

Markets

| | | | |
|--------------------------------------|-------|------|-------------|
| SFE 200 Futures (9.30am AEST) | 7168 | -111 | -1.5 |
| NZX 50 | 12555 | 3.1 | 0.0 |
| DJIA Futures | 33141 | -14 | -0.0 |
| S&P 500 Futures | 4187 | 0 | 0 |
| NASDAQ Futures | 14107 | 0 | 0 |

Local Markets Commentary

Australian shares were set to start the week on a sharp downward trajectory after turbulence on Wall St in reaction to St Louis Fed president James Bullard's commentary on interest rates.

Bullard said he expected an interest rate hike in 2022, earlier than the Federal Reserve's earlier suggestion that a rates hike would be likely in 2023.

Bullard said a better than expected economic recovery from the COVID pandemic could cause inflation figures higher than the 3% for 2021 flagged by the Federal Open Market Committee, up 0.8% from March's estimate. The median expectation for inflation, which includes food and energy, is now up 1% to 3.4% for 2021.

In consequence, the Dow Jones and the S&P 500 posted their worst performance in months at close on Friday, having started the week at record levels and then falling by the highest numbers since late October and February.

Commodities and financials are expected to be under strain on the ASX today with growth stocks tipped to be more popular than value shares.

The Chamber of Minerals and Energy has flagged weaknesses in Western Australia's resources sector, saying another 40,000 workers will be needed over the next two years to fill demand.

This is according to a report by labour market analysts Pit Crew, which found that shortages in the trades and blue-collar workforce could not be met by apprenticeship and training entities.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|-------|------|-------------|
| Dow Jones | 33290 | -533 | -1.5 |
| S&P 500 | 4166 | -55 | -1.3 |
| NASDAQ | 14030 | -130 | -0.9 |
| FTSE 100 | 7017 | -135 | -1.9 |
| DAX 30 | 15488 | -279 | -1.7 |
| Shanghai Comp | 3525 | -0.5 | -0.0 |

Overseas Markets Commentary

S&P/ASX indices - quarterly rebalance revealed this morning.
 Please see pp4-5 for details

Today's Stock Watch

Woodside Petroleum (WPL)

Asian LNG spot prices are trading five times higher than a year ago which, in tandem with rebounding oil prices, bodes well for energy stocks.

Mayne Pharma Group (MYX)

Will launch a new oral contraceptive into the world's largest pharmaceutical market in the United States, having received approval from the FDA in April.

Pre-Open Announcements

Commonwealth Bank (CBA) Has sold its Australian general insurance business, Comminsure General insurance, to Hollard for \$625 million.

Trustpower (TPW)

Has agreed to sell its gas, telecommunications and retail electricity supply business, to Mercury NZ for \$441 million and expects the deal to conclude in late 2021 or early 2022.

Bank of Queensland (BOQ)

Regulatory approval from the Treasurer gives BOQ 100% control of ME Bank, which it will acquire for \$1.3 billion with completion expected on 1 July.

Resources

Strike Energy (STX)

Says the West Erregulla 5 well has confirmed pre-drill expectations with a large high-quality gas resource in the North Perth Basin.

Sunstone Metals (STM)

Has intersected 505m of mineralised gold-copper at the Brama prospect in Ecuador and says latest assays and visuals indicate a potentially large resource.

Trading Halts

| Company | Code | Resuming |
|----------------------------|------|----------|
| BetMakers | BET | 21 Jun |
| Gold Mountain | GMN | 21 Jun |
| Resource Development Group | RDG | 21 Jun |



The Dow Jones fell 533 points (1.58%) at close on Friday, the S&P 500 shed 55 points (1.31%) and the Nasdaq lost 130 points to end a wild week's rollercoaster ride on Wall Street.

The US dollar rose to its highest level since mid-April and US crude oil prices also strengthened after OPEC comments that limited US production growth is expected this year.

In the USA natural gas prices have soared with summer temperatures and a reopening of the economy from the COVID pandemic. On Friday natural gas futures were \$3.215 per million British thermal units, up 96% from a year ago and the highest price since 2017.

In Europe Dutch gas futures have more than doubled in the last 12 months and in ASIA liquefied natural gas is five times higher than a year ago.

Nevertheless, US energy stocks were the worst performer of the day on Friday and utilities and financial indexes fell by 2%.

Housing prices are rising in the USA faster than at any time on record, largely stimulated by the Federal Reserve buying \$40 billion of mortgage bonds each month, stoking fears of a housing bubble as the central bank deliberates over reducing its support. The median sale price for a home in the US hit \$341,600 in April, the highest since 1999.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|-------------|-------|-------|------|------|
| Gold (NY) | 1772 | oz | -38 | -2.1 |
| Silver (NY) | 25.88 | oz | -1.1 | -3.9 |
| Gold (LON) | 1792 | oz | -14 | -0.8 |
| Platinum | 1040 | oz | -14 | -6.9 |
| WTI Crude | 71 | bbl | 0.6 | 0.8 |
| Brent Crude | 73 | bbl | 0.4 | 0.5 |
| Iron Ore | 217 | t | -3.5 | -1.6 |
| Copper | 9209 | t | -63 | -0.7 |
| Nickel | 17320 | t | 140 | 0.8 |
| Aluminium | 2373 | t | -54 | -2.2 |
| Lead | 2134 | t | -11 | -0.5 |
| Zinc | 2876 | t | -85 | -2.8 |
| Tin | 31635 | t | -365 | -1.1 |

Commodities Commentary

Oil – Energy producers could be feeling peckish at the start of the week after oil prices rebounded on Friday.

Gold – Might be feeling the jitters after gold fell again on Friday, dripping 0.3% to finish its worst week in over a year after the US Federal Reserves pushed forward rates hike plans.

Iron Ore – The spot price of iron ore fell 0.9% to \$218 a tonne and miners could feel some of the heat today.

Exchange Rates

| | | |
|----------------------|-----|--------|
| Po Valley | PVE | 21 Jun |
| Variscan Mines | VAR | 21 Jun |
| Coda Minerals | COD | 21 Jun |
| Immutep | IMM | 21 Jun |
| Metalstech | MTC | 22 Jun |
| Perpetual Resources | PEC | 22 Jun |
| Montem Resources | MR1 | 22 Jun |
| TNT Mines | TIN | 22 Jun |
| Atrum Coal | ATU | 22 Jun |
| Strickland Metals | STK | 22 Jun |
| Admiralty Resources | ADY | 22 Jun |
| Ragnar Metals | RAG | 22 Jun |
| Suda Pharmaceuticals | SUD | 22 Jun |

Suspensions *(select)*

| Company | Code | Since |
|--------------|------|--------|
| Immuron Ltd | IMC | 31 May |
| Metro Mining | MMI | 27 May |

Ex-Dividends

| Code | Ex-Div | Div (c) | Franking (%) | Yield (%) |
|------|--------|---------|--------------|-----------|
| MGR | 29 Jun | 0.05 | 0 | 9.8 |
| FPP | 25 Jun | 0.03 | 0 | 9.8 |
| KLA | 29 Jun | 0.18 | 0 | 9.8 |

Reports & Events

(selected)

| When | Company | Report/Event |
|------|---------|--------------|
|------|---------|--------------|



| CURRENCIES | LAST | +/- | % |
|------------|--------|--------|------|
| AUD – USD | 0.7506 | 0.0028 | 0.37 |
| EUR – USD | 1.1874 | 0.0051 | 1.84 |

Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au

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