

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	7262	76	1.1
<b>NZX 50</b>	12727	37	0.3
<b>DJIA Futures</b>	34769	18	0.1
<b>S&amp;P 500 Futures</b>	4363	3	0.1
<b>NASDAQ Futures</b>	14834	23	0.2

## Local Markets Commentary

The Australian market opens a new week's trade with a stronger \$A, new data and policy in hand from China and further US action against entities in China, Iran and Russia, amid ongoing international and domestic Covid-19 containment struggles.

Overnight Friday, international markets sentiment turned higher, supporting equities, and most key commodities trade to decisive gains.

Since then, South Africa has extended Covid-19 restrictions by two weeks and the New South Wales government has flagged a further extension of Sydney's lockdown beyond the end of this week.

Also post-overnight Friday trade, the **US** president signed an executive order promoting fairer competition in business, with a range of proposals and recommendations, including more scrupulous use of data and additional scrutiny of proposed mergers within the tech industry.

Over the weekend, the Cyberspace Administration of **China** announced a set of proposed new regulations, including mandatory security reviews of companies boasting data for in excess of one million users, and which were preparing to complete listings on overseas markets.

Further, China's market regulator announced it would not approve a Tencent Holdings' intention to merge the Huya and DouYu videogame streaming sites.

China also bemoaned the US move late last week to blacklist additional companies and entities in China, due to activities deemed to be associated with reported human rights abuses within China.

Post-ASX trade Friday, China revealed it would lower **reserve deposit requirements** for major lenders, effectively bolstering liquidity by one trillion yuan (~\$US 154B).

In addition, China reported 2120B yuan of **new lending** for June, against forecasts for 1800B and following 1500B for May.

As ASX trade closed Friday, China had also published a 12.4% year-on-year drop in June **vehicle sales**, against forecasts of a 5% fall.

May vehicle sales were previously calculated 3.1% below those for May 2020.

**Locally** today, the Australian Bureau of Statistics (ABS) publishes additional information regarding previously reported May building approvals, 11.30am AEST.

At the same time, the ABS releases for the first time information from the 2020-21 agricultural census.

\* Mineral exploration listing – 11.30am AEST – **RBX** \*

\* Industrial services listing – 1pm AEST – **AE1** \*

## Today's Stock Watch

### Australian Pharmaceuticals Industries (API) / Wesfarmers Ltd (WES)

API is assessing an indicative \$1.38 cash-per-share scheme of arrangement takeover offer from WES. API 19.3% shareholder Washington H Soul Pattinson (SOL) favours the proposal.

API traded at \$1.11 - \$1.145 last week.

Meanwhile, API separately announced earlier today that it will stop manufacturing personal care and over-the-counter products in New Zealand, from 2H FY23, in favour of outsourcing.

Lowering anticipated FY21 EBIT to \$31M - \$33M, mostly due to recent Covid-19 – related lockdowns.

### PharmAust Ltd (PAA)

Agreement secured with the Walter and Eliza Hall Institute (WEHI) for an investigation of the effects of PAA's monepantel on human T-lymphotropic virus-1 infections *in vitro*. The virus is associated with leukaemia/lymphoma, inflammatory disorders and pulmonary disease.

### The a2 Milk Company (A2M)

A2M has created two new executive positions in an Asia Pacific division restructure following the resignation of the region's CEO.

Former Bellamy's Organic sales and marketing director Yohan Senaratne has been appointed A2M GM international, effective Thursday this week.

In addition, A2M has promoted A2M Australia & New Zealand sales director Kevin Bush to be GM Australia & New Zealand.

### Swoop Holdings (SWP)

Outlaying \$6M cash plus \$700,000 worth of SWP shares for South Australian-headquartered wireless broadband provider Wan Solutions, which trades as Beam Internet.

### DGL Group (DGL)

Acquiring a Derrmiut, Victoria property housing Chem Pack's head office and chemical storage warehouses for \$5.5M. The deal includes a DGL option to acquire some properties.

## Resources

### Chalice Mining (CHN)

Webinar scheduled to commence 1pm AEST.

Planning to demerge the company's Australia gold assets, in favour of focusing on the Julimar Ni-Cu-PGE project and the West Yilgarn, WA Ni-Cu-PGE province.

Pyramid Hill gold project drilling results also lodged pre-trade.



**Regionally** today, just prior to ASX trade, **Japan** is scheduled to release June **producer prices** and May machinery orders.

In overnight commodities Friday trade, **oil** extended Thursday's turn higher.

US **gold** futures swung to also to record a positive settlement beyond \$US1800.0/oz.

**Iron ore** prices continued lower on further talk of steel production curbs in China, Qingdao (CFR China, 62% fines) losing \$US3.27, to finish at \$US214.77/t, and Nymex iron ore futures also declining modestly.

LME **copper** and other key base metals rallied.

The **\$A** appreciated to ~US74.85c after trading at ~US74.45c early Friday evening, and has traded beyond US74.90c this morning.

