



US factory orders unexpectedly rise

- US factory orders in November unexpectedly rose 0.7% against analyst forecasts for a fall of 0.1%. Durable goods orders, which contribute more than half of total factory demand, fell 0.3% in November, less than originally thought. Minutes from the 14 December Federal Reserve meeting showed that members still expect only a gradual lift in economic growth and modest job gains despite recent positive economic data. The US dollar rose against most currencies on improving economic prospects.
- Base metals ended mostly higher but gold fell. Price support from better US economic data was eroded somewhat by the stronger US dollar.
- The International Aluminium Institute reported western world unwrought aluminium stocks fell to 1.249Mt in November, from 1.334Mt in October but still above the 1.125Mt in November 2009. Smelter stocks (excl finished products) were 2.373Mt in November, down from 2.452Mt in October.
- Global X Funds plans to launch the first exchange traded fund (ETF) linked to aluminium producers in New York on Thursday. The fund will track the securities of 22 aluminium producers and is not a pure metal-linked ETF.
- Crude oil prices finished 2.4% lower. China Sinopec will end diesel imports this month as shortages ease and stocks gradually build. Lower Chinese distillate imports should narrow the diesel to crude price premium. MasterCard, the US' second biggest payments network company, reported a 13% fall in US gasoline demand at the pump in the week ended 31 December. Four week average gasoline purchases have been below year-earlier levels for 15 weeks.

Chart of the Day: Silver price outperforming relative to Gold price recently

- The relationship between the gold and silver price can yield interesting insights into respective price performance, given that both can be used in jewellery, industrial fabrication and as a store of wealth.
- The run up in the gold price in recent times has reflected factors including perceived hedging against US dollar depreciation, future inflation and as a legitimate alternate asset class. Recently, silver prices have also rallied strongly. The chart now shows that the gold-silver price ratio is nearing five year lows, indicating in our view the potential for silver prices to have run too far, too fast.
- Alternatively, the ratio may indicate that the gold price should rise further. But we are wary of this argument, given our view that the US dollar will end 2011 stronger than currently as the US economic recovery gathers pace. A stronger US dollar usually leads to a lower gold price.

OVERNIGHT MARKET SNAPSHOT

04-Jan-11

Dow Jones Industrial average	11,679	0.1%	
AUD/USD	1.0040	-1.6%	
LME base metals			
	USD/t	USc/lb	% chg
Aluminium	\$2,473	112	0.5%
Copper	\$9,625	437	-0.3%
Lead	\$2,629	119	2.5%
Nickel	\$25,110	1,139	1.6%
Tin	\$26,357	1,196	-2.1%
Zinc	\$2,460	112	0.7%

Precious Metals

Gold			
Spot (USD/oz)	\$1,380.95	-2.4%	
Comex (USD/oz)**	\$1,380.50	-3.0%	
AUD spot (AUD/oz)	\$1,373.56	-1.3%	
Silver (USD/oz)			
	\$29.76	-3.1%	
Platinum (USD/oz)			
	\$1,749.75	-1.0%	
Palladium (USD/oz)			
	\$774.53	-2.5%	

Oil

NYMEX light sweet crude (USD/bbl)**	\$89.35	-2.4%
Brent (USD/bbl)	\$93.18	-1.6%
Dubai (USD/bbl)	\$91.48	3.3%

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

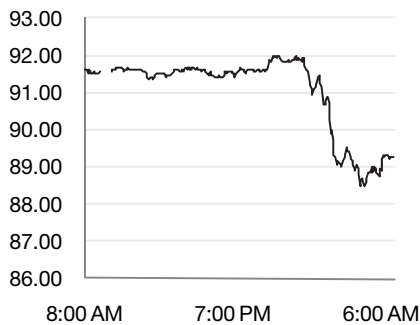
Chart of the Day: Gold – Silver price ratio



Source: Bloomberg, CBA

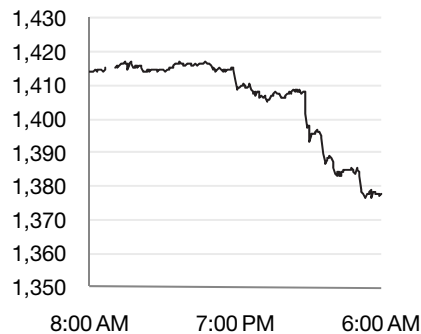


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



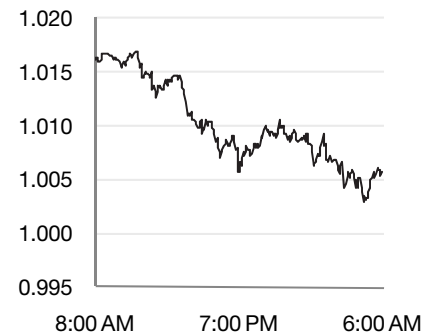
Source: Bloomberg, CBA. 5 min intervals.

