

Markets

SFE 200 Futures (9.30am AEST)	6014	42	0.7
NZX 50	11691	45	0.4
DJIA Futures	27300	-33	-0.1
S&P 500 Futures	3341	-4	-0.1
NASDAQ Futures	11104	-18	-0.2

Local Markets Commentary

The Australian market opens a new week's trade with new data in hand from China, plus new material data due from China late morning, following overnight Friday price drops across key commodities and marked vacillating international equities trade, and with US-China relations remaining in focus.

Over the weekend, the US president signed executive orders, including the offer of Covid-19 – related unemployment support, but at a \$US200/week reduced rate than for a legislated program which expired 31 July.

The president also signed an order to suspend payroll tax collection covering employees earning less than \$US100,000pa.

Post-ASX trade Friday, **China reported \$US3.154 trillion worth of July foreign exchange reserves, against \$US3.112 trillion for June.**

Today, **China's July producer prices and CPI are due 11.30am AEST.**

Locally today, the Australian Bureau of Statistics (ABS) publishes a report outlining Covid-19 household impacts during May.

In addition, full year and interim reporting season begins to warm.

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

US **gold** futures (December) swung lower.

Iron ore (Nymex CFR China, 62% Fe) also turned lower but remained above \$US118.0/t.

LME **copper** dropped. **Nickel** and **aluminium** also fell.

The **\$A** was pushed yet lower, to ~US71.60c, after falling to ~US72.05c early Friday evening.

NB: Markets in Japan and Singapore are closed today, due to public holidays.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	27433	47	0.2
S&P 500	3351	2	0.1
NASDAQ	11011	-97	-0.9
FTSE 100	6032	5	0.1
DAX 30	12675	83	0.7
Shanghai Comp	3354	-32	-1.0

Overseas Markets Commentary
China – July PPI and CPI – 11.30am AEST
Today's Stock Watch
Aurizon Holdings (AZJ)

29% higher, \$615.9M (group) full year NPAT.

5% higher, \$3.06B revenue.

13.7c, 70%-franked final dividend, up 10%.

Teleconference scheduled to commence **10.30am AEST.**

GPT Group (GPT)

9.3c interim distribution.

\$519.1M interim net loss. 9.9% lower, \$359.3M income.

Results were impacted by a total \$711.3M devaluation of GPT's property portfolio. \$5.52 NTA, against \$5.80.

Teleconference scheduled to commence **10am AEST.**

Contact Energy (CEN)

CEN 64% lower, \$125M full year NPAT. \$2.07B revenue, against \$2.46B. 39c final dividend. \$44M cash.

In addition, CEN is planning to outlay \$7.3M to acquire the balance 50.1% of Simply Energy.

Consideration will be paid from credit facilities across FY22 and FY23. Completion is anticipated by month's end.

Adairs Ltd (ADH)

19.0% higher, \$35.38M full year NPAT. 12.9% higher, \$388.93M revenue. 11c fully franked final dividend, up 3c, but following no interim dividend.

11c total FY20 dividend, against 14.5c for FY19.

11c total FY20 dividend, against 14.5c for FY19.

Tabcorp Holdings (TAH)

In response to media speculation, TAH confirms it continues to monitor the group's balance sheet and to review potential funding options, but maintains no decision has been made to conduct a capital raising.

Meridian Energy (MEZ) / Rio Tinto (RIO) / Contact Energy (CEN)

In response to media speculation, MEZ confirms it has proposed (to New Zealand Aluminium Smelters) a closure of the Tiwai Point aluminium smelter over a period of up to four years, but that the proposal has not been accepted, and that the likely closure date will be 31 August.

Sigma Healthcare (SIG)

Selling two distribution centres for a total \$172M.

SIG will lease back each centre.

Proceeds are expected to bring net debt below \$100M.

Planning to report interim results 10 September.

Platinum Asset Management (PTM)

\$21.38B FUM at 31 July, against \$21.39B at 30 June.

Major European and US equities markets chopped and swung overnight Friday, investors handed a cocktail of geopolitical developments, central bank economic recovery outlook commentary and material economic data releases.

In the **US**, domestic and international positioning continued ahead of November US presidential election polling.

