

Tuesday 6 June 2017

Markets

SFE 200 Futures (9.30am AEST)	5760	-4	-0.1
NZX 50	7512	12	0.2
DJIA Futures	21182	6	0.0
S&P 500 Futures	2435	0	0.0
NASDAQ Futures	5882	1	0.0

Local Markets Commentary

The Australian market commences today's trade on mostly negative international equities and commodities leads, ahead of new domestic economic indicators and a Reserve Bank of Australia (RBA) policy meeting.

The implications of a significant spat among five Arab nations, involving the closing of transport routes and removal of diplomatic services, will also continue to be assessed.

In overnight commodities trade, **oil** and LME **copper** continued to settle lower. US **gold** futures settled slightly higher. **Iron ore** (China port, 62% Fe) again switched direction to record a new fall.

The **\$A** rose further after appreciating beyond ~US74.80c early evening.

Locally today, outcomes from the **RBA's** policy meeting will be announced **2.30pm** AEST.

Meanwhile, the ABS is due to publish March quarter current account figures **11.30am**.

Pre-trade, construction sector activity and weekly consumer sentiment indices are due.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21184	-22	-0.1
S&P 500	2436	-3	-0.1
NASDAQ	6296	-10	-0.2
FTSE 100	7526	-22	-0.3
DAX 30	12823	Public	Holiday
Shanghai Comp	3092	-14	-0.5

Overseas Markets Commentary

Skittish trade returned to most major European and US equities markets overnight. Germany's markets did not trade due to a public holiday.

Yesterday **Qatar** was diplomatically excised by **Bahrain, Egypt, Saudi Arabia** and the **United Arab Emirates** (UAE), the four nations alleging Qatar was enabling the funding of terrorist activities.

Air, land and sea passage links with Qatar are also being closed.

In overnight **US** data releases, a robust 56.9 for ISM's non-manufacturing index appeared to worry some, as new orders fell 5.5% and the services sector reportedly accounts for ~67% of GDP calculations.

The fall in orders was notably the first in five months, and the overall reading represented a 0.6-point decline for the month.

April factory orders came in at 4.4% higher year-

RBA - policy meeting outcomes **2.30pm** AEST

Today's Stock Watch

Retail Food Group (RFG)

RFG has this morning published a summary reply to some of the assertions contained in adverse reports out of UBS late last week. RFG ultimately dropped 11.3% yesterday on abnormally high-volume trade. The stock traded at \$4.59 - \$5.16 before settling at \$4.63.

MG Unit Trust (MGC)

Forecasting a \$5.20/kg MS - \$5.40/kg MS FY 2018 farm-gate milk price for the southern milk region.

The opening price is \$4.70/kg MS.

In addition, Murray Goulburn Co-operative is commencing a strategic review, including a corporate structure assessment.

An update is promised with the August release of full-year results.

Sims Metal Management (SGM)

North America site visit presentation lodged post-trade yesterday. The tours were scheduled to be conducted last night and tonight local site time. SGM has appreciated the past two sessions, settling at \$13.92 yesterday.

Sirtex Medical (SRX)

SRX has presented further SIR-Spheres analysis, in relation to the treatment of colorectal cancer, to the American Society of Clinical Oncology.

PharmAust Ltd (PAA)

PAA has secured a patent in Japan for the use of its kinase inhibitors in treating cancer. PAA holds similar patents in Australia, China and the US.

Viralytics Ltd (VLA)

VLA has presented updates on two clinical trials incorporating the company's Cavatak to the American Society of Clinical Oncology. Details lodged this morning. VLA has traded lower four of the past six sessions, closing at \$1.05 yesterday.

Resources

Zenith Minerals (ZNC)

90% lithium recovery achieved in test work using ore from ZNC's Burro Creek project, US.

OM Holdings (OMH)

The JV production of manganese alloys via a fourth Sarawak furnace is underway.

Steady-state production of ~35,000t of ferroalloys per month is anticipated by July, when two additional manganese alloy furnaces are expected to become operational.

OMH says 12 of 16 furnaces, used for producing different products, are in operation on the same site. OMH 75%.

Matsa Resources (MAT) / AngloGold Ashanti (AGG)

MAT will sell all WA Fortitude gold project trial production to AGG, for processing at AGG's Sunrise Dam 3.8Mtpa facility near Laverton. MAT says all terms are confidential.

Energy

Liquefied Natural Gas (LNG)

LNG's chief technical officer John Baguley has been appointed COO, effective 16 June.

on-year, but slipped 0.2% for the month, following a 1% gain in March, but

March quarter productivity was confirmed in a follow-up estimate as having pulled back 0.6% annually.

