

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	6569	-13	<b>-0.2</b>
<b>NZX 50</b>	10667	16	<b>0.2</b>
<b>DJIA Futures</b>	27322	-6	0.0
<b>S&amp;P 500 Futures</b>	3006	-1	0.0
<b>NASDAQ Futures</b>	7940	-3	0.0

## Local Markets Commentary

The Australian market commences mid-week trade on mixed overnight international equities and commodities leads, and a broad increase in geopolitical noise.

**Locally** today, Westpac and the Melbourne Institute publish their leading index report **10.30am** AEST.

In overnight commodities trade, **oil** dropped.

US **gold** futures (August) turned to settle slightly lower.

**Iron ore** (China port, 62% Fe) moved just US1c higher.

LME **copper** was pushed lower. **Nickel** picked up the pace of its latest rally.

The **\$A** dropped below US70.15c after falling beneath US70.30c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	27335	-24	<b>-0.1</b>
<b>S&amp;P 500</b>	3004	-10	<b>-0.3</b>
<b>NASDAQ</b>	8223	-35	<b>-0.4</b>
<b>FTSE 100</b>	7577	45	<b>0.6</b>
<b>DAX 30</b>	12431	44	<b>0.4</b>
<b>Shanghai Comp</b>	2938	-5	<b>-0.2</b>

## Overseas Markets Commentary

Trade diverged across major European and US equities markets overnight.

Traders were faced with a swag of data releases, high-profile stocks, including US banks, reporting mixed earnings, broad geopolitical argy-bargy, and a US parliamentary grilling of large-cap tech and communications companies.

Currencies swung, the British pound dropping again on fears of the UK separating from the European Union (EU) this year without any definitive arrangements in place.

The euro also declined against the \$US.

Yesterday, **China** reacted to the US president's comments on Monday, that connected a slowdown in national growth with US import taxes and China's need for a trade deal. China labelled the remarks as 'misleading'.

Overnight, the US president countered, suggesting any trade agreement would not eventuate in the near-term, and that he could expand import taxes on goods from China.

## Today's Stock Watch

### Elders Ltd (ELD)

Resuming trade having raised ~\$100M in an institutional placement plus entitlement offer, each at \$5.55 per share.

An estimated \$37M retail entitlement offer is scheduled for Monday next week through 5 August.

ELD traded at ~\$5.936 - ~\$6.262 last week.

### Austal Ltd (ASB)

Anticipating \$92M FY 2019 EBIT and \$1.8B - \$1.9B revenue.

FY 2020 EBIT is expected to reach at least \$105M.

### Impression Healthcare (IHL)

FiTGuard by Gameday is expected to be available to 50% of the global population, given an expanded exclusive licensing agreement with Force Impact Technologies.

### Electro Optic Systems (EOS)

Celebrating the 21<sup>st</sup> birthday of the EOSCOM satellite which was launched as a communications test satellite, 17 July 1998, from Baikonur Cosmodrome, Kazakhstan.

EOS had contracted the Russian Space Agency to support the satellite, but EOS conceived, planned and fully-funded the design, fabrication and placement in orbit.

## Resources

### BHP Billiton (BHP)

Full year (to 30 June) iron ore production came in flat, at 238Mt, with June quarter output falling 2% year-on-year to 63Mt. June quarter production rose 12% on that for the March quarter, however.

Nickel production rose 49% during the June quarter, to 29,000t, but was 6% lower for the year, at 87,000t.

Petroleum output (121MMboe) rose 1% for the year, and 3% during the June quarter, to 30MMboe.

Copper production fell 4% and rose 6% respectively.

Metallurgical coal output increased 20% for the quarter and slipped 1% over the year. Energy coal production rose 7% and fell 6% respectively.

FY 2019 prices rose for petroleum and iron ore, but fell 13% for copper.

Full production and comparison statistics lodged this morning.

## Energy

### Cooper Energy (COE)

Produced 320,000boe during the June quarter for \$18.7M revenue, against 330,000 and \$20.6M respectively for the March quarter. Full year production totalled 1.31MMboe (-12%) and sales revenue \$75.5M (+12%).

\$165.8M cash, down 30% for the year. \$52.4M net debt, down 147%.



As with the president, during a cabinet meeting, the US secretary of state claimed **Iran** was prepared to talk with the US regarding nuclear missile development plans.

This, despite Iran's recent repeated demands for a lifting of US sanctions ahead of any new negotiations.

