



## Germany to exit nuclear power in 2022

- Germany's government has announced plans to exit nuclear power by 2022, following the Fukushima disaster in Japan. The government will shut eight of a total of seventeen reactors this year, with the rest to be shut and then decommissioned from 2022. Prior to the Fukushima accident, Germany had already committed to a plan to decommission nuclear power by 2025.
- According to a report by Reuters, EU officials are drafting a second bailout package for Greece in an attempt to prevent the country defaulting on debt next month. Chairman of Euro zone finance ministers, Jean-Claude Juncker, expressed optimism about aid after a meeting with the French president. Canada's GDP growth in the March quarter came in stronger than expected, while Brazilian inflation data came in softer than markets were forecasting. US equity and bond markets were closed for the Memorial Day holiday.
- The London Metal Exchange was shut on Monday for the spring bank holiday. Precious metal prices gained slightly even as the US dollar edged higher in thin European and US trade overnight. Ongoing European sovereign debt concerns supported previous metals demand.
- Crude oil prices eased modestly in thin trade on Monday. Traders are awaiting US employment data this week and watching developments in the European debt crisis. Speculation is mounting that a slight slowdown US growth, and the EU debt crisis, will crimp demand.

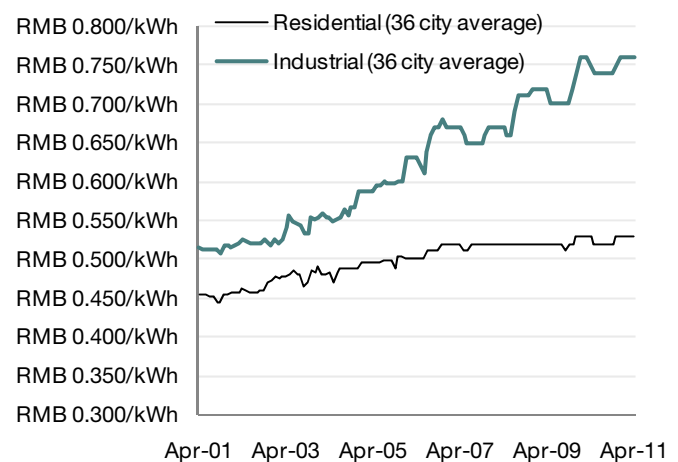
## Chart of the Day: China increases industrial power tariffs...again

- Xinhua reported that National Development and Reform Commission has increased on-grid power tariffs for industrial users by RMB 0.02/kWh, or roughly 2.6%. Power tariffs for residential users remain unchanged. This increase in on-grid power tariffs follows earlier increases in April and earlier this month.
- The increases in tariffs are designed to improve the profitability of coal fired power stations so that they might increase capacity utilisation and supply additional power supplies into the peak summer demand season. Droughts in the Yangtze river basin have left hydro power resources depleted for this time of year, meaning the usual seasonal increase in hydro power generation is unlikely to be significant this year. Unless thermal coal fired generation can increase utilisation, China will likely face serious power shortages this July and August.
- We think thermal coal fired utilisation will improve following recent power tariff increases. This will increase thermal coal demand. Given the narrowest Chinese domestic to international coal price premium in almost a year, thermal coal imports (and prices) will likely be supported too.

Overnight Price Moves (full table over)		30-May-11	
New York (Dow Jones IA)		12,442	0.0%
London (FTSE 100)		~	~
AUD/USD		1.0683	-0.2%
<b>LME Metals (30-May)</b>			
	USD/t	USc/lb	% chg
Aluminium	~	~	~
Copper	~	~	~
Lead	~	~	~
Nickel	~	~	~
Tin	~	~	~
Zinc	~	~	~
<b>Iron ore &amp; Steel</b>			
	USD/t	% chg	
Iron ore (62% Fe, cfr China)	~	~	
Steel Billet (LME)	~	~	
<b>Precious Metals</b>			
Gold			
Spot (USD/oz)		\$1,537.15	0.0%
Comex (USD/oz) *		\$1,539.10	0.2%
AUD spot (AUD/oz)		\$1,437.82	0.2%
Silver (USD/oz)		\$38.16	0.4%
Platinum (USD/oz)		\$1,800.25	0.0%
Palladium (USD/oz)		\$760.75	0.0%
<b>Oil</b>			
NYMEX light sweet crude (USD/bbl) *			
		~	~
Brent (USD/bbl)		\$114.77	-0.4%
Singapore TAPIS (USD/bbl)		\$123.03	-0.4%

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

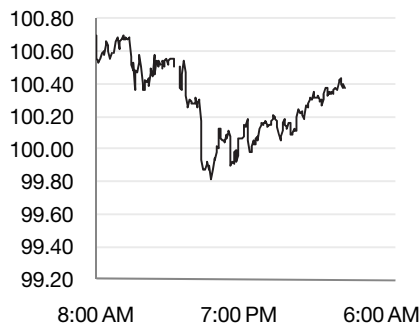
## Chart of the Day: Chinese power tariffs by industrial and residential end user



Source: CEIC, CBA.

