



Futures Markets

SFE 200 Futures (8.30am AEDT)	6565	12	0.18
DJIA Futures	26061	-4	-0.02
S&P 500 Futures	2887	0	0
NASDAQ Futures	7517	-1	-0.01

Local Markets Commentary

Markets took a breather overnight but the ASX is expected to open in positive territory this morning. For the mixed-lead handed to us by overseas markets, SPI Futures are indicating that the ASX200 should add 14 points at this morning's open. The ASX200 had a ripping day yesterday, rallying 1.59 per cent to a new 11-year high.

Breadth was also solid at 82 per cent, volume was well above average, and advances in high, multiple growth stocks in the healthcare sector lead the charge. It was simply a matter of playing catch-up for the Australian stock-market yesterday, which was effectively pricing in two-days of bullish news – with the question today whether the ASX will fall in-line with global markets' general moderation in sentiment.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26048.51	-14.17	-0.05
S & P 500	2885.72	-1.01	-0.03
NASDAQ	7822.5659	-0.603	-0.01
FTSE 100	7398.45	22.91	0.31
DAX 30	12155.81	110.43	0.92
CAC 40	5408.45	25.95	0.48
Milan MIB30	20609.7	124.71	0.61
Nikkei	21204.28	69.86	0.33
Hang Seng	27789.34	210.7	0.76
Hang Seng China Enterprises	10620.13	93.21	0.89
Straits Times	3209.58	21.47	0.67
Shanghai Composite	2925.7162	73.586	2.58

Australian Stock Watch

360 Capital Group Ltd (TGP): Fund manager 360 Capital has flagged its ambition to float an infrastructure fund with exposure to data centres and other digital network facilities after launching a \$US250 million raising to invest in the fast-growing sector. The announcement of a potential initial public offer comes only a month after 360 Capital, led by Tony Pitt, revealed it joined forces with former Metronode chief executive David Yuile to create a new unlisted vehicle investing into the sector. That unlisted vehicle will focus digital infrastructure assets such as data centres and telecommunications infrastructure including towers, submarine cables and dark fibre networks, reports AFR.

Afterpay Touch Group Ltd (APT): Afterpay's chief executive, chairman and group head have cashed out more than \$100 million worth of shares as institutional shareholders picked up all the shares on offer as part of a \$330 million capital raising. As revealed by Street Talk, Afterpay entered into a trading halt on Tuesday to raise at least \$300 million from institutional shareholders. By Tuesday afternoon, the placement was fully subscribed at \$23 a share, raising \$317.4 million. This means a \$47.15 million payday for each of the Rich Listers, chief executive Nick Molnar and executive chairman Anthony Eisen, who have decided to offload 2.05 million shares each. Their escrow ended in May. Afterpay shares closed at \$24.17 on Friday, representing a 95 per cent gain since January, reports AFR.

AGL Energy Limited (AGL): AGL chief executive Brett Redman is under pressure to explain why the electricity giant is offering to pay \$3 billion for troubled telecommunications company Vocus



Overseas and Gold Markets Commentary

Gold prices are modestly up in early-afternoon U.S. dealings Tuesday. Early selling pressure that was tied to keener trader/investor risk appetite this week gave way to some bargain hunting following recent losses in the yellow metal. A slightly lower U.S. dollar index today and U.S. stock indexes backing down a bit also worked in favor of the precious metals market bulls. August gold futures were last up \$1.50 an ounce at \$1,330.90. July Comex silver prices were last up \$0.101 at \$14.74 an ounce.

The gold market may have been somewhat supported today by President Trump brow-beating the Federal Reserve again. He tweeted today that the Fed does not “have a clue” regarding its monetary policy. While the Fed members say they don’t pay attention to Trump, most don’t believe them. Trump’s pressure on the Fed to ease monetary policy could help to prompt a U.S. interest rate decrease as soon as next week, or in July, when the FOMC meets. Remember the about-face the Fed did late last year when Trump admonished them on raising interest rates.

European and Asian stock indexes were mostly higher again overnight, led by solid gains in China shares. The Chinese government moved to further stimulate its economy by announcing major infrastructure projects. The move by China’s government is an effort to offset the negative economic effects of the ongoing trade war with the U.S.

