

Markets

SFE 200 Futures (9.30am AEST)	6635	5	0.1
NZX 50	10664	15	0.1
DJIA Futures	26871	11	0.0
S&P 500 Futures	2998	0	0.0
NASDAQ Futures	7928	0	0.0

Local Markets Commentary

The Australian market commences today's trade on an overnight boost for expectations of another US rate cut, plus strong price rallies for key commodities, ahead of a set of influential material domestic reports today, and material reports and data out of the euro zone, UK, and US later today and tonight.

Locally today, **May lending finance** (including for property purchases) is due from the Australian Bureau of Statistics **11.30am AEST**.

Also this morning (11am AEST), the Melbourne Institute publishes its monthly **inflation expectations** report, and the Reserve Bank of Australia (RBA) two **research discussion papers**.

Tonight (11.10pm AEST), RBA **deputy governor** Guy Debelle is speaking publicly, via video link at an FX Week conference in New York.

Regionally, **China's** June foreign direct investment is due anytime from today.

In overnight commodities trade, **oil** and US **gold** futures (August) rallied.

Iron ore (China port, 62% Fe) turned lower.

LME **copper** swung higher and rallied. **Nickel** and **aluminium** also posted strong gains.

The **\$A** appreciated to ~US69.60c after trading at US69.25c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26860	77	0.3
S&P 500	2993	13	0.5
NASDAQ	8203	61	0.8
FTSE 100	7531	-6	-0.1
DAX 30	12373	-63	-0.5
Shanghai Comp	2915	-13	-0.4

Overseas Markets Commentary

Volatile trade featured across major European equities markets overnight, amid new growth forecasts and a set of key data updates for the UK.

While US indices opened with decisive gains, some chop subsequently ensued.

* Finance listing **midday AEST – QFE ***

Today's Stock Watch

Australia & New Zealand Banking Group (ANZ)

APRA is requiring ANZ to boost capital by \$500M from 30 September, in order to cover operational risk. ANZ says this represents a 0.18% common equity tier 1 (CET1) increase.

Infigen Energy (IFN)

June quarter output sales grew 18% year-on-year to 129GWh. IFN sold 1683GWh during FY 2019, 14% more than for FY 2018.

Infratil Ltd (IFT)

New Zealand Commerce Commission approval in hand for Brookfield Asset Management's proposed acquisition to acquire Vodafone New Zealand from Vodafone Group Plc. Overseas Investment Office approval remains outstanding but completion is anticipated within two months.

Netwealth Group (NWL)

\$23.3B FUM as at 30 June, up 10.8% for the quarter and 29.9% for the year.

Kleos Space (KSS)

Commercial channel partner agreement secured with L3Harris Technologies, under which L3Harris will market KSS products to US government agencies. Essentially, L3Harris will place KKS products on their GSA (US government contract) 'Earth Observation Solutions' schedule.

Monash IVF Solutions (MVF)

Acquiring Queensland company Fertility Solutions for an initial \$2.1M plus potential earn-outs over four years. Fertility Solutions owns a clinic on the Sunshine Coast and one in Bundaberg and boasts six fertility specialists. MVF proposes to fund the purchase via cash flows. MVF recouped 4.49% yesterday, settling at \$1.395.

QuickFee Ltd (* QFE)

Finance provision and payment specialist scheduled to list midday AEST, following a \$13.5M IPO at 20c per share. ~127.2M listed shares. ~29.9M shares will be escrowed until 5 July 2021.

Energy

Cooper Energy (COE)

Three year 7.6PJ Sole gas supply agreement secured with Visy. Supply commences January 2020 and may be extended for three years beyond 2023. COE plans to process Sole gas at the Orbest plant, currently undergoing an upgrade by APA Group (ASX: APA).



During much-anticipated testimony to a US House of Representatives financial services committee, **US Federal Reserve** chair Jerome Powell indicated that another rate reduction was possible late-July.

Mr Powell pointed to uncertainty regarding international economic growth and trade, citing data releases for the euro zone and China since the June FOMC meeting.

However, Mr Powell stated the central bank generally based its outlook on expectations that US economic growth to 'remain solid'. Later, the release of June Federal Reserve policy meeting minutes also revealed a bent towards likely further rate reductions.

A quarterly forecasts report from the European Commission reduced the 2020 **euro zone** growth prediction from 1.5% to 1.4%, but maintained this year's estimate of 1.2% growth, from 1.9% for 2018.

The euro zone's 2019 and 2020 CPI growth forecasts were each revised to 1.3% from 1.4%.