Iran has reportedly subsequently denied the claim, after also fielding allegations of having seized a UAE oil tanker in the Strait of Hormuz over the weekend.

**North Korea's** foreign ministry in the meantime claimed US-South Korea joint military exercises were one way in which the US was 'renegeing' on commitments to North Korea, and that this was decreasing North Korea's justification to follow through with its commitments to the US.

**US Federal Reserve** chair Jerome Powell told delegates attending a dinner hosted in Paris by the Bank of France that the Fed recognised risks to US economic growth and was 'carefully monitoring' these. Mr Powell again cited trade relationships and global economic growth.

Mr Powell also talked of the need for central banks in general to investigate strategies and policy tools other than those traditionally relied on in higher interest rate environments, and to be accountable and transparent to a wider, more generalised audience.

Later, the Chicago Federal Reserve president appeared to talk up the benefits of a further rate cut.

Among overnight data releases, the **euro zone's** May trade surplus came in at €23B from €15.9B

A regional ZEW sentiment index was estimated at -20.3, from -20.2. **Germany's** was reported at -24.5, against -21.1.

In the **UK**, May average earnings (excluding bonuses) rose 3.6% following a 3.4% April rise. Unemployment remained static, at 3.8%.

Overnight **US** data releases included June retail sales which rose 0.4% for the month and 3.4% year-on-year.

Export prices declined 0.7% over the month, and 1.6% against June 2018. Import prices fell 0.9% after remaining steady for May, and dropped 2% year-on-year.

Industrial production was estimated flat for the month, following a 0.4% May rise. Year-on-year, June output rose 1.3%.

May business inventories were 0.3% higher, after a 0.5% April increase.

A home builders' housing market sentiment index was reported at 65, from 64.

**Tonight** in the US, the Federal Reserve's periodic district-by-district 'beige book' economic summary, June building approvals, housing starts and weekly mortgage applications are due.

Elsewhere, the euro zone and UK release CPI updates.

Overnight, euro zone leaders confirmed Ursula von der Leyen as the incoming (1 November) **European Commission president** in a final vote.

Meanwhile, **International Monetary Fund (IMF) MD** Christine Lagarde announced she would step down from this role in September, due to her nomination as the **European Central Bank's** next **president**. Ms Lagarde is the only nominee but the European Council must approve this.

## Pre-Open Announcements

### Estia Health (P EHE)

Preparing to defend a class action initiated in the Federal Court of Australia.

### CIMIC Group (\* CIM)

Full year results anticipated.

### Telix Pharmaceuticals (\* TLX)

Resuming trade having raised \$A40M in an oversubscribed placement at \$1.30 per share.

A \$A5M SPP will follow, also at \$1.30.

TLX last traded at \$1.67.

### Chorus Ltd (CNU)

June quarter report lodged this morning, highlighting a fibre connections increase taking these to 50% of overall CNU broadband connections.

### Auckland International Airport (AIA)

1.7% overall passenger growth achieved during May. Breakdown statistics lodged this morning.

### GDI Property Group (GDI)

Proposing to outlay \$12.59M for 180 Hay St, Perth. The building hosts a total 4925sqm of office space across four floors. A 12-month settlement is anticipated.

## Resources

### Red 5 (\* RED)

Produced a record 30,098oz of gold at \$A1331/oz during the June quarter, following 24,187oz at \$A1637/oz for the March quarter. June quarter sales totalled 27,406oz, against 23,444oz.

For the year to 30 June, RED produced 102,012oz, at \$A1601/oz, and sold 98,240oz.

\$A24.9M cash and bullion.

### Pioneer Resources (\* PIO)

WA Pioneer Dome lithium project high-grade rock chip assays lodged this morning.

## Energy

### Yancoal Australia (\* YAL)

June quarter attributable saleable production rose 6% year-on-year, to 9.0Mt.

The mean realised price came in at \$A116/t, against \$A133/t for the March quarter.

For the year-to-date, attributable saleable output is 9% higher. Attributable sales have grown 5%.

## Trading Halts

Company	Code	Resuming
4DS Memory	4DS	17 Jul
CCP Technologies	CT1	17 Jul



In the **UK**, the results of the conservative party's vote for a new leader, and hence **PM**, remain anticipated early next week.

Companies scheduled to report earnings include: Abbott Laboratories, Alcoa, Bank of America, Bank of New York Mellon, EasyJet, eBay, Ericsson, IBM, Kinder Morgan, Netflix, Novartis, Omnicom, Sandvik, US Bancorp and Wipro.