The U.S. economic data point of the day is the producer price index report for May, came in at up 0.1% from April, which was expected. Very low inflation levels not only in the

Group, with one investor labelling the play desperate. After a \$5.25 a share takeover offer from Swedish private equity firm EQT Infrastructure was abandoned last week, AGL said yesterday that it had offered \$4.85 a share for Vocus. The company provides internet and communications services across Australia and New Zealand. The latest offer was enough for the Vocus board to open their books to AGL for four weeks of due diligence. *“To me, I think they will struggle to make this work, it reeks of desperation,”* said Justin Braitling of Watermark Funds management. The \$14 billion utilities provider said it was attracted to Vocus because of the cost-cutting and growth opportunities in the business, reports AFR.

Cleanaway Waste Management Ltd (CWY): The chief executive of waste management group Cleanaway says a pioneering trial of electric rubbish trucks in a council area in Melbourne is showing promising signs in its early stages. The electric trucks have a range of 180 kilometres before they need to be recharged and the first has been operating for the past few weeks in the City of Hobsons Bay, which covers 12 suburbs in western Melbourne. Cleanaway chief executive Vik Bansal said there were good signs on the operating costs for the vehicles for kerbside collections, because they needed to be kept low for the new technology to be viable in the long term. *“At this stage, the trials are progressing well, but it is a bit too early to fully gauge their success,”* Mr Bansal said yesterday, reports AFR.

Commonwealth Bank of Australia (CBA): Commonwealth Bank has finally complied with an order three months ago to stop charging financial advice customers ongoing service. The bank also promised it would no longer charge financial advice customers up-front ongoing service fees. A CBA spokesman said a new model was being developed and would be communicated to customers once it had been finalised. The Australian Securities and Investments Commission ordered the bank to stop charging



U.S. but most of the world are an element that could also allow the Federal Reserve to lower U.S. interest rates as soon as this summer.

What happened in US markets might well be seen as a sign that traders credulity has been sufficiently stretched. A recalibration in stock markets was afoot after Friday's weak NFPs boosted bets of US Fed rate cuts, and the news that the US wouldn't (yet) be slapping tariffs on Mexico. But that dynamic now has apparently worn-off, as more essential questions emerge about the state of the global economy, as well as the appetite the Fed possesses to cut interest rates. Calls are becoming louder that we are looking at a range-bound market – a prognostication that seems cogent based on current fundamentals

An even better measure of the prevailing market environment last night was the government bond market. As is well known, safe-haven sovereign debt has outperformed recently on the basis that central bankers would be adding short-term monetary stimulus, in response to fears about the state of long-term global growth.

Though this attitude hasn't changed, the term structure of global interest rates markets displayed some interesting behaviour in the US session: though long-term yields continued to creep lower in lower with softening global growth forecasts, shorter-term yields lifted across the board, as markets reconsidered the imminence of monetary policy support from the world's largest central banks.

the fees on February 4, the day Commissioner Kenneth Hayne handed down his final, and scathing, assessment of the banking sector. ASIC was furious CBA had not satisfactorily improved its systems 10 months after agreeing to make material changes to systems, controls and processes related to charging financial advice customers, reports AFR.

Kidman Resources Ltd (KDR): Kidman Resources managing director Martin Donohue says he ceased involvement with the sixth-biggest shareholder in Kidman before it started building a stake in the lithium aspirant that is now worth more than \$15 million. Mr Donohue was a founding director and founding shareholder of the company, now known as Commodity House Pty Ltd, but his connection to the company as director and owner ceased in July 2014; more than a month before Commodity House started building its stake in Kidman. Kidman rose from a micro-cap to the verge of a billion-dollar market value over the past three years on the back of the lithium boom, and the evolution of Kidman's once tightly held share register has been thrust into the spotlight by Wesfarmers' \$776 million takeover bid, reports AFR.

Platinum Asset Management Ltd (PTM): Platinum Asset Management chief executive Andrew Clifford is as conservatively positioned as he was when the world was on the brink of a global financial crisis in 2007. Although Mr Clifford would not go so far as to say Platinum saw the GFC coming, he said the investment house's traditionally cautious, patient approach to investing had placed it in good stead. *"We were concerned about the world and pretty conservatively positioned and we were pretty spot on,"* he said. As talks between the US and China, and between the US and Mexico, began to break down last month, Mr Clifford said Platinum had once again "dramatically" brought down its net invested position by about 20 per cent to about 55 per cent. He said the fund's cautious positioning might be temporary,



