



European debt woes continue

- European Central Bank president Jean-Claude Trichet has criticised the crisis management of euro zone countries saying that they need to improve "verbal discipline". European shares fell to four-month lows on Monday. Investors questioned whether the bank stress tests were realistic and also expressed concern that euro zone ministers may not agree on a second bail-out package for Greece when they meet on Thursday. The FTSEurofirst index fell by 1.7% and the UK FTSE was down by 1.6%.
- The US National Association of Home Builders housing market index rose from +13 to +15 in July, above forecasts. Net capital outflows from the US totalled USD67.5b in May, compared with inflows of USD66.6b in April.
- Base metal prices were generally higher, the exception being nickel, down 1.5%. Other metals rose 0.2-0.6% but zinc soared 2.3%. The gold price hit record highs above USD1,600/oz, rising for the 11th straight day on safe-haven flows. Comex gold rose 1.0% to USD1,602.40/oz.
- Crude oil prices fell on concerns that ongoing financial instability in Europe will weigh on the economy. Nymex crude oil fell by 1.3% to USD95.93/bbl and London Brent crude fell 1.0% to USD116.05/bbl.
- Norway's Snoehvit LNG terminal is restarting operations after an extended outage and is ready to send its first LNG cargo over the next days, according to operator Statoil. The terminal was closed for planned maintenance between the end of April and mid-June, but its restart was delayed due to technical problems lasting several weeks.
- Spot iron ore prices (cfr China port) fell 0.1%. India's iron ore exports are likely to fall by more than a quarter to their lowest level in eight years because of higher costs and slow efforts by India's Karnataka state to resume shipments, according to a Reuters poll.

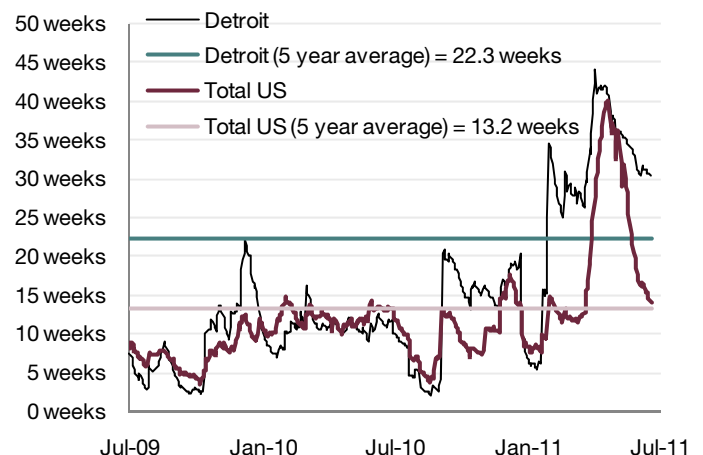
Chart of the Day: US aluminium warehouse cancelled warrants (and metal premia) falling

- LME warehouse stocks of aluminium have fallen to 4.04Mt, from peak levels of 4.71Mt in May this year after strong demand saw cancelled warrants lift through 2Q11, especially in the US (refer to chart, which shows the number of weeks of average outflows required to clear cancelled warrants from Detroit and total US aluminium warehouses).
- Recently though, cancelled warrants have fallen as metal has flowed out of warehouses. Higher warehouse outflows boosted prompt availability, and US aluminium premia have declined modestly as a result. While weeks required to clear cancelled warrants for the US as a whole are back to five-year averages, it remains high in Detroit. Further deliveries out of Detroit warehouses, in the absence of another jump in cancelled warrants, may reduce metal premia further.

Overnight Price Moves (full table over)		18-Jul-11	
New York (Dow Jones IA)		12,385	-0.8%
London (FTSE 100)		5,753	-1.6%
AUD/USD		1.0611	-0.4%
LME Metals (18-Jul)			
	USD/t	USc/lb	% chg
Aluminium	\$2,467	112	0.2%
Copper	\$9,673	439	0.2%
Lead	\$2,713	123	0.6%
Nickel	\$23,762	1,078	-1.5%
Tin	\$27,311	1,239	0.6%
Zinc	\$2,403	109	2.3%
Iron ore & Steel			
	USD/t		% chg
Iron ore (62% Fe, cfr China)	\$174.40		-0.1%
Steel Billet (LME)	\$590		0.0%
Precious Metals			
Gold			
Spot (USD/oz)	\$1,604.85		0.7%
Comex (USD/oz) *	\$1,605.90		1.0%
AUD spot (AUD/oz)	\$1,513.02		1.1%
Silver (USD/oz)	\$40.55		3.2%
Platinum (USD/oz)	\$1,772.00		0.6%
Palladium (USD/oz)	\$795.88		1.6%
Oil			
NYMEX light sweet crude (USD/bbl) *	\$95.93		-1.3%
Brent (USD/bbl)	\$116.24		-1.3%
Singapore TAPIS (USD/bbl)	\$124.64		0.6%

