

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	6138	41	<b>0.7</b>
<b>NZX 50</b>	11549	25	<b>0.2</b>
<b>DJIA Futures</b>	27534	7	0.0
<b>S&amp;P 500 Futures</b>	3223	-4	-0.1
<b>NASDAQ Futures</b>	9880	-5	0.0

## Local Markets Commentary

The Australian market opens a new week's trade on a Tuesday:

- on the back of consecutive rallies for US equities and key base metals;
- with influential data in hand from China and Japan Sunday and yesterday respectively;
- and with material domestic reports due late-morning;
- amid further indications of a deterioration of China - Australia relations.

Late-Friday, China issued a travel warning for Australia, citing increased violence and racism.

Since then, Chinese media articles have listed several factors, including policies, official commentary and community practices in Australia deemed to have adversely impacted relations.

**Locally today, the May NAB business conditions and expectations report is due 11.30am AEST.**

The ANZ also publishes its May **job advertisements** report at the same time.

In addition, the Reserve Bank of Australia (RBA) releases monthly card transaction details.

Meanwhile, **OFX** trades **ex-dividend**.

**Regionally** since last week's ASX trade, **China** has reported a \$US62.93B **May trade surplus**, following \$US45.33B at 30 April.

**Exports** fell 3.3% year-on-year, after rising 3.5% in April, but against forecasts of an 8.4% May drop.

**Imports** tumbled 16.7% year-on-year, following a 14.2% April decline.

Foreign reserves were estimated at \$US3.012 trillion, from \$US3.091 trillion at the end of April.

**Japan's** March quarter **GDP**, released yesterday, was finalised as a 0.6% contraction for the three months, and less-than-feared 2.2% year-on-year drop.

May bank lending was estimated 4.8% higher year-on-year, against 2.9% for April.

In overnight commodities trade, **oil** swung lower following a decisive Friday rally.

US **gold** futures (August) rose to settle above \$US1705.00/oz again after a Friday drop.

**Iron ore** (Nymex CFR China, 62% Fe) was propelled yet higher, above \$US103.4/t, after seesawing to a gain above \$US100.25/t overnight Friday.

**Australia – business conditions & job advertisements reports – 11.30am AEST**

**Settlements – trades executed Thursday last week settle today**

Last Friday's trades settle **tomorrow**

## Today's Stock Watch

### Wesfarmers Ltd (WES)

Bunnings January – May sales have grown 19.2%, Kmart's 4.1% and Officeworks' by 27.8%. Target's sales fell 1.8%. Catch gross transaction value is up 68.7%.

For the financial year-to-date, online sales (excluding Catch, acquired August 2019) are 60% higher, at \$1.4B.

### Virgin Money UK (VUK)

VUK and Virgin Money Unit Trust Managers (VMUTM) JV partner Aberdeen Asset Management are each planning to contribute up to an additional £12.5M worth of funds to VMUTM over the next year.

### Air New Zealand (AIZ)

Expecting 'survival mode', including additional cost-cutting, to continue through August. Seeking to reduce wages costs by a further \$150M. Anticipating ending the year with 30% fewer employees than at the beginning of 2020. Significant long-haul flight services not anticipated until 2021.

### Regional Express (REX) / Qantas Airways (QAN)

REX will operate more return flights on routes that compete with QantasLink, commencing 6 July.

The move is in response to QantasLink boosting flight numbers.

### Platinum Asset Management (PTM)

\$21.759B FUM at 31 May, against \$22.138B at the end of April.

### engage:BDR Ltd (EN1)

Reporting \$1.25M May revenue and \$500,000 gross profit, against \$1.25M and \$513,000 respectively for April.

### Tyro Payments (TYR)

Year-to-date TTV up 16%, at \$18.735B.

## Resources

### Musgrave Minerals (MGV)

Additional high-grade, significant-width, shallow intersections delivered from WA Cue gold project Starlight (Break of Day link-lode) RC drilling. Assays lodged this morning.

## Energy

### Strike Energy (STX)

Positive outcomes lodged this morning, following the completion of WA North Perth Basin South Erregulla 2D seismic reprocessing.



Over the weekend, major international iron ore producer Vale was ordered to close three operations within one iron ore mining region of Brazil.

LME **copper** and other key base metals mostly extended an overnight Friday rally.

The **\$A** has traded above US70.20c this morning after falling to ~US69.70c overnight Friday.

### Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	27572	461	1.7
<b>S&amp;P 500</b>	3232	38	1.2
<b>NASDAQ</b>	9925	111	1.1
<b>FTSE 100</b>	6473	-12	-0.2
<b>DAX 30</b>	12820	-28	-0.2
<b>Shanghai Comp</b>	2938	7	0.2

### Overseas Markets Commentary

Major European equities markets chopped and swung through overnight trade, following sobering data releases and amid further economic recovery duration warnings.

Key US equities indices notably recovered from early vacillations to settle at session highs.

The NASDAQ achieved a new record peak and the S&P 500 settled higher for the year-to-date.

The World Bank forecast a 5.2% overall international GDP contraction for 2020, a 9.2% drop for the euro zone and 6.1% for the US.

In the meantime, the (US) National Bureau of Economic Research deemed the US in a recession, with economic contraction noted since February.

In scant overnight **data** releases, the Sentix **euro zone** June investor confidence reading improved to -24.8 from -41.8, but nonetheless undershot expectations.

**Germany** reported a 17.9% tumble in April industrial production following a 9.2% March drop.

**Tonight** in the **US**, the US Federal Reserve commences a two-day policy meeting from which outcomes will be known pre-ASX trade Thursday.

In addition, a May job openings report, April wholesale inventories and small business and economic optimism indices are due.

The job openings report is sure to be parsed against the surprise 2.5M created jobs reported for May overnight Friday. The job numbers helped cut the national unemployment rate to 13.3% from 14.7%.

Elsewhere, the euro zone releases a final March quarter GDP estimate. Germany publishes April trade figures.

In overnight corporate news, **BP** announced it was cutting 10,000 jobs, in part due to Covid-19 – related reduced earnings against increased costs.

## Pre-Open Announcements

### Infratil Ltd (\* IFT)

Conducting a \$NZ250M, \$NZ4.76-per-share fully underwritten institutional placement. In addition, a \$NZ50M SPP is scheduled for 12 – 25 June. Trading halt called this morning. IFT traded on the ASX at \$A4.57 - \$A5.05 last week.

### OFX Group (\* OFX)

Trades ex-dividend (2.35c) today.

OFX recouped 6.27% Friday, settling at \$1.44 after trading as high as \$1.475 intra-session.

### Sky City Entertainment (\* SKC)

In line with the easing of domestic restrictions in New Zealand overnight, SKC is resuming electronic gaming and other casino activity, and hosting events and promotions.

### Decmil Group (\* DCG) / Southern Cross Electrical Engineering (\* SXE)

An adjudicator has determined DCG must pay SXE \$152,657.56, excluding interest and GST.

SXE had claimed \$11.06M, including GST.

The original arbitration commenced by DCG is ongoing.

## Resources

### AngloGold Ashanti (\* AGG)

Unaudited March quarter statistics lodged this morning.

### Krakatoa Resources (KTA)

Deep ground penetrating radar (DGPR) has determined seven anomalies within the NSE Belgravia project Sugarloaf target area.

Details lodged this morning.

### Ausmex Mining Group (AMG)

Founding AMG directors Andrew Firek, Geoff Kidd and Matt Morgan have resigned from the AMG board.

Mr Morgan was also AMG's MD.

AMG has subsequently appointed director Aaron Day as interim acting MD and former Young Australia Mines (previously Moly Mines) MD Trevor Coombe as a non-executive director.

### Alderan Resources (AL8)

Director Marat Abzalov has resigned from the AL8 board, but will continue to support AL8 as a consultant.

## Energy

### Yancoal Australia (YAL)

Director Fuqi Wang has resigned from the YAL board after five years, due to new career interests.



## Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY)</b> (Aug)	<b>1705.1</b>	oz	22.1	<b>1.3</b>
<b>Silver (NY)</b> (Jul)	<b>17.893</b>	oz	0.41	<b>2.4</b>
<b>Gold (LON)</b> (5 Jun)	<b>1683</b>	oz		
<b>Platinum</b>	<b>824</b>	oz	14	<b>1.7</b>
<b>WTI Crude</b> (COMEX Jul)	<b>38.19</b>	bbl	-1.36	<b>-3.4</b>
<b>Brent Crude</b> (ICE EUR Aug)	<b>40.80</b>	bbl	-1.50	<b>-3.6</b>
<b>Iron Ore</b> (NYMEX,CHN,62%)	<b>103.41</b>	t	3.15	<b>3.1</b>
<b>Copper</b> (LME,3mth Ind,PM)	<b>5707</b>	t	58	<b>1.0</b>
<b>Nickel</b>	<b>13060</b>	t	140	<b>1.1</b>
<b>Aluminium</b>	<b>1604</b>	t	13	<b>0.8</b>
<b>Lead</b>	<b>1765</b>	t	2	<b>0.1</b>
<b>Zinc</b>	<b>2042</b>	t	25	<b>1.2</b>
<b>Tin</b>	<b>16665</b>	t	255	<b>1.6</b>

