

Monday 10 July 2017

Markets

SFE 200 Futures (9.30am AEST)	5661	10	0.2
NZX 50	7621	-1	-0.0
DJIA Futures	21375	5	0.0
S&P 500 Futures	2426	3	0.1
NASDAQ Futures	5664	9	0.2

Local Markets Commentary

The Australian market opens a new week's trade: ahead of influential data out of China; on positive international equities leads; and following falls for key commodities.

China is expected to release June CPI and PPI **11.30** am AEST.

In overnight Friday commodities trade, US **gold** futures and **WTI** crude fell. LME **copper** also declined. **Iron ore** (China port, 62% Fe) swung higher. 65% iron out of Brazil reported attracted \$US80.50/t.

The **\$A** was pushed a little higher after approaching US76.0c early Friday evening.

Locally today, a weekly capital city house price report is due.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21414	94	0.4
S&P 500	2425	15	0.6
NASDAQ	6153	64	1.0
FTSE 100	7351	14	0.2
DAX 30	12389	7	0.1
Shanghai Comp	3218	6	0.2

Overseas Markets Commentary

US equities markets opened higher and were never headed overnight Friday. By contrast, major European indices opened lower or near the previous session's close and struggled for traction.

Domestic employment figures helped support **US** trade and the **\$US**.

222,000 jobs were reported to have been created in June, at least 40,000 more than anticipated.

In addition, the April and May totals were revised a total 43,000 higher.

Wages growth continued weak, with a 0.2% rise for the month.

Unemployment rose 0.1%, to 4.4%.

Industrial production in the **UK** disappointed, May's output falling 0.2% year-on-year, following a 0.8% drop in April and expectations of a 0.2% improvement. This pushed the British pound lower.

Tonight in the US, May consumer credit figures and a Fed labour market conditions report are due.

The Trump administration's **tax** reform plans are expected to attract renewed trade attention after treasury secretary Steve Mnuchin yesterday denounced a media report that higher taxes (up to 40%) on the most wealthy were under consideration

China – June CPI, PPI expected 11.30 am AEST

Today's Stock Watch

CSL Ltd (CSL)

Bioverativ has commenced action against CSL in relation to alleged Idelvion patent infringements.

CSL says is it 'highly confident' of its Idelvion IP rights.

Ardent Leisure (AAD)

30.5% fewer visitors reported for June (year-on-year), producing a 35.3% drop in revenue to \$4.4M.

Compared with May however, visitor numbers and revenue improved.

CIMIC Group (CIM)

45% CIM-held HLG Contracting has secured a \$A224M (AED619M) construction contract with Dubai World Trade Centre. Construction is scheduled to commence this month and to be completed within two years, well in time for the Expo 2020 Dubai.

Incitec Pivot (IPL)

Company overview presentation lodged post-trade Friday. IPL says all information has previously been publicly disclosed.

IPL closed out last week at \$3.29 after settling at \$3.41 30 June.

Slater & Gordon (SGH)

Trading halt called this morning.

Resources

Altura Mining (AJM)

Heralding two binding Pilgangoora project spodumene concentrate off-take agreements. Details lodged this morning.

Neometals Ltd (NMT)

NMT will retain its 13.8% holding in the WA Mt Marion lithium project after the sales process closed without NMT receiving a compliant offer.

Project update and plans lodged this morning.

Poseidon Nickel (POS) / Aphrodite Gold (AQQ)

Proposing a 50:50 JV under an MoU covering POS's Black Swan operations and AQQ gold tenements. Under the plans, Black Swan will process AQQ ore.

Marindi Metals (MZN) / Kidman Resources (KDR)

MZN is considering its position after the WA Supreme Court determined the company has no rights over the Mt Holland project Earl Grey lithium deposit within KDR land holdings. No orders or appeal period have yet been decided.

MZN and KDR are resuming from a trading halt. MZN last having last traded at 0.8c, and KDR at 62c.

Energy

South 32 Ltd (S32)

An 'extended outage' is now anticipated for the Appin mine operations within S32's NSW Illawarra metallurgical coal project remain. These were suspended for suspended safety and reliability assessments, and S32 attributes the updated expectations to the 'scope' of the review. Dendrobium mining is continuing.

in order to cover middle-class tax relief.

Middle East relationships will also be in focus, at the start of new **Syria** peace talks, and following a US-**Russia** agreement, secured Friday, for a select regional cease-fire.

Meanwhile, **Iraq** has declared victory over Islamic State in the city of Mosul.

In overnight Friday corporate news, **tech** stocks returned to favour in the US.

