

Futures Indices (Source: IRESS)

INDEX	CLOSE	+/-	%
E-mini S&P 500 Futures	2952	0	0
E-mini Dow Futures	26762	0	0
E-mini NASDAQ 100 Futures	7758.75	0	0
SFE 200 Futures	6579	-14	-0.21

Local Market Commentary

ASX edges higher: The ASX200 edged higher yesterday, as what is a technically overbought market recovered some of its Friday losses. Upside momentum has clearly cooled for the local stock market, ahead of a week heavily geared towards positioning for this weekend's G20 meeting. Overall, it must be said it was a low impact and low activity day's trade yesterday. Consumer stocks were most responsible for the day's losses, sapping around 4 points from the ASX200, while Real Estate and bank stocks lead the market's gains, following signs of improvements in clearance rates over the weekend in the Melbourne and Sydney housing markets. The Australian Dollar experienced a little lift to kick-off the trading week. A short-term phenomenon, for sure, the local unit climbed following comments made by RBA Governor Philip Lowe at a panel discussion yesterday morning, that "... it's legitimate to ask how effective more [monetary policy] easing would be". Falling yields and the weaker Dollar has pushed gold to fresh highs around \$1420. And what it all implies for the ASX200 today: [SPI Futures are pointing to a roughly 14-point drop this morning.](#)

World Indices (Source: IRESS)

INDEX	CLOSE	+/-	%
Dow Jones	26727.54	8.41	0.03
S & P 500	2945.35	-5.11	-0.17
NASDAQ	8005.6963	-26.0108	-0.32
FTSE 100	7416.69	9.19	0.12
DAX 30	12274.57	-65.35	-0.53
CAC 40	5521.71	-6.62	-0.12
Milan MIB30	21284.1	-104.53	-0.49
Nikkei	21285.99	27.35	0.13
Hang Seng	28513	39.29	0.14
Hang Seng China Enterprises	10952.94	31.47	0.29
Straits Times	3311.53	-9.87	-0.3
Shanghai Composite	3008.1479	6.1677	0.21

Australian Stock Watch

360 CAPITAL GROUP (TGP): Real estate funds manager 360 Capital's Tony Pitt has tapped three brokers to oversee a share market float of his firm's latest offering, 360 Capital Digital. Street Talk can reveal Moelis Australia, Morgans Financial and Shaw and Partners have been hired to oversee 360 Capital Digital's initial public offering, and help raise \$100 million to \$200 million for a market value of a few hundred million dollars. 360 Capital Digital is expected to be pitched as an infrastructure fund with exposure to data centres and other digital network facilities. The appointments come less than two months after Pitt revealed the property funds manager had joined forces with former Metronode chief executive David Yuile to create a new unlisted vehicle which would invest \$US250 million (\$360 million) in the fast-growing sector. Launched in May, the unlisted partnership – 360 Capital Global Digital Infrastructure Partners – is available to local and overseas capital partners and wholesale investors with a targeted internal rate of return of 10 per cent, reports AFR.

Australia and New Zealand Banking Group (ANZ): The Reserve Bank of New Zealand has warned that ANZ New Zealand's directors, including former prime minister Sir John Key, ANZ Bank chief executive Shayne Elliott and chief financial officer Michelle Jablko, may face criminal and civil penalties if assurances signed by them are found to be false or misleading. ANZ was ordered by RBNZ on Monday morning to commission independent reviews of the bank's capital models and statements signed by the directors, using a rarely used power under the Reserve Bank of New Zealand Act known as Section 95. RBNZ governor Adrian Orr said the issue of the bank's rogue capital models and incorrect statements signed by the directors had not been resolved and it was determined to get to the bottom of the matter, reports AFR.

Dexus Property Group (DXS): Commercial property heavyweight Dexus has completed its flagship Quarry industrial estate in Greystanes in Sydney's west after securing retailers Beaumont Tiles and Coco Republic and packaging group Orora as final tenants. The 70-hectare former stone quarry, which Dexus has been developing with its joint venture partners for over a decade, is now fully leased amid the strongest conditions seen in the Sydney industrial leasing market since the GFC. Quarry, Greystanes comprises 310,000 square metres of warehouse space and 30,000 square metres of office space. Major tenants include Bunnings, Toshiba, HelloFresh and Symbion. The three new tenants have leased the last completed building in the estate at 2-6 Dolerite Way, which comprises 33,710 square metres of lettable area. The \$34 million facility was completed in March and has a weighted average lease expiry of almost 10 years, according to Dexus' December 2018 property portfolio update, reports AFR.



