

Tuesday 12 June 2018

Markets

SFE 200 Futures (9.30am AEDST)	6078	27	0.4
NZX 50	8931	-28	-0.3
DJIA Futures	25322	6	0.1
S&P 500 Futures	2782	3	0.1
NASDAQ Futures	7659	14	0.2

Local Markets Commentary

The Australian market opened this morning after a public holiday with all global market eyes on Singapore and the summit between U.S. President Donald Trump and North Korean leader, Kim Jong Un.

The ASX was set to open higher, taking its cue from overseas markets.

U.S. stocks held steady in anticipation of the Singapore outcome, dismissing President Trump's clash with traditional allies at the G-7 meeting over the weekend and the increased looming threat of a trade war between the United States and Canada and Europe.

According to CNBC Chinese stocks will be the big winner should the U.S. and North Korea reach an agreement on denuclearisation. By contrast, European stocks are predicted to bear the brunt of any failure to reach an accord.

The Dow Jones industrial average fell 7 points weighed down by contraction in McDonalds and 3M, but the S&P500 rose 0.1% largely due to gains in telecommunications.

In overnight commodities trade, **gold** was virtually unchanged as an element of uncertainty punctuated markets ahead of the historic U.S.-North Korean meeting.

US **gold** futures settled slightly higher.

Telecommunications company Vonex will list on the ASX at 12PM AEST on 13 June 2018. State One was underwriter and lead manager for the IPO.

Oil was trading just below \$65 a barrel as reports indicated Russia had boosted crude supply to its highest in 14 months and was losing its appetite to oil supply cut agreements made with OPEC.

Iron ore spot prices fell 1% on Monday to \$66.75 a tonne, ending a four-session winning streak. LME **copper** extended this week's rally. **Nickel** and **aluminium** fell.

The **\$A** inched higher on Monday ahead of pre-positioning for major political events and was trading at 0.76 to the US\$ at press-time.

ASX – closed Monday

Today's trades will settle Wednesday 13 June
Yesterday's settle Tuesday 12 June

This week's Stock Watch

Tabcorp Holdings (TAH) / News Corporation (NWS)

TAH is looking to offload the US Sun Bets business. The group has discussed this with Sun Bets partner and News Corp subsidiary News UK.

Bubs Australia (BUB)

Binding manufacturing agreement secured with Australia Deloraine Dairy, ahead of potential China Food & Drug Administration registration.

Australia Deloraine Dairy holds one of 15 licenced facilities in Australia authorised by the Certification & Accreditation Administration of the People's Republic of China for the production of infant formula suitable for exporting to China.

Platinum Asset Management (PTM)

\$27.75B FUM as at 31 May, against \$28.00B at the end of April.

Wesfarmers Ltd (WES)

Credit Suisse has re-rated WES as neutral, from outperform.

Cleanaway Waste Management (CWY)

Morgans has cancelled a CWY add recommendation, replacing it with hold advice.

Accent Group (AX1)

Morgans has placed a 'reduce' on AX1, removing previous hold advice.

Inghams Group (ING)

Macquarie has re-rated ING as neutral, from outperform.

Resources

Rio Tinto (RIO)

RIO's 50:50 China JV with Minmetals has been formalised and now awaits regulatory approvals.

Rio and Minmetals will each initially contribute ~\$US5.5M to the partnership.

OZ Minerals (OZL) / Avanco Resources (AVB)

OZL has waived all outstanding defeating conditions of its offer for AVB, with the offer declared unconditional.

The offer is due to close 14 June (Thursday next week) and the 8.5c cash-plus-0.009 OZL shares consideration is final.

OZL says it has secured commitments and acceptances totalling 46.6% of AVB.

Energy

TerraCom Ltd (TER)

Anticipating a strong close to FY 2018, given June quarter Blair Athol thermal coal sale volumes and prices have been secured in line with forecasts. In addition, 520,000t will be sold during the September quarter at a mean \$US92/t. Sales are expected to be secured for a further 130,000t 'in coming weeks'.