Berkshire Hathaway revealed it was interested in buying the bankrupt Energy Future, and could pay \$US9B.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1210	oz	-13	-1.1
Silver (NY) (Jul)	15.4	oz	-0.6	-3.5
Gold (LON)	1225	oz		
Platinum	906	oz	-3	-0.3
WTI Crude (Aug)	44.2	bbl	-1.3	-2.8
Brent Crude (Aug)	46.7	bbl	-1.4	-2.9
Iron Ore (CHN port 62%)	62.8	t	0.8	1.4
Copper	5828	t	-23	-0.4
Nickel	8920	t	-155	-1.7
Aluminium	1930	t	-14	-0.7
Lead	2296	t	12	0.5
Zinc	2793	t	8	0.3
Tin	19565	t	-380	-1.9
CBT Wheat (Sep)	5.35	bshl	-0.09	-0.7

Commodities Commentary

Oil – a \$US rally and supply angst combined to push prices decidedly lower overnight Friday.

A weekly US petroleum drill rig count estimated seven additional oil rigs were operational.

For the week, Brent settled 4.2% lower and WTI crude down 3.9%.

Gold – swings are anticipated this week, and some analysts expect prices to drop below \$US1200/oz.

US Federal Reserve Janet Yellen is due to meet Wednesday and Thursday with parliamentary committees, delivering scheduled half-yearly 'testimony'.

In addition, a new US corporate reporting season commences, featuring major financial institutions by week's end.

Further, a CPI update and retail sales figures, due Friday, will likely also impact trade considerations.

Overnight Friday, the \$US received support from monthly US job numbers, detracting from gold interest.

Base metals – a stronger \$US and lower oil prices impacted general sentiment.

China's June CPI and PPI reports, due today, are likely to influence tonight's trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7599	-0.0003	-0.04
EUR – USD	1.1401	0.0004	0.04

Australian Data Today

CLogic	Capital city house prices	8 Jul
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Pre-Open Announcements

Mach7 Technologies (M7T)

M7T has appointed former Healthcare Americas region CEO Michael W Jackman as CEO, effective 1 August.

Neurotech International (NTI)

NTI has shipped 25 additional Mente Autism devices to Turkey, as part of an upgrade program.

Paradigm Pharmaceuticals (PAR)

PAR has initiated two trial sites in readiness for the Phase 2 clinical trial of its potential Ross River virus treatment pentosan polysulphate sodium (PPS).

Results are anticipated by 30 June 2018.

ResApp Health (RAP)

Morgans has commenced RAP research coverage.

BrainChip Holdings (BRN)

BRN has appointed veteran Silicon Valley (California tech region) executive Emmanuel Hernandez as a non-executive director.

Resources

Valor Resources (* VAL)

Resuming from suspended trade with a production target and financial forecast retraction notice.

Energy

88 Energy (88E)

Alaska North Slope Icewine #2 will be shut in for six weeks to enable pressure build-up, and perhaps fracing fluid to be absorbed so that hydrocarbons might flow.

Sagasco Ltd (* SGC)

\$900,000 better off following a 9c-per-share placement in support of US Sacramento Basin commitments.

Meanwhile, a drill rig contract is in place for Dempsey 1-15, due to spud by month's end.

SGC traded at 9.5c – 11.5c last week.

Trading Halts

Company	Code	Resuming
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
Marindi Metals	MZN	11 Jul
Premiere Eastern Energy	PEZ	11 Jul
Race Oncology	RAC	11 Jul
The Hydroponics Company	THC	11 Jul
Toro Energy	TOE	11 Jul

Suspensions (selected)

Company	Code	Since
Black Rock Mining	BKT	5 Jul

**US Data Tonight**

Consumer credit	May
Fed labour market conditions	Jun

Other Overseas Data Today & Tonight

China	CPI	Jun
China	PPI	Jun
Japan	Machinery orders	May
Japan	Bank lending	Jun
Japan	Current account	May
Japan	Eco watchers survey	Jun
Germany	Trade balance	May
Euro zone	Sentix investor confidence	Jul

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European Lithium	EUR	7 Jul
Kibaran Resources	KNL	5 Jul
Lindian Resources	LIN	6 Jul
Magnis Resources	MNS	5 Jul
Novo Lito	NLI	26 Jun
OreCorp Ltd	ORR	5 Jul
Peak Resources	PEK	6 Jul
Tanga Resources	TRL	6 Jul
Wattle Health Australia	WHA	7 Jul

Ex-Dividends

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

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