Overseas Markets & Gold Commentary

Gold prices are posting strong gains and hit a six-year high in midday trading Monday. Safe-haven demand amid heightened geopolitical events is keeping gold prices on the rise. So is a slumping U.S. dollar index that hit a three-month low today. And while we're at it, let's add to the bullish mix recent easy-leaning monetary policies of the world's major central banks and the bullish technical chart posture for the yellow metal. August gold futures were last up \$18.20 an ounce at 1,418.30. July Comex silver prices were last up \$0.095 at \$15.385 an ounce.

The U.S.-Iran confrontation in the Persian Gulf region continues to simmer on the front burner of the marketplace. News over the weekend surfaced that the U.S. last week employed a cyber-attack on Iran, specifically its ability to track big ships at sea, and to launch missiles. Also, President Trump today said there will be "major" new sanctions put in Iran this week. He also called Iran the world's number-one sponsor of terrorism. Gold prices pushed to their daily highs immediately following Trump's comments. This situation is likely to hang around the marketplace for a while, which is bullish for the safe-haven metals.

The Federal Reserve's decision to open a door to future rate cuts last week created a major shift in market sentiment globally, revealing a building distrust in the Fed and other central banks' abilities to handle rising risks. ABC Bullion business development manager John Feeny and Pallion senior precious metals project analyst Bron Suchecki said in the latest update.

"Gold's reaction to the latest FOMC statements is symbolic of a massive dent in the confidence of the Fed, and hence other Central Banks, as the initial plan of unwinding the easy monetary stimulus of the past decade is proving impossible," said Feeny and Suchecki. "There has been far too much debt build-up post-GFC for the Federal Reserve to successfully navigate a rate hike cycle without grinding the US economy into recession."

Kogan.com Ltd (KGN): Kogan.com executive director David Shafer said the company's surprise announcement that it was entering the retail energy market is another plank in its broader strategy to be a one-stop shop for households. Mr Shafer said his vision for the online retailer was for a new migrant arriving in Australia to be able to get a home loan, furnish that house and set it up with all amenities like internet and power without leaving the Kogan website. He said this all-in-one approach would benefit customers through lower prices. *"As we have more and more touch points with the customer, we can deliver better value to the customer,"* said Mr Shafer. Kogan Energy is the newest addition in the strategy, which has seen the company launch eight business divisions since 2016, including a travel offering and insurance. The energy offering announced to the market on Monday was a multiyear agreement with Powershop Australia, the company that will provide the power and gas services, reports AFR.

Lendlease Group (LLC): Lendlease's PPP advisory and investment arm Capella Capital is believed to be testing market appetite for a Perth car park that could be worth as much as \$200 million. Street Talk understands Capella Capital is considering options for the QEII Medical Centre Car Park, which was designed, built and now operated by a Capella Capital consortium earlier this decade. It is understood the firm's dealmakers have approached a handful of potential acquirers recently, including mid-sized infrastructure funds, to see whether they had the desire and capital to take part in an auction. Sources said it is one asset that infrastructure funds have had on their watch-lists for at least the past two years, although the recent approaches signalled Capella Capital may finally be serious about selling. It is expected to be worth as much as \$200 million, reports AFR.

Link Administration Holdings Ltd (LNK): ASX-listed financial services conglomerate Link Group is grappling with a triple whammy of regulatory change in Australia, Brexit uncertainty and a British funds management furore, sparking an earnings downgrade and a plummeting share price. But CEO John McMurtrie is fired up with talk of organic growth and new acquisitions. Is he clear-eyed or crazy? He admits the business, which at its core does superannuation and managed funds administration, bad-debt clean-ups and share registry management, is in a rough patch. The share price will tell you that: it's dropped 30 per cent since Link cut its earnings forecast on May 31. *"It'd be fair to say that the last couple of weeks have been quite edifying,"* McMurtrie says, with classic understatement. The Morrison government in April rushed through new rules for idle superannuation accounts, which has prompted a costly deluge of admin, reports AFR.

