

Markets

SFE 200 Futures (9.30am AEST)	5885	-7	-0.1
NZX 50	11463	12	0.1
DJIA Futures	25637	-52	-0.2
S&P 500 Futures	3084	-6	-0.2
NASDAQ Futures	10132	-16	-0.2

Local Markets Commentary

The Australian market opens 1 July trade with new key domestic and regional data releases mostly due by the middle of the day, ahead of influential reports and data out of the US tonight and tomorrow night.

Initial domestic data, released pre-trade, has notably proved positive.

Regionally today, Caixin is due to reveal its June manufacturing PMI for China **11.45am** AEST.

Japan publishes Tankan business survey indices 9.50am AEST.

June manufacturing PMIs for both Japan and South Korea are anticipated 10.30am.

Locally today, AiG has reported an **expansionary 51.5 manufacturing sector activity** index for June, against a contractionary 41.6 for May.

The Australian Bureau of Statistics (ABS) reports May **building approvals** 11.30am AEST.

A **residential property price report** for June is also due this morning.

Post-ASX trade, the Reserve Bank of Australia (RAB) reports June **commodity prices**.

RF1 is among stocks trading **ex-dividend** today. *Please see p4 for details.*

In overnight commodities trade, **oil** swung lower.

US **gold** futures (August) rallied.

Iron ore (Nymex CFR China, 62% Fe) extended a run of slight declines, settling below \$US103.00/t.

LME **copper** rallied. **Nickel** settled with a small gain. **Aluminium** rose modestly.

The **\$A** rose to ~US68.70c after trading at ~US68.40c early yesterday evening.

This morning, the \$A has traded beyond US69.00c.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25813	217	0.9
S&P 500	3100	47	1.5
NASDAQ	10059	185	1.9
FTSE 100	6170	-56	-0.9
DAX 30	12311	79	0.6
Shanghai Comp	2985	23	0.8

Australia – AiG manufacturing PMI - 51.5
China – Caixin manufacturing PMI – 11.45am AEST
Today's Stock Watch
Suncorp Group (SUN)

An audio webcast was scheduled to commence **9.30am** AEST. Restructure revealed this morning, together with the appointment of former Commonwealth Bank of Australia (ASX: CBA) executive GM business customer solutions Clive van Horen as SUN's banking and wealth CEO.

Reinsurance figures also lodged pre-trade.

Nufarm Ltd (NUF)

NUF will stop manufacturing insecticides and fungicides in Laverton, Victoria and pull back on herbicide manufacturing in Linz, Austria.

In particular, NUF will stop synthesising herbicide 2,4-D in Austria.

Associated cash costs are expected to tally \$A25M, while EBITDA is expected to improve by up to \$A10Mpa on the herbicide decision. Laverton operations will be wound down over ~18 months. NUF plans to sell the site.

NUF settled higher yesterday after closing lower for the previous five sessions.

AMP Ltd (AMP)

AMP has completed the \$A3B sale of the group's life insurance business to Resolution Life. AMP receives \$A2.5B cash and \$A500M worth of equity in Resolution Life Australia.

Planning to provide a strategy update when releasing interim results 13 August.

Auckland International Airport (AIA)

Adverse impacts on AIA's anticipated FY20 results itemised this morning. Planning to release results 20 August.

Cash Converters International (CCV)

Two-year renewal secured for a \$100M facility initially due to expire December.

Flight Centre (FLT)

£65M debt facility secured via the Bank of England's Covid Corporate Financing Facility.

Energy
Oil Search (OSH)

Restructure, including cost-cutting measures, and new leadership team appointments, lodged pre-trade.

In addition, CFO Stephen Gardiner plans to step down from this role in February 2021, but to remain with OSH as a MD advisor.



Overseas Markets Commentary

Most major European and US equities markets again featured some choppy, swinging trade overnight, but most also finished at or near session highs, as for the previous session.

The FTSE 100 was dragged lower by disappointing data and price drops for giant energy stocks BP and Royal Dutch Shell.

Notably however, quarterly gains for the key US indices came in better than for at least the past two decades.

