



Alcoa reduces capacity by 531,000tpa

- Alcoa announced plans to permanently close 291,000 tonnes of aluminium smelting capacity and curtail a further 240,000 tonnes, to reduce total company capacity by 531,000 tonnes, or about 12% of current capacity of 4.5 million tonnes per annum. The moves are designed to permanently lower the company's position on the global aluminium cost curve. Alcoa also plans to shut or curtail equivalent alumina capacity as determined by "market conditions". The announcement follows Rio Tinto's declaration of force majeure over aluminium deliveries from its 438,000 tpa Alma and 100,000 tpa Shawinigan smelters in Quebec due to labour disputes and accidental outages, and the announced permanent closure of the 275,000 tpa Zeeland Aluminium smelter (ZALCO) in the Netherlands. These closures will assist in rebalancing the over-supplied global aluminium market. More closures are possible if aluminium prices remain below marginal cost.
- US private sector payrolls rose by 325,000 in December according to the ADP survey, ahead of expectations for a 178,000 increase. But the December figures are subject to elevated seasonal effects, so a cautious read-through is warranted. The US ISM services gauge rose from 52.0 to 52.6 in December with the new orders and employment sub-indices both higher. US jobless claims fell by 15,000 to 372,000 in the latest week. EU industrial new orders rose by 1.8% in October, following a 7.8% slump in September.
- The European Financial Stability Fund raised EUR 3.0 billion, after offers of close to EUR 4.5 billion for its latest 3-year bond. France issued EUR 4.02 billion of 10-year bonds. The yield was higher than a month ago at 3.29%, with bid-cover weaker at 1.64 versus 3.05 at the previous auction. Higher yields and lower bid-cover spooked markets a little.
- Base metals ended mostly lower, with copper and tin faring best, as a stronger US dollar weighed on prices. Gold ended higher on continued European sovereign debt worries. Spot iron ore rose 0.8% to USD 139.90/t, with prices supported by increased export taxes for Indian iron ore shipments.
- Crude oil benchmarks slipped, US WTI more so than UK Brent, as a stronger US dollar and larger than expected increases in US crude, distillate and gasoline inventories last week outweighed ongoing concerns over Iran's oil supply.

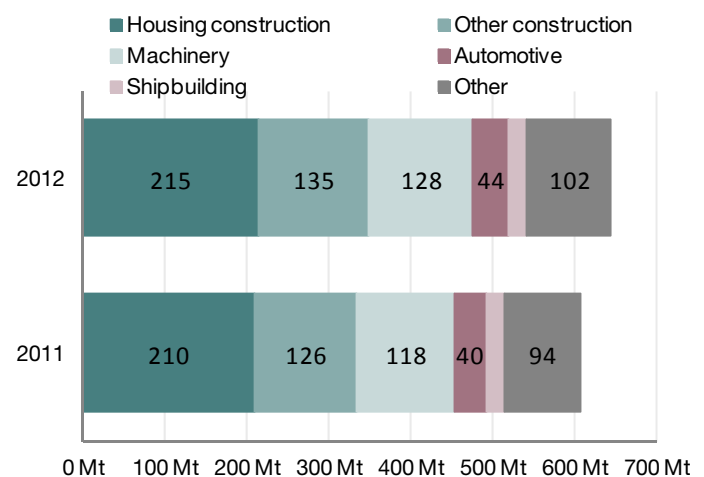
Chart of the Day: China steel consumption to grow 5.9% in 2012, according to research institute

- China Metallurgical Industry and Planning Institute expect China's apparent steel consumption to grow by 5.9% in 2012, from 610Mt expected in 2011, to 646Mt in 2012. Strong growth in non-housing construction, machinery and automotive demand will offset expected weak growth in housing related construction. Even with strong growth in social housing steel demand, current weak commercial housing construction activity poses the biggest risk to China's steel demand outlook for 2012.

