

Metals lift on strong Chinese imports

- Base and precious metals finished 1.3-3.3% higher on the day, copper doing best as record Chinese imports of the red metal in December boosted sentiment. Aluminium also did better following Alcoa's outlook for 7% global demand growth and a supply deficit of 600,000tonnes in 2012.
- US chain store sales rose by 3.3% in the week to 7 January compared with a year ago according to the Johnson Redbook Retail Sales index. US wholesale sales rose by 0.6% in November with inventories up just 0.1%. Economists had tipped a 0.7% lift in sales and 0.5% lift in inventories. The slower level of business restocking may serve to crimp the economic growth estimate for the December quarter. French industrial production rose by 1.1% in November to stand 0.9% higher than a year ago. The Bank of France business sentiment indicator turned up for the first time in nearly a year, edging up to 96 in December from 95. This maintains the pattern of stabilisation across European business surveys in late 2011.
- Crude benchmarks ended higher on the day, US WTI more so than UK Brent, as a more pragmatic view on Iran's bluster towards a potential closure of the Strait of Hormuz was offset by a better demand outlook. Meanwhile, a general strike, protests and sporadic ethnic violence continued in Nigeria following the Government's removal of oil subsidies on 1 January that saw petrol prices effectively double overnight. Nigeria produces 2.4mmbbl/d, mostly from offshore fields, and is a key supplier to the United States. So far, production has not been affected. Should civil unrest escalate, crude exports may be impacted.
- Spot iron ore prices lifted 1.6% to USD142.30/t yesterday. Even as Chinese mills wind down buying activity ahead of Chinese New Year on 23 January, traders are increasingly taking positions with a view that demand will increase following the New Year holidays in February, and on an expectation that more Chinese policy loosening will be delivered in the next quarter or two.
- Inpex and Total's Ichthys LNG project in northern Australia signed a 15-year, 1.75Mtpa LNG sales agreement with Taiwan's CPC Corporation. The agreement follows 4Mtpa of sales to a suite of JPU's late last year. Final investment decision on the USD30b could be made this month.

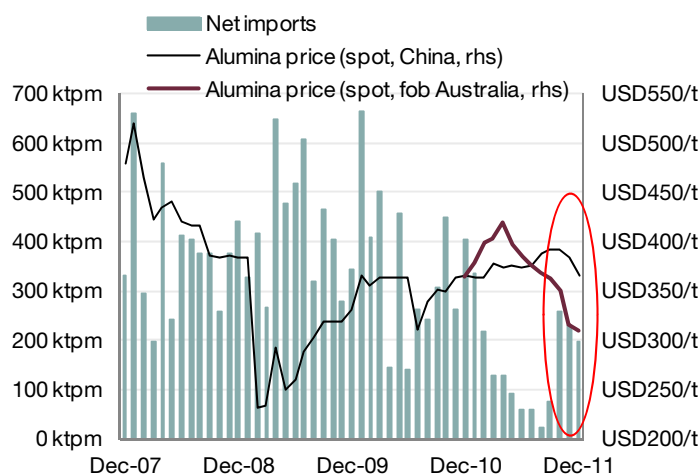
Chart of the Day: Are China's alumina imports set to jump in early 2012?

- China's alumina imports in December 2011 came in at 200,000tonnes, 13% lower m/m and 51% lower y/y. But this was a good deal better than mid-2011 imports, which were heavily penalised by an unfavourable domestic-seaborne price arbitrage, and new domestic alumina capacity. Now the price arbitrage has reversed (see chart). Should China's aluminium output continue to grow – as most expect through 2012 – China's alumina imports may increase in the months ahead.

Overnight Price Moves (full table over)		10-Jan-12	
New York (Dow Jones IA)		12,462	0.6%
London (FTSE 100)		5,697	1.5%
AUD/USD (as at 11-Jan-12)		1.0320	0.0%
LME Metals (10-Jan)			
	USD/t	USc/lb	% chg
Aluminium	\$2,138	97	2.5%
Copper	\$7,733	351	3.3%
Lead	\$1,967	89	1.3%
Nickel	\$19,485	884	2.1%
Tin	\$20,215	917	2.4%
Zinc	\$1,921	87	2.8%
Iron ore & Steel			
	USD/t		% chg
Iron ore (62% Fe, cfr China)	\$142.30		1.6%
Steel Billet (LME)	\$525		0.0%
Precious Metals			
Gold			
Spot (USD/oz)	\$1,634.18		1.4%
Comex (USD/oz) *	\$1,634.60		1.6%
AUD spot (AUD/oz)	\$1,583.81		0.4%
Silver (USD/oz)	\$29.94		3.2%
Platinum (USD/oz)	\$1,463.00		2.6%
Palladium (USD/oz)	\$634.00		3.0%
Oil			
NYMEX light sweet crude (USD/bbl) *	\$102.15		0.8%
Brent (USD/bbl)	\$112.36		0.5%
Singapore TAPIS (USD/bbl)	\$122.51		-0.2%

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

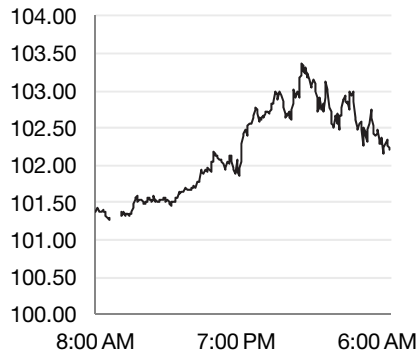
Chart of the Day: Are China's alumina imports set to jump in early 2012?