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

Chart of the Day: Time to clear US LME aluminium cancelled warrants falling



Source: LME, Bloomberg, CBA



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Equities Research

Head of Research

Mark Storey +612 9118 1198

Banks/Insurance

Ben Zucker (Banks) +612 9118 1185

Jeff Cai (Banks) +612 9118 1186

Cindy Dowling (Banks) +612 9118 7582

Ross Curran (Insurance) +612 9118 1181

Naveen Patney (Insurance) +612 9118 6391

Basic Materials

Michael Ward* +612 9118 1139

Rahul Badethalav +612 9117 1243

Economics

Michael Blythe +612 9118 1101

James McIntyre +612 9118 1100

Healthcare

Natalie Kelly +613 9675 7107

Bruce Du +613 9675 6244

Media & Telecommunications

Alice Bennett +613 9675 7118

Dominique d'Avrincourt* +613 9675 6933

Nathan Burley +613 9675 7029

Property

David Lloyd +612 9118 1192

James Druce +612 9118 1193

Resources/Energy

Andrew Hines +613 9675 7443

Lachlan Shaw (Commodities) +613 9675 8618

Elise Aaternir (Commodities) +613 9675 6202

Andrew Knuckey (Metals & Mining) +613 9675 6791

Tomas Vasquez (Metals & Mining) +613 9675 6059

Paul Hodsman (Metals & Mining) +613 9675 8532

Luke Smith (Energy) +613 9675 7117

Retail, Food & Beverage

Andrew McLennan +612 9118 1199

Jordan Rogers +612 9118 1177

Amy Toepfer +612 9118 1182

Small Companies

Nick Maclean +613 9675 7972

Wassim Kisirwani +612 9118 1187

Transport / Developers & Contractors

Matt Crowe (Transport) +612 9118 1189

Andre Fromyhr (Transport) +612 9118 1188

Ben Brownette (D&C) +612 9118 1190

Sam Teeger (D&C) +612 9118 1184

Utilities & Toll Roads

Paul Johnston* +613 9675 7101

Paul Mason +613 9675 7275

Supervisory Analyst

Joe Pardea +612 9118 6388

Quantitative Research & Database

Nizar Torlakovic +612 9118 1178

Hendrik Botha +612 9118 1200

Darko Roupell +612 9117 1254

Publishing +612 9118 1183

Fax (Sydney) +612 9118 1000

Fax (Melbourne) +613 9675 7622

CommSec Retail

Craig James +612 9118 1806

Savanth Sebastian +612 9118 1805

To contact any of our staff via email, type: first name.surname@cba.com.au

*Except: Dominique d'Avrincourt – dominique.davrincourt@cba.com.au

Michael Ward – michael.ward1@cba.com.au

Paul Johnston – paul.a.johnston@cba.com.au

Michael Robson - michael.robson@asb.co.nz

Nick Tuffley – nick.tuffley@asb.co.nz

Jane Turner – jane.turner@asb.co.nz

Christina Leung – christina.leung@asb.co.nz

Institutional Equities

Executive General Manager Institutional Equities & Debt Capital Markets

David Hancock +612 9118 1441

Head of Cash Equities

Lance Jenkins +612 9118 1447

Equity Distribution

Equity Research Sales – Sydney

Angus Esslemont +612 9118 1471

Christine Leonard +612 9118 1442

Rod Hardwick +612 9118 1444

Rodney Walker +612 9117 7888

Sarah Beeby +612 9118 1018

Will Corkill +612 9118 1461

Melissa George (Desk Manager) +612 9118 1446

Corporate Access

Amanda Chamberlin +612 9118 1443

Equity Research Sales – Melbourne

Boyd Carter +613 9675 6815

Wayne Murray +613 9675 7495

Nicolas Thompson +613 9675 6618

Sales Trading

Andrew Tyrrell +612 9118 1451

Jarred Rubin +612 9117 7887

Justin Rooney +612 9118 1453

Nicolas Thompson +613 9675 6618

Paul Welsh +612 9118 1450

Rod Ellis +612 9118 1452

Michael Robson* +64 9374 8693

Equity Trading

Alex Stanford +612 9118 1456

Andrew Millward (Electronic) +612 9118 1457

Anthony Brownlow (Electronic) +612 9118 1463

Hun Low (Electronic) +612 9118 1458

Jeremy Weber +612 9118 1454

Mark Ashton +612 9118 1405

Matt Bromfield +612 9118 1455

Asian Sales

Toll Free (HK) +800 901 636

Toll Free (Sing) +800 616 1949

Fax (Melbourne) +613 9675 7622

Global Markets Research

Commodities

Luke Mathews +612 9118 1098

Lachlan Shaw +613 9675 8618

Foreign Exchange

Richard Grace +612 9117 0080

Joseph Capurso +612 9118 1106

Peter Dragicevich +612 9118 1107

Andy Ji +65 6349 7056

Chris Tennent-Brown +612 9117 1378

Martin McMahon +44 20 7710 3918

Fixed Income

Adam Donaldson +612 9118 1095

Phillip Brown +612 9118 1090

Michael Bors +612 9118 1108

Steve Shoobert +612 9118 1096

Winnie Chee +612 9118 1104

Tally Dewan +612 9118 1105

Kevin Ward +612 9118 1960

Alex Stanley +612 9118 1125

Economics

Michael Blythe +612 9118 1101

Michael Workman +612 9118 1019

John Peters +612 9117 0112

James McIntyre +612 9118 1100

Nick Tuffley* +64 9374 8604

Jane Turner* +64 9374 8185

Christina Leung* +64 9369 4421

Fax (Sydney) +612 9118 1010