## Commodities Commentary

**Oil** – overnight traders were faced with plenty to consider. **OPEC+** had revealed over the weekend that it would extend the agreed May-June cuts for another month, but overnight revealed additional voluntary cuts (totalling 1.18Mmmbbl/d) by key producer nations, including Saudi Arabia, would not be included in the extension.

Meanwhile, Saudi Arabia has raised its July export prices.

Also over the weekend, **China's** May crude imports were reported at a record 11.3MMmmbbl/d, as Chinese entities made the most of relatively low prices.

In the meantime, producers in the US Gulf of Mexico were reported to be ramping operations after shutting in one-third of production due to a tropical storm.

In Norway overnight, the parliament approved additional tax relief support for the nation's oil sector.

**Gold** – prices swung overnight, amid currency moves (ICE \$US - 0.3%), and speculation regarding ongoing stimulus, ahead of a US Federal Reserve policy meeting set to commence tonight.

**Base metals** – overnight trade appeared mostly influenced by data releases from key trading nations plus currency swings.

China's May trade figures, reported Sunday, came in better-than-anticipated, for the surplus and exports, but worse-than-forecast imports, which fell further year-on-year than they did in April.

China's unwrought *copper* imports fell 5.5% for the month, but represented a 20.8% year-on-year jump.

In the meantime, Shanghai Futures-monitored copper inventories (in China) were again reported lower (139,913t from 380,085t in mid-March), helping push intra-session overnight prices to three-month peaks.

In steel sector news, demand across the European Union was reported to have dropped 50% since March, prompting a call for reduced import quotas.

Japan's final March quarter GDP reading, -0.6% for the three months and -2.2% year-on-year, proved better-than-feared yesterday.

China is scheduled to report May producer prices and CPI tomorrow.

## Trading Halts

Company	Code	Resuming
Aeris Resources	AIS	9 Jun
Kip McGrath Education Centres	KME	9 Jun
Osprey Medical	OSP	9 Jun
BMG Resources	BMG	10 Jun
Infratil Ltd	IFT	10 Jun
Medibio Ltd	MEB	10 Jun
Nelson Resources	NES	10 Jun
Proteomics International Laboratories	PIQ	10 Jun
Thomson Resources	TMZ	10 Jun
Torian Resources	TNR	10 Jun
First AU	FAU	11 Jun
Meteroric Resources	MEI	11 Jun
Pearl Global	PG1	11 Jun
Venturex Resources	VXR	12 Jun

## Suspensions (select)

Company	Code	Since
Aura Energy	AEE	20 May
Black Rock Mining	BKT	26 May
Cann Global	CGB	20 May
MGM Wireless	MWR	27 May
(The) PAS Group	PGR	29 May
Pioneer Credit	PNC	4 Jun
Suda Pharmaceuticals	SUD	5 Jun
Superior Lake Resources	SUP	4 Jun

## Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>OFX</b>	Today	<b>2.35</b>	0	3.91
PL8	15 Jun	0.4	100	5.84
SHV	18 Jun	9	100	5.02
ORA	19 Jun	37.2	50	4.74

## Reports &amp; Events

(selected)

When	Company	Report/Event
<b>Today</b>	<b>AGG</b>	March Q
	<b>WES</b>	Trading update
<b>Tomorrow</b>	AGG	AGM (6am AEST)
	PAA	Briefing; Q&A (2pm AEST)
	SKI	Briefing (9.30am AEST)

**Exchange Rates**

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7024	0.0005	0.08
<b>EUR – USD</b>	1.1300	0.0006	0.06

**Australian Data Today**

NAB	Business survey	May
ANZ	Job advertisements	May
RBA	Card transactions	May

**US Data Tonight**

NFIB small business optimism	May
IBB/TIPP economic optimism	Jun
JOLTS job openings	Apr
Wholesale inventories	Apr

**Other Overseas Data Today & Tonight**

<b>Germany</b>	Trade balance	Apr
<b>Euro zone</b>	GDP (final)	Mar Q

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