

## Markets

|                                      |             |           |            |
|--------------------------------------|-------------|-----------|------------|
| <b>SFE 200 Futures</b> (9.30am AEST) | <b>5652</b> | <b>27</b> | <b>0.5</b> |
| <b>NZX 50</b>                        | 7620        | 34        | 0.5        |
| <b>DJIA Futures</b>                  | 21489       | 6         | 0.0        |
| <b>S&amp;P 500 Futures</b>           | 2442        | 2         | 0.1        |
| <b>NASDAQ Futures</b>                | 5790        | 4         | 0.1        |

## Local Markets Commentary

The Australian market commences today's trade ahead of influential data out of China and following positive overnight international equities sentiment.

In overnight commodities trade, **oil** continued higher. US **gold** futures achieved additional moderate gains. LME **copper** also topped Tuesday's settlement. **Iron ore** swung lower.

The **\$A** continued to appreciate, after being pushed beyond US76.50c yesterday evening.

**China** is expected to report June trade figures **midday AEST**.

Locally today, the Melbourne Institute publishes its monthly inflation expectations report and the ABS May lending figures.

## Overseas Markets

| INDEX                | CLOSE        | +/- | %           |
|----------------------|--------------|-----|-------------|
| <b>Dow Jones</b>     | <b>21532</b> | 123 | <b>0.6</b>  |
| <b>S&amp;P 500</b>   | 2443         | 18  | <b>0.7</b>  |
| <b>NASDAQ</b>        | 6261         | 68  | <b>1.1</b>  |
| <b>FTSE 100</b>      | 7417         | 87  | <b>1.2</b>  |
| <b>DAX 30</b>        | 12627        | 190 | <b>1.5</b>  |
| <b>Shanghai Comp</b> | 3198         | -5  | <b>-0.2</b> |

## Overseas Markets Commentary

Major European and US equities markets rallied from open overnight, European indices increasing their gains in second-half trade amid several central bank pronouncements and subsequent currency and bond yield swings.

In the **US**, **Federal Reserve** chair Janet Yellen commenced two days of parliamentary committee testimony, indicating a reluctance to forge ahead with any series of rate rises to historical heights.

Further policy intentions remained flexible and all change would be considered and well-moderated, Ms Yellen assured.

The **Bank of Canada** raised its overnight lending rate for the first time since 2010. The rate was increased by 0.25% to 0.75%.

Meanwhile, **Bank of England** deputy governor Ben Broadbent confirmed no UK rate rise was on the near-term horizon.

In new data releases, the (US) Federal Reserve's six-weekly 12-region-by-region economic summary 'beige book' indicated modest wages and inflation growth across each district.

Weekly (new) mortgage applications fell 2.5%.

In the **euro zone**, May industrial production improved 4% year-on-year, exceeding forecasts by 0.4% and following a 1.2% rise in April.

## China – June trade statistics anticipated **midday AEST**

## Today's Stock Watch

### Westpac Banking Corporation (WBC) / Commonwealth Bank of Australia (CBA)

Goldman Sachs has placed a buy on WBC, cancelling CBA buy advice in favour of a neutral rating.

### Pushpay Holdings (PPH)

Resuming from a trading halt having completed a \$NZ1.51-per-share book-build for the \$US25M private placement in support of growth plans.

PPH chairman Bruce Gordon has participated, his interests gaining 149,007 additional PPH shares.

PPH last traded on the ASX at \$1.59.

### Wattle Health Australia (WHA)

China-accredited WHA baby formula product distribution partnership secured with Tesco Lotus Supermarket Co in China.

### IVE Group (IGL)

Four-year agreement secured with Pacific Magazines covering all Pacific Magazines regular masthead production via IVE, Blue Star WEB and Franklin WEB.

Most mastheads will transition to IVE from mid-October, and *New Idea* and *Better Homes & Gardens* will transition in January 2018.

### Oliver's Real Food (OLI)

Acquiring Sexie Coffie, located on the Bruce Highway, Maryborough, Queensland for \$2.2M. Consideration covers the freehold property plus the business. Completion is anticipated 1 September.

OLI completed its ASX listing 21 June, following a 20c-per-share IPO and has traded at 19c – 36c, yesterday settling at 33.5c.

