

Thursday 8 June 2017

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	<b>5654</b>	<b>-10</b>	<b>-0.2</b>
<b>NZX 50</b>	7469	1	0.0
<b>DJIA Futures</b>	21162	-1	0.0
<b>S&amp;P 500 Futures</b>	2431	-1	0.0
<b>NASDAQ Futures</b>	5876	-4	-0.1

## Local Markets Commentary

The Australian market could chop and swing today. Trade commences on positive US equities but mostly negative key commodities leads, ahead of influential regional and domestic economic indicators and several keenly anticipated events and releases tonight.

Australia's May trade balance is due **11.30am AEST**.

Regionally, **China's** May trade figures are anticipated **midday AEST**.

Meanwhile, **Japan** is expected to release a final March quarter GDP, together with April current account figures **9.50am**.

Overnight, the Organisation for Economic Cooperation & Development (**OECD**) published its latest outlook report, which included annualised 2.9% GDP growth for Australia by the end of 2018, with the proviso of no major residential property price drops and economic stability for China.

The headline figure contrasts with yesterday's ABS revelation of 1.7% March quarter growth, based on just 0.3% for the quarter, but the OECD addressed what it viewed as the major contributing factors for this result.

In overnight commodities trade, **gold** turned lower. **Oil** dropped. **Iron ore** continued volatile, swinging to another fall. LME **copper** settled slightly higher.

The **\$A** slipped after trading beyond ~US75.60c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>21174</b>	37	<b>0.2</b>
<b>S&amp;P 500</b>	2433	4	<b>0.2</b>
<b>NASDAQ</b>	6297	22	<b>0.4</b>
<b>FTSE 100</b>	7479	-46	<b>-0.6</b>
<b>DAX 30</b>	12672	-18	<b>-0.1</b>
<b>Shanghai Comp</b>	3140	38	<b>1.2</b>

## Overseas Markets Commentary

Major European and US equities markets chopped and swung overnight, but while European indices settled at or near session lows, key US indices achieved the opposite.

Among data releases, **US** April consumer credit was calculated \$US8.2B higher for the month, with borrowing slowing 2.8% annually, the lowest rated in almost six years.

Weekly mortgage applications were reported 1.7% higher, supported by interest rates at six-month lows, 30-year loans at 4.14%.

**China** – May trade figures **midday AEST**

**Australia** – May trade balance **11.30am AEST**

**Japan** – April current account; final Mar Q GDP **9.50am AEST**

\* ICT listing **12.30pm AEST** – **ELS** \*

The **ASX** will be **closed Monday 12 June**

Today's trades will settle **Tuesday 13 June** and tomorrow's **Wednesday 14 June**

## Today's Stock Watch

### Boart Longyear (BLY)

Shareholders representing 2.8% of BLY have applied to the NSW Supreme Court for an injunction on BLY presenting recapitalisation plans for shareholder consideration at the 13 June AGM. Details lodged this morning.

### Auckland International Airport (AIA)

Planning a \$NZ1.8B infrastructure spend over the next five years. Anticipating annual international passenger fees to fall 1.7% over that time and domestic to rise 0.8%. A \$NZ1.19/passenger runway land charge is anticipated from FY 2021, in association with the potential construction of a second runway.

### Slater & Gordon (SGH)

Notice in hand from Johnson Winter & Slattery legal firm of a potential class action.

### IDP Education (IEL)

Proposing to pay \$4.1M upfront for 20% of Chinese online and mobile app English language test preparation specialist HCP Ltd. Pending performance targets, IEL may outlay up to a further \$2.3M. IEL has traded at \$4.33 - \$4.59 for the week to date.

### PharmAust Ltd (PAA)

European patent in hand for the use of PAA compounds in non-cancer treatments such as for diabetes, neurodegenerative diseases and age-related disorders.

### Updater Inc (UPD)

Nine-month pilot program agreement secured with AT&T.

### CSL Ltd (CSL)

UBS is recommending CSL as a 'buy'.

### Elsight Ltd (\* ELS)

Israel-headquartered encrypted communications specialist scheduled to list 12.30pm AEST, following a \$5M IPO at 20c per share. ELS products can support emergency services, intelligence, border control, transportation and media and entertainment activity.

## Resources

### Cassini Resources (CAS) / OZ Minerals (OZL)

An extension of massive sulphide mineralisation is indicated by first assays from a CAS resource extension drilling program within the WA West Musgrave project Nebo-Babel region.

## Energy

### Liquefied Natural Gas (LNG)

Considering listing on the NASDAQ and looking into whether to remain listed on the ASX.

**Germany's** April factory orders dropped 2.1% following a 1.1% rise in March.

Meanwhile, **France** continued to prepare for Monday's first round of parliamentary elections.

In the **UK**, political campaigning wound up with domestic health care, UK-EU separation and security issues remaining firmly in focus.

Earlier, the OECD's released its latest outlook report, raising expected global 2017 economic growth by 0.2% to 3.5%. Next year's predicted rate came in at 3.6%.

The OECD noted an expected reduction in UK business investment during EU separation negotiations.

**Tonight** in the US, recent **FBI** director James Comey will provide prepared testimony from a Senate intelligence committee.

Mr Comey's appearance was delayed last month, so as to allow Justice Department special counsel and former FBI director Robert Mueller to first meet with Mr Comey.

Mr Mueller was appointed by the department to head an investigation into Russia-US relationships.

In data releases, weekly new unemployment claims are due.

In the **UK**, it's polling day for the national election. Initial indications are due early tomorrow AEST.

Meanwhile, tonight's **European Central Bank** (ECB) post-policy meeting news conference is keenly anticipated for any new emphases and forecasts.