International Economic Data

- **US JOLTs Job Openings** - The number of job openings in the US dropped to 7.449 million in April 2019 from 7.474 million in the previous month, missing market expectations of 7.479 million, reports TradingEconomics.
- **AU NAB Business Confidence** - Business confidence rose sharply in May to +7 index points, but given its low starting point, only shows a just-above-average read. Confidence is probably post-election and rate cut expectations related, reports NAB.
- **US PPI** - Producer prices for final demand in the US edged up 0.1 percent from a month earlier in May 2019 after increasing 0.2 percent in April, as an increase in services costs was partially offset by declines in energy and food prices. Producer prices for final demand in the US rose 1.8 percent from a year earlier in May 2019 after increasing 2.2 percent in April and missing market expectations of 2 percent, reports TradingEconomics.
- **US API Crude Oil Stock Change** - API Crude Oil Stock Change in the United States increased to 4.85 BBL/1Million in June 7 from 3.55 BBL/1Million in the previous week, reports TradingEconomics.

“depending on how some of these things unfold. Certainty we’re very cautiously positioned.”, reports AFR.

Prospa Group (PGL): Prospa’s successful ASX debut makes it a strong candidate to tap the government’s new Australian Business Securitisation Fund, a move that would help the online lender further reduce the interest it charges small-business customers, says its joint CEO Beau Bertoli. Amid celebratory scenes at the ASX – after a previous listing attempt was aborted at the last minute last June – Prospa hit the bourse at midday on Tuesday at \$4.50, 19 per cent higher than its offer price of \$3.78. It held the gains during the afternoon to close at \$4.46, a market capitalisation of \$720 million. The offer was jointly managed by Macquarie Capital and UBS, reports AFR.

Qantas Airways Ltd (QAN): Qantas has grabbed its biggest slice of the international travel market in six years at the same time fewer people took an overseas flight. Figures released by the Bureau of Infrastructure, Transport and Regional Economics for March show international airline seats increased slightly in the month but passenger numbers fell from 3.37 million to 3.28 million. The 2.5 per cent decline, compared to the same month a year ago, was the first decrease in international travellers recorded by the bureau since March 2011. Despite the shrinking pool of passengers, Qantas managed to boost its market share from 16.9 per cent to 18.2 per cent — its highest since May 2012.

Slater & Gordon Ltd (SGH), Shine Corporate Ltd (SHJ): Slater & Gordon and Shine Corporate have abandoned preliminary merger talks following revelations that early discussions took place a fortnight ago in Brisbane. The Australian Financial Review revealed yesterday that the chairmen of the country’s second and third largest plaintiff law firms, along with senior directors, spoke in a cafe about the potential for a merger. Following the report, both firms told shareholders discussions had not continued and

**Commodities**

COMMODITY	CLOSE	+/-	%
COMEX			
Gold Aug 19	1330.7	1.4	0.11
Silver Jul 19	14.725	0.086	0.59
Copper Jul 19	2.6685	0.007	0.26
NYMEX			
Platinum Jul 19	814.6	9.4	1.17
Palladium Sep 19	1389.1	2.3	0.17
LONDON METAL			
Gold (AM Fix)	1328.6	-5.7	-0.43
Gold (PM Fix)	1328.6	-12.05	-0.9
ENERGY			
Light Crude Jul 19	53.05	-0.21	-0.39
Brent Crude Oil	62.06	-0.02	-0.03
CBT			
Wheat Jul 19	518	0	0
Soybeans Jul 19	859.25	0	0
Corn Jul 19	427.75	0	0
OTHER			
Iron Ore (China Port)	101	2	2.02
Coal (ICE-GC Newcastle)	76.55	-0.2	-0.26
LME Indicative			
Copper - Cash	5857.5	-2.75	-0.05
Copper - 3Mth	5891	15.5	0.26
Lead - Cash	1946.5	15	0.78
Lead - 3Mth	1906.5	22.5	1.19
Zinc - Cash	2654.5	27.5	1.05
Zinc - 3Mth	2518	40	1.61
Aluminum - Cash	1748.25	3.5	0.2
Aluminum 3Mth	1778	0.5	0.03
Nickel - Cash	11807	243	2.1
Nickel - 3Mth	11910	270	2.32
Tin - Cash	19285	-65	-0.34
Tin - 3Mth	19160	-55	-0.29