Overnight Price Moves (full table over)		05-Jan-12	
New York (Dow Jones IA)		12,420	0.0%
London (FTSE 100)		5,624	-0.8%
AUD/USD (as at 06-Jan-12)		1.0268	0.0%
LME Metals (05-Jan)			
	USD/t	USc/lb	% chg
Aluminium	\$2,014	91	-1.3%
Copper	\$7,528	341	0.0%
Lead	\$1,984	90	-2.6%
Nickel	\$18,686	848	-0.6%
Tin	\$19,807	898	1.3%
Zinc	\$1,819	83	-1.9%
Iron ore & Steel			
		USD/t	% chg
Iron ore (62% Fe, cfr China)		\$139.90	0.8%
Steel Billet (LME)		\$539	-1.8%
Precious Metals			
Gold			
Spot (USD/oz)		\$1,623.13	0.7%
Comex (USD/oz) *		\$1,625.00	0.8%
AUD spot (AUD/oz)		\$1,581.54	1.7%
Silver (USD/oz)		\$29.32	0.5%
Platinum (USD/oz)		\$1,412.75	-0.4%
Palladium (USD/oz)		\$637.25	-1.7%
Oil			
NYMEX light sweet crude (USD/bbl) *		\$101.81	-1.4%
Brent (USD/bbl)		\$112.51	-0.8%
Singapore TAPIS (USD/bbl)		\$123.49	1.2%

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

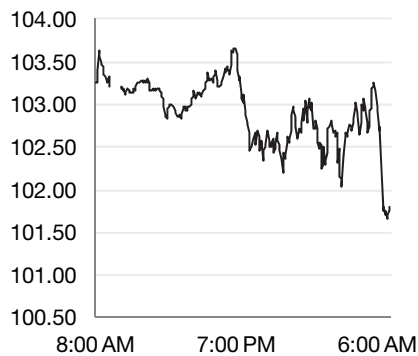
Chart of the Day: China's steel consumption to grow 5.9% in 2012 – research institute



Source: China Metallurgical Industry and Planning Institute, CBA

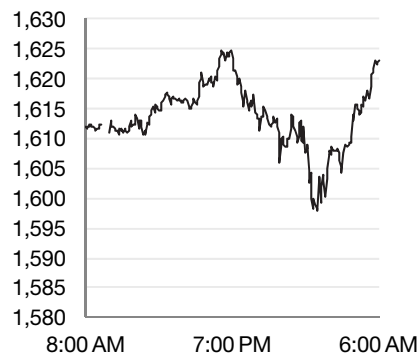


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



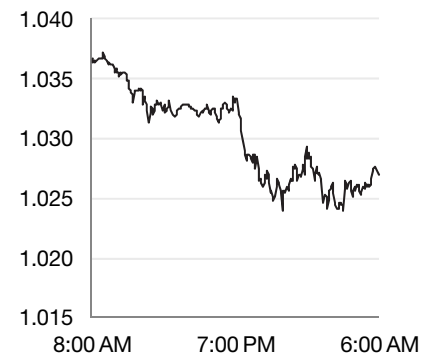
Source: Bloomberg, CBA. 5 min intervals.

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 (05-Jan)

Cash	USD/t	USc/lb	change over		
			day	week	month
Aluminium	\$2,014	91	-1.3%	2.0%	-2.3%
Copper	\$7,528	341	0.0%	1.5%	-2.0%
Lead	\$1,984	90	-2.6%	0.4%	-4.9%
Nickel	\$18,686	848	-0.6%	2.8%	2.2%
Tin	\$19,807	898	1.3%	5.6%	-1.5%
Zinc	\$1,819	83	-1.9%	0.2%	-7.9%
Steel Billet	\$539	na	-1.8%	-2.1%	-0.3%

Futures (3 mth)

	USD/t	USc/lb	day	week	month
Aluminium	\$2,036	92	-1.4%	2.2%	-1.4%
Copper	\$7,540	342	0.0%	1.5%	-2.2%
Lead	\$2,005	91	-2.7%	0.3%	-4.7%
Nickel	\$18,675	847	-0.6%	2.6%	2.0%
Tin	\$19,850	900	1.2%	5.6%	-1.5%
Zinc	\$1,833	83	-1.9%	0.1%	-7.7%
Steel Billet	\$535	na	-1.4%	-1.4%	-2.7%

