

Wednesday 4 July 2018

Markets

SFE 200 Futures (9.30am AEST)	6143	-26	-0.4
NZX 50	9030	-23	-0.3
DJIA Futures	24172	9	0.0
S&P 500 Futures	2715	2	0.1
NASDAQ Futures	7031	7	0.1

Local Markets Commentary

The Australian market opens mid-week trade on mixed overnight international leads, ahead of a batch of influential domestic and regional data, as the US observes the Independence Day public holiday.

Locally today, May trade balance and retail sales are due from the Australian Bureau of Statistics (ABS) **11.30am AEST**.

June new vehicle sales are also expected this morning.

Pre-trade, AiG releases its June **services** sector activity index.

Regionally today, Caixin is scheduled to publish its final June services and composite **PMIs** for **China 11.45am AEST**.

Similar indices are due for **Japan**, from Nikkei, **10.30am AEST**, but a public speech an hour later from **Bank of Japan** policy board member Yutaka Harada may prove of greater import.

In overnight commodities trade, **oil** turned higher. **US gold** futures also swung so and rallied.

Iron ore (China port, 62% Fe) recorded a small gain.

LME **copper**, **nickel** and **aluminium** continued lower.

The **\$A** has been pushed lower again after appreciating to ~US74.00c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24175	-132	-0.5
S&P 500	2713	-13	-0.5
NASDAQ	7503	-65	-0.9
FTSE 100	7593	45	0.6
DAX 30	12349	111	0.9
Shanghai Comp	2787	11	0.4

Overseas Markets Commentary

US equities markets opened higher again overnight, in part supported by early oil price gains, but soon headed lower before an earlier-than-usual close ahead of today's Independence Day public holiday.

Major European indices trended higher before being dragged back some in late trade.

Earlier, China's yuan had fallen below an influential psychological level, prompting People's Bank of China governor Yi Gang to assure that the bank would ensure a relatively stable yuan despite forex flux.

In addition, a World Trade Organisation (WTO)

Australia – trade balance and retail sales **11.30am AEST**

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

Today's Stock Watch

Sirtex Medical (SRX)

Australia's Foreign Investment Review Board (FIRB) has announced it has no objection to the acquisition of SRX by CDH Fund, China Grand Pharmaceutical and Healthcare Holdings.

WorleyParsons Ltd (WOR)

NOVA Chemicals has awarded WOR a three-year EPCM and management services contract for Phase 3 of the Ontario, Canada Corunna Cracker expansion project.

WOR has completed a services contract for Phase 2 of the project.

In addition, WOR has lifted the expected FY 2018 tax expense from late-2017 US tax changes by \$20M to \$78.2M.

Gentrack Group (GTK)

Conducting a \$NZ90M, \$NZ6.88-per-share fully-underwritten entitlement offer, in association with the £23M (\$NZ44.2M) acquisition of Evolve Parent and Evolve Analytics.

The completed purchase has raised GTK's debt to \$NZ90M.

GTK's largest shareholder Hg and GTK chairman John Clifford intend to subscribe for respective full and \$NZ2.5M entitlements.

GTK has traded on the ASX at \$6.20 - \$6.66 over the past five sessions.

Presentation lodged this morning. Trading halt also called.

Bapcor Ltd (BAP)

Selling the New Zealand TRS Tyre and Wheel business to Swedish company Trelleborg Wheel Systems.

Jatenergy Ltd (JAT)

Sunnya Neuro products will be sold online to customers in China and Hong Kong via JD.com and JD.hk. JAT is proposing to acquire 51% of Sunnya, pending JAT shareholder approval in August.

Pearl Global (PG1)

First commercial sales achieved at \$US300/t (\$A405). PG1 is manufacturing oil from discarded tyres.

Fluence Corporation (FLC)

Third wastewater treatment plant contract secured via partner Jiangsu Jinzi Environment Company. Details lodged this morning. FLC slipped 6% yesterday, settling at 39c.

Class Ltd (CL1)

Class gained 51 new customers during the June quarter, bringing the total to 1367. Total accounts grew by 5158 to 169,143.