June quarter S&P/ASX indices re-balance

The following changes will be effected from commencement of trade **18 June**:

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25322	6	0.0
S&P 500	2782	3	0.1
NASDAQ	7659	14	0.2
FTSE 100	7737	56	0.7
DAX 30	12842	76	0.6
Shanghai Comp	3052	-14	-0.5

Overseas Markets Commentary

The **Stoxx 600** closed up 0.8% led by the Italian index, rising 3.5% as the top performing market in Europe.

This followed positive-Euro comments made by Italian Finance Minister Giovanni Tria that pushed Italian banks **Intesa Sanpaolo**, **UniCredit** and **Monte Dei Paschi** to close at over 6%.

Most European sectors were up with banking stocks closing 1.9% in anticipation of monetary tightening this week.

The car industry closed down by 0.3%, however, with the fallout from German media reports claiming that up to one million cars contain an emissions cheating device continuing. **Daimler** closed 0.9% lower.

British telecommunications company **Inmarsat** closed 12.7% up on news that it had rejected an offer from Echostar.

Bitcoin crashed to two-month lows amid increasing security concerns over cryptocurrencies after South Korea's **Coinrail** revealed that it had been hacked over the weekend.

Coinrail said on Monday that a "cyber intrusion" had caused a loss of about 30% of its virtual coins. South Korea's **Yonhap** reported that about US\$37.28 million worth of virtual coins had been stolen.

Reuters reported that **Bitcoin** last traded at \$6,790.88 on the Luxembourg-based Bitstamp, bitcoin BTC=BTSP, down 10.8% from Friday and 65% from all-time highs of mid-December 2017.

While Coinrail is a small South Korean cryptocurrency exchange, over half-a-billion dollars of digital currency was stolen from Japan cryptocurrency exchange **Coincheck** earlier this year. And in December South Korean cryptocurrency exchange **Yobit** filed for bankruptcy as a result of twice being hacked.

Coinrail has suspended trading and said it was fully cooperating with police investigation the theft.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1304	oz	1.7	0.1
Silver (NY) (May)	16.9	oz	0.21	1.3
Gold (LON)	1298	oz	1	0.0
Platinum	904	oz	-1	-0.1
WTI Crude (Jul)	66.07	bbl	0.33	0.5
Brent Crude (Jul)	76.4	bbl	0.00	0.0
Iron Ore (CHN port 62%)	67.00	t	0.0	0.0
Copper (LME,3m,pm)	7255	t	-68.5	-0.78
Nickel	15222	t	-133	-0.9
Aluminium	2301	t	2	0.0
Lead	2475	t	9	0.4
Zinc	3232	t	6.25	0.2

S&P/ASX 20

Out: AMP

In: AMC

S&P/ASX 50

Out: IPL

In: COH

S&P/ASX 100

Out: GNC

In: WHC

S&P/ASX 200

Out: AHY, INM, RFG

In: APT, APX, ING

S&P/ASX All Australian 200

Out: AAC, MYR, RFG

In: BIN, CLQ, KDR

Trading Halts

Company	Code	Resuming
Hexagon Resources	HXG	12 Jun
Property Connect Holdings	PCH	12 Jun
Rex Minerals	RXM	12 Jun
WestStar Industrial	WSI	12 Jun
Fatfish Internet Group	FFG	14 Jun
Elixir Petroleum	EXR	14 Jun
Nova Minerals	NVA	14 Jun
Wattle Health	WHA	14 Jun
Volt Resources	VRC	14 Jun

Suspensions (select)

Company	Code	Since
HearMeOut Ltd	HMO	21 May
Lion Energy	LIO	7 Jun
Mobilarm Ltd	MBO	30 May
Murray River Organics Group	MRG	4 Jun
Talisman Mining	TLM	5 Jun
Winmar Resources	WFE	7 Jun

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
CIE	Today	1.6	50	8.74
EVO	Today	1.84	0	6.89
CIM	Wed	75	100	3.18
INM	Thu	54.38	0	4.63
JIN	Thu	8	100	2.67
PL8	Thu	0.5	100	4.12
GTK	Fri	4.6	8.49	1.87

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Tin	21325	t	350	1.7
CBT Wheat (Jul)	5.27	bshl	0.07	1.3

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7608	-0.0003	-0.03
EUR – USD	1.1783	-0.0002	-0.01

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