



German factory orders rise strongly

- US jobless claims rose by a higher than expected 18,000 to a seasonally adjusted 409,000. The four week average of unemployment claims - a better measure of underlying trends - fell to the lowest levels since July 2008. Annual growth in US comparable chain store sales fell to 3.1% in December, from a downwardly revised 5.4% in November, according to the International Council of Shopping Centres. Meanwhile, German factory orders rose 5.2% in November, well above forecasts for a 1% rise, to be 20.6% higher than a year earlier. And EU economic confidence rose more than forecast in December. The US dollar gained overnight.
- China's Hubei province has imposed power rationing on energy intensive industries including steel. Coal shortages due to coal weather have increased power deficits in Hubei, Guangxi, Guizhou and Shandong provinces recently.
- Base metals ended mixed. Aluminium and lead ended higher while copper, nickel and zinc fell. LME exchange stock movements were modest. Once again, the gold price ended lower thanks to a stronger US dollar and reduced demand for safe haven assets.
- Metal fabricator Lumvata said that current high copper prices are pressuring cash flows, making fabrication unsustainable. Lumvata processes about half a million tonnes of raw metals into downstream products annually.
- Crude oil prices fell almost 2% in New York trade as a stronger US dollar, plus weaker jobless claims and retail sales data raised doubts on US oil demand prospects.
- Rio Tinto has commenced restart operations at its Kestrel coking coal mine in Queensland following restoration of road access on Wednesday. We understand a number of Queensland coal mines are also in restart operations, but that a number also remain more severely impacted and will take weeks, if not months, to restore production.

Chart of the Day: Energy price relativities suggest coal to gas switch in US to continue

- A protracted fall in US Henry Hub natural gas prices in recent years has reflected explosive growth in unconventional shale gas supply, which continues to have significant impacts in North Atlantic energy markets.
- Firstly, coal to gas switching is accelerating in the US. Utilities with dual fuel boilers are increasingly favouring natural gas due to low prices and costly environmental regulations. Secondly, LNG imports originally intended for the US is being re-exported into the UK and Europe, where natural gas prices are higher. Similar development of unconventional gas resources elsewhere in the world could also be expected to impact coal demand over the medium to longer term.

OVERNIGHT MARKET SNAPSHOT

06-Jan-11

Dow Jones Industrial average	11,685	-0.3%
AUD/USD	0.9969	-0.4%
LME base metals		
	USD/t	USc/lb % chg
Aluminium	\$2,506	114 2.2%
Copper	\$9,491	430 -1.0%
Lead	\$2,683	122 0.1%
Nickel	\$24,525	1,112 -0.7%
Tin	\$26,247	1,191 0.0%
Zinc	\$2,447	111 -0.4%

Precious Metals

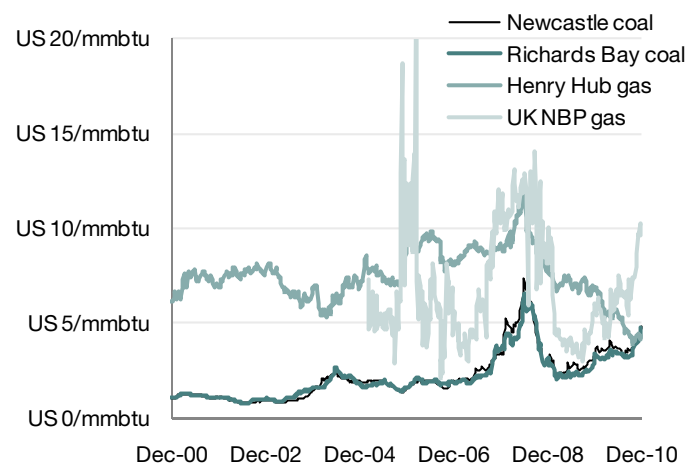
Gold		
Spot (USD/oz)	\$1,371.95	-0.5%
Comex (USD/oz)**	\$1,371.30	-0.2%
AUD spot (AUD/oz)	\$1,379.16	0.0%
Silver (USD/oz)		
	\$29.12	-0.5%
Platinum (USD/oz)		
	\$1,730.50	0.1%
Palladium (USD/oz)		
	\$763.25	-1.7%

Oil

NYMEX light sweet crude (USD/bbl)**	\$88.60	-1.9%
Brent (USD/bbl)	\$93.88	-1.3%
Dubai (USD/bbl)	\$91.65	2.4%

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

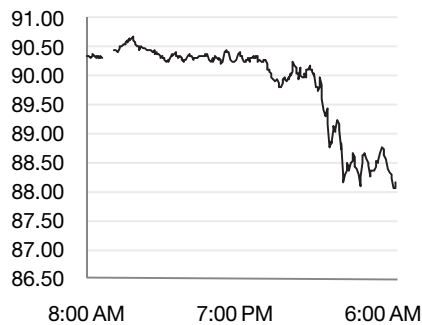
Chart of the Day: Energy price relativities (USD/mmbtu, gross energy equivalent basis)



Source: Bloomberg, globalCOAL, CBA.

