

Mediaportal Report

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▶ **Global jitters cloud outlook for shares**

Sunday Times, 27/06/10, General News, Page 50
By: Rebecca Son

A REPEAT of the recent overseas shocks to the local market is one of the risks to look out for in the coming year. The economic collapse of Greece and the precarious financial position of some European countries have knocked some wind out of the local stock market so far this year, proving the global economy has not yet put the global financial crisis behind it.

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▶ **High hopes for lithium to cure worlds oil addiction**

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By: AFP

Lithium is not much to look at. It's a soft and light, silver-white metal known for its use in mood stabilising drugs. But the 25th most abundant element on earth could, one day, help cure the world of its addiction to oil as a key ingredient in batteries.

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Global jitters cloud outlook for shares

By **REBECCA LAWSON**
Business Editor

A REPEAT of the recent overseas shocks to the local market is one of the risks to look out for in the coming year.

The economic collapse of Greece and the precarious financial position of some European countries have knocked some wind out of the local stock market so far this year, proving the global economy has not yet put the global financial crisis behind it.

But economists say we should be looking closer to home for indications of how Australia will fare in the 2011 financial year.

RBC Capital Markets economist Su Lin Ong said Australia needed to pay closer attention to China, one of Australia's major trading partners, especially for resources.

"Obviously there are a number of risks and for us the key is the global backdrop and the amount of uncertainty that's coming from Europe," she said.

"But probably closer to home there's still some uncer-

tainty as to how China will fair in 2010-11.

"The odds are that it's going to moderate a little, but it will still grow at a decent 9 to 9.5 per cent."

Despite the risks, Ms Ong said she was reasonably positive about Australia's economic growth for the next year, with RBC forecasting between 3 per cent and 3.25 per cent growth.

CommSec economist Savanth Sebastian said he believed the decent economic growth, along with a pick up in private investment, would spur the share market to close at 5100 points at the end of this year and 5800 at the end of 2010-11.

"There is, I think at the moment, a point of significant weakness in markets due to the European sovereign debt issues, but the longer term story is a little more optimistic," he said.

The US market is expected to stabilise over the coming year, with the country's central bank unlikely to move on interest rates, while here in Australia, rates are tipped to stay on the sidelines, thereby supporting equity markets.

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TOP 5 STOCKS

TELSTRA: Dividend stock well suited to a rocky market environment.
NATIONAL AUSTRALIA BANK: First-half net profit for 2010 was up 8.2 per cent from the same time last year to \$2.1 billion.
AGL ENERGY: Recently upgraded its 2010 financial year net profit.
BHP BILLITON: Offers scale, very strong management and a unique blend of mining and petroleum businesses.
ENERGY RESOURCES OF AUSTRALIA: Impact of resource super profits tax likely to be reduced somewhat.

TOP WA STOCKS

WOODSIDE PETROLEUM: Has several big projects under development.
INDEPENDENCE GROUP: An 8500 tonne per annum nickel producer with low cash costs and \$150 million in cash and no debt.
WESTERN AREAS: 25,000 tonne per annum nickel producer in the commissioning phase.

DARK HORSES

AUSTRALIAN BAUXITE: It is cashed up with plenty of cheap drilling ahead.
GALAXY RESOURCES: Production of spodumene will start in September, shipments of concentrate in November.
QUICKSTEP HOLDINGS: The \$700 million Joint Strike Fighter composites contract is progressing. We expect final contract sign-off in the coming months and first sales in the second half of 2011.

ALL ORDS/\$A: Downward pressures from abroad could send All Ords to 4000; 84c



TOP 5 STOCKS

SANTOS: We look forward to the potential for the company to fund its share of the Gladstone LNG project.
NEWS CORPORATION: NWS could snap up the rest of BSB it doesn't already own. This would use its spare balance sheet capacity on a good acquisition.
QBE INSURANCE: Has an implied 2010 FY dividend of \$1.28 a share; a sector-high dividend yield of 6.8 per cent.
WOOLWORTHS: WOW reported that third-quarter 2010 statutory sales increased 4.7 per cent to \$12.9 billion.
MICLYN EXPRESS OFFSHORE: MIO is inexpensive and on track to post strong earnings growth over the medium term

TOP WA STOCKS

WESFARMERS: Coles recorded an extra \$2.4 billion in sales.
CLOUGH: CLO is well positioned in the oil and gas sector with strong order book growth and balance sheet strength.
MINERAL RESOURCES: MIN has a multitude of growth options and positive leverage to improving iron ore and manganese prices.