There was plenty for investors to consider, even ahead of influential reports and data scheduled for release from today through overnight tomorrow.

Earlier yesterday, China had confirmed a new national security law for Hong Kong had been formally approved, some detail prompting commentary claiming freedom of speech had effectively been curtailed in the 'special administrative region', ahead of today's anniversary of the UK handover of Hong Kong.

Federal Reserve chair Jerome Powell and treasury secretary Steven Mnuchin were scheduled to meet with a House of Representatives financial services committee post-US trade, but prepared remarks were released in time for US trade.

Mr Powell asserted a quicker-than-expected US economic pickup but warned higher than normal unemployment levels would persist.

Mr Mnuchin spoke of a restructuring of the business loans program, with a greater focus on larger businesses.

Earlier, **Bank of England** chief economist Andy Haldane had also warned of longer-term relatively high unemployment, but noted UK data also indicated economic recovery was progressing faster than anticipated.

Meanwhile, however, the US administration's chief infectious diseases spokesperson Anthony Fauci warned Covid-19 spread was 'out of control' in the US and dampened expectations of an effective vaccine prior to early 2021.

In addition, the New York governor added eight US States to the New York mandatory quarantine list.

In the UK, the PM promoted plans for a strong domestic recovery after earlier this week conceding the virus outbreak had proved a disaster.

Among new **data** releases, the **UK's** final March quarter GDP reading proved more dour than initially estimated, representing a 2.2% contraction for the three months and 1.7% year-on-year drop.

For the December quarter 2019, GDP had been estimated flat on a three months basis and as 1.1% year-on-year growth.

The first estimate of June CPI growth for the **euro zone** indicated a 0.3% advance, both for the month and against June 2019.

In May, inflation was finalised at 0.1% growth for the month and 0.1% year-on-year deflation.

In the **US**, the June Chicago PMI underwhelmed at 36.6, following 32.3 for May, and against expectations of a stronger improvement to 45.

The Conference Board consumer confidence index jumped to 98.1 from 85.9, exceeding expectations by more than six points.

Pre-Open Announcements

Telix Pharmaceuticals (** TLX)

The US FDA has determined 'breakthrough therapy' applies to TLX's renal cancer imaging product TLX250-CDx. Details lodged this morning.

Temple & Webster Group (* TPW)

Anticipating a minimum \$8M FY20 EBITDA. June gross sales (to 28 June) grew 130% year-on-year. Conducting a \$40M, \$7.50-per-share fully underwritten institutional placement. Trading halt called this morning.

CIMIC Group (* CIM)

Ventia (50:50 CIM-Apollo Global Management JV) has completed its acquisition of Broadspectrum. Ventia consequently anticipates \$A5B annual revenue. Ventia comprises the former Leighton Contractors Services, Thiess Services and Visionstream, while Broadspectrum was formerly known as Transfield Services.

National Tyre & Wheel (* NTD)

May – June revenue came in higher, and costs lower, than anticipated, prompting NTD to predict \$10.5M - \$11.0M FY 20 operating EBITDA. \$8.5M net cash at yesterday's close.

Australian Dairy Nutritionals Group (* AHF)

AHF will supply milk to Australian Consolidated Milk during FY21 at a mean \$6.69/kg solids for raw and conventional milk and \$8.60/kg solids for organic milk. The prices represent an 8% - 10% fall from FY 20 prices. AHF anticipates external feed costs to come in lower for FY21, however. In addition, AHF has completed the conversion of one farm to a full A2 milk producing herd, but is yet to secure organic certification.

Medical Developments International (MVP)

Road show presentation lodged post-trade yesterday. MVP recouped 4.8% yesterday, settling at \$6.98 and trading as high as \$7.11 intra-session, after settling lower the previous three sessions.

Ovato Ltd (OVT)

30 June 2020 covenant testing waivers secured from the ANZ, Assetsecure and noteholders. Details lodged post-trade yesterday.

