

Friday 13 July 2018

Markets

SFE 200 Futures (9.30am AEST)	6241	24	0.4
NZX 50	9010	25	0.3
DJIA Futures	24914	20	0.1
S&P 500 Futures	2800	1	0.0
NASDAQ Futures	7391	8	0.1

Local Markets Commentary

The Australian market opens Friday trade on generally improved overnight international equities and commodities sentiment, ahead of China's latest trade figures.

Post-ASX trade yesterday, China reported a 1.1% year-on-year rise in foreign direct investment (FDI), against a 1.3% increase in May.

China's June trade balance is scheduled for release today at **1pm AEST**.

In overnight commodities trade, **WTI crude** continued lower, but **Brent** swung to a gain.

US **gold** futures turned a little higher.

Iron ore (China port, 62% Fe) also swung higher.

LME **copper** and **nickel** traded likewise, but **aluminium** was pushed yet lower.

The **\$A** reached US74.0c after rising to ~US73.80c early yesterday evening.

Locally today, comprehensive May lending finance figures are expected from the Australian Bureau of Statistics.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24925	224	0.9
S&P 500	2798	24	0.9
NASDAQ	7824	107	1.4
FTSE 100	7651	59	0.8
DAX 30	12493	76	0.6
Shanghai Comp	2838	60	2.2

Overseas Markets Commentary

Major European and US equities markets bounced overnight, mostly closing at or near session highs, the \$US remaining strong against traditional safe havens - Japan's yen and Switzerland's franc.

The industrial sector returned to favour in general, and high-profile stocks, including Amazon, Facebook and Microsoft, were pushed to new record peaks.

At the conclusion of the NATO leaders' summit, the US president championed members' defence spending, which was estimated would increase by ~2%.

Plenty of further international commentary is anticipated from the US president over the next several days.

The president is in the UK for the weekend. Monday, he is scheduled to meet with Russia's president.

In overnight data releases, **US** June CPI was estimated to have grown 0.1% during the month

China - June trade balance **1pm AEST**

**** Energy sector listing midday AEST - VEA ****

Today's Stock Watch

Netwealth Group (↓ **NWL**)

Lifting FY 2018 NPAT guidance by ~6% above the previous prospectus prediction.

FUA grew by \$1.95B during June quarter to \$17.96B.

June quarter and FY 2018 net inflows totalled \$1.4B and \$4.2B respectively.

Integrated Research (IRI)

Anticipating 1% - 5% FY 2018 NPAT growth and flat revenue. \$11.2M cash as at 30 June.

Nil debt.

Expecting to publish full year results 16 August.

Fastbrick Robotics (FBR)

Non-executive chair Shannon Robinson is retiring her FBR role.

IPH Ltd (ASX: IPH) non-executive chair and Bisalloy Steel (ASX: BIS) director Richard Grellman AM has been appointed to take over from Ms Robinson.

Fonterra Shareholders' Fund (FSF)

UBS has cancelled FSF buy advice, in favour of a neutral rating.

Resources

Rio Tinto (RIO)

HoA in hand for RIO to sell out of the Indonesia Grasberg copper operation for \$3.5B.

Freeport McMoran is likely to retain 49% and an Indonesian government entity to hold 51%.

Perseus Mining (PRU)

Produced 255,916oz of gold during FY 2018 at a \$US1039/oz AISC. Expecting to produce 130,000oz - 150,000oz for second-half calendar 2018, at a \$US950/oz - \$US1150/oz AISC.

\$A89.8M cash and bullion on hand as at 30 June. \$US85M bank debt.

131,000oz of gold is hedged at \$US1312/oz.

Boss Resources (BOE)

Burkina Faso Golden Hill gold project earn-in partner Teranga Gold Corp is claiming a near-surface new find.

Supporting assays lodged this morning.

Teranga is earning up to 80%.

Anson Resources (ASN)

Approval in hand to lease 25 acres for the Paradox lithium project pilot plant, Utah, US

Energy

Viva Energy Group (** VEA)

Refiner and marketer scheduled to list **midday AEST** following a \$2.65B IPO at \$2.50 per share.

Trading will commence on a conditional and deferred settlement basis.

Normal (T+2) trade is expected to commence 20 July.

1.94B quoted shares.

VEA's parent company is Vitol.

and 2.9% year-on-year, the highest rate in six years.

Earlier in **Germany**, June CPI growth was confirmed at 0.1% for the month and 2.1% year-on-year.

Euro zone May industrial production rose 1.3% for the month and 2.4% year-on-year, following a respective 0.8% fall and 1.7% year-on-year rise in April.

European Central Bank June policy meeting minutes revealed general agreement both on concluding the bond purchase program at year's end and continued caution regarding rates change.

The European Commission (EC) in the meantime raised its euro zone 2018 and 2019 CPI forecasts to 1.7%.

Meanwhile in the **UK**, the government released the UK-European Union (EU) separation plan the PM had delivered to her cabinet Friday last week.

Tonight in the US, June import and export prices and an initial July University of Michigan consumer sentiment reading are anticipated.

In addition, the Federal Reserve is due to provide Congress with a policy report.

Companies scheduled to report earnings or provide trading updates include Citigroup, Hays, JPMorgan Chase, PNC Financial Services and Wells Fargo.

In overnight corporate news, **Broadcom** revealed it would pay \$US18.9B cash for **CA Technologies**. Broadcom dropped 14% following news of the 20% premium price, but CA appreciated 19%.

Costco Wholesale appeared to please, with a 9.7% rise in June same-store sales, supported by US sales which improved 10.8%.

Delta Air Lines boosted its quarterly dividend 15% while predicting full-year earnings would be sufficiently impacted by higher fuel costs to undershoot analyst expectations.