DARK HORSES

AQUARIUS PLATINUM: AQP is one of the few global platinum producers showing material near-term growth in output.
AUSTAL: ASB has a strong balance sheet and solid order pipelines in both the Australian and US businesses.
PEET: Current conditions are strong with excellent lot sales. We expect strong growth in FY10 and FY11.

\$A: Positive over the medium term; 90c.



TOP 5 STOCKS

WESTPAC: The major banks are leveraged to any economic recovery.
WOODSIDE PETROLEUM: Pluto LNG Train 1 is on schedule with revised budget for the first LNG due early 2011.
BHP BILLITON: The company has a number of projects in the pipeline that should aid growth.
AGL ENERGY: AGK stands to benefit from the amended Renewable Energy Target legislation passed in the Senate.
TRANSURBAN: The TCL valuation looks attractive with long-term defensive assets, earnings stability and strategic growth profile.

TOP WA STOCKS

AVOCA RESOURCES: AVO has delivered increased resources and reserves at its Higginsville gold project.
AUTOMOTIVE HOLDINGS GROUP: Earnings are expected to be supported by strong sales particularly in WA. The stock also offers an attractive fully franked dividend of 7 per cent.
WESFARMERS: Coles turnaround is on-track although the macro environment for retail is still subdued.

DARK HORSES

SUNCORP-METWAY: SUN has a new strategy for both insurance and banking divisions.
MYER: Taking a medium-term view, MYR appears attractive on valuation and dividend yield.
AWE: Recent exploration drilling results proved disappointing. There are further drilling prospects pending.

ALL ORDS: 4900; \$A: 90c.

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TOP 5 STOCKS

NEWCREST MINING: Australia's No. 1 gold producer and set to benefit from the imminent merger with Lihir Gold.
WOOLWORTHS: Bellwether of the ASX that will deliver strong returns in good as well as difficult macro times.
TELSTRA: The NBN deal removes some of the uncertainty and should provide solid growth in the next 12 months.
WOODSIDE PETROLEUM: Delivers strong earnings and has an enviable pipeline of quality long-term projects.
ENERGY RESOURCES OF AUSTRALIA: Offers exposure to uranium. Any rebound in the uranium price off 18-month lows will augur well for them.

TOP WA STOCKS

RIVERSDALE MINING: Positive announcements have helped develop its 13 billion tonne coal resource in the Moatize Basin in Mozambique
ATLAS IRON: Looking to export iron ore at 6 million tonnes pa from the end of 2010, growing to 9 million tonnes by the end of 2011.
NRW HOLDINGS: Resource sector service provider that is highly leveraged to the ongoing resource boom.

DARK HORSES

NUCOAL RESOURCES - Hunter Valley based coal explorer looking to move to developer status.
GEOPACIFIC RESOURCES Fijian focused gold explorer with multiple prospects and a highly regarded board.
AMADEUS ENERGY: A US-based oil and gas producer with more than 7 million barrels of reserves.

ALL ORDS/\$A: 5100; 90c.



TOP 5 STOCKS

BHP BILLITON : For its diverse pipeline of world-class assets and strong balance sheet.
WOODSIDE PETROLEUM: Has exposure to North-West oil and gas developments, exploration potential, and strong production profile.
WESTFIELD GROUP: For long-term global blue-chip commercial property exposure.
NATIONAL AUSTRALIA BANK: For domestic banking exposure with leverage to a recovery in foreign markets.
TOLL HOLDINGS: For its strong cash-flow, low gearing, and anticipated earnings growth in Australia, NZ, Asia.

TOP WA STOCKS

FORGE GROUP: A strong net cash position and exposure to oil and gas and mineral developments.
MERMAID MARINE AUSTRALIA: Commands a dominant market position with relatively low competition.
DECMIL GROUP: A well funded resources contractor with a strong work-in-hand position.

DARK HORSES

DECMIL GROUP: Is completing a bankable feasibility on its Boseto copper project in Botswana and targeting first production in late 2011.
LYCOPODIUM: Well-funded and positioned to benefit from a potential upturn in resource sector activity.
LOGICAMMS: Is a resources electrical engineering contractor. LCM has a net cash position and offers compelling valuation.

ALL ORDS/\$A: About 5000; 85c to 95c



TOP 5 STOCKS

BAUXITE RESOURCES: Is likely to mine and is well priced. China has almost run out of bauxite.
ATLANTIC: Finance on the Bao Loc Bauxite Project or Windimurra Vanadium Project will boost shares.
HUNNU COAL: Has been the best-performing float on the ASX this year.
RIVERSDALE MINING: Coal in South Africa and Mozambique. The energy demand in southern Africa is huge.
NUCOAL: Right in the middle of the world-class Newcastle coalfields, NCR is proving up a major resource.

