

Friday 9 June 2017

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	<b>5680</b>	<b>5</b>	<b>0.1</b>
<b>NZX 50</b>	7441	-18	-0.2
<b>DJIA Futures</b>	21149	-29	-0.1
<b>S&amp;P 500 Futures</b>	2428	-4	-0.2
<b>NASDAQ Futures</b>	5874	-11	-0.2

## Local Markets Commentary

The Australian market opens Friday trade amid uncertainty regarding the results from the UK election, and ahead of new data out of China, plus a long weekend for a majority of Australian States and the ASX.

Initial **UK** election indications are anticipated this morning AEST, but exit polling has suggested a hung parliament.

This means the ruling party has lost its majority and no party has gained one. The British pound has subsequently dropped.

Some type of declaration is expected by early afternoon.

Regionally today, **China** is scheduled to publish May CPI and PPI ~**11.30am** AEST.

Locally, April lending finance figures, including for residential property purchases, are due, also at 11.30am.

In overnight commodities trade, **gold** futures picked up the pace of Wednesday's turn lower. **Oil** settled slightly lower. **Iron ore** edged so. LME **copper** rallied.

The **\$A** fell below US75.30c after trading at ~US75.50c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>21183</b>	9	<b>0.0</b>
<b>S&amp;P 500</b>	2434	0.65	<b>0.0</b>
<b>NASDAQ</b>	6322	24	<b>0.4</b>
<b>FTSE 100</b>	7450	-29	<b>-0.4</b>
<b>DAX 30</b>	12714	41	<b>0.3</b>
<b>Shanghai Comp</b>	3150	10	<b>0.3</b>

## Overseas Markets Commentary

Vacillating trade featured across most major European and US equities markets amid the UK general election, a US focus on intelligence investigations, and a slight change in European Central Bank emphasis.

In the **UK**, initial indications from the national parliamentary election put the ruling conservatives as having potentially lost their majority.

Across the Atlantic, immediate past (US) **FBI** director James Comey claimed administrative defamation while meeting with a Senate intelligence committee.

In US data releases, weekly new unemployment claims fell by 10,000 but this was 5000 fewer than forecast, but this was viewed as non-consequential ahead of next week's Federal Reserve policy

**China – May CPI ~11.30am AEST**

**S&P/ASX indices** – June quarter rebalancing revealed this morning.  
*Please see p3*

\* Mineral exploration listing **1.30pm AEST – AL8** \*

The **ASX** will be **closed Monday**

Today's trades settle **Wednesday 14 June**

Yesterday's will settle **Tuesday 13 June**

## Today's Stock Watch

### Insurance Australia Group (IAG)

Purchasing an additional \$1B of gross protection over 19 months, pushing the group's catastrophe reinsurance cover beyond \$7B.

### Stockland (SGP)

Expecting to pay a 12.9c distribution for the six months to 30 June, pushing full-year payments to 25.5c.

Proposing to publish full-year results 16 August.

### Steadfast Group (SDF)

Acquiring an undisclosed but non-controlling stake in insurance broker network unisonBrokers. Unison will be renamed unisonsteadfast and SDF will join the unisonsteadfast network. SDF's CEO and MD Robert Kelly will join the unisonsteadfast supervisory board as will SDF COO Samantha Hollman.

### Redhill Education (RDH)

Anticipating 42% 2H and FY 2017 revenue growth totalling ~\$22.2M and \$40.2M respectively.

### Navitas Ltd (NVT) / Bellamy's Australia (BAL)

NVT will be removed from the S&P/ASX 100 index at close of trade Friday next week, and BAL from the S&P/ASX 200.

### Cimic Group (CIM)

Trading ex-dividend (62c) Tuesday. In the meantime, CIM has appointed Lyn Nikolopoulos as an additional company secretary.

## Resources

### BHP Billiton (BHP)

UBS has placed a 'buy' on BHP, cancelling a neutral rating.

### Australian Potash (APC)

MoU secured to supply CNAMPGC Holding subsidiary Sino-Agri with up to 30% of expected Lake Wells Stage 2 production.

APC is anticipating producing up to 100,000tpa of sulphate of potash.

