

Tuesday 10 July 2018

Markets

SFE 200 Futures (9.30am AEST)	6267	27	0.4
NZX 50	9071	9	0.1
DJIA Futures	24824	50	0.2
S&P 500 Futures	2791	3	0.1
NASDAQ Futures	7313	12	0.2

Local Markets Commentary

The Australian market commences today's trade on a further US equities rally, overnight gains for key base metals, political turmoil in the UK, and ahead of influential data today out of China.

In overnight commodities trade, WTI **crude** closed slightly higher, while Brent rallied.

US **gold** futures turned modestly higher.

Iron ore (China port, 62% Fe) settled little changed.

LME **copper, nickel** and **aluminium** rallied.

The **\$A** returned to almost status quo after climbing to US74.60c early yesterday evening before heading yet higher.

Regionally today, China's June CPI and PPI figures are expected **11.30am** AEST.

Locally, NAB's monthly business survey report is due, also at 11.30am AEST.

Pre-trade, a weekly consumer sentiment will be published.

CKF and **MTS** also trade ex-dividend today.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24777	320	1.3
S&P 500	2784	24	0.9
NASDAQ	7756	68	0.9
FTSE 100	7688	70	0.9
DAX 30	12544	48	0.4
Shanghai Comp	2815	68	2.5

Overseas Markets Commentary

US equities markets rallied on open overnight, gains never looking seriously threatened.

Germany's DZX30 chopped throughout trade, however, and the UK's FTSE 100 rallied significantly in late trade.

Financials appeared on favour on perceptions of US economic strength.

In the **UK**, government instability propelled the British pound lower against the \$US and euro, after an initial cabinet resignation had pushed it higher.

Since late Sunday (UK time), the UK's Brexit secretary, his deputy and foreign secretary have resigned.

They are protesting the PM's proposal (delivered to cabinet overnight Friday) for arrangements governing the UK's separation from the European Union.

The ministers claim the plan does not fulfil the spirit of the 'leave' vote, that it offers little that would

China - CPI **11.30am** AEST

Today's Stock Watch

Village Roadshow (VRL)

\$51M fully-underwritten five-for-26, \$1.65-per-share entitlement offer, in support of debt reduction. Anticipating \$88M - \$92M FY 2018 EBITDA. \$166M pre-tax impairment also expected.

VRL is in a trading halt, having traded at \$2.15 - \$2.35 the five sessions previous to calling the halt.

Stockland (SGP)

Revising FY 2018 FFO guidance from 5% - 6.5% growth to 6.5%. SGP says it completed ~6400 settlements in the year to 30 June 2018.

Nearmap Ltd (NEA)

Anticipating record 41% full year annualised contract value (ACV) growth totalling \$66.2M. \$17.5M cash. Planning to publish results 22 August.

Pendal Group (PDL)

FUM rose from \$A99B to \$A100B during the June quarter. FY 2018 performance fees totalled \$6.9M, against \$9.4M for FY 2017.

CCP Technologies (CT1)

Australian patent in hand for CT1's wireless monitoring system.

Regeneus Ltd (RGS)

US patent in hand for the composition and use of Progenza

Medical Developments International (MVP)

Approval in hand for MVP to sell Pentrox in Italy and the Czech Republic. Sales are expected to begin this financial year.

Michael Hill International (MHJ)

3.3% higher revenue achieved for the year to 30 June. Same store sales rose by 0.4%.

MHJ has now closed its business in the US, where same store sales dropped 28.5% for the year.

MHJ appreciated 4.9% yesterday, settling at 97c.

Villa World (VLW)

Anticipating \$42M - \$44M FY 2018 NPAT after targeting \$41.6M. Planning to publish full year results 15 August and to host a webcast presentation commencing 1pm AEST that day. Access details lodged post-trade yesterday.

amaysim Australia (AYS)

The Australian Competition & Consumer Commission (ACCC) is alleging in the Federal Court that AYS subsidiary amaysim Energy (formerly Click Energy) engaged in false or misleading conduct in relation to discount and savings statements associated with Click Energy products.

Click Energy rejects the claims.

Xero Ltd (XRO)

CFO and COO Sankar Narayan plans to leave XRO at the end of the year, in favour of new opportunities. XRO chief accounting officer Kirsty Godfrey-Billy will be CFO from 1 October.

Resources

Centaurus Metals (CTM)

Brazil Itapitanga project test work has delivered 98% Ni and 94% Co.

represent an independent, and hence economically stronger, UK.

In the meantime, in the **euro zone**, a Sentix economic sentiment index moved notably, from 9.3 to 12.2, and following forecasts of just 8.2.

Germany's May exports rose 1.8% for the month and imports 0.7% after a 0.3% pullback for exports in April and 2.2% gain for imports.

The overall May trade surplus came in at €20.3B, against €19.4B at the end of April.

In scant **US** data releases, May consumer credit surprised, rising by \$US24.6B (7.6%) following a \$US10.3B increase in April.

Tonight in the US, a business optimism index and June job openings report are due.

Companies scheduled to report earnings include Ocado and PepsiCo.

In overnight corporate news, **Groupon** was reported to be literally on the market and subsequently gained 10%.

Meanwhile, reports of up to 70M fake and/or suspicious accounts shut down by **Twitter** ultimately pushed the stock ~5% lower.

Digital payments specialist **PayPal Holdings** announced it intended to outlay an annual \$1B - \$3B on acquisitions in the near term, in the meantime selling its consumer credit portfolio for \$US7B to **Synchrony**.

BP was reported to have offered in excess of \$US10B for **BHP Billiton's** US onshore shale assets.