Metcash Limited (MTS): Metcash faces an increasingly tough outlook for its hardware operations – even though chief executive Jeff Adams predicts interest rate cuts will help reverse the softness of May and early June – and a continuation of the fierce competition in supermarkets that sent food earnings backwards. Metcash shares tumbled 9.8 per cent on Monday to \$2.84. Investors factored in the prospect of more difficult trading



International Economic Data

- **AU RBA Gov Lowe Speech** - Reserve Bank governor Philip Lowe has urged the Morrison government to get infrastructure projects "shovel-ready" in case they are needed for an emergency stimulus to pull Australia out of an economic downturn. Dr Lowe said the Coalition should borrow while interest rates were at record lows to fund construction of projects. *"If the government can build productive capacity by borrowing at low interest rates, it seems like that is a good thing to do,"* he said. *"Governments here and around the world should have their top drawers full of really good ideas that are shovel-ready in case growth slows."* Dr Lowe also said major infrastructure funding should be run like monetary policy - at arm's length from the government - so that voters trust it is fit for purpose, reports Sydney Morning Herald.
- **US Chicago Fed National Activity Index** - The Chicago Fed National Activity Index rose to -0.05 in May 2019 from a revised -0.48 in the previous month and compared to market expectations of +0.10, reports TradingEconomics.

conditions for the group's Mitre 10 and Home Timber & Hardware division, and a renewed push from bigger rivals Coles and Woolworths to squeeze out better returns. However, a defiant Mr Adams remains convinced he has the right strategy for Metcash and that pruning an extra \$50 million in costs from across the business in the next two years and tapping into demand for take-home meals as consumers shopped more frequently eventually will pay off, reports AFR.

News Corporation (NWS): The ABC and News Corp are taking legal action to nullify the warrants used by the federal police to raid the public broadcaster and the home of journalist Annika Smethurst. In a statement, ABC managing director David Anderson said the broadcaster had lodged an application with the Federal Court to "set aside" the warrants the AFP used to raid the ABC aimed at rooting out sources for an investigative report based on leaked Defence Force documents. News Corp confirmed it was in the process of lodging its own proceedings after the AFP raided Ms Smethurst, who works as political editor at The Sunday Telegraph, Herald Sun and Sunday Mail, and went through her clothes, bathroom, handbags and books. The raid on Ms Smethurst's home was part of an investigation into her story, based on leaked documents, on a proposal to increase the powers of the Australian Signals Directorate, reports AFR.

Nufarm Limited (NUF): Listed global agricultural chemicals company Nufarm was a part of a controversial publicity campaign to stop the ban of glyphosate in Europe. With pressure mounting on agricultural companies across the world over the use of the chemical that US courts have linked to cancer, a group of companies in Europe, including market leader Monsanto, hired an Irish public relations firm, Red Flag Consulting, to lead a six-figure campaign to fight a possible ban by the European Union. The Australian Financial Review can reveal the Melbourne-based Nufarm, which has a market value of \$1.5 billion, signed up to Red Flag in 2017 and donated €1000 (\$1600) to help fund the campaign, reports AFR.

Viva Energy Group Ltd (VEA): Viva Energy has further lowered expectations for earnings this June half, but has encouraged investors with news of a rise in volumes of petrol and diesel sold and a stabilisation of the decline at the retail alliance with Coles. Viva chief executive Scott Wyatt pointed to weak retailing margins, tough competition in the commercial sector and only a slim profit at the Geelong refinery in Victoria in updating investors on the outlook for first half profit. But the difficulties in the fuel supply market have been well flagged, including by rival Caltex last week, and investors appear to have taken heart from news that Viva expects a 2 per cent gain in sales volumes this half and an end to the slide in sales at the retail alliance with Coles, reports AFR.

