



OECD cuts World, China growth

- The OECD lowered 2012 world economic growth from 4.6% to 3.4% in its latest forecasts. Highlighting that the biggest risk to the global economy is the euro zone debt crisis and a breakup of the euro currency can no longer be ruled out. Chinese growth forecasts have been cut from 9.2% to 8.5% for 2012, while the UK economy is expected to go back into recession. The OECD forecasts are broadly in line with CBA's call for 3.5% world economic growth in 2012, and 8.7% growth in China.
- European shares recorded their biggest one-day gain in a month on Monday. Hopes of further measures to help resolve the debt crisis and a push for a more centralised fiscal authority drove sentiment. The banking sector led the gains. Italian business sentiment and the GfK measure of German consumer confidence both improved more than expected. Meanwhile, US new home sales rose by 1.3% in October - marking the fastest pace of growth in five months. The supply of new homes on the market eased modestly from 6.4 to 6.3 months' supply. The Dallas Fed Manufacturing Index rose from 2.3 to 3.2 in November.
- The commodity complex joined in the 'risk on' trade, with base metals up 0.7-3.7%, copper doing best on renewed Eurozone optimism and following the better than expected US Thanksgiving retail sales over the weekend. Precious metals rallied as the US dollar eased.
- UK Brent crude oil rose more than US WTI, on new sanctions against Syria and strong US retail sales data over the Thanksgiving weekend. While not a significant supplier in its own right (Syria produced 332,000 bpd in August, according to the IEA), the new sanctions have renewed concerns on stability of supply from the Middle East.
- Spot iron ore, cfr China, sank 6% to USD 132/t yesterday - see below for more detail.

Chart of the Day: Shanghai steel rebar futures continue to lead spot iron ore

- We have written previously about the close correlation between Shanghai steel rebar futures and the spot iron ore price. Despite the recent high volatility, the close correlation has remained, as demonstrated by the chart at right.
- Spot iron ore prices have come back in recent days following a strong rally off lows around USD 116.90/t in October. The more recent falls may reflect the November flash PMI dipping to 48, from 51 in October. It may also reflect deteriorating sentiment following recent declines in China's average daily steel output in the first ten days of November to 1.72Mt/d, down some 12% from average daily rates in September. Annualised output has, on this basis, fallen more than 10% and suggests that earlier targets for China's 2011 steel output above 700Mt may fail to be reached. We forecast 694Mt for 2011's steel output.

Overnight Price Moves (full table over)		28-Nov-11	
New York (Dow Jones IA)		11,471	2.1%
London (FTSE 100)		5,313	2.9%
AUD/USD (as at 29-Nov-11)		0.9880	1.7%
LME Metals (28-Nov)			
	USD/t	USc/lb	% chg
Aluminium	\$2,017	92	1.8%
Copper	\$7,471	339	3.7%
Lead	\$2,004	91	1.1%
Nickel	\$17,176	779	1.3%
Tin	\$20,864	946	0.7%
Zinc	\$1,954	89	2.5%
Iron ore & Steel			
	USD/t		% chg
Iron ore (62% Fe, cfr China)	\$132.00		-6.0%
Steel Billet (LME)	\$510		0.0%
Precious Metals			
Gold			
Spot (USD/oz)	\$1,707.55		1.4%
Comex (USD/oz) *	\$1,708.30		1.3%
AUD spot (AUD/oz)	\$1,725.50		-0.5%
Silver (USD/oz)	\$32.02		2.4%
Platinum (USD/oz)	\$1,539.50		0.6%
Palladium (USD/oz)	\$579.25		2.0%
Oil			
NYMEX light sweet crude (USD/bbl) *	\$98.51		1.8%
Brent (USD/bbl)	\$109.23		2.3%
Singapore TAPIS (USD/bbl)	\$118.03		1.0%

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

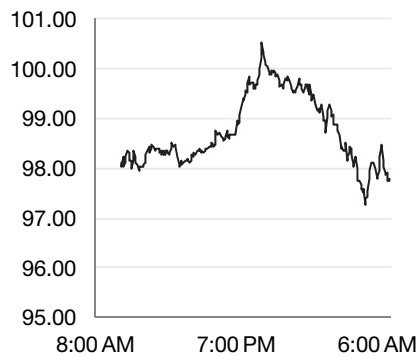
Chart of the Day: Shanghai steel rebar futures and spot iron ore prices



Source: SHFE, TSI, Bloomberg, CBA

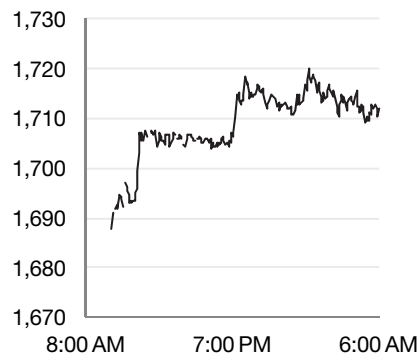


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



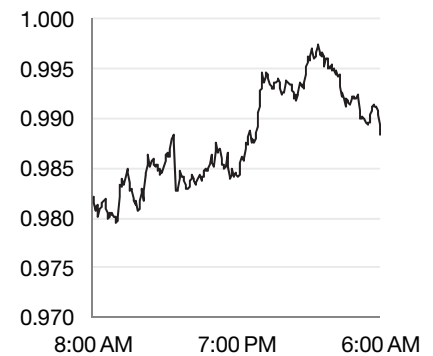
Source: Bloomberg, CBA. 5 min intervals.