Earlier, among a swag of better-than-feared **UK** data releases, the May trade deficit was estimated at £2.324B from £3.716B at the end of April.

Industrial production rose 1.4% for the month following a 2.9% April drop. Year-on-year, output was 0.9% higher.

May GDP growth came in at 0.3% after falling by 0.4% in April. Year-on-year, GDP grew 1.5%.

In the **US**, May wholesale inventories were reported 0.4% higher for May following a 0.8% April rise.

Weekly mortgage applications fell 2.4%, despite 30-year mortgage rates falling to 4.04% from 4.07%, but amid the wait for any US Federal Reserve commentary on the latest US employment statistics. Applications had slipped 0.1% the previous week.

Tonight in the US, the Federal Reserve chair meets with a Senate banking committee.

A June CPI estimate is also due for release, more keenly anticipated following the Fed Reserve's comments overnight that persistent soft inflation supported a bent to 'accommodative policy'.

US weekly new unemployment claims and the national June budget statement are also due tonight.

All up, the \$US is not expected to trade flat.

Elsewhere, the **European Central Bank** (ECB) publishes the minutes of its June policy meeting, and the **Bank of England** the report of its latest financial stability review.

In overnight corporate news, the general retail mood remained sombre with **Levi Strauss** warning of an expected sales slowdown for the remainder of the year. The stock was subsequently pushed 12% lower.

Tesla rose ~4% following reports of a planned electric vehicle production boost in California.

Amazon also supported overall sentiment and gains, trading above \$US2000 for the first time.

Pre-Open Announcements

MGC Pharmaceuticals (* MXC)

June quarter revenue reached \$A763,000.

Operational summary plus cash flow lodged this morning.

DigitalX Ltd (* DCC)

DCC has appointed Steinepreis Paganin partner Toby Hicks as non-executive chairman, effective immediately.

Mr Hicks replaces Peter Rubinstein, who is remaining with DCC as a non-executive director.

Michael Hill International (MHJ)

June quarter sales declined 0.8% year-on-year.

Same store sales rose by 0.1%.

Planning to lodge full year results plus a strategy update 16 August.

Prescient Therapeutics (PTX)

Commencing a phase 1b clinical trial for the planned anti-cancer treatment PTX-100.

PTX is targeting the optimal dose for each of several types of cancer.

Yellow Brick Road (YBR)

Proposing to sell the company's 50% holding in Smarter Money Investments to a Coolabah Capital Investments shareholder. Coolabah owns the other 50% of Smarter Money.

Consideration is \$7.5M cash, comprising \$5M on completion of the deal, \$2M a year later, and \$500,000 after a further six months.

Meridian Energy (MEZ)

June New Zealand retail sales volumes rose 9.1% year-on-year.

Additional June operational statistics lodged this morning, against a 1.9% year-on-year fall in New Zealand's overall electricity demand.

CropLogic Ltd (CLI)

Proposing to issue up to 10M performance rights to CLI management, the total number of rights including the previously-disclosed 2.25M to CEO James Cooper-Jones.

In addition, CLI will ask shareholders to approve the issue of up to 10M options, with a 6c-per-share exercise price, to CLI non-executive directors.

CLI has traded at 5.3c – 6.7c Monday through Wednesday this week.

The company closed out FY 2019 at 4.7c but has gained for six of the past eight trading sessions since then, yesterday settling at 6.7c.

HGL Ltd (HGL)

HGL has decided against acquiring 60% of Rise Above Custom Drone Solutions after determining some of the conditions precedent outlined in the relevant HoA could not be satisfied.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1412.5	oz	12	0.9
Silver (NY) (Sep)	15.226	oz	0.079	0.5



Gold (LON)	1408	oz	17	1.2
Platinum	825	oz	15	1.9
WTI Crude (Aug)	60.43	bbl	2.6	4.5
Brent Crude (Sep)	67.01	bbl	2.85	4.4
Iron Ore (CHN port 62%)	120.84	t	-0.5	-0.4
Copper (LME,3mth,PM)	5966	t	144	2.5
Nickel	13010	t	275	2.2
Aluminium	1852	t	32	1.8
Lead	1963	t	34	1.8
Zinc	2404	t	39	1.6
Tin	18195	t	-40	-0.2
CBT Wheat (Jul)	5.04	bshl	0.01	0.2

Commodities Commentary

Oil – new US data, the US Federal Reserve chair's comments and a pending Gulf of Mexico tropical storm supported strong overnight price rallies for both WTI and Brent crude.