Pushpay Holdings (PPH)

A June quarter investor briefing was scheduled to commence 9am AEST.

Resources

Birimian Ltd (BGS)

31.2Mt @ 1.56% Li₂O initial reserve for the Mali Goulamina lithium project. Additional PFS statistics lodged this morning. BGS is resuming from a trading halt, having last traded at 53.5c.

Council warning came from 40 members, who officially voiced concern at world markets stability in the face of the proposed US import taxes on vehicles and parts.

US economic indicators came in mixed, May factory orders defying forecasts to rise 0.4% for the month, following a 0.4% fall in April.

The ISM's New York business activity index slipped 1.4 to 55.0.

June vehicle sales tallied 17.47M following 16.91M for May.

In the meantime, US soybean growers were hit with nine-year low prices, due to a good growing season and US-China tit-for-tat trade tariffs.

May **euro zone** retail sales were calculated flat, following a mere 0.1% improvement in April. Year-on-year, sales were 1.4% higher.

Producer prices rose 0.8% during May, following no change in April. Year-on-year, prices have grown 3.0%.

In **Italy**, the new government announced it would not implement proposed policy designed to reduce the nation's deficit, at least not before year's end, due to slower than anticipated growth.

In the **UK**, a June construction PMI was reported at 53.1 following 52.5 in May.

Meanwhile in **Turkey**, a 15% CPI growth reading pushed the lira 1% lower against the \$US.

Tonight, the **Bank of England** is due to publish the minutes of its June policy meeting.

Services sector PMIs are also expected for the UK and the euro zone.

US markets will not trade, due to the Independence Day public holiday.

UK supermarket chain Sainsbury's among companies due to provide a trading update.

In overnight corporate news, **Facebook** was said to be facing more intense investigation regarding data 'sharing' in association with the Cambridge Analytica revelations. The stock consequently forfeited more than 2%.

Glencore dropped more than 10% on allegations of money-laundering legislation breaches by US authorities.

Three major US **airlines** suffered analyst downgrades and also traded lower.

Tesla continued to fall, the previous session's fears, despite output promotion, pushing the stock more than 7% lower.

The UK's **BP** and US company **ConocoPhillips** each gained, not only on early oil price appreciation, but following agreement on a North Sea and Alaska asset swap deal. Under the agreement, ConocoPhillips would boost its Alaska influence and BP its holdings in the North Sea.

US markets will not trade tonight, due to the **Independence Day holiday**.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1254	oz	12	1.0
Silver (NY) (Jul)	16.1	oz	0.2	1.4
Gold (LON)	1250	oz		
Platinum	839	oz	23	2.8
WTI Crude (Aug)	74.1	bbl	0.2	0.3
Brent Crude (Jul)	77.8	bbl	0.5	0.6

Pre-Open Announcements

CannPal Animal Therapeutics (CP1)

Research services agreement secured with Eurofins Animal Health, under which Euro fins will conduct pre-clinical and clinical studies on behalf of CP1.

CP1 is seeking to develop cannabis-based pain relief for cats.

GI Dynamics (GID)

Positive six-month post-treatment results achieved in a UK National Health Service (NHS) GID Endo Barrier trial for patients suffering type 2 diabetes.

Neurotech International (NTI)

NTI has appointed Georgia, US Mind & Motion Developmental Centers CEO and clinical director David Cantor as a non-executive director.

Carnegie Clean Energy (CCE) / Tag Pacific (TAG)

The Northam, WA 10MW solar farm, held 50:50 by CCE and TAG, is expected to be commissioned by year's end.

Engineering and site preparation works have been completed.

Greencross Ltd (GXL)

Planning to publish full year results 20 August.

RMA Global (* RMY)

Real estate online marketing specialist scheduled to list 11am AEST tomorrow following a \$12M IPO at 25c per share.

~136M quoted shares.

Energy

Protean Energy (* POW)

Interim vanadium/uranium resource lodged this morning, estimated across 40% of the Daejon mineralisation strike length.