US administrative officials, including the treasury secretary, rejected proposals from key parliamentarians for a new fiscal support package, effectively ending ~two weeks of negotiations while recommending the US president essentially try to take control from Congress of such spending measures.

China-US relations, and **China's** influence on international trade and hence economic recovery prospects, remained in focus.

Late Thursday in the US, the US president announced he had signed **executive orders** prohibiting US companies from working with Tik Tok and WeChat within 45 days should respective owners Bytedance and Tencent Holdings not sell their US operations to other interests.

Friday, the US announced **sanctions** against officials in China and Hong Kong who supported the recent implementation of new security legislation in Hong Kong.

Earlier Friday, China's July import figures had injured select base metals demand sentiment.

Fewer than two hours earlier, the **Reserve Bank of Australia** issued a quarterly monetary policy update and associated commentary that included a more sobering outlook and forecasts than previously.

This followed Thursday's **Bank of England** less-optimistic-than previous, revised prediction of UK economic recovery from the Covid-19 outbreak.

Among overnight Friday **data** releases, **US** July employment statistics included the creation of 1.76M jobs and a 0.9% drop in the unemployment rate to 10.2%.

The figures confirmed a slowing of employment growth, from the 4.8M new jobs reported for June.

In addition, July average earnings came in 4.8% higher than a year earlier, but against 4.9% year-on-year growth for June earnings.

This, despite earnings increasing by 0.2% for the month, after a 1.3% June drop.

Also in the US, wholesale inventories were calculated to have fallen 1.4% for the month, following a 1.2% decline during May.

Earlier, **Germany's** June trade surplus rose to €15.6B from €7.0B at the end of May.

The nation's June industrial production improved 8.9% for the month following a 7.4% May increase.

In France, a trade deficit grew to €8.0B in June from €7.5B at 31 May.

Italy meanwhile reported a €6.23B June trade surplus from a €5.58B surplus at the end of May.

Tonight in the **US**, a June job openings report is due.

Companies scheduled to report earnings later today and tonight include Barrick Gold, Duke Energy, Porsche and Tencent Music.

In corporate news over the weekend, **Berkshire Hathaway** revealed a \$US9.8B write-down and 10,000 fewer jobs for on one company unit alone, Precision Castparts.

Pre-Open Announcements

Kogan.com Ltd (* KGN)

Unaudited 160% higher year-on-year July gross profit, on 110% higher gross sales.

126,000 new active customers recorded for July.

Planning to lodge full year results 17 August (Monday next week).

KGN settled at \$18.81 Friday, after closing out the previous week at \$16.66.

SECOS Group (* SES)

\$3Mpa pet waste bags supply contract secured with Jewett-Cameron Trading Company subsidiary JC USA.

Resuming from a trading halt having last traded at 11c.

4DMedical Ltd (* 4DX)

Medical imaging software and hardware supplier completed a stellar listing Friday, following a \$55.79M IPO at 73c per share.

Opened at \$1.47 and slipped to \$1.25 before settling at \$1.59.

~37.4M shares were traded across 11,795 transactions.

~165.22M quoted shares.

Finbar Group (* FRI)

Anticipating a \$7M full year after-tax profit.

\$30.6M cash at 30 June.

\$27.2M worth of pre-launch pre-sales achieved with the Maylands, suburban Perth WA Civic Heart project.

Mader Group (* MAD)

Anticipating 20% full year revenue growth to \$274M, and 30% higher EBITDA reaching \$33.1M.

\$18.5M net debt, against \$29.1M at 31 December 2019.

Planning to lodge full year results 27 August.

Murray River Organics (MRG)

MRG has appointed former Ansell (ASX: ANN) VP and financial controller Birol Akdogan as CFO and company secretary, effective 1 September.

MyFiziq Ltd (MYQ)

Binding term sheet secured with health and well-being promoter Biomorphik, for MYQ's tracking app to be integrated with Biomorphik's preventative disease-focused digital services.

MYQ is anticipating 100,000 additional users from the proposed deal.

Tyro Payments (TYR)

Weekly total transaction value update lodged pre-trade, highlighting a 9% year-on-year increase, to \$2.24B for the financial year to date.

August 1 – 7 figures are 1% down on those for the same period in 2019.

Planning to lodge full year results 18 August (Tuesday next week).



Net income was reported at \$26.3B, following a \$US49.7B March quarter loss.