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-Nov)

Cash	USD/t	USc/lb	change over		
			day	week	month
Aluminium	\$2,017	92	1.8%	-1.4%	-8.2%
Copper	\$7,471	339	3.7%	2.6%	-6.4%
Lead	\$2,004	91	1.1%	1.7%	-2.8%
Nickel	\$17,176	779	1.3%	-3.6%	-12.2%
Tin	\$20,864	946	0.7%	2.4%	-5.0%
Zinc	\$1,954	89	2.5%	2.5%	-1.5%
Steel Billet	\$510	na	0.0%	-1.0%	-4.6%

Futures (3 mth)

Aluminium	\$2,026	92	1.7%	-2.0%	-8.7%
Copper	\$7,495	340	3.7%	2.5%	-6.2%
Lead	\$2,025	92	1.0%	1.6%	-2.7%
Nickel	\$17,180	779	1.4%	-3.5%	-12.2%
Tin	\$20,850	946	0.7%	2.2%	-5.2%
Zinc	\$1,957	89	2.5%	2.2%	-2.2%
Steel Billet	\$525	na	0.0%	0.0%	-1.9%

Stocks

	tonnes				
Aluminium	4,562,675	0	5,350	14,650	
Copper	392,775	-1,950	-3,200	-36,600	
Lead	371,975	-75	-1,850	-15,825	
Nickel	89,094	426	5,154	2,586	
Tin	12,720	-75	-605	-3,725	
Zinc	741,925	325	-5,475	-38,950	
Steel Billet	63,570	0	2,860	-1,235	

Precious Metals

Gold	USD/oz (unless stated otherwise)			
Spot	\$1,707.55	1.4%	1.8%	-0.4%
Comex *	\$1,708.30	1.3%	1.8%	-1.0%
AUD spot (AUD/oz)	\$1,725.50	-0.5%	1.2%	6.7%
Silver	\$32.02	2.4%	1.3%	-6.6%
Platinum	\$1,539.50	0.6%	-0.6%	-3.6%
Palladium	\$579.25	2.0%	-1.9%	-10.4%

Natural Gas

Henry Hub (USD/MMBtu) **	\$3.365	-5.0%	-1.0%	-14.5%
British NBP (GBP/therm) **	59.54	-1.2%	-3.9%	-10.9%

Oil

	USD/bbl	day	week	month
NYMEX light sweet crude **	\$98.51	1.8%	1.9%	5.7%
Brent (Dated)	\$109.23	2.3%	2.6%	-0.3%
Singapore TAPIS	\$118.03	1.0%	1.7%	-0.5%
Dubai	\$108.31	0.9%	1.2%	2.6%

Refined products, Singapore

Gas Oil (USD/bbl) ***	\$125	0.1%	-1.5%	-0.9%
Jet Fuel (USD/bbl)	\$125	-0.4%	-1.2%	-1.5%
Fuel Oil (USD/t) ****	\$673	-0.1%	2.0%	-0.6%

Currencies (as at 29-Nov-11)

AUD/USD (London close)	0.9880	1.7%	0.4%	-6.8%
AUD/EUR	0.7423	1.2%	1.9%	-2.3%
AUD/JPY	77.173	2.2%	2.0%	-6.6%
AUD/CNY	6.319	2.0%	1.0%	-6.2%
AUD/KOR	1,142	1.2%	1.5%	-3.1%
EUR/USD	1.331	0.6%	-1.4%	-4.5%

Coal*

	USD/t			
Newcastle	\$111.98	~	-1.5%	-5.0%
Richards Bay	\$101.72	~	-4.3%	-6.4%
DES ARA	\$112.18	~	-2.5%	-5.3%

Iron ore & Steel

	USD/t			
Iron ore (62% Fe, cfr China)	\$132.00	-6.0%	-10.4%	11.5%
China domestic Rebar	\$662.47	-0.1%	-0.8%	-0.2%
East Asia HRC (cfr) *****	\$630.00	0.0%	0.0%	-3.8%
US domestic HRC (US/st) *****	\$640.00	0.0%	0.0%	-1.9%

Equity & Debt Capital Markets

New York (Dow Jones IA)	11,471	2.1%	-0.7%	-4.0%
London (FTSE 100)	5,313	2.9%	1.7%	-4.2%
Europe (EuroStoxx50)	2,222	5.2%	2.8%	-6.9%
Toronto (Metals & Mining)	3,951	2.4%	0.7%	-3.1%
Philadelphia Gold & Silver Index	192.6	2.7%	0.1%	-4.3%
US 2 year bond yield	0.256%	-6.9%	-3.0%	6.7%
US 10 year bond yield	1.964%	-0.1%	0.4%	-7.1%

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly, 25/11 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly, 22/11



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