

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>6171</b>	<b>23</b>	<b>0.4</b>
<b>NZX 50</b>	8968	25	0.3
<b>DJIA Futures</b>	24259	-6	0.0
<b>S&amp;P 500 Futures</b>	2722	0	0.0
<b>NASDAQ Futures</b>	7068	2	0.0

## Local Markets Commentary

The Australian market opens a new week's trade, on the first trading day of the financial year, with a swag of domestic data ahead of a Reserve Bank of Australia (RBA) policy meeting tomorrow, and influential indicators from China.

Over the weekend, **China's** National Bureau of Statistics released a **51.5 manufacturing PMI** and **55.0** for the **services** sector, following respective 51.9 and 54.9 figures for May.

Regionally today, Caixin publishes its June **China manufacturing PMI 11.45am AEST**.

One for **Japan** is expected 10.30am, and Tankan large manufacturers and all-of-business outlook indices at 9.50am.

**Locally** today, the Melbourne Institute publishes its June **inflation** report and the ANZ June **job advertisements** (11.30am AEST).

Two reports are due pre-trade, one from AiG regarding June **manufacturing** sector activity and the other from CoreLogic, containing June's, and also last week's, capital city **residential property prices**.

Overnight Friday international equities trade proved largely lacklustre.

In commodities trade, **oil** was pushed yet higher.

US **gold** futures turned and settled moderately higher.

**Iron ore** (China port, 62% Fe) rallied.

LME **copper** settled little changed. **Nickel** swung higher. **Aluminium** fell further.

The **\$A** was pushed beyond US74.00c after appreciating to US73.95c early Friday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	24271	55	<b>0.2</b>
<b>S&amp;P 500</b>	2718	2	<b>0.1</b>
<b>NASDAQ</b>	7510	7	<b>0.1</b>
<b>FTSE 100</b>	7637	21	<b>0.3</b>
<b>DAX 30</b>	12306	129	<b>1.1</b>
<b>Shanghai Comp</b>	2847	61	<b>2.2</b>

## Overseas Markets Commentary

Major European and US equities markets opened higher overnight Friday, but US indices noticeably pulled back in the last hour of trade amid rallies for the euro and British pound against the \$US.

Among a clutch of key economic indicator releases, the **euro** zone's initial year-on-year June CPI reading indicated 2.0% growth against 1.9% for May. Core inflation rose 1.0% against 1.1%.

**China** – Caixin manufacturing PMI **11.45am AEST**

First trading day of the new financial year

## Today's Stock Watch

### Sigma Healthcare (SIG) / EBOS Group (EBO)

SIG is hosting a teleconference which commenced 9.30am AEST. EBO has been awarded a five-year exclusive third-party contract to distribute pharmaceutical products to Chemist Warehouse and My Chemist stores in Australia, essentially ending SIG's distribution agreement as from 30 June 2019.

EBO anticipates its new contract will generate ~\$A1B worth of revenue during the first year (FY 2020).

Meanwhile, SIG is lowering full year underlying EBIT guidance to \$75M.

For FY 2010, SIG is forecasting \$40M - \$50M underlying EBIT.

### Automotive Holdings Group (AHG)

HNA International has scrapped plans to acquire AHG's refrigerated logistics business. HNA approached AHG regarding the potential sale but 'has run into liquidity problems'.

### Ardent Leisure (AAD)

AAD theme parks (Dreamworld) CEO Craig Davidson has resigned.

AAD chief experience officer Nicole Noye has been appointed acting CEO of the theme parks division.

In addition, consultant and former Westfield senior manager Phil Tanner has been appointed safety director and former Queensland Police inspector Mike McKay as culture, community and external relations director.

### GUD Holdings (GUD)

CEO and MD Jonathan Lin has resigned, effective 30 September. Former Ford Australia and New Zealand president and CEO Graeme Whickman has been appointed to take over from Mr Lin.

### Dimerix Ltd (DXB)

Additional US patent effectively in hand for DXB's DMX-200.

### Envirosuite Ltd (EVS)

Chile agriculture company Sopraval is subscribing to EVS's Air pollutant management (software) system for an initial two-years.

EVS anticipates \$A200,000 annualised recurring revenue.

### PharmAust Ltd (PAA)

PAA subsidiary Epichem has been awarded ISO accreditation by The National Association of Testing Authorities, Australia.

The award underscores recognition of competence and capability in association with the production of reference materials.