A final euro zone March quarter GDP reading is also scheduled for release and any significant difference is likely to further pressure the ECB.

Companies providing updates today and tonight include Alibaba Group which has scheduled two days of briefings.

In overnight corporate developments, Spain's **Banco Santander** heeded an ECB assessment that competitor **Banco Popular** Español could fail and agreed to buy the bank for €1. To effect a rescue however, Banco Santander must raise €7B.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Aug)</b>	<b>1293</b>	oz	-5	-0.3
<b>Silver (NY) (Jul)</b>	17.6	oz	-0.1	-0.7
<b>Gold (LON)</b>	1291	oz	-3	-0.2
<b>Platinum</b>	943	oz	-16	-1.7
<b>WTI Crude (Jul)</b>	<b>45.7</b>	bbl	-2.5	-5.1
<b>Brent Crude (Aug)</b>	<b>48.1</b>	bbl	-2.1	-4.1
<b>Iron Ore</b> (CHN port 62%)	<b>55.4</b>	t	-0.6	-1.1
<b>Copper</b>	<b>5621</b>	t	5	0.1
<b>Nickel</b>	8810	t	-55	-0.6
<b>Aluminium</b>	1906	t	5	0.3
<b>Lead</b>	2062	t	-9	-0.4
<b>Zinc</b>	2447	t	-12	-0.5
<b>Tin</b>	19310	t	-360	-1.8
<b>CBT Wheat (Jul)</b>	4.45	bshl	0.09	2.1

### Commodities Commentary

*Oil* – a US weekly petroleum inventories report included rises in crude (+3.3MMbbl), petrol and distillate stocks.

Forecasters had anticipated a 3.5MMbbl crude draw-down.

Meanwhile, US crude exports were reported to have

## Pre-Open Announcements

### Botanix Pharmaceuticals (\* BTX)

Positive initial human clinical results in hand from the BTX1701 facial cleanser pilot study.

In addition, BTX 1503 synthetic cannabidiol acne treatment human study statistics are anticipated by 30 June.

### AquaBotix Ltd (\* UUV)

Proposing to develop and mass market an underwater drone for general consumer use, in addition to current projects developing \$US5000 - \$US100,000 vehicles for specific industries.

### Bubs Australia (\* BUB)

BUB infant milk formula commercial director Nicholas Simms has been appointed CEO, effective immediately.

### Thorney Technologies (TEK)

Chairman's update lodged post-trade yesterday, highlighting progress by five portfolio companies including AFY and MSB.

### Mercury Ltd (MCY)

Raising FY 2017 EBITDAF guidance by \$NZ10M to \$NZ520M.

## Resources

### Plymouth Minerals (PLH)

PLH has appointed London-based Kevin Tomlinson as non-executive chairman.

Executive chair Adrian Byass is taking on the role of MD.

Mr Tomlinson is the non-executive chairman of Cardinal Resources (ASX: CDV) and a former Westwind Partners/Stifel Nicolaus MD.

Pending shareholder approval, PLH proposes to issue 2M options to Mr Tomlinson, exercisable at 32c each.

PLH has traded at 23c – 24.5c for the week to date.

## Energy

### Caltex Australia (\* CTX)

Morgan Stanley has re-rated CTX as underweight, from equalweight.

### Trading Halts

Company	Code	Resuming
Anova Metals	AVW	8 Jun
European Lithium	EUR	8 Jun
Exterra Resources	EXC	8 Jun
Quantum Resources	QUR	8 Jun
Segue Resources	SEG	8 Jun
WPG Resources	WPG	8 Jun
Central Petroleum	CTP	9 Jun
Vivid Technology	VIV	9 Jun

### Suspensions (selected)

Company	Code	Since
Delta SBD	DSB	31 May
Hawkey Oil & Gas	HOG	12 May
Longreach Oil	LGO	29 May
Molopo Energy	MPO	31 May
Petratherm Ltd	PTR	26 May
Quintis Ltd	QIN	17 May
SML Corporation	SOP	5 Jun



grown 100% for the year-to-date, compared with last year. This magnified international glut fears.

*Gold* – the \$US traded at seven-month lows, but profit-taking was reported during gold trade.

Tonight, former FBI director James Comey meets with a Senate committee, the UK national election is held, and the European Central Bank holds a policy meeting and announces outcomes.

*Base metals* – pushed and pulled overnight by a yet softer \$US ahead of key data and events today and tonight.

China's May trade figures, due today, will influence at least some trade tonight. CPI and PPI reports are expected to follow tomorrow.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7547	-0.0003	-0.04
<b>EUR – USD</b>	1.1258	-0.0001	-0.01

### Australian Data Today

ABS	Trade balance	May
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### US Data Tonight

Initial jobless claims	3 Jun
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### Other Overseas Data Today & Tonight

<b>China</b>	Trade balance	May
<b>Japan</b>	GDP (final)	Mar Q
Japan	Current account	Apr
Japan	Eco watchers survey	May
<b>Germany</b>	Industrial production	Apr
<b>Euro zone</b>	ECB policy statement	Jun
Euro zone	GDP (final)	Mar Q

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SurfStitch Group SRF 26 May

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>OFX</b>	Today	<b>2.9</b>	100	3.53
TCO	Tomorrow	5	100	4.88
CIM	Tue	62	100	2.78
GTK	Tue	~3.94	0	2.61
INM	Wed	~51.68	0	4.32
FPH	15 Jun	~10.44	0	1.76

### Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>AIA</b> <b>VCX</b>	Five-year outlook Investor Day #2
<b>Tue</b>	BLY	AGM
<b>16 Jun</b>	GMG S&P/ASX	Investor briefing Indices rebalance

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