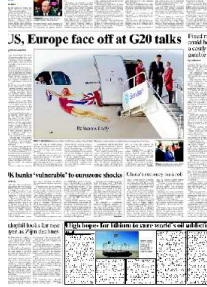
TOP WA STOCKS

AUSTRALIA MINERALS AND MINING GROUP: It represents every bulk commodity the Chinese want.
MOUNT MAGNET SOUTH: Could be producing gold soon, taking advantage of the high gold prices.
HORSESHOE METALS: Floats at 20c in the next few days. With significant copper stockpiles it could be one to watch.

DARK HORSES

GREENLAND MINERALS AND ENERGY: If Greenland approves mining for uranium, GGG will be sitting on the world's biggest rare earth and uranium mines.
SIGNATURE METALS: The company has acquired 70 per cent of the Konongo Gold Project located in the world-class Ashanti Gold Belt of Ghana.
WILDHORSE ENERGY: Hungarian gas play WHE has one of the biggest underground coal gasification projects. This one could perform well in the next 12 months.

ALL ORDS/\$A: 4900; 88c.



High hopes for lithium to cure world's oil addiction

Hong Kong

Lithium is not much to look at. It's a soft and light, silver-white metal known for its use in mood stabilising drugs.

But the 25th most abundant element on earth could, one day, help cure the world of its addiction to oil – as a key ingredient in batteries.

United States geologists issued last week the results of a survey showing about \$US1000 billion (\$A1150 billion) worth of minerals in Afghanistan, which could make the war-ravaged state “the Saudi Arabia of lithium”, according to a Pentagon memo.

But mining and technology firms have long been looking at lithium through eyes lit with dollar signs.

Lithium-based batteries are used in everything from mobile phones and laptops, to iPods and iPads, as well as military and medical hardware. They have even made their way into the human body, powering pacemakers.

But the main reason companies are betting on lithium is the projected explosion in the number of electric and hybrid electric vehicles.

Nissan, Honda and Toyota are among car makers now gambling that electric vehicles, with their zero tailpipe emissions, will catch on and start to drive traditional gas-guzzlers off the road.

All will need batteries. Lots of batteries.

Lithium-ion rechargeable batter-

ies, and potentially new batteries such as lithium-air, are seen as the best option by many manufacturers over other battery types as they are lightweight and efficient, and can hold more power.

Australian mining firm Orocobre signed a deal in January with the raw materials arm of motor giant Toyota for a lithium project in Argentina.

This month, a South Korean consortium launched a lithium exploration joint-project with a Canadian mining firm, also in Argentina. There are several other deals either signed or in the pipeline.

Australian mining and chemicals company Galaxy Resources will soon commission the world's second-largest spodumene – a source of raw lithium – mine in Western Australia, to be processed at its plant in China.

The Malaysia-based associate director of energy research company Frost and Sullivan, Subbu Bettadapura, said the battery market was set to grow massively.

The lithium-ion battery market for electric and hybrid vehicles was, he said, conservatively estimated to be set to grow from 2400 units in 2008 to 1.53 million units by 2015.

“The tide is definitely going out on oil, in the long run,” he said.

“The world's dependence on oil will decline and will be replaced by other fuels, such as lithium-ion batteries.”

The US, the world's second-

biggest polluter after China, clearly agrees.

President Barack Obama has said he wants a million hybrid electric cars on America's roads by 2015.

And, at a ground-breaking ceremony for a new lithium-ion battery plant on Monday, Vice-President Joe Biden said such factories could reduce US dependence on foreign oil and prevent disasters like the Deepwater Horizon oil leak in the Gulf of Mexico.

“This is the beginning of a revolution in the production of energy in the country,” he said at the ceremony for Dow Kokam's plant in Midland, Michigan.

Japanese, Chinese and South Korean manufacturers dominate the lithium-ion battery market, and Asia-Pacific lithium mining projects are coming thick and fast.

Galaxy's marketing chief, Anand Seth, said oil might have had its day, but it would be around for a long time yet.

“Is it the end of oil? I wish!”

“The lithium batteries for electric vehicles are very much in the nascent stage and the infrastructure to charge these batteries needs to be developed and installed.

“The next five years will be critical in establishing such infrastructure for recharging the batteries and the technology and standardisation of batteries is also very important.” **AFP**



ENERGY BOOST: Flags of different countries are placed at the Uyuni salt lake in Bolivia, a rich source of lithium.