## Resources

### First Graphene (FGR)

\$2M better off following an 18c-per-share placement in support of setting up a Manchester, UK office and facilities.

FGR traded at 16.5c – 18c last week, settling at 17.5c Friday.

## Energy

### Beach Energy (BPT)

Reserves and contingent resources update lodged this morning, including a 320% increase in 2P reserves to 313MMboe.

This extends the 2P reserves life by four years, since the 30 June 2017 estimate, to 11 years.

2C contingent resources have grown 35% to 207MMboe.

In **Germany**, import prices rose 1.6% during May, to be 3.2% higher than a year ago.

May retail sales fell 2.1% for the month and were 1.6% lower year-on-year.

The **UK's** final March quarter GDP growth was calculated at 0.2% for the three months, following an earlier 0.1% estimate, but against 0.4% for the December quarter 2017.

Year-on-year, growth stood at 1.2%, against 1.3%.

The upward revision helped push the British pound 0.8% higher than the \$US, given recent Bank of England indications that a second-half 2018 rate rise remained under consideration.

Among **US** data releases, the Chicago PMI pleased, coming in at 64.1, from 62.7 in May and following forecasts of a pullback to 60.0.

May consumer income and spending disappointed, in particular following last week's final March quarter GDP reading, income rising 0.4% for the month, after a 0.2% rise April.

Spending rose just 0.2% following a 0.5% improvement during April.

May PCE, or underlying inflation, was estimated 2.3% higher year-on-year, and core PCE 2.0% (the highest in six years), following respective 2.0% and 1.8% April readings.

The University of Michigan in the meantime calculated a final 98.2 for June consumer confidence, undershooting both expectations and the May reading by a point.

**Tonight** in the US, ISM's June manufacturing index, Markit's equivalent, and May construction spending are due.

In overnight Friday corporate news, **Nike's** Thursday post-US quarterly results, plus positive revenue and margin outlooks, boosted the stock ~11%.

Liquor maker **Constellation Brands** (includes Corona) was pushed 5% lower after undershooting forecasts.

*The **US** commences an interrupted week's trade tonight, due to **Wednesday's Independence Day holiday**.*

## Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Aug)</b>	<b>1255</b>	oz	4	0.3
<b>Silver (NY) (Jul)</b>	16.2	oz	0.2	1.0
<b>Gold (LON)</b>	1250	oz	-1	-0.1
<b>Platinum</b>	852	oz	4	0.5
<b>WTI Crude (Aug)</b>	<b>74.2</b>	bbl	0.7	1.0
<b>Brent Crude (Jul)</b>	<b>79.4</b>	bbl	1.5	2.0
<b>Iron Ore</b> (CHN port 62%)	<b>65.0</b>	t	6.5	0.9
<b>Copper</b> (LME, 3mth, PM)	<b>6626</b>	t	3	0.1
<b>Nickel</b>	14900	t	115	0.8
<b>Aluminium</b>	2133	t	-22	-1.0
<b>Lead</b>	2410	t	12	0.5
<b>Zinc</b>	2854	t	-43	-1.5
<b>Tin</b>	19750	t	150	0.8
<b>CBT Wheat (Jul)</b>	<b>5.01</b>	bshl		

## Commodities Commentary

**Oil** – Friday's new gains helped support WTI crude to four consecutive quarterly higher settlements, supported this past week by a range of international supply constraints from civil conflict, economic

## Pre-Open Announcements

### Orthocell Ltd (OCC)

South African Health Products Regulatory Authority approval in hand for a clinical study of OCC's CelGro.

### WAM Active (WAA)

WAM CIO Chris Stott and Centennial Asset Management principal and portfolio manager Matthew Kidman have resigned as WAA directors, due to their full-time professional commitments.

WAM has appointed former Commonwealth Bank of Australia (ASX: CBA) GM finance support services Karina Kwan as a non-executive director.

### VGI Partners Global Investments (VG1)

VGI Partners is boosting its overall funds holding in Brisbane Markets from 2.2% to 18.8%, with VG1 acquiring a \$7.8M holding (1.3% of the VG1 portfolio).

## Resources

### MOD Resources (\* MOD)

T3 JV project resource now estimated to contain 40% more copper totalling 590,000t.

### Liontown Resources (\* LTR)

Kathleen Valley drilling results, including several high-grade, significant-width intersections, lodge this morning.

An initial resource drilling program is expected to be completed by mid-month.

### Legend Mining (\* LEG)

Heralding the results of infill drilling within the WA Fraser Range region Rockford nickel-cobalt-copper project.