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.

PROVISIONAL PRICES AS AT : 04-Jan-11

LME base metals			change over							change over		
Cash	USD/t	US\$/lb	1 day	1 wk	1 mth	Oil	USD/bbl	1 day	1 wk	1 mth		
Aluminium	\$2,473	112	0.5%	2.9%	8.2%	NYMEX light sweet crude**	\$89.35	-2.4%	-2.3%	0.7%		
Copper	\$9,625	437	-0.3%	2.4%	8.0%	Brent (Dated)	\$93.18	-1.6%	-0.7%	2.7%		
Lead	\$2,629	119	2.5%	8.2%	10.5%	Dubai	\$91.48	3.3%	0.6%	3.7%		
Nickel	\$25,110	1,139	1.6%	4.2%	4.4%	Refined products, Singapore						
Tin	\$26,357	1,196	-2.1%	-1.9%	4.7%	Gas Oil (USD/bbl)	\$106	2.2%	2.0%	3.5%		
Zinc	\$2,460	112	0.7%	7.1%	7.1%	Jet Fuel (USD/bbl)	\$107	2.3%	1.4%	3.1%		
LME futures (3 mth)						Fuel Oil (USD/t)	\$524	1.8%	2.0%	2.6%		
	USD/t	US\$/lb				<i>Gas Oil is 0.5% sulphur, Fuel Oil is 180 Centistoke</i>						
Aluminium	\$2,484	113	0.6%	3.0%	7.8%	Currencies						
Copper	\$9,580	435	-0.2%	2.5%	7.9%	AUD/USD (London close)	1.0040	-1.6%	-0.8%	1.6%		
Lead	\$2,609	118	2.3%	7.4%	8.7%	AUD/EUR	0.7540	-1.2%	-2.2%	1.5%		
Nickel	\$25,155	1,141	1.6%	4.2%	4.4%	AUD/JPY	82.13	-1.3%	-1.2%	-0.2%		
Tin	\$26,345	1,195	-2.1%	-1.7%	4.5%	AUD/KOR	1,131	-1.5%	-2.4%	1.1%		
Zinc	\$2,470	112	0.7%	7.0%	7.2%	EUR/USD	1.3315	-0.4%	1.4%	0.1%		
LME stocks			tonnes			USD/JPY	81.81	0.3%	-0.4%	-1.8%		
Aluminium	4,274,975	-2,075	-300	-12,250	Coal*							
Copper	377,675	125	6,950	26,300	USD/t							
Lead	208,550	275	700	5,000	Newcastle	\$128.50	~	3.0%	~			
Nickel	136,890	1,218	12	5,478	Richards Bay	\$126.85	~	4.6%	~			
Tin	16,375	100	765	675	DES ARA	\$131.05	~	3.8%	~			
Zinc	701,425	0	2,800	68,600	Iron ore & Steel							
Precious Metals						USD/t						
Gold	USD/oz (unless stated otherwise)					Iron ore (62% Fe, cfr China)	\$171.00	0.5%	~	3.8%		
Spot	\$1,380.95	-2.4%	-1.8%	-1.5%	China domestic Rebar	\$686.84	0.0%	0.0%	0.3%			
Comex**	\$1,380.50	-3.0%	-1.8%	-2.0%	East Asia HRC (cfr)***	\$642.50	3.6%	3.6%	6.2%			
AUD spot (AUD/oz)	\$1,373.56	-1.3%	-1.3%	-3.7%	US domestic HRC (US/st)***	\$720.00	2.1%	2.1%	18.5%			
Silver	\$29.76	-3.1%	-1.8%	3.8%	Freight							
Platinum	\$1,749.75	-1.0%	-0.5%	3.5%	Index							
Palladium	\$774.53	-2.5%	-1.7%	5.7%	Baltic Dry Index	~	~	~	~			
Natural Gas						Baltic Capesize Index	~	~	~	~		
Henry Hub (USD/MMBtu)**	\$4.653	0.1%	10.4%	5.9%	Baltic Panamax Index	~	~	~	~			
British NBP (GBP/therm)**	58.32	-4.5%	-0.8%	-1.6%	*Weekly, 31/12 ***Weekly, 04/01							
											**Near Month (not adjusted for contract changes)	

Source: Bloomberg, globalCOAL, CBA. Data is indicative snapshot, prices subject to change.



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