Source: China Customs, Metal Bulletin, Bloomberg, CBA

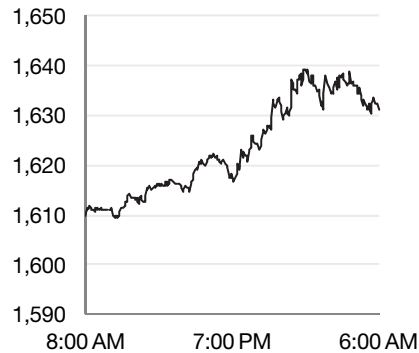


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



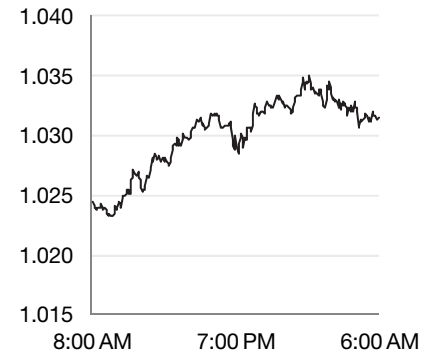
Source: Bloomberg, CBA. 5 min intervals.

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 (10-Jan)

Cash	USD/t	USc/lb	change over		
			day	week	month
Aluminium	\$2,138	97	2.5%	4.0%	7.1%
Copper	\$7,733	351	3.3%	-0.6%	2.1%
Lead	\$1,967	89	1.3%	-5.2%	-4.9%
Nickel	\$19,485	884	2.1%	3.0%	6.4%
Tin	\$20,215	917	2.4%	1.4%	3.7%
Zinc	\$1,921	87	2.8%	3.2%	0.5%
Steel Billet	\$525	na	0.0%	-4.6%	-4.0%

Futures (3 mth)

Aluminium	\$2,164	98	2.7%	4.2%	8.1%
Copper	\$7,740	351	3.3%	-0.6%	1.8%
Lead	\$1,989	90	1.2%	-5.3%	-4.6%
Nickel	\$19,505	885	2.1%	3.2%	6.6%
Tin	\$20,275	920	2.4%	1.4%	3.7%
Zinc	\$1,930	88	2.7%	2.8%	0.9%
Steel Billet	\$540	na	0.0%	-0.7%	-2.7%

Stocks

	tonnes				
Aluminium	4,966,475	-4,600	-12,275	154,925	
Copper	365,375	-1,525	-6,200	-17,650	
Lead	353,975	3,100	2,250	-4,925	
Nickel	92,538	2,700	2,022	2,544	
Tin	11,270	-60	-825	-310	
Zinc	820,275	1,075	-25	61,675	
Steel Billet	74,750	845	1,625	8,840	

Precious Metals

Gold	USD/oz (unless stated otherwise)				
Spot	\$1,634.18	1.4%	1.9%	0.2%	
Comex *	\$1,634.60	1.6%	2.1%	-1.5%	
AUD spot (AUD/oz)	\$1,583.81	0.4%	2.3%	-2.2%	
Silver	\$29.94	3.2%	0.9%	-2.7%	
Platinum	\$1,463.00	2.6%	2.6%	-0.7%	
Palladium	\$634.00	3.0%	-4.8%	-1.7%	

Natural Gas

Henry Hub (USD/MMBtu) **	\$2.940	-2.4%	-1.8%	-10.3%
British NBP (GBP/therm) **	54.47	-0.7%	3.3%	-7.4%

Oil	USD/bl	change over		
		day	week	month
NYMEX light sweet crude **	\$102.15	0.8%	-0.8%	2.0%
Brent (Dated)	\$112.36	0.5%	0.5%	3.1%
Singapore TAPIS	\$122.51	-0.2%	2.5%	4.8%
Dubai	\$111.19	0.5%	4.3%	4.6%

Refined products, Singapore

Gas Oil (USD/bbl) ***	\$130	0.2%	4.5%	5.3%
Jet Fuel (USD/bbl)	\$128	-0.5%	4.0%	4.5%
Fuel Oil (USD/t) ****	\$727	1.3%	4.2%	11.2%

Currencies (as at 11-Jan-12)

AUD/USD (London close)	1.0320	0.0%	-0.4%	2.4%
AUD/EUR	0.8069	-0.1%	1.6%	4.8%
AUD/JPY	79.262	1.0%	-0.2%	0.9%
AUD/CNY	6.516	1.1%	-0.2%	1.6%
AUD/KOR	1,191	0.5%	0.2%	2.0%
EUR/USD	1.278	0.3%	-2.1%	-2.3%

Coal*

	USD/t			
Newcastle	\$114.30	~	-1.0%	2.5%
Richards Bay	\$105.87	~	-0.7%	2.3%
DES ARA	\$110.23	~	-1.9%	-1.3%

Iron ore & Steel

	USD/t			
Iron ore (62% Fe, cfr China)	\$142.30	1.6%	2.9%	3.6%
China domestic Rebar	\$660.34	0.0%	~	-1.6%
East Asia HRC (cfr) *****	\$630.00	0.0%	0.0%	0.0%
US domestic HRC (US/st) *****	\$718.75	2.7%	2.7%	7.9%

Equity & Debt Capital Markets

New York (Dow Jones IA)	12,462	0.6%	0.5%	4.2%
London (FTSE 100)	5,697	1.5%	-0.1%	3.8%
Europe (EuroStoxx50)	2,347	2.7%	-1.8%	3.8%
Toronto (Metals & Mining)	3,937	1.7%	2.5%	2.7%
Philadelphia Gold & Silver Index	192.5	2.4%	1.7%	2.5%
US 2 year bond yield	0.242%	-1.6%	-5.8%	4.3%
US 10 year bond yield	1.974%	0.8%	1.3%	0.4%

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly, 06/01 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly, 10/01



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