### Overseas Markets.

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	34870	448	1.3
<b>S&amp;P 500</b>	4370	49	1.1
<b>NASDAQ</b>	14702	142	1.0
<b>FTSE 100</b>	7122	91	1.3
<b>DAX 30</b>	15688	267	1.7
<b>Shanghai Comp</b>	3524	-1	-0.0

### Overseas Markets Commentary

Major European, UK and US equities markets opened higher overnight Friday, and despite some early vacillations for select indices, all ultimately improved on initial gains

The US administration confirmed reports from late Thursday, that bans were being imposed on trade with an additional 14 companies and entities in China reportedly associated with alleged human rights abuses in Xinjiang.

A further 20 entities were added to the list, including some from Iran and Russia and five deemed to be supporting military development programs in China.

The **European Central Bank** (ECB) released the minutes of its June policy meeting, these indicating differences of opinion for the first time in ~two years regarding asset purchases, some members appearing in favour of reducing these a little.

In overnight Friday **data** releases, the **UK's** May trade figures included a £0.9B trade surplus from a £1.6B deficit for April and forecasts for a new £1.4B deficit.

May GDP was reported 0.8% higher for the month and 24.6% higher than for May 2020.

Forecasters had anticipated 1.5% GDP growth for the 31 days.

The three-month mean GDP growth to 31 May came in at 3.6%.

The NIESR GDP tracker estimated a 4.8% GDP increase for the June quarter.

May industrial production improved 0.8% for the month, against forecasts of a 1.2% rise following a 1% April drop.

Against May 2020, output was 10.6% higher.

In the **US**, May wholesale inventories grew 1.3% for the month, following a 1.1% April increase.

**Tonight** in the US, a June consumer inflation expectations report is

## Pre-Open Announcements

### Aerison Group (\* AE1)

Industrial services specialist scheduled to list on the ASX **1pm** AEST, following a \$13.5M IPO at 20c per share. 305.94M quoted shares.

### Patrys Ltd (\* PAB)

Non-clinical studies have demonstrated PAB's IgG deoxymab antibody PAT-DX3 can cross the blood brain barrier in an animal model of primary brain cancer, namely glioblastoma multiforme (GBM).

### Boral Ltd (\* BLD) / Seven Group Holdings (SVW)

Bemoaning S&P Global Ratings' decision to place the company's BBB credit rating on 'CreditWatch Negative' for 90 days. S&P cites SVW's recent BLD share acquisitions for its decision.

### Proptech Group (\* PTG)

VaulRE new sales orders grew 65% during the June quarter. In addition, PTG has appointed chief operating officer Bill Nikolouzakis also as chief revenue officer. Further, PTG has appointed former Trustpilot APAC head of new business Mark Levin as head of sales, and real estate training and software implementation specialist Leesa Sinn as GM property management.

### DUG Technology (DUG)

Option secured to lease 44.5ha of land in Geraldton, WA for the construction of a high-performance computing (HPC) campus, powered by renewable energy options including solar, wind and hydrogen.

The campus will be designed for training and other opportunities for the Southern Yamatji People.

### Titomic Ltd (TTT)

Subsidiary Titomic USA has completed the acquisition of Tri-D Dynamics.

### Silk Logistics Holdings (\* SLH)

Integrated logistics company completed a successful ASX listing Friday, following a \$70M IPO plus share transfer at \$2.00 per share.

Opened at \$2.32 and slipped to \$2.28 before settling at its day one high of \$2.50.

10.964M shares were traded across 1425 transactions.

75.76M quoted shares.

### Paradigm Biopharmaceuticals (PAR)

738,331 shares will be released from escrow 19 July.

### DRA Global (DRA)

Engineering and project and operations management firm completed its ASX listing Friday, following an ~\$11.67M IPO at \$3.95 per share.

Opened at \$4.00 and traded as high as \$4.10 before settling back at its opening price.

12,650 shares changed hands across 16 trades.



due.

In addition, the US hosts a 10-year note auction.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Aug)</b>	<b>1810.6</b>	oz	10.4	0.6
<b>Silver (NY) (Sep)</b>	<b>26.234</b>	oz	0.247	1.0
<b>Gold (LON)</b>	<b>1806</b>	oz		
<b>Platinum</b>	<b>1095</b>	oz	27	2.5
<b>WTI Crude (NYMEX Aug)</b>	<b>74.56</b>	bbbl	1.62	2.2
<b>Brent Crude (ICE EUR Sep)</b>	<b>75.55</b>	bbbl	1.43	1.9
<b>Iron Ore (NYMEX,CHN,62%)</b>	<b>215.78</b>	t	-0.54	-0.3
<b>Copper (LME Ind)</b>	<b>9467</b>	t	135	1.5
<b>Nickel</b>	<b>18730</b>	t	375	2.0
<b>Aluminium</b>	<b>2501</b>	t	48	1.9
<b>Lead</b>	<b>2340</b>	t	37	1.6
<b>Zinc</b>	<b>2986</b>	t	49	1.7
<b>Tin</b>	<b>31860</b>	t	230	0.7

### Commodities Commentary

**Oil** – oil prices settled higher for a second consecutive session overnight Friday, but after a volatile week, WTI crude closed out the five sessions little changed and Brent down 0.7%.