A **euro zone** final May services PMI rose 0.1 from the initial estimate to 56.3, but the composite PMI remained at the original, and strong, 56.8.

This means the European Central Bank (ECB) is likely to comment again on data versus status quo policy following this Thursday's policy meeting.

In the **UK**, surveys have again varied significantly regarding the likely majority the ruling (Tory) party could retain in Thursday's national election.

Tonight in the US, economic optimism and job opportunity reports are due.

In overnight corporate developments, **Apple** suffered from an adverse research outlook assessment while promoting new plans.

Roche fell after a new compound breast cancer drug failed to demonstrate sufficient benefit over an earlier Roche product.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1283	oz	3	0.2
Silver (NY) (Jul)	17.5	oz	0.02	0.1
Gold (LON)	1280	oz	5	0.4
Platinum	952	oz	-2	-0.2
WTI Crude (Jul)	47.4	bbl	-0.3	-0.6
Brent Crude (Aug)	49.5	bbl	-0.5	-1.0
Iron Ore (CHN port 62%)	55.9	t	-1.9	-3.3
Copper	5628	t	-37	-0.7
Nickel	8910	t	-5	-0.1
Aluminium	1903	t	-28	-1.5
Lead	2103	t	-5	-0.2
Zinc	2485	t	-44	-1.7
Tin	20145	t	-155	-0.8
CBT Wheat (Jul)	4.30	bshl	0.0	0.0

Commodities Commentary

Oil – volatile trade reported on the diplomatic and transport isolation of major LNG exporter Qatar from Bahrain, Egypt, Saudi Arabia and the United Arab Emirates.

Gold – traded at six-week highs overnight, interest supported by broad international security considerations and Middle East unrest.

Base metals – China's May trade figures are keenly anticipated Thursday, following an overnight drop in broad trade sentiment.

Caixin's final May services PMI for China, reported yesterday, represented the best growth since January. Japan's services PMI grew at the best rate in two years.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7491	0.0005	0.07
EUR – USD	1.1258	0.0004	0.03

Australian Data Today

RBA	Policy statement	Jun
ABS	Current account	Mar Q

Pre-Open Announcements

Villa World (VLW)

CFO and company secretary Pauline Henderson has resigned, effective at the conclusion of a transition period.

Resources

Regis Resources (* RRL)

WA Duketon Gold project Tooheys Well initial ore reserve lodged this morning.

Middle Island Resources (MDI)

Option deed acquired to purchase the Wirraminna gold project for \$300,000 within four years. MDI says Wirraminna is located within 1km of the Sandstone gold project's processing plant.

Energy

88 Energy (88E)

Alaska Ice wine #2 update lodged this morning, ahead of stimulation and production testing.

Trading Halts

Company	Code	Resuming
Azonto Petroleum	APY	6 Jun
DigitalX Ltd	DCC	6 Jun
Rision Ltd	RNL	6 Jun
Ausgold Ltd	AUC	7 Jun
Stokes Ltd	SKS	7 Jun

Suspensions (selected)

Company	Code	Since
Central Petroleum	CTP	31 May
Delta SBD	DSB	31 May
Force Commodities	4CE	2 Jun
Grandbridge Ltd	GBA	2 Jun
Hawkey Oil & Gas	HOG	12 May
Longreach Oil	LGO	29 May
Molopo Energy	MPO	31 May
Petratherm Ltd	PTR	26 May
Quintis Ltd	QIN	17 May
SML Corporation	SOP	5 Jun
SurfStitch Group	SRF	26 May

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
EGG	Today	5	100	0.00
ALQ	Tomorrow	8	40	1.99
JHX	Tomorrow	~30.15	0	2.05
OFX	Thu	2.9	100	3.44
TCO	Fri	5	100	4.88

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	SKC	Investor Day



ANZ/RyMgn	Consumer sentiment	4 Jun
AIG	PCI	May

US Data Tonight

JOLTs job openings	Apr
IBD/TIPP economic optimism	Jun

Other Overseas Data Today & Tonight

Euro zone	Retail PMI	May
Euro zone	Retail sales	Apr
Euro zone	Sentix investor confidence	Jun

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Tomorrow	GMG WES VCX	Q3 Update Strategy Briefing Investor Day
Thu	AIA VCX	Five-year outlook Investor Day #2
13 Jun	BLY	AGM
16 Jun	GMG S&P/ASX	Investor briefing Indices rebalance

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