### Bluescope Steel (BSL)

North America investor site visit presentation lodged this morning.

### Western Areas (WSA)

Proposing to sell some or all of its 18.8% holding in Bluejay Mining via a bookbuild to institutional investors.

Should WSA be successful in selling the entire stake, the company anticipates netting \$A26.5M - \$A27.5M.

### Alderman Resources (\* AL8)

US-focused multi-mineral explorer scheduled to list **1.30pm** AEST following a \$8.5M IPO at 20c per share. Belgrave Capital Management 28.50%; Merrill Lynch Australia Nominees 8.34%.

meeting.

Meanwhile, the **European Central Bank** (ECB) raised its euro zone 2017 economic growth forecast by 0.1% to 1.8%, but lowered its CPI growth prediction from 1.7% to 1.5%. The CPI forecast for 2018 was also lowered, by 0.3% to 1.3%.

In a post-policy meeting news conference, president Mario Draghi lauded the central bank's policy as having fostered 'extremely favourable' regional financing.

The official written release differed from recent post-meeting communiqués, notably not mentioning rates possibly moving lower.

Prior to the meeting, Eurostat released a 1.9% final euro zone March quarter GDP reading, 0.2% higher than the previous estimate.

Earlier, **Qatar** had suffered a Standard & Poor's credit rating downgrade, to AA- from AA

**Tonight** in the US, April wholesale inventories are due.

Monday, **France** votes in the first round of legislative elections.

In overnight corporate developments, **Verizon** revealed ~2100 jobs would go in association with its acquisition of Yahoo core business and the merger of this with AOL.

**Morgan Stanley** revealed plans to raise \$US2B in order to establish a new Asia private equity fund.

Earlier, **Alibaba** predicted strong revenue growth, its stock subsequently appreciating ~13%.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Aug)</b>	<b>1280</b>	oz	-13	<b>-1.1</b>
<b>Silver (NY) (Jul)</b>	17.4	oz	-0.2	<b>-1.1</b>
<b>Gold (LON)</b>	1273	oz	-18	<b>-1.4</b>
<b>Platinum</b>	937	oz	-6	<b>-0.6</b>
<b>WTI Crude (Jul)</b>	<b>45.6</b>	bbl	-0.08	<b>-0.2</b>
<b>Brent Crude (Aug)</b>	<b>47.9</b>	bbl	0.2	<b>-0.4</b>
<b>Iron Ore</b> (CHN port 62%)	<b>55.4</b>	t	-0.04	<b>-0.1</b>
<b>Copper</b>	<b>5730</b>	t	109	<b>1.9</b>
<b>Nickel</b>	8815	t	5	<b>0.1</b>
<b>Aluminium</b>	1903	t	-4	<b>-0.2</b>
<b>Lead</b>	2091	t	29	<b>1.4</b>
<b>Zinc</b>	2467	t	20	<b>0.8</b>
<b>Tin</b>	19180	t	-130	<b>-0.7</b>
<b>CBT Wheat (Jul)</b>	4.49	bshl	0.05	<b>1.1</b>

### Commodities Commentary

*Oil* – swinging overnight trade reported, but gains did not hold for long amid plenty of external 'noise'.

A US weekly petroleum rig count is due tonight.

*Gold* – pushed lower for a second consecutive session, amid further reported profit-taking.

*Base metals* – renewed industrial action in Papua, and weather which has disrupted this week's production from at least three major Chile operations, supported overnight *copper* prices.

China's May trade figures included an 8.5% monthly increase in imported refined copper, but relatively weak concentrate demand.

China's May CPI and producer prices are due today and could influence tonight's trade, although broader issues in the US and UK could prevail.

## Pre-Open Announcements

### SurfStitch Group (SRF)

Confirming the SRF board has received another 'open' letter, from Crown Financial, one of the companies involved in legal action against SRF. Crown describes SRF's disclosure compliance as 'superficial'. SRF trade remains suspended.

### Adherium Ltd (ADR)

Former Terumo Cardiovascular Systems perfusion and surgical devices president Arik Anderson has been appointed ADR CEO, effectively immediately.