Twitter offered detail on how purging suspicious accounts would affect the number of followers for remaining account holders, including for high-profile clients.

Post-US Wednesday trade, **Comcast** raised its bid for **Sky Plc** to ~£26B, in response to **Twenty-First Century Fox's** revised ~£24.5B offer for full ownership.

Comcast and **Walt Disney** continue to chase Twenty-First Century Fox's entertainment assets.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1247	oz	3	0.2
Silver (NY) (Jul)	16.0	oz	0.2	1.0
Gold (LON)	1251	oz	-3	-0.2
Platinum	839	oz	14	1.7
WTI Crude (Aug)	70.3	bbl	-0.1	-0.1
Brent Crude (Sep)	74.5	bbl	1.1	1.4
Iron Ore <small>(CHN port 62%)</small>	64.1	t	0.8	1.1
Copper <small>(LME,3mth,PM)</small>	6228	t	83	1.4
Nickel	14195	t	315	2.3
Aluminium	2042	t	-18	-0.9
Lead	2215	t	15	0.7
Zinc	2581	t	18	0.7
Tin	19730	t	274	1.4
CBT Wheat (Jul)	4.85	bshl	0.13	3.0

Pre-Open Announcements

Rural Funds Group (* RFF)

\$42M raised in the institutional entitlement offer at \$1.95 per unit.

A \$108M retail offer commences 18 July (Wednesday next week).

Resuming from a trading halt having last traded at ~\$2.042.

Chorus Ltd (* CNU)

Broadband connections increased by 3000 during the June quarter, bringing the FY 2018 net rise to 1000.

Fixed line connections fell a further 17,000 during the June quarter, pushing the FY 2018 decrease to 76,000.

MMJ Phytotech (* MMJ)

Harvest One Cannabis subsidiary United Greeneries has secured a MoU for the supply of recreational cannabis in British Columbia, Canada.

Centuria Metropolitan REIT (CMA)

Former Centuria Urban REIT (CUA) trust manager Douglas Hoskins has been appointed CMA trust manager.

Current CMA trust manager Nicholas Blake steps down today. CUA merged with CMA last year.

Alexium International (AJX)

AJX executive VP R&D Robert Brookins has been appointed AJX CEO and MD.

Richard Estes will take over Dr Brookins' VP position.

NetLinkz Ltd (NET)

Resuming from suspended trade having completed a \$1.5M placement at 3.1c.

NET last traded at 3.5c.

Resources

Dacian Gold (🔥 DCN)

\$40M, \$2.70-per-share institutional placement heavily oversubscribed. The retail offer commences Monday.

Resuming from a trading halt having last traded at \$3.01.

Mineral Resources (👉 MIN) / Hexagon Resources (HXG)

Far north east WA McIntosh graphite JV definitive feasibility underway.

MIN is earning 51% with HXG retaining 49%.

Resolute Mining (RSG)

Continuing a string of updates, this morning revealing the Ghana Bibiani gold project underground EPA permit is in hand.

RSG will make a FID following the completion of the Mali Syama underground mine.

RSG has traded lower the past four trading sessions.

Energy

Cooper Energy (COE)

June quarter and Sole gas project teleconference scheduled for 11.30am AEST Monday (16 July).

Access details lodged post-trade yesterday.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Mon	COE	Jun Q
	WHC	Jun Q

Commodities Commentary

Oil – prices were pushed and pulled overnight.

The International Energy Agency's (IEA) monthly report, published overnight, warned of tightening supply.

For its part, Iran alleged US sanction threats had pushed prices higher, supporting Saudi Arabia's and the UAE's arms repayments to the US.

Further, Iran alleged Saudi Arabia's increased 'output' came from stored crude and not new production, and predicted

A weekly US petroleum drill rig count is due tonight.

Gold – prices turned higher overnight, but no rallying was expected in the absence of convincing sentiment.

Base metals – overnight trade volumes were reported low, ahead of a batch of key data out of China.

China's June trade statistics, due today, will influence some of tonight's LME trade.

June quarter GDP growth and additional influential June statistics are expected Monday.

Meanwhile, Rio Tinto confirmed reports the Grasberg *copper* operation would become majority-held by Indonesia's government.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7407	-0.0001	-0.01
EUR – USD	1.1664	-0.0005	-0.04

Australian Data Today

ABS	Lending finance	May
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US Data Tonight

Fed policy report for Congress	Jul
Import & export prices	Jun
Uni of Michigan consumer sentiment (init)	Jul

Other Overseas Data Today & Tonight

China	Trade balance	Jun
Japan	Industrial production (final)	May

Need More Information?

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Tue	RIO	Jun Q
	SAR	Jun Q
Wed	BHP	Jun Q
	NST	Jun Q
Thu	AST	AGM
	CIM	Interim
	ORE	Jun Q
	STO	Jun Q
	S32	Jun Q
	WPL	Jun Q

Trading Halts

Company	Code	Resuming
CCP Technologies	CT1	13 Jul
Enterprise Metals	ENT	13 Jul
MGC Pharmaceuticals	MXC	13 Jul
Stemcell United	SCU	13 Jul
Helios Energy	HE8	16 Jul
Yojee Ltd	YOJ	16 Jul

Suspensions (select)

Company	Code	Since
Centennial Mining	CTL	25 Jun
Crowdspark Ltd	CSK	6 Jul
Genera Biosystems	GBI	4 Jul
Pursuit Minerals	PUR	18 Jun
Vector Resources	VEC	6 Jul
Velpic Ltd	VPC	12 Jul
WPG Resources	WPG	27 Jun

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
PL8	Mon	0.5	100	5.00
MIR	26 Jul	8.5	100	3.61

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