



## Europe deal imminent? Or not?

- Reports suggest that European leaders plan to leverage up the bailout fund (EFSF) "several fold" to a mooted 1 trillion Euros with finance ministers to decide details in November. The EFSF will have the flexibility to deploy two models - risk insurance and special purpose vehicle - simultaneously. Italy has promised to deliver an economic development plan by November 15. Meanwhile, negotiations between European banks and policy makers on the structure of Greek sovereign debt restructure have ground to a halt.
- US new home sales grew by 5.7% to a 313,000 annual rate, above forecasts centred on a result near 300,000. The supply of new homes fell to 6.2 months - the lowest since April 2010. The median sale price was down 10.4% on a year ago. US durables orders fell by 0.8% m/m in September at the headline level. But the numbers ex. transportation were much better at +1.7% m/m and suggest decent investment spending into Q4.
- Base metals ended mixed, copper and zinc rose while other metals fell. A firmer US dollar created headwinds for base and precious metals, but gold finished higher on safe haven demand ahead of a European sovereign debt solution.
- Freeport McMoRan declared force majeure on some sales of copper from its Grasberg mine in Indonesia as strikes continue to impact production.
- Steelbenchmarker fortnightly steel price data showed 1-3% falls in US mid-west steel prices to October 24, flat Western Europe prices and mostly 7-9% falls in Chinese hot rolled coil, rebar and standard plate prices. The falls in China are squeezing margins and threaten output cuts.
- Spot iron ore prices (62% Fe, cfr China) fell another 3.3% to USD 127.40/t yesterday. The price is now in line with several spot cargoes sold into China around the mid-USD 120/t range earlier this week. Prices are now in the midst of the USD 120-130/t range that we have identified as providing more substantive cost support.

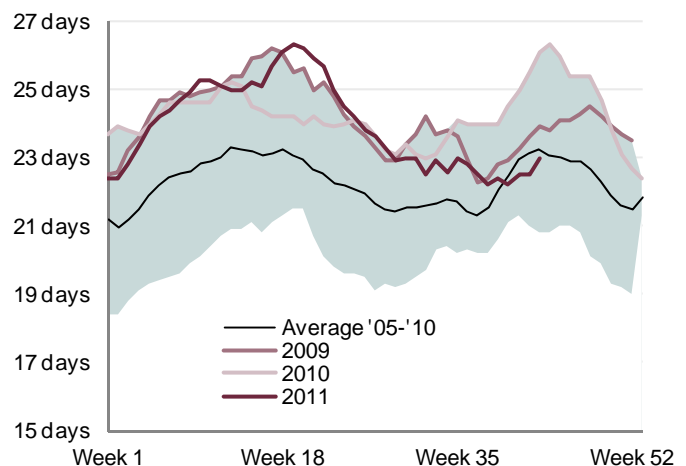
## Chart of the Day: US crude oil inventories jump higher, pressuring prices lower

- US crude oil inventories rose by 4.7mmbbls last week, more than the 1.5mmbbls expected. Combined with anxious trade ahead of the European leaders summit, US crude oil prices ended 3% lower at USD 90.20/t, while UK Brent oil prices also fell but by less.
- The larger than expected jump in crude inventories leaves total US crude stocks in line with 6 year average levels for this time of year (in terms of days' supply). This result actually looks reasonably OK to us. The composition reveals a potentially more positive demand perspective again. Distillate inventories fell by 4.3mmbbls last week (forecast: 2mmbbl fall) while gasoline inventories ended 1.4mmbbls lower against forecasts for a 1.75mmbbl fall, even as refinery utilisation came in stronger than forecast.

Overnight Price Moves (full table over)		26-Oct-11	
New York (Dow Jones IA)		11,869	1.4%
London (FTSE 100)		5,553	0.5%
AUD/USD		1.0396	0.5%
<b>LME Metals (26-Oct)</b>			
	USD/t	USc/lb	% chg
Aluminium	\$2,195	100	-0.3%
Copper	\$7,675	348	2.0%
Lead	\$1,900	86	-2.0%
Nickel	\$19,105	867	-3.1%
Tin	\$21,333	968	-3.9%
Zinc	\$1,835	83	0.7%
<b>Iron ore &amp; Steel</b>			
		USD/t	% chg
Iron ore (62% Fe, cfr China)		\$127.40	-3.3%
Steel Billet (LME)		\$525	0.0%
<b>Precious Metals</b>			
Gold			
Spot (USD/oz)		\$1,720.68	0.9%
Comex (USD/oz) *		\$1,722.70	1.4%
AUD spot (AUD/oz)		\$1,663.30	1.9%
Silver (USD/oz)		\$33.43	0.5%
Platinum (USD/oz)		\$1,596.00	1.9%
Palladium (USD/oz)		\$646.50	0.5%
<b>Oil</b>			
NYMEX light sweet crude (USD/bbl) *		\$90.20	-3.0%
Brent (USD/bbl)		\$110.90	-1.0%
Singapore TAPIS (USD/bbl)		\$122.60	2.7%