Tesla was revealed to have increased vehicle prices for China over the weekend and **Nissan Motor** admitted to falsifying emission test results.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1260	oz	6	0.3
Silver (NY) (Jul)	16.2	oz	0.1	0.5
Gold (LON)	1255	oz	-0.2	-0.0
Platinum	849	oz	7	0.8
WTI Crude (Aug)	73.85	bbl	0.05	0.1
Brent Crude (Sep)	78.07	bbl	0.96	1.2
Iron Ore (CHN port 62%)	63.9	t	0.1	0.1
Copper (LME, 3mth, PM)	6390	t	108	1.7
Nickel	14215	t	270	1.9
Aluminium	2121	t	41	2.0
Lead	2339	t	7	0.3
Zinc	2705	t	-30	-1.1
Tin	19645	t	320	1.7
CBT Wheat (Jul)	5.06	bshl	-0.09	-1.8

Commodities Commentary

Oil – news that an oil sands plant in Canada would resume operations sooner than anticipated this month, but that full production would not be achieved until later than expected, toyed with overnight WTI prices.

Libya's National Oil Corporation revealed production had dropped ~50% over five months and was currently tallying a daily 527,000bbl.

Gold – prices turned higher overnight, industry analysts citing a cocktail of supporting factors, including bargain-buying, further relative weakness for the \$US in early trade, and broad geopolitical uncertainty.

Spot gold rallied in particular in the UK.

Pre-Open Announcements

Atlas Arteria (* ALX) / Macquarie Group (MQG)

ALX has appointed former Afterpay Touch Group (ASX: APT) CFO Nadine Lennie as ALX CFO-elect, effective 16 July.

ALX is appointing a management team to take over day-to-day business when MQG relinquishes this role.

Fastbrick Robotics (* FBR)

FBR has appointed former Caterpillar strategy and innovation manager Steve Pierz as chief innovation officer.

Mr Pierz has been advising FBR on US business development over the past few months.

SeaLink Travel Group (SLK)

Company secretary Paul Blewett has retired this role, effective Friday last week.

SLK's CFO Andrew Muir continues as company secretary.

Primero Group (* PGX)

Engineering services firm completed its ASX listing yesterday following a \$25M IPO at 40c per share.

Opened at 40c and traded at 39c – 45c before settling at 41c. 3.56M shares were traded across 616 transactions.

144.1M quoted shares.

Resources

Alacer Gold Corporation (* AQG)

Raising oxide production guidance to 110,000oz – 130,000oz, from 70,000oz – 9,000oz, and lowering the oxides AISC to \$US650/oz - \$US700/oz, from \$US750/oz - \$US800/oz.

AVZ Minerals (* AVZ)

Heralding DRC Manono lithium project diamond drilling results, which have extended the known Roche Dure strike length beyond 800m.

Assays lodged this morning.

Collerina Cobalt (CLL)

NSW Collerina project pre-feasibility test work has prompted plans to fast-track high purity alumina production.

Details lodged post-trade yesterday.

Eastern Goldfields (EGS) / Redbank Copper (RCP) / Horseshoe Metals (HOR) / Pegasus Metals (PUN)

Company secretary Shannon Coates resigned effective 30 June. Brendon Morton was appointed the new company secretary of the group of companies.

Perseus Mining (* PRU)

June quarter conference call scheduled to commence 9am AEST Friday (13 July).

The teleconference will also be audio-cast.

All access details lodged post-trade yesterday.

Trading Halts

Company	Code	Resuming
Jayex Healthcare	JHL	10 Jul
Red Sky Energy	ROG	10 Jul
Animoca Brands Corporation	AB1	11 Jul
Collerina Cobalt	CLL	11 Jul
eSports Asia Mogul Asia Pacific	ESH	11 Jul
Galilee Energy	GLL	11 Jul



Base metals – copper rallied overnight, supported by an early softer \$US, after trading at 12-month lows.

In addition, June foreign reserves (\$US3.112 trillion), reported yesterday, came in roughly in line with the May figure and above forecasts.

Further, administrators were reported to have ordered banks to reduce small business loan rates, supporting domestic growth.

China's June CPI and producer prices, due today, are expected to factor in tonight's trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7469	0.0004	0.05
EUR – USD	1.1755	0.0005	0.04

Australian Data Today

ANZ/RMn	Consumer sentiment	8Jul
NAB	Business conditions, confidence	Jun

US Data Tonight

JOLTs job openings	May
NFIB small business optimism	Jun

Other Overseas Data Today & Tonight

China	CPI	Jun
China	PPI	Jun
Japan	Machine tool orders	May
UK	Trade balance	May
UK	Industrial production	May
UK	GDP	MayQ
UK	Construction output	May
Germany	ZEW economic sentiment	Jul
Euro zone	ZEW conditions, sentiment	Jul

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Kopore Metals	KMT	11 Jul
Smartpay Holdings	SMP	11 Jul
Village Roadshow	VRL	11 Jul

Suspensions (select)

Company	Code	Since
Centennial Mining	CTL	25 Jun
Crowdspark Ltd	CSK	6 Jul
Genera Biosystems	GBI	4 Jul
Netlinkz Ltd	NET	4 Jul
Pursuit Minerals	PUR	18 Jun
Tikforce Ltd	TKF	4 Jul
Vector Resources	VEC	6 Jul
WPG Resources	WPG	27 Jun

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
CKF	Today	9	100	3.10
MTS	Today	7	100	4.96
RGWB	Today	33	100	0.00
BEL	Thu	0.5	100	8.70

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