Westpac Banking Corp (WBC): Westpac chairman Lindsay Maxsted has written to shareholders to apologise for a culture that is slow, conservative, complex and not always accountable. Mr Maxsted also acknowledged the bank was not managing nonfinancial risks as well as it managed financial risks and

**Commodities (Source: IRESS)**

COMMODITY	CLOSE	+/-	%
COMEX			
Gold Aug 19	1422.8	22.7	1.62
Silver Jul 19	15.515	0.145	0.94
Copper Jul 19	2.7075	0.0035	0.13
NYMEX			
Platinum Jul 19	818.7	3	0.37
Palladium Sep 19	1529.2	29.6	1.97
LONDON METAL			
Gold (AM Fix)	1388.35	6.7	0.48
Gold (PM Fix)	1397.15	17.65	1.28
ENERGY			
Light Crude Jul 19	57.77	0.34	0.59
Brent Crude Oil	64.78	-0.51	-0.78
CBT			
Wheat Jul 19	542.5	11.75	2.21
Soybeans Jul 19	932.75	5.25	0.57
Corn Jul 19	457.25	3.75	0.83
OTHER			
Iron Ore (China Port)	118.5	-1	-0.84
Coal (ICE-GC Newcastle)	71.02	-1.1	-1.53
LME Indicative			
Copper - Cash	5941.25	-16.25	-0.27
Copper - 3Mth	5966	9.5	0.16
Lead - Cash	1907	9.5	0.5
Lead - 3Mth	1912.5	8.5	0.45
Zinc - Cash	2613	66.5	2.61
Zinc - 3Mth	2489.5	59	2.43
Aluminum - Cash	1768.75	26.25	1.51
Aluminum 3Mth	1801	35.5	2.01
Nickel - Cash	12069.5	51	0.42
Nickel - 3Mth	12190	85	0.7
Tin - Cash	19095	25	0.13
Tin - 3Mth	19035	10	0.05

AUD exchange Rates (Source: IRESS)

CROSS	CLOSE	+/-	%
AUDUSD	0.6954	0.0021	0.3
AUDJPY	74.6085	0.2235	0.3
AUDGBP	0.5453	0.0007	0.12
AUDCAD	0.9168	0.0001	0.01
AUDNZD	1.0527	0.0004	0.03
AUDHKD	5.4306	0.0106	0.2
AUDSGD	0.9414	0.001	0.11
AUDMYR	2.8786	0.0078	0.27
AUDEUR	0.6102	0.0006	0.09

promised to do better in the future. The admissions are made in a letter to shareholders accompanying the bank's latest dividend statements and includes reflections made by the bank to the prudential regulator. "The report confirmed that we have an analytical and consultative culture that can slow down decision making, create undue complexity and dilute accountability," Mr Maxsted said. Late last year, the Australian Prudential Regulation Authority asked banks and other financial institutions to complete a self assessment of their culture, governance and accountability frameworks after the Commonwealth Bank endured a similar exercise thanks to its AUSTRAC money laundering debacle, reports AFR.

Woodside Petroleum Limited (WPL): Woodside Petroleum chief executive Peter Coleman has admitted to investors that a deal targeted for this month on terms for processing third party gas through the North West Shelf LNG venture won't meet the deadline. But Mr Coleman has stuck with a target of late next year for a final go-ahead for the \$US20 billion (\$28.8 billion) Browse project, gas from which will be processed at NW Shelf's liquefied natural gas plant. The Woodside chief told investors on a site tour at Karratha, in Western Australia, that the failure to reach agreement between all the NW Shelf partners to meet the deadline was "not surprising" but was "disappointing". A preliminary accord on the terms for gas processing was reached in November, paving the way for billions of dollars of investment in offshore gas production and the potential extension of the North West Shelf plant in Karratha for decades beyond 2025, reports AFR.



Economic News This Week

- Wednesday **US New Home Sales**
- Wednesday **US MBA Mortgage Applications**
- Thursday **US EIA Crude Oil Stocks Change**
- Thursday **US EIA Gasoline Stocks Change**
- Thursday **EU Consumer Confidence**
- Thursday **US Jobless Claims**
- Friday **US EIA Natural Gas Stocks Change**
- Saturday **US Baker Hughes Oil Rig Count**
- Sunday **CN NBS Manufacturing PMI**
- Sunday **CN Non-Manufacturing PMI**

Need More Information?

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

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This market opener and its contents always remain the property of State One Stockbroking Ltd (“State One”) and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed, and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to or may be undertaking or about to commence research relating to, any of the companies mentioned herein.