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Market Opener

Friday, 5 July 2019

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Markets

SFE 200 Futures (9.30am AEST)	6660	-2	**-0.0**
NZX 50	10583	24	0.2
DJIA Futures	26992	22	0.1
S&P 500 Futures	3003	3	0.1
NASDAQ Futures	7906	19	0.2

Local Markets Commentary

The Australian market opens Friday trade with no overnight US trade leads, but with post-Thursday ASX trade-approved domestic tax cuts which could again support sentiment.

Locally today, the AiG releases its June **construction sector activity** index pre-trade.

In overnight commodities trade, **Brent crude** swung lower in lighter-than-usual trade

Iron ore (China port, 62% Fe) reportedly retreated.

LME **copper** turned lower, **nickel** settled slightly higher, and **aluminium** rallied.

The **$A** remained within a narrow range after trading at US70.20c early yesterday evening.

Regionally, China is expected to reveal June foreign reserves anytime from Sunday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26966	Public	Holiday
S&P 500	2996	Public	Holiday
NASDAQ	8170	Public	Holiday
FTSE 100	7604	-6	-0.1
DAX 30	12630	14	0.1
Shanghai Comp	3005	-10	**-0.3**

Overseas Markets Commentary

Major European equities markets settled little changed following choppy overnight trade amid ongoing broad geopolitical tensions.

US equities markets did not trade due to the Independence Day public holiday.

In the meantime, **China** had announced via its commerce ministry that there would be no trade deal with the **US** until the US removed import taxes it has added during US-China trade negotiations and dispute.

Iran, for its part, declared via its intelligence minister that no talks would be held with US administrative officials until the US lifted sanctions against Iran and then only if Iran's Ayatollah approved new talks.

In addition, Iran's Supreme National Security Council vowed to continue plans to lessen its commitment to an international nuclear agreement secured in 2015 while sanctions and threats remained.

* Biopharmaceutical listing **midday** AEST – **IXC** *

Today's Stock Watch

Virgin Australia Holdings (VAH)

The Australian Competition and Consumer Commission (ACCC) has granted interim authorisation for VAH to co-operate with Virgin Atlantic flights between mutual connecting points.

This enables price, inventory and marketing strategy co-ordination not currently covered under the airlines' existing commercial code-sharing and loyalty permits.

The ACCC expects to release a draft determination, open for public comment, by September.

Nuheara Ltd (NUH)

Confirming the LoI received ahead of a proposed offer came from Samsung subsidiary Harman International Industries.

As previously disclosed, Harman withdrew the LoI and there are no current discussions with Harman.

Vicinity Centres (VCX)

VCX's chairman nominee and current non-executive director Peter Kahan has taken health leave.

Mr Kahan was due to assume chairman responsibilities following VCX's FY 2019 results release on 14 August.

Consequently, current VCX chair Peter Hay will be acting chairman from 14 August until Mr Kahan returns to the VCX board.

Speedcast International (SDA)

In response to a media article yesterday, SDA is pointing out that $US3B worth US Department of Homeland Security contract work awarded over five-years earlier this week, is not solely to DA, and that SDA cannot guarantee any particular SDA revenue for this work.

Invex Therapeutics (* IXC)

The biopharmaceutical R&D company promoting the use of an approved diabetes drug for the reduction of intra-cranial pressure is scheduled to list **midday** AEST following a $12M IPO at 40c per share.

Andrew Forrest group Minderoo is the major shareholder (9.09%). Overall IXC listed shares tally ~31.25M.

Resources

Argosy Minerals (AGY)

Rincon project lithium carbonate (Li_2CO_3) production underway from AGY's industrial scale pilot plant in Argentina.

The concentrate will be stored ahead of parcel shipments under a March sales agreement.

Overnight, UK navy personnel were reported to have boarded a tanker, and Gibraltar to have detained the vessel, enroute to a Syrian refinery under European Union (EU) sanctions since 2014. The tanker was reportedly carrying crude from Iran.

Euro zone May retail sales were reported 0.3% lower for the month and 1.3% higher year-on-year, following a 0.1% fall during April.

A construction PMI for **Germany** fell 1.4 points to the 50.0 cut-off point between expansion and contraction.

Tonight in the US, June employment figures are eagerly anticipated.

Commodities

COMMODITY	CLOSE	$US/	+/-	%
Gold (NY) (Aug)	1420.9	oz	Public	Holiday
Silver (NY) (Sep)	15.238	oz	Public	Holiday
Gold (LON)	1415	oz	1	0.1
Platinum	832	oz	Public	Holiday
WTI Crude (Aug)	57.34	bbl	Public	Holiday
Brent Crude (Sep)	63.30	bbl	-0.52	-0.8
Iron Ore (CHN port 62%)	117.91	t	-5.25	-4.5
Copper (LME,3mth,PM)	5918	t	-15	-0.3
Nickel	12365	t	20	0.2
Aluminium	1809	t	20	1.1
Lead	1876	t	-1	-0.1
Zinc	2424	t	-27	-1.1
Tin	18355	t	45	0.3
CBT Wheat (Jul)	5.14	bshl	Public	Holiday

Commodities Commentary

Oil – no regular overnight Nymex oil trade, due to the US Independence Day public holiday, means there is no new WTI crude settlement.

Brent crude swung lower, in US holiday-affected reduced trade.

Meanwhile, **UK** Navy personnel seized, and Gibraltar detained, a tanker reportedly transporting **Iran**ian oil to a refinery in **Syria** that has been under **European Union** (EU) sanctions since 2014.

