

Markets

| | | | |
|--------------------------------------|-------|-----|-------------|
| SFE 200 Futures (9.30am AEST) | 6591 | -15 | -0.2 |
| NZX 50 | 10675 | 20 | 0.2 |
| DJIA Futures | 27179 | -52 | -0.2 |
| S&P 500 Futures | 2983 | -2 | -0.1 |
| NASDAQ Futures | 7876 | -10 | -0.1 |

Local Markets Commentary

The Australian market opens today's trade following negative overnight international equities trade sentiment, ahead of some key regional and domestic data releases.

Locally today, the Australia Bureau of Statistics (ABS) releases June **employment** statistics **11.30am** AEST.

In addition, NAB releases its June quarter version of its monthly **business survey** series.

Regionally, **Japan** is scheduled to release June **trade** figures 9.50am AEST.

In overnight commodities trade, **oil** fell further.

US **gold** futures (August) swung higher.

Iron ore (China port, 62% Fe) inched another US5c/t lower, remaining above \$US121.10/t.

LME **copper** settled slightly higher. **Nickel** continued to rally.

The **\$A** was contained within a narrow range after trading at US70.10c early yesterday evening.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|-------|------|-------------|
| Dow Jones | 27220 | -116 | -0.4 |
| S&P 500 | 2984 | -20 | -0.7 |
| NASDAQ | 8185 | -38 | -0.5 |
| FTSE 100 | 7535 | -42 | -0.6 |
| DAX 30 | 12341 | -90 | -0.7 |
| Shanghai Comp | 2932 | -6 | -0.2 |

Overseas Markets Commentary

Sentiment weakened in early trade across major European and US equities markets overnight, amid further key data releases and earnings reports from high-profile stocks.

In overnight US data releases, the Federal Reserve's periodic district-by-district 'beige book' economic roundup included claims trade relationship uncertainties were pushing concerns higher, higher import taxes had impacted manufacturing, technology and transport companies, manufacturing and technology in particular in the Boston area, and that petroleum exploration companies were cutting back on spending.

Overall, the Fed concluded most economic growth was continuing at a modest pace, however.

Australia – June employment – 11.30am AEST

Today's Stock Watch

Westpac Banking Corporation (WBC) / Australia & New Zealand Banking Group (ANZ)

Fitch has revised outlooks for WBC and ANZ long-term issuer default ratings to 'negative' from 'stable'.

Fitch has retained the AA- ratings, however.

CIMIC Group (CIM)

1.1% higher, \$A366.7M interim NPAT. 2.6% lower, \$8.13B revenue. 71c fully-franked interim dividend, up 1c. \$2.0B cash and equivalents.

Resources

South32 Ltd (S32)

FY 2019 metallurgical coal production rose 69% to 5.35Mt, and payable zinc output by 25% to 51,600t. Alumina, aluminium and manganese ore production came in flat. All other metals production fell. Details lodged this morning.

Alumina Ltd (AWC)

June quarter AWAC net distributions fell to \$US72.6M, against \$US213.6M, due to lower spot prices and a \$300M annual tax payment.

Perseus Mining (PRU)

Produced 271,824oz of gold at \$US960/t during FY 2019. