

Friday 10 August 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	<b>6249</b>	<b>10</b>	<b>0.2</b>
<b>NZX 50</b>	8941	1	0.0
<b>DJIA Futures</b>	25473	-20	-0.1
<b>S&amp;P 500 Futures</b>	2851	-3	-0.1
<b>NASDAQ Futures</b>	7462	-13	-0.2

## Local Markets Commentary

The Australian market commences Friday trade with few positives from overnight international trade, ahead of key data out of Japan today and the US and UK tonight.

In overnight commodities trade, **oil** continued lower.

US **gold** futures settled slightly down.

LME **copper** turned and rallied, but **nickel** ended this week's positive run and **aluminium** ultimately also swung lower.

The **\$A** dropped below US73.80c after falling below US74.25c early yesterday evening.

Regionally today, **Japan** is due to reveal June quarter GDP **9.50am** AEST. July producer prices are also anticipated then.

**China** is expected to publish July lending figures anytime from today, but if today, post-ASX trade.

**Locally** today, the Reserve Bank of Australia (**RBA**) publishes a quarterly policy statement **11.30am** AEST.

At the same time, the Australian Bureau of Statistics (**ABS**) releases overall June lending finance.

**JHG** and **TCL** are among stocks trading ex-dividend. Details can be found on p4.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25509	-75	<b>-0.3</b>
<b>S&amp;P 500</b>	2854	-4	<b>-0.1</b>
<b>NASDAQ</b>	7892	3	<b>0.0</b>
<b>FTSE 100</b>	7742	-35	<b>-0.5</b>
<b>DAX 30</b>	12676	43	<b>0.3</b>
<b>Shanghai Comp</b>	2794	50	<b>1.8</b>

## Overseas Markets Commentary

Hesitant and vacillating trade featured across most major European and US equities markets overnight, key indices settling at or near session lows.

Oil continued lower following the previous session's drop, and a US Federal Reserve official ventured perhaps three rate rises this year.

Currencies swung, Russia's rouble and Turkey's lira dropping further against the \$US, respectively to ~two-year and record lows, the lira down as much as 4%.

The European Central Bank (**ECB**) published a bulletin outlining current policy and rationale, highlighting tightening trade relationships as a risk.

**US** July producer prices were predicted to rise 0.2% for the month, but came in flat. The core PPI rose

**Japan** – June quarter GDP **9.50am** AEST

**RBA** – quarterly policy statement **11.30am** AEST

**APOLOGY** – some readers have not been receiving their *Market Opener* recently. State One has identified an ISP issue and is sorting an effective solution.

## Today's Stock Watch

### James Hardie Industries (JHX)

58% higher, \$90.6M June quarter NPAT.  
28% higher, \$US651.0M net sales.

### News Corporation (NWS)

\$US355M June quarter net loss, against a \$US424M loss a year ago. 29% higher, \$US2.69B revenue.  
45% higher, \$US312M EBITDA. Impairments totalled \$US464M. Digital real estate revenue grew 20% to \$US299M, and book publishing revenue by 20% to \$US490M.  
NWS hosted a teleconference commencing 7am AEST.

### REA Group (REA)

62c fully franked final dividend, against 51c a year ago.  
23% higher, \$A253.10M full year NPAT.  
20% higher, \$A807.68M revenue.  
AGM scheduled for 21 November, Melbourne.

### Fonterra Shareholders' Fund (FSF)

Anticipating a fall slightly below, or on par to the lower end of, 25c – 30c previous full year normalised EPS guidance.  
The full year dividend is likely to remain at the 10c already paid to April.  
This is due to Fonterra Co-op lowering the forecast FY 2018 farmgate milk price from \$6.75/kgMS to \$6.70/kgMS.  
Planning to lodge full year results 13 September.

### Bega Cheese (BGA)

The Australian Competition and Consumer Commission (ACCC) has approved BGA's planned purchase of Saputo Dairy Australia's Koroit processing plant, Victoria.

### Baby Bunting (BBN)

29.1% lower, \$8.7M full year NPAT. 9% higher, \$303.1M sales.  
2.5c fully franked final dividend, against 4.3c a year ago. 35c NTA.  
9.8% higher comparable store sales for the first six weeks of FY 2019. Total sales grew 16.5%.  
A teleconference was scheduled to commence 9.30am AEST. Access details lodged this morning.

## Resources

### Rio Tinto (RIO)

Reportedly considering separately listing iron ore assets held in Canada.

### Doray Minerals (DRM)

DRM has resumed underground mining at the WA Deflector gold-copper project. This follows a temporary shutdown following an early-Wednesday morning fire.

## Energy

### AGL Energy (AGL)

Morgan Stanley has reassessed AGL as underweight, from equal-weight.

0.3%, however.

Weekly new unemployment claims defied expectations of another rise, falling by 6000 to 213,000.

A final June wholesale inventories was estimated at a 0.1% rise, from the initial 'unchanged' reading. May inventories grew by 0.3%.

The US treasury conducted an \$US18B 30-year bond auction, yields again slipping, from ~3.7% to 3.1%. This past week, the US government has sold ~\$US78B worth of debt.

Elsewhere, **Pakistan** was reported to have conditionally secured a \$US4B loan from the Islamic Development Bank, headquartered in Jeddah, in part pending the instalment of the new PM.

**Tonight** in the US, July CPI and a monthly budget statement are due.

Companies scheduled to report earnings or provide an update later today and tonight include: Barclays, Daikin, Fuji, Hapag-Lloyd, JC Penney, Lloyds Bank, Mitsui Mining & Smelting and Suzuki.

In overnight corporate news, **Tesla** forfeited 5% amid compliance and funding speculation regarding the founder and CEO's announcement earlier this week that the company could go private.

**Viacom** appreciated 6% after reporting better-than-anticipate quarterly profit but a 4% fall in revenue to \$US3.24B.

Germany's **Thyssenkrupp** fell after reporting a quarterly loss, although despite a previous profit, the result was perceived as better-than-feared by some.

The **microchip** sector suffered after a Morgan Stanley downgrade.

Meanwhile, **vehicle manufacturers** Mazda, Yamaha and Suzuki reportedly admitted (to regulators in Japan) 'improper' conduct relating to fuel economy and emissions testing.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1220</b>	oz	-2	-0.1
<b>Silver (NY) (Sep)</b>	15.5	oz	0.03	0.2
<b>Gold (LON)</b>	1210	oz		
<b>Platinum</b>	831	oz	1	0.1
<b>WTI Crude (Sep)</b>	<b>66.8</b>	bbl	-0.13	-0.2
<b>Brent Crude (Oct)</b>	<b>72.1</b>	bbl	-0.2	-0.4
<b>Iron Ore</b> (CHN port 62%)	<b>69.8</b>	t		0.5
<b>Copper</b> (LME, 3mth, PM)	<b>6225</b>	t	52	0.8
<b>Nickel</b>	13885	t	-165	-1.2
<b>Aluminium</b>	2078	t	-28	-1.3
<b>Lead</b>	2108	t	-29	-1.4
<b>Zinc</b>	2615	t	3	0.1
<b>Tin</b>	19570	t	170	0.9
<b>CBT Wheat (Sep)</b>	<b>5.86</b>	bshl	-0.05	-0.9

### Commodities Commentary

**Oil** – Iran was reported overnight to be reducing its light crude prices for September delivery to Asia.

The Paris-headquartered International Energy Agency's (IEA) monthly oil report is keenly anticipated tonight.

A weekly US petroleum drill rig count is due tonight.

**Gold** – relative \$US strength, and little change in broader influences, prevented prices holding intra-session gains overnight.

### Pre-Open Announcements

#### Magellan Financial Group (MFG)

Credit Suisse has rerated MFG as neutral, from outperform.

#### Valmec Ltd (\* VMX)

Full year grew 41% to \$103M.

Planning to lodge audited results 28 August.

#### Infigen Energy (\* IFN)

Generated 8% more power, totalling 170GWh, during July than a year earlier. Breakdown statistics lodged this morning.

#### Fleetwood Corporation (FWD)

FWD has completed its \$1M Coromal and Windsor caravan brands sale to Apollo Tourism & Leisure.

A transition period follows, during which Apollo with buy from FWD raw materials and finished goods stock.

#### Windlab Ltd (\* WND)

Term sheet agreed with Flow Power for Flow Power's proposed purchase of 50MW of power from WND's planned Lakeland wind farm for up to 10 years.

WND is targeting Lakeland wind farm financial close by the end of October.

#### Meridian Energy (\* MEZ)

July operating statistics lodged this morning, including a year-on-year 1.7% rise in retail sales volumes, despite warmer and/or dryer weather in some regions and a 0.1% slip in New Zealand's overall electricity demand, compared with July 2017.

#### Integrated Research (IRI)

Planning to lodge full year results 16 August (Thursday next week) and to host a conference call that day, commencing 9.30am AEST.

Access details lodged post-trade yesterday.

#### Nick Scali (NCK)

Planning to lodge full year results 16 August (Thursday next week) and to host a conference call that day, commencing 10am AEST.

Access details lodged post-trade yesterday.

NCK has traded lower nine of the past ten trading sessions, settling at \$5.90 yesterday.

### Resources

#### OceanaGold Corporation (\* OGC)

The resource for OGC's New Zealand Martha gold project has been boosted 250% to 2.49Mt @ 4.3g/t Au, for 339,000oz of gold.

The indicated component measures 0.76Mt @ 5.8g/t Au, for 140,000oz.

### Energy

#### Cooper Energy (COE)

Hosting a webcast teleconference 9am AEST Monday after lodging full year results.

Access details lodged post-trade yesterday.

### Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>BBN</b>	Full year
	<b>JHX</b>	Q1



**Base metals** – aluminium settled lower, but had been expected to continue to gain overnight, benefiting from refinery industrial action in Western Australia and Rusal’s new sanctions-related plans to cut some output from as early as next month.

Yesterday, **China** reported July CPI had risen 0.3% for the month, following a 0.1% pull back in June. Year-on-year, July CPI rose 2.1% against 1.9%.

Producer prices rose 4.6% year-on-year, following 4.7% for June.

Meanwhile, **Japan** reported an 8.8% monthly drop in June **machinery orders**, after a 3.7% tumble during May. Year-on-year, the orders were up 0.3%, against 16.5% in May.

Japan’s June quarter **GDP** will be closely analysed today, not least due to a 0.2% reduction for the March quarter, representing a 0.6% annualised shrinking. July producer prices are also due this morning.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7370	-0.0004	-0.06
<b>EUR – USD</b>	1.1520	-0.0008	-0.07

### Australian Data Today

RBA	Quarterly policy statement	Aug
ABS	Lending finance	Jun

### US Data Tonight

CPI	Jul
Budget statement	Jul

### Other Overseas Data Today & Tonight

<b>China</b>	New loans (6pm AEST)	Jul
<b>Japan</b>	GDP (prelim)	Jun Q
Japan	PPI	Jul
Japan	Tertiary industry index	Jun
<b>UK</b>	GDP (prelim)	Jun Q
UK	Trade balance	Jun
UK	Industrial production	Jun
UK	Construction output	Jun

### Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au).

### NWS REA

Jun Q  
Full year

<b>Mon</b>	AZJ	Full year	
	BEN	Full year	
	BSL	Full year	
	COE	Full year	
	DHG	Full year	
	JBH	Full year	
<b>Tue</b>	ANZ	Trading	
	CGF	Full year	
	COH	Full year	
	GPT	Interim	
	NAB	Q3 trading	
	SGF	Full year	
	WHC	Full year	
<b>Wed</b>	DXS	Full year	
	FXJ	Full year	
	HT1	Interim	
	IAG	Full year	
	MGX	Full year	
	MIN	Full year	
	PGH	Full year	
	SEK	Full year	
	VCX	Full year	
	WES	Full year	
	WPL	Interim	
	<b>Thu</b>	ASX	Full year
		BCI	Full year
BLX		Full year	
EHE		Full year	
GOZ		Full year	
GWA		Full year	
ILU		Interim	
IRI		Full year	
IVC		Interim	
IPH		Full year	
NCK		Full year	
ORG		Full year	
OZL		Interim	
QBE	Interim		
SHL	Full year		
TLS	Full year		
XRO	Full year		

### Trading Halts

Company	Code	Resuming
Animoca Brands	AB1	10 Aug
Armour Energy	AJQ	10 Aug
AuStar Gold	AUL	10 Aug
Authorised Investment Fund	AIY	10 Aug
Baraka Energy & Resources	BKP	13 Aug

### Suspensions (select)

Company	Code	Since
Admedus Ltd	AHZ	6 Aug
Auctus Alternative Investments	AVC	7 Aug

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Challenger Energy	CEL	7 Aug
Benjamin Hornigold	BHD	30 Jul
Cape Range	CAG	30 Jul
Connected IO	CIO	19 Jul
Eastern Goldfields	EGS	25 Jul
Indoor Skydive Australia	IDZ	23 Jul
JustKapital Ltd	JKL	19 Jul
Lanka Graphite	LGR	3 Aug
Omni Market Tide	OMT	31 Jul
Queensland Bauxite	QBL	1 Aug
RCR Tomlinson	RCR	1 Aug
Sumatra Copper & Gold	SUM	27 Jul
Syntonic Ltd	SYT	3 Aug
Tikforce Ltd	TKF	24 Jul
Wolf Petroleum	WOF	1 Aug

**Ex-Dividends**

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>BKI</b>	Today	<b>3.7</b>	100	4.60
<b>JHG</b>	Today	<b>36</b>	0	4.60
<b>OCA</b>	Today	<b>2.03</b>	0	3.58
<b>TCL</b>	Today	<b>28</b>	8.92	tbc
RKN	Tue	3	100	3.03
CBA	Wed	231	100	5.72
GMA	Wed	12	100	7.12
RMD	Wed	3.51	0	0.91
TAH	Wed	10	100	4.23
GUD	Thu	28	100	3.39
PL8	Thu	0.5	100	5.45