### Brierty Ltd (BYL) / Rio Tinto (RIO)

BYL will recommence mining at RIO's Western Turner syncline stage two project next week.

BYL will utilise an additional \$6M facility secured with Bankwest. The facility was granted on the condition of RIO approval for BYL to commence rectification work.

## Resources

### Northern Star Resources (NST)

Produced 514,735oz of gold during the year to 30 June, at a \$A1013/oz AISC. Sold 147,728oz at \$A1673/oz.

June quarter production totalled a record 154,166oz, at a \$A938/oz AISC. Sold 147,728oz during the quarter, at \$A1681/oz.

\$447.2M total cash, bullion and investments as at 30 June.

### Cardinal Resources (CDV)

Ghana Namdini project mining licence in hand.

## Energy

### Whitehaven Coal (WHC)

Produced 20.78Mt of saleable coal during the year to 30 June, representing a 6% increase on FY 2016. Sold 3% more coal, totalling 20.67Mt. Anticipating FY 2017 costs to come in at ~\$2/t higher than for FY 2016.

Produced 6.6Mt of coal and 5.5Mt of saleable coal during the June quarter, 18% and 7% respective year-on-year increases.

**UK** weekly earnings growth slowed to 1.8% year-on-year from 2.1%. Unemployment was estimated at 4.5%, a 42-year low.

**Tonight** in the US, Federal Reserve chair Janet Yellen meets with a Senate banking panel.

Among US data releases, weekly new unemployment claims and June producer prices are due.

In overnight corporate news, the **Royal Bank of Scotland** settled with the (US) Federal Housing Finance Agency, paying \$US5.5B in relation to mortgage-backed securities (RBS) business pre-2008.

**Google** (owned by **Alphabet**) secured a French court win, reversing a demand for €1.1B worth of back-tax.

### Commodities

| COMMODITY                      | CLOSE       | \$US/ | +/-   | %    |
|--------------------------------|-------------|-------|-------|------|
| <b>Gold (NY) (Aug)</b>         | <b>1219</b> | oz    | 4     | 0.4  |
| <b>Silver (NY) (Jul)</b>       | 15.9        | oz    | 0.1   | 0.9  |
| <b>Gold (LON)</b>              | 1219        | oz    | 8     | 0.6  |
| <b>Platinum</b>                | 915         | oz    | 14    | 1.6  |
| <b>WTI Crude (Aug)</b>         | <b>45.5</b> | bbl   | 0.5   | 1.0  |
| <b>Brent Crude (Aug)</b>       | <b>47.7</b> | bbl   | 0.2   | 0.5  |
| <b>Iron Ore</b> (CHN port 62%) | <b>64.1</b> | t     | -1.3  | -2.1 |
| <b>Copper</b>                  | <b>5905</b> | t     | 30    | 0.5  |
| <b>Nickel</b>                  | 9205        | t     | 75    | 0.8  |
| <b>Aluminium</b>               | 1889        | t     | -11   | -0.6 |
| <b>Lead</b>                    | 2327        | t     | 22    | 1.0  |
| <b>Zinc</b>                    | 2833        | t     | 13    | 0.4  |
| <b>Tin</b>                     | 19900       | t     | 125   | 0.6  |
| <b>CBT Wheat (Sep)</b>         | <b>5.37</b> | bshl  | -0.16 | -2.9 |

### Commodities Commentary

**Oil** – choppy trade again reported, prices settling below session peaks.

The US weekly petroleum inventories report by the EIA estimated a 7.6MMbbl drawdown for crude stocks. Stored petrol fell by 1.6MMbbl.

An OPEC monthly report suggested daily June production of 32.61MMbbl had exceeded forecast demand, representing a 393,000bb/d rise on May output.

The organisation also cut its 2018 demand prediction to a daily 32.2MMbbl, representing a 60,000bb/d fall from this year.

OPEC expects non-OPEC members will produce 1.14MMbbl more each day during 2018 than this year, during which annual output growth is expected to come in at a daily 800,000bbl.

OPEC was reported to be planning a special meeting Monday next week, ahead of the scheduled 24 July one in St Petersburg.

The International Energy Association (**IEA**) is scheduled to release its July oil market report tonight.

A private group has claimed, in the meantime, a large Gulf of Mexico oil find.