The \$US fell on indications the Federal Reserve could contemplate another rate reduction late this month.

In the wake of forecasts of a tropical storm in the **Gulf of Mexico** region from tonight through the weekend, companies commenced evacuations from at least 15 offshore platforms, effecting by late-morning central time the shut-in of ~32% of oil regional production and 18% of natural gas output. Heavy rain also reached the Louisiana coast.

The EIA's weekly US petroleum **inventories** report, published overnight, included a 9.499MMbbl fall in stored crude, against the previous week's 1.085MMbbl net draw.

Petrol stocks fell by 1.5MMbbl in the run-up to peak summer holiday season.

Crude production rose by a daily 100,000bbl to 12.3MMbbl/d. Daily net crude imports declined by 341,000bbl.

OPEC publishes its monthly report tonight. The International Energy Agency (IEA) is due to release a monthly report tomorrow night.

Gold – US Federal Reserve chair Jerome Powell's meeting with a House of Representatives financial services committee pushed the \$US lower by raising expectations of a rate reduction later this month.

This supported gold sentiment, together with better-than-expected GDP, industrial production and trade figures from the UK.

Base metals – overnight LME trade was supported by a \$US pullback, key metals rallying despite some less-than-encouraging China data.

Some overnight *nickel* trade may have also been supported by an International Nickel Study Group estimate of a 27,200t January-April global deficit.

However, Indonesia had also confirmed expectations of a 3.9Mt rise in annual processing capacity due to the scheduled start-up of three nickel smelters before years' end.

Additional *aluminium* support could have come from confirmation of the closure yesterday of the only aluminium smelter in Bosnia.

In China, new *aluminium* and *copper* scrap import quotas were revealed.

Resources

Bellevue Gold (* BGL)

Bellevue gold project resources have grown 17% in contained gold to 5.0Mt @ 11.1g/t Au for 1.8Moz of gold.

BGL dropped 6.8% yesterday following a 2.2% decline Tuesday.

Caeneus Minerals (CAD)

Based on CAD geological assessments conducted in 2018, the CAD board decided to put on the hold the laboratory work required for Supply Well project samples sent for assaying and analysis to ALS Global.

Work had indicated that mineralisation within the area from which the samples came was not prospective and hence immaterial, and that CAD ought not have the assays completed until the company could raise sufficient funds to proceed with additional Supply Well project work.

CAD outlined the above information in an update earlier this week and in a response to a subsequent 'aware' query from the ASX.

Troy Resources (* TRY)

TRY has received notice from 173 shareholders together holding a combined 5% of TRY shares, requesting a meeting to remove the non-executive chairman and to reduce, from \$800,000 to \$200,000, the maximum aggregate fees paid to non-executive directors.

Details lodged post-trade yesterday.

Energy

Berkeley Energia (* BKY)

MD and CEO Paul Atherley has resigned.

BKY plans to move its head office to Madrid and to recruit a MD and CEO in Spain.

Meanwhile, BKY non-executive director Robert Behets will be acting MD from today.

BKY COO Francisco Bellón, located in Spain, will assist Mr Behets.

Trading Halts

Company	Code	Resuming
Elixir Energy	EXR	11 Jul
Peel Mining	PEX	12 Jul

Suspensions (select)

Company	Code	Since
Cycliq Group	CYQ	9 Jul
Golden Rim Resources	GMR	1 Jul
Mindax Ltd	MDX	26 Jun
Titan Minerals	TTM	28 Jun



In the meantime, force majeure would be extended for the South Australia Port Pirie *lead* and *zinc* smelter, Nystar revealed.

China's June CPI reported yesterday, represented 0.1% deflation for the month, following 0.1% May growth. Year-on-year, June inflation was 2.7% higher, the same as for May.

June producer prices came in flat, following a 0.6% May rise.

Also yesterday, **Japan** reported a 0.5% drop in June producer prices after a 0.1% May decline. Prices were 0.1% lower year-on-year.

China's June trade figures are due tomorrow.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6962	0.0002	0.02
EUR – USD	1.1258	0.0008	0.07

Australian Data Today

Melb Institute	Inflation expectations	Jul
ABS	Lending finance	May

US Data Tonight

CPI	Jun
Initial jobless claims	6 Jul
Treasury budget statement	Jun

Other Overseas Data Today & Tonight

<i>China</i>	<i>FDI</i>	Jun
Japan	Tertiary industry index	May
UK	BoE financial stability	Jul
Germany	CPI (final)	Jun
Euro zone	Policy meeting minutes	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

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This market opener and its contents always remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed, and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.