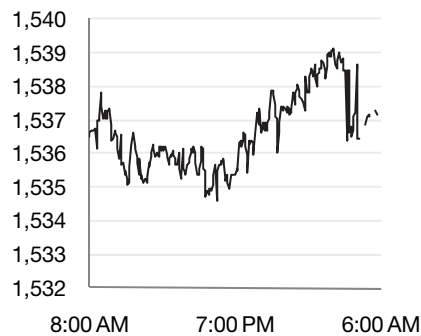


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



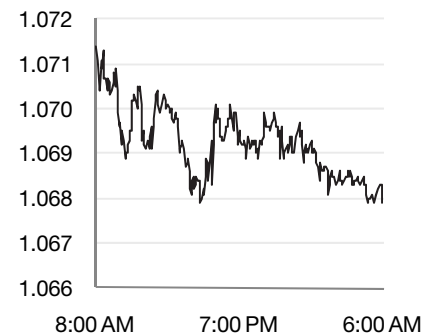
Source: Bloomberg, CBA. 5 min intervals.

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 (30-May)			change over			change over				
Cash	USD/t	USc/lb	day	week	month	Oil	USD/bi	day	week	month
Aluminium	~	~	~	~	~	NYMEX light sweet crude **	~	~	~	~
Copper	~	~	~	~	~	Brent (Dated)	\$114.77	-0.4%	4.3%	-7.7%
Lead	~	~	~	~	~	Singapore TAPIS	\$123.03	-0.4%	4.7%	-6.7%
Nickel	~	~	~	~	~	Dubai	\$108.48	-0.7%	4.4%	-8.6%
Tin	~	~	~	~	~	<b>Refined products, Singapore</b>				
Zinc	~	~	~	~	~	Gas Oil (USD/bbl) ***	\$126	-0.8%	3.6%	-8.9%
Steel Billet	~	na	~	~	~	Jet Fuel (USD/bbl)	\$127	-0.7%	3.7%	-9.2%
						Fuel Oil (USD/t) ****	\$653	-0.7%	4.1%	-4.4%
<b>Futures (3 mth)</b>						<b>Currencies</b>				
Aluminium	~	~	~	~	~	AUD/USD (London close)	1.0683	-0.2%	1.6%	-2.6%
Copper	~	~	~	~	~	AUD/EUR	0.7483	0.1%	0.0%	1.5%
Lead	~	~	~	~	~	AUD/JPY	86.47	0.0%	0.6%	-2.8%
Nickel	~	~	~	~	~	AUD/CNY	6.93	-0.3%	1.3%	-2.7%
Tin	~	~	~	~	~	AUD/KOR	1,154	-0.5%	0.1%	-1.2%
Zinc	~	~	~	~	~	EUR/USD	1.4276	-0.1%	1.7%	-4.0%
Steel Billet	~	na	~	~	~	<b>Coal*</b>	USD/t			
<b>Stocks</b>		tonnes				Newcastle	\$119.47	~	2.3%	-2.3%
Aluminium	~	~	~	~	~	Richards Bay	\$117.80	~	-1.5%	-4.8%
Copper	~	~	~	~	~	DES ARA	\$120.27	~	-1.4%	-5.7%
Lead	~	~	~	~	~	<b>Iron ore &amp; Steel</b>	USD/t			
Nickel	~	~	~	~	~	Iron ore (62% Fe, cfr China)	~	~	~	~
Tin	~	~	~	~	~	China domestic Rebar	\$740.38	0.1%	0.4%	1.2%
Zinc	~	~	~	~	~	East Asia HRC (cfr) *****	\$725.00	0.0%	0.0%	0.0%
Steel Billet	~	~	~	~	~	US domestic HRC (US/st) *****	\$810.00	0.0%	-2.7%	-6.4%
<b>Precious Metals</b>						<b>Equity &amp; Debt Capital Markets</b>				
Gold	USD/oz (unless stated otherwise)					New York (Dow Jones IA)	~	~	~	~
Spot	\$1,537.15		0.0%	1.3%	-0.5%	London (FTSE 100)	~	~	~	~
Comex *	\$1,539.10		0.2%	1.6%	-1.2%	Europe (EuroStoxx50)	2,814	-0.2%	0.7%	-6.5%
AUD spot (AUD/oz)	\$1,437.82		0.2%	-0.5%	1.8%	Toronto (Metals & Mining)	4,361	0.4%	~	-1.2%
Silver	\$38.16		0.4%	8.8%	-12.9%	Philadelphia Gold & Silver Index	~	~	~	~
Platinum	\$1,800.25		0.0%	2.7%	-3.2%	US 2 year bond yield	0.478%	0.0%	-9.0%	-21.0%
Palladium	\$760.75		0.0%	4.0%	-1.6%	US 10 year bond yield	3.074%	0.0%	-1.8%	-6.3%
<b>Natural Gas</b>										
Henry Hub (USD/MMBtu) **	\$4.569		1.1%	5.1%	-2.6%					
British NBP (GBP/therm) **	58.93		1.6%	3.0%	1.8%					

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. \* Near Month (not adjusted for contract changes). \*\* Weekly, 27/05  
 \*\*\* Gas Oil is 0.5% sulphur. \*\*\*\* Fuel Oil is 180 centistoke. \*\*\*\*\* Weekly, 24/05



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