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

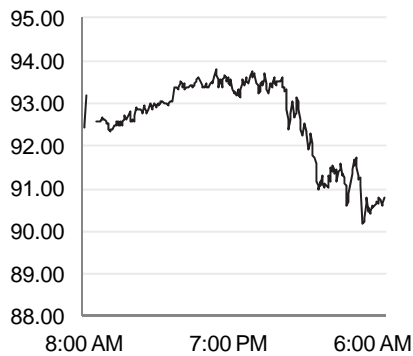
## Chart of the Day: US crude oil inventories



Source: DoE, Bloomberg, CBA

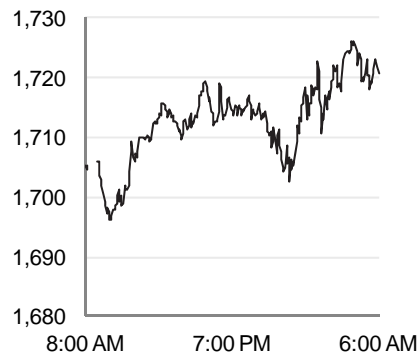


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



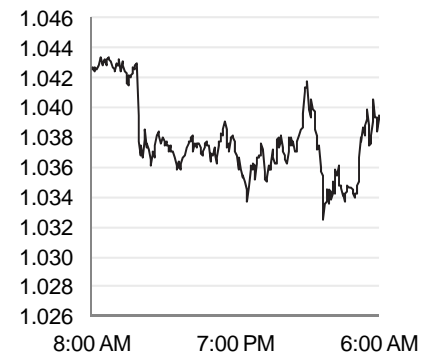
Source: Bloomberg, CBA. 5 min intervals.

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 (26-Oct)

	USD/t	USc/lb	change over		
			day	week	month
Cash					
Aluminium	\$2,195	100	-0.3%	1.6%	-0.3%
Copper	\$7,675	348	2.0%	6.6%	6.1%
Lead	\$1,900	86	-2.0%	2.9%	-6.4%
Nickel	\$19,105	867	-3.1%	1.8%	3.4%
Tin	\$21,333	968	-3.9%	-2.5%	3.8%
Zinc	\$1,835	83	0.7%	0.9%	-4.4%
Steel Billet	\$525	na	0.0%	-3.3%	-6.3%

## Futures (3 mth)

	USD/t	USc/lb	day	week	month
Aluminium	\$2,215	100	-0.4%	1.5%	-0.9%
Copper	\$7,680	348	2.0%	6.5%	5.9%
Lead	\$1,924	87	-2.0%	2.9%	-4.2%
Nickel	\$19,125	867	-3.2%	1.7%	3.4%
Tin	\$21,375	970	-3.9%	-2.5%	4.0%
Zinc	\$1,855	84	0.7%	0.9%	-4.4%
Steel Billet	\$525	na	0.0%	-1.9%	-4.5%

## Stocks

	tonnes	day	week	month
Aluminium	4,557,000	-1,850	-14,625	-16,025
Copper	437,425	-1,725	-14,750	-29,250
Lead	388,475	325	125	14,775
Nickel	87,588	-240	-1,890	-9,702
Tin	16,590	65	-1,285	-4,860
Zinc	785,500	-2,225	-9,175	-41,825
Steel Billet	65,650	975	2,795	14,690

## Precious Metals

	USD/oz (unless stated otherwise)	day	week	month
Gold				
Spot	\$1,720.68	0.9%	4.9%	7.0%
Comex *	\$1,722.70	1.4%	4.7%	6.6%
AUD spot (AUD/oz)	\$1,663.30	1.9%	4.2%	2.1%
Silver	\$33.43	0.5%	7.3%	12.0%
Platinum	\$1,596.00	1.9%	5.2%	4.6%
Palladium	\$646.50	0.5%	7.1%	4.2%

## Natural Gas

	USD/MMBtu	day	week	month
Henry Hub (USD/MMBtu) **	\$3.593	-1.8%	0.2%	-4.4%
British NBP (GBP/therm) **	61.81	-1.6%	-2.3%	6.0%