Gold – no regular Comex gold trade, due to the US Independence Day public holiday, means there is no new US gold futures (August) settlement.

Tonight's US June employment figures plus geopolitical considerations are expected to influence at least some gold trade leading into the weekend.

Base metals – inventories, reduced volume trade, geopolitical concerns, media reports and several days of mixed data toyed with overnight LME trade.

In industry news, Glencore, German-headquartered Trimet Aluminium and Liberty House were reported to be interested in purchasing Rio Tinto's *aluminium* assets in Iceland, the Netherlands and Sweden, for up to $US350M.

ArcelorMittal in the meantime evacuated 30 families living near the Serra Azul *iron* lump and concentrate operation, Minas Gerais, Brazil, following a dam risk assessment.

Pre-Open Announcements

Impression Healthcare (* IHL)

Dronabinol supply agreement secured with Myoderm North America ahead of a planned sleep apnoea trial.

IHL needs the supply to be able to test its own Dronabinol-based product during trialling.

IHL hopes to be able to import required supply 'within coming weeks'.

Magellan Financial Group (* MFG)

$A86.718B FUM as at 30 June, against $A82.759B 31 May.

Fonterra Shareholders' Fund (* FSF)

Offering an assurance that nothing material to business and financial operations has occurred despite a 4% (ASX) share price fall yesterday and lower settlements over six of the past seven trading sessions. FSF settled on the ASX at $3.445 yesterday.

Clean Seas Seafood (* CSS)

Aquaculture Stewardship Council certification in hand, meaning CSS is deemed a responsible aquaculture company by an independent, international non-profit group.

Australian Ethical Investment (* AEF)

Anticipating $6.4M - $6.6M FY 2019 underlying PAT, $6.5M representing a 30% annual rise.

CV Check (CV1)

Reporting 105% higher year-on-year June quarter cash flow. CV1 is planning to lodge a June quarter report late-July.

Big River Industries (BRI)

Acquiring Townsville, north Queensland business Big Hammer Building Supplies for an initial $1.8M cash plus a potential total $200,000 in performance payments over two years.

Anticipating completion 1 August.

CropLogic Ltd (CLI)

CLI has upgraded CEO James Cooper-Jones' remuneration package following a performance review.

Mr Cooper-Jones has been CLI's CEO for ~two years.

DigitalX Ltd (DCC)

Non-executive director Stephen Roberts has resigned, effective immediately. DCC expects to announce a new director appointment in the near term.

DCC settled at 4.6c yesterday, after closing out last week at 5.5c.

James Hardie Industries (JHX)

7 August AGM materials, including teleconference access details, lodged this morning. The AGM will be hosted in Dublin.

Resources

OceanaGold Corporation (* OGC)

OGC has applied for an injunction against a restraint on any Didipio project operations, Republic of the Philippines, after 'attempting' engagement with the provincial government.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7024	0.0001	0.01
EUR – USD	1.1286	0.0001	0.01

Australian Data Today

AiG	PCI	Jun

US Data Tonight

Employment (incl new jobs tally, wages, unemployment)	Jun

Other Overseas Data Today & Tonight

Japan	Household spending	May
Japan	Leading economic index (3pm AEST)	May
Germany	Factory orders	May

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Monday, the local government prevented a supply vehicle from accessing the Didipio mine site.

OGC has since ceased all truck movements, including the haulage of copper concentrate, in order to prevent an escalation of tensions.

Personnel, light vehicles and food supplies have retained Didipio access.

OGC recouped 5.2% yesterday, settling at $4.02.

Lepidico Ltd (LPD)

Ontario final court approval in hand for LPD to acquire outstanding common shares of TSX_V-listed Desert Lion Energy, under a 5.4 LPD share for each Desert Lion share arrangement.

Pending administrative conditions, completion is anticipated ~10 July (Wednesday next week).

Gindalbie Metals (GBG)

Debunking a media assertion yesterday that GBG shareholders could receive cash rather than a Coda Minerals share under a Mount Gunson project demerger scheme which has been previously been outlined and published in a scheme booklet.

Galaxy Resources (GXY)

Planning to lodge June quarter activities report 16 July and to host a webcast teleconference from 11am AEST that day.

Access details lodged post-trade yesterday.

Energy

Strike Energy (* STX) / Warrego Energy (WGO)

Hydrocarbons noted throughout a second intermediate section during WA EP 469 West Erregulla-2 drilling, with ‘good shows’ within two formations.

3371m current depth. Additional details and plans lodged this morning. STX and WGO each 50%. STX operator.

Trading Halts

Company	Code	Resuming
Silver Mines	SVL	5 Jul
Carnarvon Petroleum	CVN	8 Jul
Encounter Resources	ENR	8 Jul
Lindian Resources	LIN	8 Jul
NTM Gold	NTM	8 Jul
Star Combo Pharma	S66	8 Jul
Medibio Ltd	MEB	9 Jul
THC Global Group	THC	9 Jul

Suspensions *(select)*

Company	Code	Since
China Magnesium Corporation	CMC	1 Jul
Golden Rim Resources	GMR	1 Jul
GWR Group	GWR	13 Jun
Mindax Ltd	MDX	26 Jun
Oro Verde	OVL	3 Jul

Titan Minerals	TTM	28 Jun

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Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
TRA	Mon	4.73	85	5.34
CKF	Tue	10.5	100	2.14
MTS	Tue	7	100	4.95