

Market Opener

Friday, 7 June 2019

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 of this document

Markets

S&P 200 Futures (9.30am AEST)	6414	28	0.4
NZX 50	9985	-2	-0.0
DJIA Futures	25730	-15	-0.1
S&P 500 Futures	2844	-2	-0.1
NASDAQ Futures	7273	-10	-0.1

Local Markets Commentary

The Australian market commences Friday trade ahead of a Monday public holiday long weekend for the ASX, a G20 finance summit over the weekend, and clarification of the possible Monday implementation of US import taxes on goods from Mexico, following another overnight positive close for US equities markets, and with China's markets closed today.

Locally pre-trade, AiG releases its May construction sector activity index.

May housing finance figures from the Australia Bureau of Statistics (ABS) are due **11.30am AEST**. Any definitive statistics for the last two weeks of May (post-national parliamentary election) will be particularly noted.

Regionally, China is scheduled to publish **May trade** figures early-afternoon **Monday**, before ASX trade opens for the week.

In overnight commodities trade, **oil** seesawed higher.

US gold futures (August) extended the past week's gains beyond \$US1340.0/oz.

Iron ore (China port, 62% Fe) reportedly gained slightly to remain above \$US100.5/t.

LME **copper** swung higher. **Nickel** continued lower.

The **\$A** traded in a narrow range, after approaching US69.80c early yesterday evening.

G20 finance heads are meeting in Japan over the weekend. G20 central bankers are already there and have been meeting since yesterday. A leaders' summit is scheduled for 28 – 29 June.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25721	181	0.7
S&P 500	2843	17	0.6
NASDAQ	7616	40	0.5
FTSE 100	7260	40	0.6
DAX 30	11953	-28	-0.2
Shanghai Comp	2828	-34	-1.2

Overseas Markets Commentary

Major European and US equities markets diverged overnight, as investors digested key euro zone data, awaited clarification on the status of US-Mexico trade tariffs talks, and continued to heed US

Australia – May housing finance 11.30am AEST

* Health leisure listing **11am AEST – VVA** *

The **ASX** will be **closed Monday** (10 June)

Trades executed **today** will settle **Wednesday** 12 June

Yesterday's trades settle Tuesday (11 June)

Today's Stock Watch

GrainCorp Ltd (GNC)

Ten-year agreement secured whereby GNC will be paid \$A15/t for east coast winter grain.

NetComm Wireless (NTC)

A shareholder meeting to consider the proposed scheme of arrangement for a merger with Casa Systems Inc has been pushed back to 20 June, to enable NTC to supply information requested by some NTC shareholders and ASIC.

Creso Pharma (CPH)

TSX_V-listed PharmaCielo is proposing to acquire CPH under an agreed deal, whereby CPH shareholders receive 0.0775 PharmaCielo shares for each CPH share. This currently values CPH beyond A60c per share. CPH has traded at 41c – 43.5c over the past five trading sessions.

Benitec Biopharma (BLT)

Proposed oculopharyngeal muscular dystrophy treatment licence and collaboration agreement with Axovant Sciences terminated, effective 3 September.

Resources

Syrah Resources (SYR)

Anticipating 45,000t – 50,000t of graphite production during the June quarter, against previous guidance of 50,000t – 55,000t, and following 48,000t for the March quarter.

Anticipating \$US466/t against \$US469/t for the March quarter. Holding ~\$US43M cash.

Mincor Resources (MCR)

MCR confirms it has decided to cease mining at the WA Widgiemooltha project 1 August. In association, MCR has agreed a new short-term tolling agreement.

Energy

Beach Energy (BPT) / Cue Energy Resources (CUE)

JV agreements achieved, enabling plans to drill the WA-359-P Ironbark-1 well by the end of 2020 to progress.

BP operator and 42.5%; CUE 21.5%; BPT 21%; New Zealand Oil & Gas 15%.

Federal Reserve policy accommodation comments from earlier this week, ahead of US jobs figures tonight.

Central bank commentary featured in overnight considerations, the **European Central Bank's** (ECB) post-policy meeting statement, forecasts and press conference helped propel the euro higher against the \$US and British pound.

The ECB altered both regional GDP growth and inflation forecasts. CPI growth for 2019 was raised from 1.2%, predicted in March, to 1.3%. Expected 2020 CPI was lowered by 0.1% to 1.4%.

Anticipated 2019 GDP growth was lifted to 1.2%, but lowered for 2020 and 2021, to 1.4%.

Earlier in the evening, a final **euro zone March quarter GDP** growth reading had surprised on the upside, coming in at 0.4% for the three months, double the rate of growth for the December quarter 2018.