Revenue dropped 11% to \$US56.8B and operating profit fell 10%.

Cash and equivalents tallied \$US146.6B.

Also over the weekend **Saudi Aramco** reported an ~\$US6.57B June quarter net profit, down 73.4% year-on-year.

Commodities				
COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	2028	oz	-41.4	-2.0
Silver (NY) (Sep)	27.54	oz	-0.86	-3.0
Gold (LON)	2031	oz	-36	-1.7
Platinum	960	oz	-35	-3.6
WTI Crude (NYMEX Sep)	41.22	bbbl	-0.73	-1.7
Brent Crude (ICE EUR Oct)	44.40	bbbl	-0.69	-1.5
Iron Ore (NYMEX,CHN,62%)	118.07	t	-0.82	-0.7
Copper (LME,3mth Ind,PM)	6241	t	-241	-3.7
Nickel	14325	t	-140	-1.0
Aluminium	1758	t	-19	-1.1
Lead	1916	t	-35	-1.8
Zinc	2388	t	-17	-0.7
Tin	17750	t	-90	-0.5

Commodities Commentary

Oil – a \$US bounce, further proposed restrictions on US-China business and US sanctions against officials supporting and implementing new security legislation in Hong Kong, plus continuing reports of record increases Covid-19 infection rates in major nations, combined to push prices lower for a second consecutive session overnight Friday.

In addition, **Libya's** National Oil Corp warned storage tanks at oil ports, blockaded for months, were over-stocked and at risk of literally exploding, pending environmental and geopolitical conditions.

Earlier Friday, **China's** July trade figures included an ~25% year-on-year jump in crude imports to 12.08MMbbl/d (~51.29Mt), but this also represented a decrease for the month, as June imports had tallied a record 12.94MMbbl/d.

China's refined oil (various products) exports were calculated at 3.21Mt, against 3.88Mt for June and representing a 41.5% year-on-year drop.

Meanwhile, **Venezuela's** PDVSA has reportedly started offering to provide shipping also when seeking to supply the nation's oil to customers. Clients have reported increased challenges in securing shipping, due to US sanctions and the broader implications of these.

A weekly US petroleum drill rig, published overnight Friday, included four fewer operational oil rigs, bringing the tally to 176.

Gold – end-of-week profit-taking featured in overnight Friday gold trade, amid a strong \$US bounce (ICE \$US index +0.8%) and with no significant surprises in US monthly jobs figures.

Geopolitics, including commentary surrounding high-level US-China (virtual) trade talks scheduled for 15 August (Saturday), plus Covid-19 developments will continue to influence sentiment this week, together with material data including a batch of June

Uniti Group (UWL) / OptiComm Ltd (OPC)

UWL's proposed acquisition of OPC is one step closer with the Federal Court approval of the scheme booklet which also contains an independent expert's report deeming the plan 'fair and reasonable'.

Resources

Lithium Australia (* LIT)

A fire at a battery recycling facility in the Melbourne suburb of Campbellfield is not related to LIT's 90%-held Envirostream Australia battery recycling operation located in the same suburb.

Further, LIT's Campbellfield operations continue unaffected by new Covid-19 – related restrictions, due to being deemed an essential service.

Trading halt called this morning.

Australian Strategic Metals (* ASM)

9.16kg of titanium metal powder grading 99.83% produced from the South Korea commercial pilot plant.

Dysprosium, praseodymium and zirconium August production plans also lodged this morning.

Canyon Resources (* CAY)

Initial Minim Martap bauxite project probable reserve estimated at 97.3Mt @ 51.1% total alumina and 2.3% total silica.

Additional details lodged this morning.

Dacian Gold (DCN)

WA Mount Morgans project-focused presentation lodged this morning.

Energy

Tap Oil (TAP)

October hedge contracts with BP Singapore lodged this morning.

September liftings were fixed at \$US38.18/bbl.

The planned December lifting is now expected to occur early January 2021.

Trading Halts

Company	Code	Resuming
Farm Pride Foods	FRM	10 Aug
Genex Power	GNX	10 Aug
Malachite Resources	MAR	10 Aug
Xanadu Mines	XAM	10 Aug
XTEK Ltd	XTE	10 Aug
Adalta Ltd	1AD	11 Aug
Alchemy Resources	ALY	11 Aug
Engage:BDR Ltd	EN1	11 Aug
Harris Technology Group	HT8	11 Aug
New Zealand Coastal Seafoods	NZS	11 Aug
PainChek Ltd	PCK	11 Aug



quarter GDP updates.

