

Monday 17 July 2017

Markets

SFE 200 Futures (9.30am AEST)	5704	14	0.2
NZX 50	7671	21	0.3
DJIA Futures	21604	9	0.0
S&P 500 Futures	2458	2	0.1
NASDAQ Futures	5852	8	0.1

Local Markets Commentary

The Australian market commences a new week's trade ahead of a package of influential data out of China and on mostly positive key commodities leads.

China is due to report June quarter **GDP**, plus June industrial production, retail sales and fixed asset investment at **midday** AEST. Property prices are expected tomorrow.

In overnight Friday commodities trade, **oil** extended its positive run. US **gold** futures turned decidedly higher. LME **copper** swung higher. **Iron ore** pulled back a little.

The **\$A** traded at ~US78.30c, after breaching ~US77.60c early Friday evening.

Locally this morning, a weekly capital city house price report is due.

Japan's markets will remain closed today, due to a public holiday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21638	85	0.4
S&P 500	2459	11	0.5
NASDAQ	6312	38	0.6
FTSE 100	7378	-35	-0.5
DAX 30	12632	-10	-0.1
Shanghai Comp	3222	4	0.1

Overseas Markets Commentary

Major European and US equities markets trade diverged overnight Friday, as US earnings season warmed, with some encouraging yet mixed intra-group results from high-profile financial stocks.

US data releases largely disappointed, dampening expectations of any further rate rises this year.

June CPI was estimated flat for the month, and 1.6% higher year-on-year following 1.9% for May.

Retail sales slipped another 0.2% after pulling back 0.3% in May.

Industrial production improved 0.4% for the month, following a 0.1% increase for May.

May business inventories rose 0.3% after falling 0.2% in April.

A University of Michigan preliminary July consumer sentiment reading came in at 93.1, down two points from the final June reading.

Tonight in the US, a New York region manufacturing index is due.

Blackrock and Netflix are due to report earnings.

In overnight Friday corporate news, **Wells Fargo**

China – June Q GDP and June industrial production **midday** AEST

Today's Stock Watch

Prima BioMed (PRR)

Expecting a second milestone payment from Novartis in association with a collaboration and licensing agreement for PRR's IMP701 LAG-3 (aka LAG525) antibody.

LAG525 is undergoing clinical trials in conjunction with Novartis's PD1 inhibitor PDR001, as a potential cancer treatment.

PRR's lead product IMP321 is based on LAG-3, an immune control antibody targeting T cell response regulation.

Boart Longyear (BLY)

BLY's proposed recapitalisation has been delayed. The NSW Supreme Court wants BLY, First Pacific Advisors and Anthony Maurici entities to attempt a mediation, and has consequently adjourned a second court hearing scheduled to approved creditors' schemes of arrangement.

The court will deliver a decision by mid-August should mediation fail.

ImpediMed Ltd (IPD)

Applying to the US FDA for SOZO to be approved for marketing as a clinical lymphoedema assessment tool. IPD is targeting a commercial market launch in the US by year's end.

Medibank Private (MPL)

Goldman Sachs has placed a 'sell' on MPL, cancelling a neutral rating.

ALS Ltd (ALQ)

Deutsche Bank has cancelled an ALQ buy recommendation, replacing it with hold advice.

Resources

Volt Resources (VRC)

New flake graphite off-take agreement secured, this one for an initial 10,000tpa with Qingdao Tianshengda Graphite. The graphite will come from VRC's Namgale project, Tanzania. Production is anticipated by mid-2018, despite some recently-announced change to mining regulations in Tanzania.

Galaxy Resources (↓ GXY)

Produced 32,998t of lithium concentrate during the June quarter, 41% more than for the March quarter. Plant recoveries rose to 61%.

Production costs totalled \$US393/t, excluding royalties and marketing.

Sold 30,135t for \$US724/t, excluding royalties and marketing.

Holding \$40.4M cash.

Energy

Sino Gas & Energy Holdings (SEH)

Fixed -price gas sales agreement secured by SEH's Linxing PSC JV with existing customer, Sinopec group distributor Shanxi GuoHua Energy. Further, GuoHua is interested in additional gas from Linxing and/or Sanjiaobei.

Real Energy (RLE)

MoU secured for the sale of 3PJpa of Cooper Basin, Queensland Windorah project gas to Weston Energy. Weston Energy proposes to buy the gas for five years. In association RLE will receive a \$A6M pre-payment.

reported its first quarterly profit rise in seven quarters, but revenue undershot forecasts.

Trading revenue fell at **JPMorgan Chase**, but lending supported profit, which surpassed expectations.

Citigroup also surprised on the upside, with a 2% rise in revenue to \$US17.9B.