Year-on-year, March quarter GDP was 1.2% higher.

The ECB also however, pushed back the timeline for any potential rate increases from not before the end of 2019 until at least mid-2020.

President Mario Draghi acknowledged uncertainty had been extended by trade protectionism, international governmental relationships, the UK's attempts to finalise an agreement governing the detail of separating from the European Union (EU) and struggling select emerging economies.

Mr Draghi acknowledged the central bank's governing council had discussed easing rates and reintroducing other easing policy, but had unanimously decided to stay its hand, having agreed outlook had not 'substantially' worsened.

Among current lending arrangements, the ECB lowered select borrowing.

Bank of England governor Mark Carney, in the meantime in Japan for the G20 finance summit, urged those advancing policy change within advanced economies to realise the impacts on emerging economies and hence global economic health.

Meanwhile the **US** president proffered he would likely decide whether to impose additional import taxes on goods from **China** following the 28 – 29 June G20 leaders' summit.

In addition, the president had declared late-Wednesday that **Mexico** needed to do more to avoid the US implementing an across-the-board 5% import tax from this coming Monday (10 June). This was then followed by overnight reports however, that an implementation delay was considered possible by some.

In new data releases additional to the euro zone GDP, **Germany's** April factory orders were reported 0.3% for the month following a 0.8% March increase.

A May construction PMI fell 1.6 to 51.4.

Yields for a German 10-year bond auction in the meantime fell to -0.232%.

In the **US**, the April trade deficit pulled back 2.1% to \$US50.8B, on a 2.5% fall in imports (to \$US257.64B) and 3.1% drop in exports (to \$US206.85B).

Notably, the US goods trade deficit with China jumped 29.7% to \$US26.9B.

A May job layoffs report estimated planned layoffs soared by 85.9% year-on-year, following a 10.9% April rise.

Weekly new unemployment claims were reported flat, at 218,000.

Pre-Open Announcements

Challenger Ltd (** CGF)

CGF funds management chief executive Ian Saines is intending to retire by the end of the year.

Viva Leisure (* VVA)

Health/leisure centre specialist scheduled to list on the ASX **11am** AEST, following a \$20M IPO at \$1.00 per share. 52.6M quoted shares.

Think Childcare (TNK)

Receivers have been appointed to TNK incubator partner Edhod.

PKS Holdings (* PKS)

Clinical decision subscription-based support provider completed its ASX listing yesterday following a \$20.948M IPO at 20c per share.

Opened at 20c and slipped to 18c, where it settled.

7.74M shares changed hands across 377 trades.

121.141M quoted shares.

Resources

Lynas Corporation (* LYC)

US conference presentation lodged pre-trade.

LYC is presenting tonight.

LYC settled at \$2.71 yesterday, after closing out last week at \$3.05.

Northern Minerals (* NTU)

NTU is raising a further \$A15M in a placement at 4.5c per share. In addition, NTU will conduct a \$A6.95M one-for-13 entitlement offer at the same price.

NTU has called a trading halt while completing the institutional component of the entitlement offer.

The retail offer is scheduled for 17 June – 8 July.

NTU has traded at 7.6c – 8.3c the past five trading sessions, closing at 7.9c yesterday.

Energy

Renergen Ltd (* RLT)

Helium and LNG potential producer completed a successful ASX listing yesterday following a \$A10M IPO at A80c per CDI/share. Opened at 86c and was pushed as high as \$1.02, where it settled. 291,510 shares were traded across 82 transactions. 12.5M quoted shares/CDIs.

Trading Halts

Company	Code	Resuming
Big Star Energy	BNL	7 Jun
E2 Metals	E2M	7 Jun
LandMark White	LMW	7 Jun
Macmahon Holdings	MAH	7 Jun

March quarter productivity was revised to a 3.4% year-on-year increase, from an initial 3.6% estimate and following a 1.9% improvement for the December quarter.

Tonight in the US, May national employment statistics are keenly anticipated, following Fed Reserve chair policy accommodation comments earlier this week, followed by a soft private sector jobs report Wednesday.

April wholesale inventories and consumer credit are also due.

Elsewhere, UK PM Theresa May steps down.

Germany's trade and industrial production reports are especially anticipated, following the ECB's overnight post-policy meeting commentary.

Germany's central bank (Bundesbank) also publishes a set of half-yearly forecasts.