Mr Anderson is taking over from ADR founder Garth Sutherland who is remaining an ADR executive director during a transition period.

### Autosports Group (ASG)

Director Malcolm Tilbrook has resigned as a non-executive director, following his appointment as Eric Insurance CEO.

### Elsight Ltd (ELS)

Israel-headquartered encrypted communications specialist completed its ASX listing yesterday, following a \$5M IPO at 20c per share.

Opened at 15c and traded at 14c – 16c before settling at 14.5c. 1.752M shares changed hands across 91 transactions.

## Resources

### Avenira Ltd (AEV)

Unsecured bridging loan agreements secured with two major shareholders, one for \$US1.44M and the other for \$US2.16M. Interest is 6%.

In addition, AEV will seek to raise \$A7M - \$13M via an entitlement offer. Partial underwriting agreements have been secured with the two shareholders providing the loans. AEV will pay a 5% fee for the underwriting.

Applying for a full exploitation permit, to replace the small mine permit, for the Baobab phosphate project.

AEV settled 11.8% higher yesterday, at 7.6c.

### Doray Minerals (\* DRM)

The Gnaweeda project Turnberry deposit resource is estimated at 5.5Mt @ 1.8g/t Au, for 322,000oz of gold.

DRM is anticipating open-pit mining, located ~15km from the Andy Well processing facility.

Mining lease permitting and heritage surveying for haulage routes are yet to be finalised.

### Hammer Metals (\* HMX)

Global Energy Metals Corporation has opted to complete a definitive agreement to earn up to 75% of HMX's Millennium cobalt-copper project, Mt Isa, Queensland.

### Corazon Mining (\* CZN)

Soil geochemistry has revealed additional cobalt zones within the Mt Gilmore cobalt-copper-gold project, NSW, specifically within the Cobalt Ridge prospect.

### Australian Mines (AUZ)

Land access agreement in hand for the Thackaringa cobalt project, NSW, enabling field exploration to commence during the September quarter. AUZ has identified three priority targets.

**Exchange Rates**

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7528	-0.0018	<b>-0.23</b>
<b>EUR – USD</b>	1.1192	-0.0022	<b>-0.20</b>

**Australian Data Today**

ABS	General lending & housing finance	Apr
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**US Data Tonight**

Wholesale inventories (final)	Apr
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**Other Overseas Data Today & Tonight**

<b>China</b>	CPI	May
China	PPI	May
<b>Japan</b>	Tertiary industry index	Apr
<b>UK</b>	Trade balance	Apr
UK	Industrial production	Apr
UK	Construction output	Apr
<b>Germany</b>	Trade balance	Apr

**Need More Information?**

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**Trading Halts**

Company	Code	Resuming
Central Petroleum	CTP	9 Jun
Vivid Technology	VIV	9 Jun
4DS Memory	4DS	13 Jun
Cr8Tek Ltd	CR8	13 Jun
Eastern Iron	EFE	13 Jun
Immuron Ltd	IMC	13 Jun
ZipTel Ltd	ZIP	13 Jun
Technology Metals Australia	TMT	14 Jun

**Suspensions (selected)**

Company	Code	Since
Delta SBD	DSB	31 May
Hawkley 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
WPG Resources	WPG	8 Jun

**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>TCO</b>	Today	<b>5</b>	100	4.88
CIM	Tue	62	100	2.81
GTK	Tue	~3.94	0	2.60
INM	Wed	~51.68	0	4.46
FPH	Thu	~10.44	0	1.76

**Reports & Events**

(selected scheduled)

When	Company	Report/Event
<b>Tue</b>	BLY	AGM
<b>Wed</b>	VOC	Investor Day
<b>Fri (16 Jun)</b>	GMG S&P/ASX	Investor briefing Indices rebalance

**June quarter S&P/ASX indices re-balance**

The following changes will be effected from close of trade Friday **16 June**:

**S&P/ASX 100****Out:** NVT**In:** BTT**S&P/ASX 200****Out:** BAL**In:** SDA**S&P/ASX All Australian 50****Out:** IPL**In:** ALL**S&P/ASX All Australian 200****Out:** BAL**In:** SDA