Presentation also lodged this morning.

Trading Halts

Company	Code	Resuming
Azure Minerals	AZS	4 Jul
Broken Hill Prospecting	BPL	4 Jul
Genera Biosystems	GBI	4 Jul
Petrel Energy	PRL	4 Jul
Tikforce Ltd	TKF	4 Jul
Vango Mining	VAN	4 Jul
Wangle Technologies	WGL	4 Jul
Authorised Investment Fund	AIY	5 Jul
AusCann Group Holdings	AC8	5 Jul
Jadar Lithium	JDR	5 Jul
Gentrack Group	GTK	9 Jul

Suspensions (select)

Company	Code	Since
Bojun Agriculture Holdings	BAH	28 Jun
Centennial Mining	CTL	25 Jun
Elixir Petroleum	EXR	14 Jun
Greenpower Global	GPP	2 Jul
MGM Wireless	MWR	3 Jul
Netlinkz Ltd	NET	4 Jul
Pursuit Minerals	PUR	18 Jun



Iron Ore (CHN port 62%)	64.55	t	0.01	0.2
Copper (LME,3mth,PM)	6491	t	-32	-0.5
Nickel	14445	t	-111	-0.8
Aluminium	2080	t	-18	-0.9
Lead	2390	t	4	0.2
Zinc	2789	t	-33	-1.2
Tin	19655	t	-95	-0.5
CBT Wheat (Jul)	4.92	bshl	0.11	1.9

Commodities Commentary

Oil – WTI crude traded briefly beyond \$75.25/bbl overnight, at 3.5-year highs, and Brent at \$US78.85/bbl, with Libya reported to have declared 'force majeure' on key exports.

In addition, Iran indicated it may seek to impede Gulf exports from neighbours, which could be achieved by blocking the Strait of Hormuz, should the US impose sanctions on Iran's exports and customers.

Pre-public holiday profit-taking was then cited as prices moved lower. WTI traded as low as \$US72.73/bbl and Brent at \$US76.67/bbl.

Post-settlement trade boosted WTI again, however, on a weekly domestic industry report which estimated inventories had declined by more than anticipated.

US government agency EIA stored petroleum figures will be published tomorrow night.

Meanwhile, OPEC president, UAE energy minister Suhail al-Mazrouei, offered that the UAE could help boost levels should supply shortages occur.

Gold – precious metals turned higher overnight, in part due to a \$US index pull back.

US Federal Reserve June policy meeting minutes, due tomorrow night, and the June employment report, due Friday, are expected to influence \$US moves through the end of the week.

Base metals – a softer \$US failed to support overall sentiment overnight, a lower yuan impacting China buying potential.

Caixin's final June China services PMI is due today. As the services sector accounts for greater than 50% of the national economy, any significant variation will influence at least some of tonight's LME trade.

With US traders absent, and ahead of key US reports due overnight tomorrow and Friday, trade volumes could be lower, potentially producing greater than normal volatility.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7379	-0.0007	-0.09
EUR – USD	1.1655	-0.0004	-0.04

Australian Data Today

AiG	PSI	Jun
ABS	Trade balance	May
ABS	Retail sales	May
FACTS	New vehicle sales	Jun

Overseas Data Today & Tonight

China	Caixin services, composite PMIs	Jun
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WPG Resources	WPG	27 Jun
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Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
CAM	Tomorrow	1.25	100	5.78
KPG	Tomorrow	1	100	2.46
MPP	Fri	3.48	0	7.69
PYG	Mon (9 Jul)	1.45	0	0.00
CKF	10 Jul	9	100	3.09
MTS	10 Jul	7	100	4.89
RGWB	10 Jul	33	100	0.00
BEL	12 Jul	0.5	100	9.52

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Japan	Services, composite PMIs	Jun
UK	BoE policy meeting minutes	Jun
UK	Services, composite PMIs	Jun
UK	BRC shop prices	May
Germany	Services, composite PMIs	Jun
Euro zone	Services, composite PMIs	Jun

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