	USD/bbl	day	week	month
Oil				
NYMEX light sweet crude **	\$90.20	-3.0%	4.7%	11.1%
Brent (Dated)	\$110.90	-1.0%	1.1%	1.3%
Singapore TAPIS	\$122.60	2.7%	2.9%	5.0%
Dubai	\$108.20	1.6%	3.0%	4.6%

## Refined products, Singapore (26-Oct)

	USD/bbl	day	week	month
Gas Oil (USD/bbl) ***	\$126	1.5%	4.0%	6.7%
Jet Fuel (USD/bbl)	\$127	1.1%	2.5%	6.7%
Fuel Oil (USD/t) ****	\$682	1.3%	2.4%	6.5%

## Currencies

		day	week	month
AUD/USD (London close)	1.0345	-1.0%	0.6%	4.7%
AUD/EUR	0.7479	-0.3%	0.3%	3.1%
AUD/JPY	78.681	-0.8%	-0.4%	4.1%
AUD/CNY	6.573	-1.1%	0.2%	4.1%
AUD/KOR	1,173	-0.8%	0.7%	1.1%
EUR/USD	1.383	-0.6%	0.3%	1.6%

## Coal\*

	USD/t	day	week	month
Newcastle	\$118.10	~	-2.2%	-4.3%
Richards Bay	\$109.44	~	-2.4%	-3.0%
DES ARA	\$118.53	~	-4.0%	-3.0%

## Iron ore &amp; Steel

	USD/t	day	week	month
Iron ore (62% Fe, cfr China)	\$127.40	-3.3%	-13.7%	-26.2%
China domestic Rebar	\$661.00	0.1%	-2.2%	-6.1%
East Asia HRC (cfr) *****	\$655.00	0.0%	-4.4%	-10.3%
US domestic HRC (US/st) *****	\$652.50	0.0%	-1.9%	-3.0%

## Equity &amp; Debt Capital Markets

		day	week	month
New York (Dow Jones IA)	11,869	1.4%	3.2%	7.8%
London (FTSE 100)	5,553	0.5%	1.9%	6.4%
Europe (EuroStoxx50)	2,335	-0.4%	0.2%	7.3%
Toronto (Metals & Mining)	4,013	0.7%	7.6%	5.7%
Philadelphia Gold & Silver Index	197.7	1.1%	8.2%	7.4%
US 2 year bond yield	0.287%	17.1%	7.1%	15.7%
US 10 year bond yield	2.208%	4.6%	2.2%	11.5%

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. \* Near Month (not adjusted for contract changes). \*\* Weekly, 21/10 \*\*\* Gas Oil is 0.5% sulphur. \*\*\*\* Fuel Oil is 180 centistoke. \*\*\*\*\* Weekly, 25/10



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---

**Equities Research**


---

**Head of Research**

Mark Storey +612 9118 1198

**Banks/Insurance/Diversified Financials**

Ben Zucker (Banks) +612 9118 1185

Jeff Cai (Banks) +612 9118 1186

Cindy Dowling (Banks) +612 9118 7582

Ross Curran (Insurance/Div Fin) +612 9118 1181

Naveen Patney (Insurance/Div Fin) +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

**Emerging Companies**

Nick Maclean +613 9675 7972

Wassim Kisirwani +612 9118 1187

**Healthcare**

Natalie Kelly +613 9675 7107

Bruce Du +613 9675 6244

**Media & Telecommunications**

Alice Bennett +613 9675 7118

Dominique d'Avrincourt\* +613 9675 6933

James Xavier\* +613 9675 7218

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

Andrew Knuckey (Metals &amp; Mining) +613 9675 6791

Tomas Vasquez (Metals &amp; Mining) +613 9675 6059

Paul Hodsman (Metals &amp; Mining) +613 9675 8532

Luke Smith (Energy) +612 9118 2868

**Retail, Food & Beverage**

Andrew McLennan +612 9118 1199

Jordan Rogers +612 9118 1177

Amy Toepfer +612 9118 1182

**Transport / Developers & Contractors**

Matt Crowe (Transport) +612 9118 1189

Andre Fromyhr (Transport) +612 9118 1188

Ben Brownette (D&amp;C) +612 9118 1190

Sam Teeger (D&amp;C) +612 9118 1184

**Utilities & Toll Roads**

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 – davrindo@cba.com.au

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

James Xavier – xavierj@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

Chad Mikhael (Emerging Companies) +612 9118 1210

James Barrett (Hedge Funds) +612 9118 4446

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

Mags Ni Mhaonaigh +612 9118 1448

**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

Anthony Brownlow (Electronic) +612 9118 1463

Suzie Toohey (Electronic) +612 9118 1459

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

Philip Brown +612 9118 1090

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