**Gold** – what appeared as a more cautious approach by US Federal Reserve chair Janet Yellen pushed the \$US lower and helped support overnight gold futures to a third consecutive higher settlement.

**Base metals** – pushed and pulled overnight by monetary policy considerations and currency swings.

China's June trade figures, due today, will influence

## Pre-Open Announcements

### IRESS Ltd (IRE) / MainstreamBPO Ltd (MAI)

IRE is selling part of its superannuation administration business to MAI.

IRE says the assets, relating to customer-owned bank services, contributed an annualised \$300,000 of segment profit.

### Updater Inc (UPD)

11% US market penetration achieved during the June quarter, with regards to processed (household) moves. This represented a 29% improvement for the quarter.

## Resources

### Base Resources (BSE)

Produced 232,574t of heavy mineral concentrate during the June quarter. Achieved \$297/t of revenue. \$US98.5M net debt.

### Saracen Mineral Holdings (SAR)

WA Carosue Dam and Thunderbox high-grade and/or significant width drilling intersections lodged this morning.

Expecting to update reserves and resources in early August.

## Energy

### Sundance Energy (\* SEA)

Expecting to report daily 6200boe – 6300boe production for the June quarter, 14% beyond guidance.

### Trading Halts

| Company            | Code | Resuming |
|--------------------|------|----------|
| Clancy Exploration | CLY  | 13 Jul   |
| Centaurus Metals   | CTM  | 14 Jul   |
| Eastern Goldfields | EGS  | 14 Jul   |
| FE Ltd             | FEL  | 14 Jul   |
| Graphex Mining     | GPX  | 14 Jul   |
| Musgrave Minerals  | MGV  | 14 Jul   |

### Suspensions (selected)

| Company                       | Code | Since  |
|-------------------------------|------|--------|
| Baralaba Coal Company         | BCL  | 10 Jul |
| Bellamy's Australia           | BAL  | 11 Jul |
| Coventry Resources            | CYY  | 12 Jul |
| European Lithium              | EUR  | 7 Jul  |
| Magnis Resources              | MNS  | 5 Jul  |
| Magnum Gas & Power            | MPE  | 12 Jul |
| MSM Corporation International | MSM  | 12 Jul |
| Novo Latio                    | NLI  | 26 Jun |
| Peak Resources                | PEK  | 6 Jul  |
| Premiere Eastern Energy       | PEZ  | 11 Jul |

### Ex-Dividends

| Code | Ex-Div | Div (c) | Fr (%) | Yield (%) |
|------|--------|---------|--------|-----------|
| 8IH  | 18 Jul | 0.25    | 0      | 1.59      |
| EZL  | 18 Jul | 5.5     | 100    | 6.78      |



tonight's trade.

**Exchange Rates**

| CURRENCIES       | LAST   | +/-    | %    |
|------------------|--------|--------|------|
| <b>AUD – USD</b> | 0.7678 | 0.0001 | 0.02 |
| <b>EUR – USD</b> | 1.1417 | 0.0005 | 0.04 |

**Australian Data Today**

|           |                        |     |
|-----------|------------------------|-----|
| Melb Inst | Inflation expectations | Jul |
| ABS       | Lending finance        | May |

**US Data Tonight**

|                        |       |
|------------------------|-------|
| Producer prices        | Jun   |
| Initial jobless claims | 8 Jul |
| Budget statement       | Jun   |

**Other Overseas Data Today & Tonight**

|                |                   |     |
|----------------|-------------------|-----|
| <b>China</b>   | Trade balance     | Jun |
| <i>China</i>   | FDI               | Jun |
| <b>UK</b>      | RICS house prices | Jun |
| <b>Germany</b> | CPI (final)       | 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).

**Reports & Events**

(selected scheduled)

| When          | Company    | Report/Event |
|---------------|------------|--------------|
| <b>Today</b>  | <b>NST</b> | Jun Q        |
|               | <b>WHC</b> | Jun Q        |
| <b>Tue</b>    | ORE        | Jun Q        |
|               | PDN        | Jun Q        |
|               | RIO        | Jun Q        |
|               | SAR        | Jun Q        |
| <b>Wed</b>    | AZJ        | Jun Q        |
|               | BHP        | Jun Q        |
|               | RSG        | Jun Q        |
|               | SXY        | Jun Q        |
| <b>20 Jul</b> | ALQ        | AGM          |

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