### MacPhersons Ltd (\* MRP)

Boorara gold project Crown Jewel and Northern Stockwork drilling has delivered several high-grade intersections. Details lodged this morning.

### Vital Metals (VML) / Tungsten Mining (TGN)

VML and TGN have extended to 13 July an agreement for TGN to pay \$15M cash for VML's Watershed tungsten project.

The two-week extension is designed to enable conditions precedent to be satisfied or waived.

## Energy

### Yancoal Australia (YAL)

Planning to also list on the Hong Kong Stock Exchange.

In association, YAL will conduct a capital raising, at the conclusion of which parent company Yanzhou Coal Mining Company is expected to hold a reduced interest in YAL.

In addition, YAL is proposing a 35-for-one share consolidation.

## Trading Halts

Company	Code	Resuming
Fastbrick Robotics	FBR	2 Jul
Greenpower Global	GPP	2 Jul
Tikforce Ltd	TKF	2 Jul
Connected IO	CIO	3 Jul
MGM Wireless	MWR	3 Jul
Athena Resources	AHN	4 Jul



hardship and operational outages.

WTI traded as high as \$US74.43/bbl intra-session, and Brent crude at \$US79.70/bbl.

**Iraq** was reported to have exported a daily ~3.52MMbbl oil during June, against 3.49MMbbl in May.

In the meantime, **Iran** was reported to be encouraging companies to operating in Iran to export oil on a private basis, so as to potentially circumnavigate repeated US sanction threats, and also requested fellow OPEC members not to harm Iran's export and sales capabilities.

In a new veiled threat, the **US** pointed out US military support in the Middle East in conjunction with claims regional allies were manipulating oil markets.

A weekly US petroleum drill rig count, published Friday, revealed four fewer oil rigs were in operation, representing two consecutive weeks of declining tallies.

**Gold** – a \$US pull back supported overnight Friday trade.

Apart from international trade relationships, US Federal Reserve June policy meeting minutes, due Thursday, plus monthly employment data, out Friday, are seen as the major \$US influences this week.

**Base metals** – end-of-half year/quarter positioning, currency fluctuations and geopolitical considerations appeared to mostly influence Friday's trade.

**China's** official June PMIs, released on the weekend (51.5 manufacturing; 55.0 services), and a manufacturing PMI from Caixin today, are likely to influence tonight's trade.

**PMIs** are also due for Japan, the euro zone, UK and US later **today** and **tonight**.

Friday, Japan reported a 0.2% monthly pull back in industrial production for May following a 0.5% gain for April.

Industrial output nonetheless came in at a 4.2% increase from a year ago and forecasters had anticipated an up to 1.1% decline for May.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7400	-0.0008	-0.11
<b>EUR – USD</b>	1.1673	-0.0012	-0.10

### Australian Data Today

AiG	PMI	Jun
MInst	Inflation gauge	Jun
ANZ	Job advertisements	Jun
CLgc	Capital city rsdntl propty prices	Jun
CLgc	Capital city rsdntl propty prices	29Jun
RBA	Commodity prices (4.30pm AEST)	Jun

### US Data Tonight

ISM manufacturing	Jun
Construction spending	May
Markit PMI (final)	Jun

### Suspensions *(select)*

Company	Code	Since
Allegiance Coal	AHQ	27 Jun
Bojun Agriculture Holdings	BAH	28 Jun
Centennial Mining	CTL	25 Jun
Elixir Petroleum	EXR	14 Jun
Global Fortune Investment	GFI	13 Jun
Murray River Organics Group	MRG	4 Jun
Pursuit Minerals	PUR	18 Jun
Winmar Resources	WFE	7 Jun
WPG Resources	WPG	27 Jun

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>NAM</b>	Today	<b>1.9</b>	19.47	3.65
<b>TRA</b>	Today	<b>3.89</b>	0	4.04
HNG	Tomorrow	1.5	100	6.06
CAM	Tomorrow	1.25	100	5.78
MPP	Fri	3.48	0	7.92

**Other Overseas Data Today & Tonight**

<b>China</b>	Caixin PMI manufacturing	Jun
<b>Japan</b>	PMI manufacturing	Jun
Japan	Tankan manufacturing	JunQ
<b>UK</b>	PMI manufacturing	Jun
<b>Germany</b>	PMI manufacturing (final)	Jun
<b>Euro zone</b>	PMI manufacturing (final)	Jun
Euro zone	Unemployment	May

**Need More Information?**

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au).

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