In overnight corporate news, **Facebook** was the first tech/communications company to face a US parliamentary grilling, which will continue through tonight.

**JPMorgan Chase** reported better-than-anticipated quarterly profit, but from mixed divisional performances.

The story proved similar for **Goldman Sachs** and **Wells Fargo**.

**Domino's Pizza** dropped more than 8.5% after sales generally undershot expectations.

Earlier in the UK, **Burberry** results pleased, in part due to select designer demand, in particular in China.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Aug)</b>	<b>1411.2</b>	oz	-2.3	<b>-0.2</b>
<b>Silver (NY) (Sep)</b>	15.678	oz	0.311	<b>2.0</b>
<b>Gold (LON)</b>	1412	oz		
<b>Platinum</b>	839	oz	-2	<b>-0.2</b>
<b>WTI Crude (Aug)</b>	<b>57.62</b>	bbl	-1.96	<b>-3.3</b>
<b>Brent Crude (Sep)</b>	<b>64.35</b>	bbl	-2.13	<b>-3.3</b>
<b>Iron Ore (CHN port 62%)</b>	<b>121.19</b>	t	0.01	<b>0.0</b>
<b>Copper (LME,3mth,PM)</b>	<b>5968</b>	t	-27	<b>-0.5</b>
<b>Nickel</b>	13985	t	315	<b>2.3</b>
<b>Aluminium</b>	1844	t	3	<b>0.2</b>
<b>Lead</b>	1983	t	4	<b>0.2</b>
<b>Zinc</b>	2471	t	30	<b>1.2</b>
<b>Tin</b>	18000	t	55	<b>0.3</b>
<b>CBT Wheat (Jul)</b>	<b>5.08</b>	bshl	-0.01	<b>-0.0</b>

### Commodities Commentary

**Oil** – prices initially rose, but turned lower, this attributed by some to the US secretary of state suggesting **Iran** was ready to talk about its nuclear activity in relation to missile development.

A weekly US petroleum inventories report from the EIA is due tonight.

Post-US settlement, an industry report estimated an ~1.8MMbbl weekly decline for stockpiled US crude.

**Gold** – \$US strength (\$US ICE index up ~0.5%), in particular against the British pound and euro overnight, damaged gold interest. US June retail sales had helped push the \$US higher, and a mix of UK and euro zone geopolitics and data was also held responsible.

UK and euro zone CPI figures are due tonight, together with some key US data.

**Base metals** – overnight LME trade seemed mostly influenced by short-term and longer-term supply commentary and swinging currencies.

**Nickel** traded at one-year peaks on undersupply speculation as electric vehicle manufacturing grows.

Santana Minerals	SMI	17 Jul
XTEK Ltd	XTE	17 Jul
De Grey Mining	DEG	18 Jul
De.Mem Ltd	DEM	18 Jul
High Grade Metals	HGM	18 Jul
Marquee Resources	MQR	18 Jul
Metgasco Ltd	MEL	18 Jul

### Suspensions (select)

Company	Code	Since
Golden Rim Resources	GMR	1 Jul
Keybridge Capital	KBC	16 Jul
Mindax Ltd	MDX	26 Jun
Titan Minerals	TTM	28 Jun

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
MIR	25 Jul	6.5	100	3.88



Some *copper* trade appeared a reaction to Rio Tinto's admission of significant delays (up to 2.5 years) and cost increases (up to \$US1.9B) for Mongolia Oyu Tolgoi underground copper plans. This following China's 11.8% higher year-on-year June refined copper production (804,000t).

A 123,000t international January -May *zinc* deficit, from 103,000t a year earlier, and for *lead*, a 42,000t deficit from 34,000t, also influenced trade.

In addition, LME *aluminium* on-warrant inventories were reported to have grown by 9% for the week to date. This followed China's 5.4% year-on-year increase in June alumina production, to 6.41Mt.

#### Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7013	0.0002	0.02
EUR – USD	1.1211	0.0002	0.01

#### Australian Data Today

Wstpc/Melb Institute	Leading index	Jun
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#### US Data Tonight

Housing starts	Jun
Building approvals	Jun
Fed beige book	Jul
MBA mortgage applications	12 Jul

#### Other Overseas Data Today & Tonight

UK	CPI	Jun
Euro zone	CPI (final)	Jun

#### Need More Information?

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