In other sectors, **Boeing** and **Walmart** benefited from ratings upgrades, Walmart recommended as a 'buy' by Goldman Sachs.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1228	oz	11	0.8
Silver (NY) (Jul)	15.9	oz	-.2	1.5
Gold (LON)	1230	oz	11	0.9
Platinum	919	oz	17	1.9
WTI Crude (Aug)	46.5	bbl	0.4	1.0
Brent Crude (Aug)	48.9	bbl	0.5	1.0
Iron Ore (CHN port 62%)	65.7	t	-0.2	-0.3
Copper	5926	t	50	0.9
Nickel	9575	t	365	4.0
Aluminium	1927	t	4	0.2
Lead	2316	t	22	1.0
Zinc	2786	t	-18	-0.6
Tin	19810	t	5	0.0
CBT Wheat (Sep)	5.11	bshl	-0.01	-0.2

Commodities Commentary

Oil – a weaker \$US and the absence of any further speculation ahead of next Monday's (24 July) OPEC meeting with non-OPEC members participating in the current production curb agreement, supported further gains overnight Friday.

A US weekly petroleum rig count estimated two additional oil rigs were in operation, following a drop of 10 the previous week. The gas rig count pulled back by two.

16 more rigs were reported operational in the Canadian petroleum sector, however.

Gold – weaker-than-anticipated US data pushed the \$US lower, supporting overnight Friday gold trade.

Currency moves this week will likely be centred around commentary ahead of, and following, Thursday's European Central Bank (**ECB**) policy meeting, plus any significant shift in the euro zone's inflation reading and US housing data.

The Bank of Japan also holds a policy meeting Wednesday and will announce outcomes, including any changes in targets, Thursday.

Any progress, or otherwise, with proposed new US healthcare legislation, could also impact equities sentiment, in turn favouring gold.

Base metals – a softer \$US also boosted LME base metals sentiment. In addition, China's spending on new projects supported June's government fiscal figures, in turn benefiting mostly positive overnight Friday trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7828	0.0001	0.01
EUR – USD	1.1472	-0.0002	-0.02

Pre-Open Announcements

Platinum Capital (PMC) / Platinum Asia Investments (PAI)

Investment manager's June quarter reports for PMC and PAI lodged post-trade Friday.

PharmAust Ltd (PAA)

PAA subsidiary Epichem has achieved a record \$3.05M revenue for FY2017, up 30% on FY 2016. Chasing \$4M for FY 2018.

ERM Power (EPW)

EPW founder and non-executive director Trevor St Baker is stepping down as an EPW director in order to more actively advance other business interests. Former EPW MD Philip St Baker will take his place on the EPW board.

Locality Planning Energy (LPE)

7% monthly billing increase achieved in June, due to supplying an additional 7.53GWh.

AnaeCo Ltd (ANQ) / Monadelphous Group (MND)

Update lodged this morning, regarding ANQ funding under a loan agreement with MND. ANQ's position has been affected by Xiaoqing Environmental Protection Technology Co's inability to complete a proposed purchase of the majority of a loan made to ANQ by MND.

Rent.com.au Ltd (RNT)

Chasing additional revenue via a localised small business owner advertising product which RNT is launching today. RNT says the additional advertising platform will help keep costs down for small businesses and improve their sense of control, as advertisers can restrict their marketing to select suburbs, and also nominate for how long the advertisement will run.

Resources

Metallica Minerals (MLM)

MLM has raised an additional \$853,102 via the conversion of company options, pushing the total raised by recent conversions to \$1.27M.

MLM says the company has no debt and that funds now total \$4.37M, fully covering current commitments as it moves towards bauxite production.

Energy

Cooper Energy (COE)

Sole gas project debt financing decision anticipated by the end of August.

Trading Halts

Company	Code	Resuming
Cokal Ltd	CKA	17 Jul
Force Commodities	4CE	17 Jul
OpenDNA Ltd	OPN	17 Jul
Trek Metals	TKM	17 Jul
Victory Mines	VIC	17 Jul
Elysium Resources	EYM	18 Jul

Suspensions (selected)

Company	Code	Since
Baralaba Coal Company	BCL	10 Jul
Bellamy's Australia	BAL	11 Jul
Clancy Exploration	CLY	13 Jul

**Australian Data Today**

CoreLogic Capital city house prices 15 Jul

US Data Tonight

NY (Empire State) Fed manufacturing Jul

Other Overseas Data Today & Tonight

China	GDP	Jun Q
China	Industrial production	Jun
China	Retail sales	Jun
China	Fixed asset investment	Jun
UK	Rightmove house prices	Jul
Euro zone	CPI (final)	Jun

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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
Realm Resources	RRP	14 Jul

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
8IH	Tomorrow	0.25	0	1.43
EZL	Tomorrow	5.5	100	6.68

Reports & Events

(selected scheduled)

When	Company	Report/Event
Tomorrow	CIM	Interim
	ORE	Jun Q
	PDN	Jun Q
	RIO	Jun Q
	SAR	Jun Q
Wed	AZJ	Jun Q
	BHP	Jun Q
	RSG	Jun Q
	SXY	Jun Q
Thu	ALQ	AGM
	AST	AGM
	EVN	Jun Q
	MQA	Jun Q
	OZL	Jun Q
	STO	Jun Q
	SYD	Jun
	WPL	Jun Q