

Friday 7 July 2017

Markets

SFE 200 Futures (9.30am AEST)	5676	-23	-0.4
NZX 50	7601	-29	-0.4
DJIA Futures	21288	8	0.0
S&P 500 Futures	2410	2	0.1
NASDAQ Futures	5604	7	0.1

Local Markets Commentary

The Australian market commences Friday trade amid international geopolitical equivocation, on negative overnight equities trade leads, and ahead of a new employment report for the US tonight.

In overnight commodities trade, **oil** swung higher. **US gold** futures continued higher with a meagre gain. **LME copper** turned to settle slightly higher. **Iron ore** dropped.

The **\$A** fell below US75.90c after appreciating briefly to US76.10c early yesterday evening.

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

A foreign reserves update is expected out of **China** **1pm** AEST, and perhaps foreign direct investment (FDI) over the weekend.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21320	-158	-0.7
S&P 500	2410	-23	-0.9
NASDAQ	6089	-61	-1.0
FTSE 100	7337	-30	-0.4
DAX 30	12381	-72	-0.6
Shanghai Comp	3212	5	0.2

Overseas Markets Commentary

Major European and US equities markets headed lower overnight, amid conflicting monetary policy signals and broad geopolitical disquiet.

Ahead of the official commencement of the **G20** two-day leaders' forum in Hamburg later today, US president Donald Trump promoted a 'severe' response to North Korea's missile program.

Among mixed data releases, **Germany's** May industrial orders were reported 1% higher for the month, following a 2.2% drop in April.

Across the Atlantic, a private US employment report estimated 158,000 jobs had been added during June, against forecasts of up to 185,000.

Weekly new unemployment claims rose for a third consecutive week.

A June job cuts report estimated 6% fewer planned layoffs compared with May.

A 57.4 services sector activity index from ISM also offered encouragement, 0.9 above forecasts and 0.5 higher than May's reading.

In another more positive report, the national May trade deficit was estimated 2.3% lower.

Tonight in the US, national monthly employment figures are keenly anticipated.

Today's Stock Watch

Flight Centre (FLT)

Outlaying an undisclosed amount for two new acquisitions, Mexico-headquartered travel operator Olympus Tours and Thai-headquartered hotel operator Bespoke Hospitality Management Asia.

FLT says it will fund the purchases with cash and expects settlement within 30 days.

Carnegie Clean Energy (CCE)

CCE subsidiary Energy Made Clean has won a hybrid micro-grid system design, construction and installation contract with the Department of Defence, for the Delamere Air Weapons Range, Northern Territory.

The contract, involving solar, diesel and battery components, represents CCE's second Department of Defence hybrid renewable energy micro-grid system contract.

This one was secured via managing contractor Lendlease and is due for completion by mid-2018.

Vocus Communications (VOC)

VOC has appointed PricewaterhouseCoopers partner David Wiadrowski as a non-executive director, effective 24 July.

Praemium Ltd (PPS)

Reporting record June quarter inflows for the company's Australian and international business, pushing FUM beyond \$6B.

Bellamy's Australia (BAL)

Trading halt called this morning, after China suspended the export licence for the Camperdown Powder blending and canning facility. BAL raised ~\$60M in June and early this month, in order to acquire a 90% indirect holding in the facility.

Compumedics Ltd (CMP)

Initial major contract in hand for the delivery of CMP's MEG brain imaging product.

FY 2017 US sales have undershot expectations however, totalling \$33M against \$37M for FY 2016.

CMP attributes this to restructuring which the company says is almost complete.

Ellex Medical Lasers (ELX)

FY 2017 sales estimated at \$71.7M, supported by iTrack sales growth. Planning to lodge full-year results the week commencing 21 August.

Resources

BHP Billiton (BHP)

Deutsche Bank is recommending BHP as a 'buy', cancelling previous hold advice.

Mount Gibson Iron (MGX)

\$63.5M secured from insurers, in relation to the offshore WA Koolan Island iron ore pit seawall failure in 2014. Proceeds are anticipated by month's end.

MGX remains in negotiations with an additional insurer responsible for 75% of MGX's business interruption cover.