Base metals – overnight Friday trade was pushed and pulled by data releases, a climbing \$US, new US president executive orders relating to China and news from producers.

Following news earlier last week indicating generally increasing copper production, Codelco announced it was resuming operations this week at projects suspended or partially shut down due to Covid-19 containment measures.

China's headline July **trade** figures, reported Friday, mostly exceeded expectations, the trade surplus rising to \$US62.33B from \$US46.42B and against expectations of a decline to \$US41.9B.

Exports rose 7.2% year-on-year after a 0.5% June increase and following forecasts of a 1% rise.

Overall **imports** dropped 1.4% year-on-year however, bruising general **demand** sentiment. Forecasters had anticipated a 1.5% rise after a 2.7% increase for June.

Meanwhile, China's July unwrought **copper** and copper product imports were revealed at a record 762,211t, representing an 81.5% year-on-year jump and 16.1% increase for the month.

This was mainly attributed to cheaper overseas prices, compared with Shanghai prices.

Copper concentrate imports tallied 1.795Mt, up 12.6% for the month, but 13.5% lower than for July 2019.

China's ore imports were recorded at 112.65Mt, jumping 24% for the month, and against 91.2Mt for July 2019.

China's July unwrought **aluminium** and aluminium product exports were reported at 373,402t, representing a 5.5% monthly increase, but 23.3% drop from July 2019.

Overnight Friday, the US in the meantime reinstated import tariffs on aluminium products from Canada.

China's July CPI and PPI are anticipated today.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7156	-0.0005	-0.07
EUR – USD	1.1782	-0.0009	-0.08

Australian Data Today

ABS	Covid-19 household impacts	May
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US Data Tonight

JOLTS job openings	Jun
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Other Overseas Data Today & Tonight

China	PPI	Jul
China	CPI	Jul
Euro zone	Sentix investor confidence	Aug

Regeneus Ltd	RGS	11 Aug
Salt Lake Potash	SO4	11 Aug
Sheffield Resources	SFX	11 Aug
Great Boulder Resources	GBR	12 Aug

Suspensions (select)

Company	Code	Since
Acacia Coal	AJC	22 Jul
Aurora Minerals	ARM	21 Jul
eSense-Lab Ltd	ESE	27 Jul
Factor Therapeutics	FTT	17 Jul
Global Oil & Gas	GLV	7 Aug
Heron Resources	HRR	4 Aug
Nanoveu Ltd	NVU	7 Aug
Ragnar Metals	RAG	7 Aug
STEMify Ltd	SF1	6 Aug
Stone Resources Australia	SHK	28 Jul
Syntonic Ltd	SYT	4 Aug

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
AFI	Tomorrow	14	100	1.57
ZEN	Tomorrow	14	100	0.00
GUD	Thu	12	100	4.88
MLT	Thu	8.5	100	4.55
PL8	Fri	0.4	100	5.54

Reports & Events

(selected)

When	Company	Report/Event
Today	ADH	Full year
	AZJ	Full year (w/cast 10.30am)
	CEN	Full year
	GPT	Interim (tele 10am)
Tomorrow	CGF	Full year
	CQE	Full year (tele 11am)
	JHX	Jun Q (1Q FY21) (9am AEST)
	SCP	Full year
Wed	AFT	AGM (8.30am)
	BFG	Full year
	CBA	Full year
	CPU	Full year
	DOW	Full year
	MFG	Full year
	SEK	Full year
	TCL	Full year



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Thu	AGL	Full year (9am & tele +Q&A 10.45am)
	AMP	Interim
	ARF	Full year
	BRG	Full year (tele 9am)
	CQR	Full year
	EVN	Full year
	GMG	Full year
	IAP	AGM (5pm)
	QBE	Interim (w/cast 9.30am)
	TLS	Full year
	TWE	Full year
	WPL	Interim
	XRO	AGM
Fri	3PL	Full year (tele 10.30am)
	BBN	Full year (tele 9.15am)
	ILU	Interim
	NAB	Q3 trading update
	NCM	Full year