TPG Telecom (* TPG)

The merged (former) Vodafone Hutchison Australia and TPG Corporation commenced ASX trade as TPG yesterday. TPG opened at \$8.49 and traded as high as \$9.25 before closing at \$8.90. 517,751 shares were traded across 386 transactions. Trading commenced on a deferred settlement basis.



The Case-Shiller April home price index rose 0.9% for the month and was 4% higher than for April 2019.

Tonight in the **US**, minutes of the **Federal Reserve's** June policy meeting are keenly anticipated.

In addition, a private sector June employment report, a job cuts report, two June manufacturing indices, May construction spending and weekly job applications are due.

Elsewhere, the UK conducts a 30-year treasury bond (gilt) offer, and the UK and euro zone publish PMI updates.

In overnight corporate news, Royal Dutch **Shell** warned it could book \$US15B - \$US22B worth of asset impairments for the June quarter.

Airbus announced plans to cut 15,000 employee positions.

US markets will be closed Friday due to an Independence Day holiday.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1800.5	oz	19.3	1.1
Silver (NY) (Sep)	18.57	oz	0.5	2.8
Gold (LON) (29 Jun)	1772	oz		
Platinum	819	oz	12	1.5
WTI Crude (NYMEX Aug)	39.27	bbl	-0.43	-1.1
Brent Crude (ICE EUR Aug)	41.15	bbl	-0.56	-1.3
Iron Ore (NYMEX,CHN,62%)	102.95	t	-0.11	-0.1
Copper (LME,3mth Ind,PM)	6040	t	78	1.3
Nickel	12795	t	10	0.1
Aluminium	1620	t	6	0.4
Lead	1777	t	-23	-1.3
Zinc	2040	t	-18	-0.9
Tin	16722	t	-53	-0.3

Commodities Commentary

Oil – WTI crude settled more than 90% higher for the quarter overnight. Brent crude gained 81% for the three months.

During overnight trade, trader sentiment was pushed and pulled by several considerations.

A media report also quoted un-named sources claiming that the Messla oil field in Libya had recommenced production at a rate of 10,000bbl/d.

In addition, earlier yesterday, China's official June manufacturing PMI represented ongoing economic recovery.

Further, reports continued of Covid-19 resurgences, with a key US infectious diseases expert warning the tally of daily new cases in the US could yet reach 100,000.

The Brent (ICE futures) August contract expired on settlement overnight. The September contract declined by 58c (1.4%) overnight, settling at \$US41.27/bbl.

A weekly US petroleum inventories report is due tonight from government agency the EIA.

Post-overnight US trade, an industry report included an estimate of an ~8MMbbl draw on crude stocks last week.

Normal (T+2) trade is expected to commence 14 July. 1.86B quoted shares.

TPG replaces TPM on the S&P/ASX 200.

Tuas Ltd (* TUA)

Singapore mobile network owner and operator demerged from TPG Telecom as part of the Vodafone Hutchison Australia and TPG merger process, completed its ASX listing yesterday.

TUA opened at 50c and traded as high as \$1.10 before settling at 67.5c.

430,270 shares were traded across 329 transactions.

Trading commenced on a conditional and deferred settlement basis.

Normal (T+2) trade is expected to commence 14 July.

463.9M quoted shares.

TUA will be removed from the S&P/ASX 200 prior to Friday's ASX opening.

Resources

Titanium Sands (* TSL)

TSL has rejected several Sri Lanka media assertions, lodging a statement post-trade yesterday.

TSL is due to resume from a trading halt, having last traded at 4.9c, after dropping a combined 51% in the two sessions immediately before calling the halt.

Victory Mines (VIC)

Resuming from a trading halt with a new plan to acquire the WA Pilbara Copper Mountain project from owner Carmichael Prospecting Company (CPC).

This involves acquiring CPC, as the project is the only asset now held by CPC.

European Metals (EMH)

Non-executive EMH chairman David Reeves has resigned from the EMH board due to other business interests.

EMH MD Keith Coughlan has been appointed interim executive chairman.

Zenith Minerals (ZEN)

Planning to sell a WA Fraser Range tenement to unlisted New Energy Metals (NRG) for \$100,000 worth of NRG capital, pending conditions which include a successful NRG ASX listing within six months.