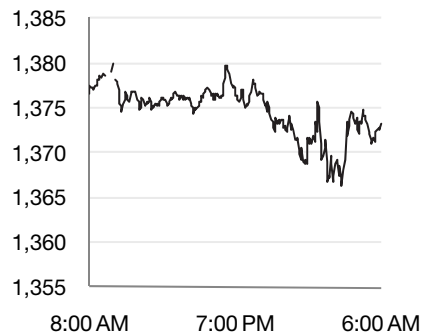


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



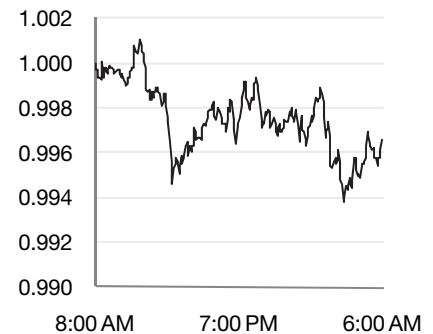
Source: Bloomberg, CBA. 5 min intervals.

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 : 06-Jan-11

LME base metals			change over							change over		
Cash	USD/t	USc/lb	1 day	1 wk	1 mth	Oil	USD/bbl	1 day	1 wk	1 mth		
Aluminium	\$2,506	114	2.2%	2.5%	7.8%	NYMEX light sweet crude**	\$88.60	-1.9%	-1.4%	0.3%		
Copper	\$9,491	430	-1.0%	-0.5%	5.6%	Brent (Dated)	\$93.88	-1.3%	1.6%	3.7%		
Lead	\$2,683	122	0.1%	6.2%	12.3%	Dubai	\$91.65	2.4%	1.7%	3.1%		
Nickel	\$24,525	1,112	-0.7%	1.1%	4.2%	Refined products, Singapore						
Tin	\$26,247	1,191	0.0%	-1.1%	1.4%	Gas Oil (USD/bbl)	\$106	2.1%	1.0%	3.3%		
Zinc	\$2,447	111	-0.4%	2.0%	6.7%	Jet Fuel (USD/bbl)	\$107	2.5%	1.8%	3.6%		
LME futures (3 mth)						Fuel Oil (USD/t)	\$530	2.2%	2.3%	4.5%		
	USD/t	USc/lb				<i>Gas Oil is 0.5% sulphur, Fuel Oil is 180 Centistoke</i>						
Aluminium	\$2,519	114	2.2%	2.6%	7.7%	Currencies						
Copper	\$9,475	430	-0.8%	-0.2%	5.9%	AUD/USD (London close)	0.9969	-0.4%	-1.5%	1.4%		
Lead	\$2,656	120	-0.2%	5.5%	10.4%	AUD/EUR	0.7650	0.7%	0.2%	2.9%		
Nickel	\$24,565	1,114	-0.7%	1.1%	4.1%	AUD/JPY	82.88	-0.5%	0.2%	0.6%		
Tin	\$26,225	1,190	0.0%	-1.1%	1.3%	AUD/KOR	1,120	-0.6%	-2.1%	0.0%		
Zinc	\$2,455	111	-0.4%	1.9%	6.7%	EUR/USD	1.3028	-1.2%	-1.8%	-1.5%		
LME stocks			tonnes			USD/JPY	83.15	-0.1%	1.7%	-0.7%		
Aluminium		4,274,875	925	-5,725	-3,425	Coal*						
Copper		379,400	150	3,400	29,950	Newcastle	USD/t	\$128.50	~	3.0%	~	
Lead		209,850	-50	3,000	4,600	Richards Bay		\$126.85	~	4.6%	~	
Nickel		137,040	180	1,596	5,844	DES ARA		\$131.05	~	3.8%	~	
Tin		16,555	70	440	800	Iron ore & Steel						
Zinc		701,125	-200	-575	69,700		USD/t					
Precious Metals						Iron ore (62% Fe, cfr China)		\$171.30	0.2%	0.7%	3.6%	
Gold	USD/oz (unless stated otherwise)					China domestic Rebar		\$688.26	0.1%	0.4%	0.2%	
Spot		\$1,371.95	-0.5%	-2.3%	-1.1%	East Asia HRC (cfr) ***		\$642.50	0.0%	3.6%	6.2%	
Comex**		\$1,371.30	-0.2%	-2.5%	-1.5%	US domestic HRC (US/st)***		\$720.00	0.0%	2.1%	18.5%	
AUD spot (AUD/oz)		\$1,379.16	0.0%	-0.1%	-2.2%	Freight						
Silver		\$29.12	-0.5%	-4.3%	1.4%		Index					
Platinum		\$1,730.50	0.1%	-1.0%	3.2%	Baltic Dry Index		~	~	~	~	
Palladium		\$763.25	-1.7%	-3.2%	3.2%	Baltic Capesize Index		~	~	~	~	
Natural Gas						Baltic Panamax Index		~	~	~	~	
Henry Hub (USD/MMBtu)**		\$4.428	-1.0%	2.1%	-0.2%	*Weekly, 31/12 ***Weekly, 04/01						
British NBP (GBP/therm)**		57.60	2.1%	-7.9%	-3.0%	**Near Month (not adjusted for contract changes)						

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



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