In the absence of any OPEC+ moves, and no news out of talks with Iran regarding the 2015 international nuclear agreement and subsequent non-compliance sanctions, market watchers suggested Thursday's US inventories report had continued to support prices through week's end.

A weekly US petroleum rig count, released overnight Friday, included two additional operational oil rigs, taking the tally to 378.

**Gold** – prices swung higher overnight, supported by a weaker \$US (ICE \$US -0.2%) and falling bond yields.

This week's trade is likely to be influenced by the US Federal Reserve chair's comments when he meets with two parliamentary committees.

Data releases that could swing sentiment include a US CPI update and a batch of material economic indicators out of China.

**Base metals** – China's announcement that reserve requirements for banks would be reduced boosted general LME sentiment overnight Friday.

China's June inflation figures, reported earlier Friday, continued as for May.

**Producer prices** were calculated 8.8% higher year-on-year, after coming in 9% higher in May than for May 2020.

The June **CPI** represented 0.4% deflation for the month, following 0.2% May deflation, and defying forecasts for 0.1% inflation growth.

Against June 2020, the CPI represented 1.1% inflation growth, against forecasts of 1.5% and following a 1.3% year-on-year May inflation increase.

In addition, overnight Friday, the \$US weakened a little, adding additional support to base metals trade.

Among select metals trade, *nickel* was pushed to four-month peaks.

China's June **trade** figures, anticipated **tomorrow**, are expected to

~54.23M quoted shares.

### Resources

#### Resource Base (\* RBX) / Navarre Minerals (NML)

Mineral exploration company scheduled to list on the ASX **11.30am** AEST, following a \$5.5M IPO at 20c per share.

33.95M quoted shares.

Developing the western Victoria Black Range base metal exploration tenement EL 4590 formerly held by NML.

NML holds 17.43% of RBX, and Melbourne-headquartered Asipac Group 7.33%.

#### Tietto Minerals (\* TIE)

Côte d'Ivoire Abujar gold project resources have grown to 87.5Mt @ 1.2g/t Au, for 3.35Moz.

The indicated resource, at 1.85Moz, accounts for >55% of the 3.35Moz.

Targeting first production by the end of 2022.

\$45M cash at bank 30 June.

#### Magnum Mining & Exploration (MGU)

Nevada, US Buena Vista iron ore project presentation lodged post-trade Friday.

#### Silver City Minerals (SCI)

7.5M shares will be released from voluntary escrow 21 July (Wednesday week).

#### Charger Metals (CHR) / Lithium Australia (LIT)

Mineral explorer CHR completed its ASX listing Friday, following a \$6M IPO at 20c per share.

Opened at 23c and was pushed to 25c before settling at its day one low of 21.5c.

4.2M shares were traded across 324 transactions.

32M quoted shares.

LIT held 19.05% on listing.

#### Industrial Metals (\* IND)

Miner and explorer scheduled to list on the ASX **1pm** AEST **tomorrow**, following a \$5M IPO at 20c per share.

27.525M quoted shares.

### Trading Halts

Company	Code	Resuming
BMG Resources	BMG	12 Jul
Food Revolution Group	FOD	12 Jul
KneoMedia Ltd	KNM	12 Jul
Okapi Resources	OKR	12 Jul
Sayona Mining	SYA	12 Jul
Talon Energy	TPD	12 Jul
Elsight Ltd	ELS	13 Jul



influence some sentiment through the week.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7489	0.0006	0.08
<b>EUR – USD</b>	1.1873	-0.0005	-0.04

### Australian Data Today

ABS	Building approvals (additional info)	May
ABS	Agricultural census	2020-21

### US Data Tonight

Consumer inflation expectations	Jun
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### Other Overseas Data Today & Tonight

Japan	Producer prices	Jun
Japan	Machinery orders	May
Japan	Machine tool orders	Jun

### Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au)

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### Suspensions *(select)*

Company	Code	Since
Crater Gold Mining	CGN	9 Jul
Gold Mountain	GMN	21 Jun

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>ICS</b>	Today	<b>23</b>	0	2.05
KAT	Tomorrow	0.5	100	1.89
TRA	Tomorrow	5.63	85	6.54
DBF	Thu	6.2	0	0.00
EZL	19 Jul	13.5	100	4.29

### Reports & Events

(selected; all times AEST)

When	Company	Report/Event
<b>Thu</b>	AST	AGM
	WPL	Jun Q
<b>Fri</b>	RIO	Jun Q
<b>20 Jul</b>	BHP	Jun Q
<b>21 Jul</b>	SYR	Jun Q
<b>22 Jul</b>	NCM	Jun Q
	STO	Jun Q
<b>23 Jul</b>	MIN	Jun Q
<b>27 Jul</b>	OZL	Jun Q
<b>28 Jul</b>	RIO	Interim
	SBM	Jun Q
<b>29 Jul</b>	CCP	Full year
	FMG	Jun Q
	IGO	Jun Q
	IRE	Investor day
	JHG	Jun Q
<b>30 Jul</b>	FFG	AGM
	ICI	AGM
	OGC	Jun Q
	ORG	Jun Q