Currencies

CROSS	CLOSE	+/-	%
\$A/\$US	0.696	-0.0001	-0.01
STG/\$US	1.2722	-0.0001	-0.01
\$NZ/\$US	0.6583	0	0
\$US/Yen	108.524	0.004	0
\$NZ/\$A	0.9459	0.0002	0.02
STG/\$A	1.828	0.0001	0.01
Euro/\$US	1.1328	0.0002	0.02
Euro/\$A	1.6276	0.0005	0.03
Euro/STG	0.8904	0.0003	0.03
Euro/Yen	122.937	0.0275	0.02
Euro/SF	1.1243	0.0004	0.04

there was no deal on the immediate horizon. Neither denied the early high-level talks took place. "No such discussions are occurring and ... no such transaction is under consideration," Slaters said in a statement. "The company's focus continues to be on enhancing the operational performance of the firm's core services, to help Australians access justice.", reports AFR.

Star Entertainment Group Ltd (SGR): Chief executive of The Star Entertainment Group, Matt Bekier, insists the casino giant's operations will not be disrupted by his plan to slash \$50 million of executive talent from the back end of the business in just six weeks, after softer economic conditions forced it to downgrade profit guidance. Shares in The Star plunged 16 per cent to a four-year low on Tuesday after it said normalised earnings before interest tax, depreciation and amortisation (which adjusts for lucky streaks by either the house or punters) for the year ended June 30 would be between \$550 million and \$560 million, below the \$568 million posted last year, reports AFR.

Super Retail Group Ltd (SUL): New Super Retail Group chief executive Anthony Heraghty is under pressure to deliver improved results after shaking up almost his entire senior management team in less than six months. Mr Heraghty, who took the helm in February from long-serving chief executive Peter Birtles, has appointed a 20-year Aldi veteran to run the group's largest business, Supercheap Auto. Benjamin Ward takes over as managing director of Supercheap Auto on July 29 from Chris Wilesmith, who is leaving the group in August after 13 years, seven as managing director of the auto accessories business. Mr Wilesmith, who has overseen a 33 per cent increase in auto sales and a 61 per cent increase in earnings since 2012, was considered to be a potential candidate to take the reins from Mr Birtles, who resigned in October after 13 years in the role, reports AFR.



Economic News This Week

- Today **AU Westpac Consumer Confidence Index**
- Today **CN Inflation Rate**
- Today **CN PPI**
- Today **CN FDI**
- Today **US Inflation Rate**
- Thursday **US EIA Crude Oil Stocks Change**
- Thursday **US EIA Gasoline Stocks Change**
- Thursday **AU Consumer Inflation Expectations**
- Thursday **AU Employment Data**
- Thursday **US Jobless Claims**
- Thursday **US Export/Import Prices**
- Friday **US EIA Natural Gas Stocks Change**
- Friday **CN Industrial Production**
- Friday **CN Retail Sales**
- Friday **US Retail Sales**
- Friday **US Industrial Production**
- Saturday **US Michigan Consumer Sentiment**
- Saturday **US Baker Hughes Oil Rig Count**

Village Roadshow Ltd (VRL): Village Roadshow shares shed 10 per cent in early trade yesterday after an update last Friday was poorly received, with investors worried about spending and management succession. The leisure company's shares lost 10 per cent on Friday and fell by an equal amount yesterday morning to below \$2.70 before recovering to close down 4.3 per cent at \$2.87. Investors were rattled as the group flagged further spending on its key assets and there was a belief analysts could mark it down further as the position of theme park boss Clark Kirby, and his ambitions to take the reins of the company, came under scrutiny, reports The Australian.

Woodside Petroleum Ltd (WPL): Woodside Petroleum can take solace from soft LNG spot prices after revealing it will have to buy gas from other producers to supply customers because of a false restart at its Pluto plant near Karratha on the West Australian coast. Woodside, led by Peter Coleman, forecast annual production at the lower end of previous guidance of 88 million to 94 million barrels of oil equivalent following the problems at Pluto after planned maintenance. Woodside does not expect the liquefied natural gas plant to restart until the end of the month, and said it had been forced to make arrangements to meet obligations to customers, including buying third-party cargoes. RBC Capital Markets oil and gas analyst Ben Wilson said Woodside would take a small earnings hit, cushioned by low spot pricing that protected its margins, reports AFR.

been made redundant and they must reapply for new roles, seek redeployment elsewhere in the group or take redundancy, which was not the retailer's preference. Staff who previously managed departments have been told they will be replaced by a single manager and should reapply for non-managerial roles, which could lead to pay cuts, according to the union, reports AFR.



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