In overnight corporate news, **Ford Motor** announced it would close a manufacturing facility in Wales and would likely book an associated \$US650M charge.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1342.7	oz	9.1	0.7
Silver (NY) (Jul)	14.905	oz	0.114	0.8
Gold (LON)	1335	oz		
Platinum	802	oz	0	0.0
WTI Crude (Jul)	52.59	bbl	0.91	1.8
Brent Crude (Aug)	61.67	bbl	1.04	1.7
Iron Ore (CHN port 62%)	100.6	t	0.2	
Copper (LME,3mth,PM)	5845	t	52	0.9
Nickel	11675	t	-45	-0.4
Aluminium	1774	t	5	0.3
Lead	1885	t	25	1.3
Zinc	2507	t	46	1.9
Tin	19260	t	85	0.4
CBT Wheat (Jul)	5.10	bshl	0.18	3.7

Commodities Commentary

Oil – prices gained in second-half US trade on reports the proposed 10 June implementation of a 5% US import tax on all goods from Mexico could be delayed.

Earlier, US April exports were reported at a daily 2.8MMbbl, against 2.7MMbbl for March.

China was estimated to have imported just 62,000bbl/d of US crude during April, against the record 510,000bbl/d in June last year.

The UAE reportedly lifted its US crude imports during April, to a record 99,000bbl/d.

Russia confirmed output would decline this month, but offered it would likely rise again in July.

In addition, Russia's president acknowledged disagreement with OPEC regarding what constituted a 'fair' oil price.

A weekly US petroleum rig count is due tonight.

Gold – continuing relative \$US weakness (from US Federal Reserve comments earlier in the week) supported overnight Comex gold futures to a seventh consecutive higher settlement.

Pacific Bauxite	PBX	7 Jun
Six Sigma Metals	SI6	7 Jun
Benitec Biopharma	BLT	11 Jun
MyFiziq Ltd	MYQ	11 Jun
TNG Ltd	TNG	11 Jun
Northern Minerals	NTU	12 Jun

Suspensions (select)

Company	Code	Since
Animoca Brands Corporation	AB1	14 May
Axiom Mining	AVQ	29 May
Blue Sky Alternative Investments	BLA	20 May
Bojun Agriculture Holdings	BAH	27 May
Carbine Resources	CRB	23 May
Cazaly Resources	CAZ	6 Jun
Cervantes Corporation	CVS	30 May
Emerge Gaming	EM1	6 Jun
Gascoyne Resources	GCY	3 Jun
LatAm Autos	LAA	6 Jun
Symbol Mining	SL1	16 May
Vector Resources	VEC	27 May
XPD Soccer Gear Group	XPD	27 May

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
TCO	Tue	10	100	4.17
CIM	Thu	86	100	3.26
FPH	Thu	12.77	0	1.42
PL8	Thu	0.5	100	5.56
SHV	Thu	12	100	1.03
JYC	17 Jun	1.7	100	7.33
IFT	20 Jun	9.62	0	1.36
DLX	21 Jun	43	100	1.44
ARF	27 Jun	3.38	0	4.88
CLW	27 Jun	7.1	0	5.37
FOR	27 Jun	1	0	17.82
MSV	27 Jun	0.1	100	0.00
NEW	27 Jun	3.9	0	6.10
RFF	27 Jun	2.61	0	4.54
SYD	27 Jun	19.5	0	5.04
TCL	27 Jun	30	6.66	3.97



US monthly employment statistics, due tonight, could influence the US\$.

In the meantime, China has reportedly increased its bullion reserves for a fifth consecutive month, pushing the tally to 61.1Moz.

In Venezuela, \$US1.4B worth of government-held gold is reported to be held by two banks as loan guarantees.

Base metals – LME trade was largely supported overnight by a relatively soft US\$ and early talk of a possible delay to US import taxes on goods from Mexico.

Lead traded on the LME overnight at one-month peaks, ahead of an expected restart of the Port Pirie, South Australia smelter by mid-month.

China's May trade figures, scheduled for release **Monday**, could produce some caution tonight, and will influence at least some of Monday night's trade.

Also Monday, Japan is due to release a final March quarter GDP growth reading.

(The ASX is closed Monday, but will trade as normal Tuesday)

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6977	-0.0000	-0.01
EUR – USD	1.1277	0.0002	0.02

Australian Data Today

AiG	PCI	May
ABS	Housing finance	Apr

US Data Tonight

Employment (incl job creation, wages growth)	May
Wholesale inventories	Apr
Consumer credit	Apr

Other Overseas Data Today & Tonight

China	Foreign reserves (6pm AEST)	May
Japan	Household spending	May
Japan	Leading economic index (prelim; 3pm AEST)	Apr
Germany	Trade balance	Apr
Germany	Industrial production	Apr

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