**Commodities**

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1223	oz	1.6	0.1
Silver (NY) (Jul)	16.0	oz	0.1	0.8
Gold (LON)	1225	oz	5	0.4
Platinum	909	oz	1	0.1
WTI Crude (Aug)	45.5	bbl	0.4	0.9
Brent Crude (Aug)	48.1	bbl	0.3	0.7
Iron Ore (CHN port 62%)	62.0	t	-1.3	-2.1
Copper	5851	t	10	0.2
Nickel	9075	t	-85	-0.9
Aluminium	1944	t	15	0.8
Lead	2284	t	9	0.4
Zinc	2785	t	3	0.1
Tin	19945	t	265	1.4
CBT Wheat (Jul)	5.19	bshl	-0.2	-3.9

Commodities Commentary

Oil – prices again swung, indicating skittish sentiment in association with day-to-day talk.

The weekly EIA US petroleum inventories report estimated a 6.3Mbbl drop in stored crude, producing a temporary rally to \$US46.5/bbl.

A weekly US petroleum drill rig count is due tonight.

Gold – supported again overnight by geopolitics and select \$US weakening.

Some US job market reports also disappointed.

Tonight's official US June employment report is expected to influence trade heading into the weekend.

Base metals – copper trade appeared impacted by oil price swings.

Tonight's trade is expected to react to geopolitics, the US June jobs report and perhaps China's foreign reserves.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7579	-0.0006	-0.08
EUR – USD	1.1422	-0.0001	-0.01

Australian Data Today

AiG	PCI	Jun
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US Data Tonight

Employment (incl jobs, wages, u/emplyt rate)	Jun
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Other Overseas Data Today & Tonight

China	Foreign reserves	Jun
Japan	Leading indices	May
Japan	Workforce	May
Japan	Trade (1 st 20 days)	Jun
UK	Trade balance	May
UK	NIESR GDP estimate	Jul
UK	Industrial production	May
UK	Construction output	May
Germany	Industrial production	May

Pre-Open Announcements**Rent.com.au Ltd (RNT)**

Reporting record June and June quarter revenue, totalling \$188,000 and \$476,000 respectively.

Planning to publish an audited June quarter report 24 July.

Resources**Strandline Resources (* STA)**

Resuming from suspended trade stating new natural resources legislation in Tanzania is not expected to significantly impact STA's national strategy or development plans.

In addition, STA shareholders have approved the second tranche issue of shares from a recent placement, delivering an extra \$1.68M for the Fungoni heavy mineral sands project DFS. STA says it is now fully funded to complete the study.

STA last traded at 0.5c.

Amani Gold (ANL)

Confirming a previously flagged \$25M subscription agreement with Hong Kong-based Luck Winner Investment.

Under the deal, \$15M will become available this month and, pending shareholder approval and other conditions, an additional \$10M from mid-September.

Luck Winner will nominate up to three ANL board representatives, pending ANL holdings.

Energy**Oil Search (OSH)**

June drilling summary lodged post-trade yesterday.

Trading Halts

Company	Code	Resuming
Caravel Minerals	CVV	7 Jul
European Lithium	EUR	7 Jul
Baralaba Coal Company	BCL	10 Jul
Beacon Minerals	BCN	10 Jul
Fremont Petroleum Corp	FPL	10 Jul
Image Resources	IMA	10 Jul
K2fly Ltd	K2F	10 Jul
Longford Resources	LFR	10 Jul
Pancontinental Oil & Gas	PCL	10 Jul
Vector Resources	VEC	10 Jul
Bellamy's Australia	BAL	11 Jul

Suspensions (selected)

Company	Code	Since
Black Rock Mining	BKT	5 Jul
Cradle Resources	CXX	4 Jul
Graphex Mining	GPX	5 Jul
Kibaran Resources	KNL	5 Jul
Lindian Resources	LIN	6 Jul
Magnis Resources	MNS	5 Jul
Novo Litio	NLI	26 Jun
OreCorp Ltd	ORR	5 Jul
Peak Resources	PEK	6 Jul
Tanga Resources	TRL	6 Jul
Valor Resources	VAL	4 Jul
Volt Resources	VRC	5 Jul
Wattle Health Australia	WHA	7 Jul

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Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
RGWB	Tue	33	100	0.00
TGH	Wed	~3.94	0	5.79

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