ZEN will retain a 1.5% net smelter royalty.

King Island Scheelite (KIS)

Wolfram Berghau and Hutten is not terminating an agreement to purchase KIS tungsten concentrate, despite the agreement being conditional on KIS having committed project funding in place by yesterday, and KIS having not been able to secure the funding.

KIS is hoping to commence production late 2021.



Gold – US gold futures headed higher in early overnight trade, seemingly prompting rally buying, and pushing the quarterly futures gain to ~12.8%. Year-on-year, futures settled 18.2% higher. Prepared remarks for US parliamentary testimony from the Federal Reserve chair appeared to have little influence on overall trade.

Base metals – China’s official (NBS) PMIs, reported yesterday, plus Covid-19 – related reduced copper supply expectations helped push *copper* higher during overnight end-of-quarter trade.

After trading at four-year lows in March, copper settled with its best quarterly gain, of ~22%, in a decade.

China’s June PMIs indicated further economic recovery, with 50.9 and 54.4 respectively for the manufacturing and services sectors, from 50.6 and 53.3 respectively at the end of May.

Japan reported May industrial production had fallen 8.4% for the month and 25.9% year-on-year, following respective 9.8% and 15% April declines.

South Korea’s May industrial output fell 6.7% and 9.6% respectively, against 6.7% and 5.1% April pull backs.

A spate of international manufacturing PMI updates from this morning through tonight could influence at least some of tonight’s trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6902	-0.0000	-0.01
EUR – USD	1.1234	0.0002	0.02

Australian Data Today

AiG	PMI (manufacturing sector activity index)	Jun
CoreLogic	Home value index	Jun
ABS	Building approvals	May
RBA	Commodity price index	Jun

US Data Tonight

Fed Reserve policy meeting minutes	Jun
ADP private sector employment change	Jun
Challenger job cuts	Jun
ISM manufacturing	Jun
Markit manufacturing PMI	Jun
Construction spending	May
MBA mortgage applications	26 Jun

Other Overseas Data Today & Tonight

China	Caixin manufacturing PMI	Jun
Japan	Manufacturing PMI	Jun
Japan	Tankan business survey indices	Q2
Japan	Consumer confidence (3pm AEST)	Jun
South Korea	Manufacturing PMI	Jun
UK	Manufacturing PMI	Jun
Germany	Manufacturing PMI	Jun

Energy

Senex Energy (SXY)

SXY has appointed former Metgasco (ASX: MEL) cofounder, executive director and CFO Glenda McLoughlin as an independent non-executive director, effective today.

Central Petroleum (* CTP) / Santos Ltd (STO)

Any target date for recommencing Northern Territory Amadeus Basin EP112 Dukas exploration looks unlikely to be before year’s end.

Trading Halts

Company	Code	Resuming
Corazon Mining	CZN	1 Jul
Cygnus Gold	CY5	1 Jul
Great Southern Mining	GSN	1 Jul
Hipo Resources	HIP	1 Jul
Synertec Corporation	SOP	1 Jul
Emmerson Resources	ERM	2 Jul
Kasbah Resources	KAS	2 Jul
Prairie Mining	PDZ	2 Jul
Temple & Webster Group	TPW	3 Jul
Euro Manganese	EMN	6 Jul
GBM Resources	GBZ	6 Jul

Suspensions (select)

Company	Code	Since
9 Spokes International	9SP	30 Jun
Freedom Foods Group	FNP	26 Jun
MG Unit Trust	MGC	29 Jun
Nex Metals Exploration	NME	1 Jul

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
MGG	Today	3.44	0	3.61
MHH	Today	2.25	0	1.61
NBI	Today	0.9	0	7.49
PWG	Today	2.8	0	0.00
RF1	Today	20.79	0	1.75
FPH	Mon (6 Jul)	18.24	0	0.35
MTS	Tues	6.5	100	4.78
SGLLV	Tues	33	100	5.89



Germany	Retail sales	May
Germany	Unemployment	Jun
Euro zone	Manufacturing PMI	Jun

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