Stocks

	tonnes	day	week	month
Aluminium	4,980,625	-2,550	11,025	434,575
Copper	368,400	-750	-2,000	-19,000
Lead	351,850	-1,225	-1,400	-11,475
Nickel	89,838	288	-462	-510
Tin	11,360	-435	-580	-545
Zinc	820,900	150	-2,625	62,700
Steel Billet	73,905	0	1,170	5,005

Precious Metals

	USD/oz (unless stated otherwise)	day	week	month
Gold Spot	\$1,623.13	0.7%	5.0%	-5.0%
Comex *	\$1,625.00	0.8%	5.5%	-5.0%
AUD spot (AUD/oz)	\$1,581.54	1.7%	3.6%	-5.8%
Silver	\$29.32	0.5%	5.8%	-7.5%
Platinum	\$1,412.75	-0.4%	3.2%	-5.4%
Palladium	\$637.25	-1.7%	1.8%	-5.3%

Natural Gas

	USD/MMBtu	day	week	month
Henry Hub (USD/MMBtu) **	\$2.975	-3.9%	-1.7%	-13.9%
British NBP (GBP/therm) **	52.95	-0.3%	-1.6%	-9.8%

	USD/bbl	day	week	month
Oil				
NYMEX light sweet crude **	\$101.81	-1.4%	2.2%	3.5%
Brent (Dated)	\$112.51	-0.8%	3.9%	4.8%
Singapore TAPIS	\$123.49	1.2%	5.2%	2.7%
Dubai	\$110.09	1.8%	4.0%	1.2%

Refined products, Singapore

	USD/t	day	week	month
Gas Oil (USD/bbl) ***	\$130	1.7%	5.8%	2.2%
Jet Fuel (USD/bbl)	\$129	1.8%	5.9%	2.0%
Fuel Oil (USD/t) ****	\$727	0.6%	7.6%	5.3%

Currencies (as at 06-Jan-12)

	USD/oz	day	week	month
AUD/USD (London close)	1.0268	0.0%	1.4%	0.9%
AUD/EUR	0.8024	0.0%	2.5%	5.1%
AUD/JPY	79.180	-0.4%	0.6%	0.1%
AUD/CNY	6.467	-0.9%	1.0%	-0.1%
AUD/KOR	1,185	-0.5%	1.2%	2.8%
EUR/USD	1.280	-1.2%	-1.1%	-4.0%

Coal*

	USD/t	day	week	month
Newcastle	\$115.47	~	2.3%	3.8%
Richards Bay	\$106.57	~	0.2%	3.7%
DES ARA	\$112.39	~	0.7%	0.7%

Iron ore & Steel

	USD/t	day	week	month
Iron ore (62% Fe, cfr China)	\$139.90	0.8%	1.1%	0.4%
China domestic Rebar	\$661.78	-0.3%	-0.9%	-1.2%
East Asia HRC (cfr) *****	\$630.00	0.0%	0.0%	0.0%
US domestic HRC (US/st) *****	\$700.00	0.0%	1.1%	7.1%

Equity & Debt Capital Markets

	Index	day	week	month
New York (Dow Jones IA)	12,420	0.0%	1.1%	3.5%
London (FTSE 100)	5,624	-0.8%	1.0%	2.6%
Europe (EuroStoxx50)	2,316	-1.5%	1.0%	1.2%
Toronto (Metals & Mining)	3,883	0.7%	6.5%	-4.5%
Philadelphia Gold & Silver Index	189.0	-0.2%	5.4%	-4.6%
US 2 year bond yield	0.261%	0.0%	-3.0%	18.6%
US 10 year bond yield	2.004%	1.3%	5.5%	1.7%

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly, 30/12 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly, 03/01



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