220.4	-0.7%	-2.4%	1.7%	
Natural Gas											
Henry Hub (USD/MMBtu) **	\$4.578	4.6%	3.8%	4.3%		US 2 year bond yield	0.621%	-3.7%	-6.5%	-24.7%	
British NBP (GBP/therm) **	57.89	3.7%	1.6%	-9.6%		US 10 year bond yield	3.314%	-1.3%	-2.5%	-4.6%	

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly, 22/04 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly, 26/04



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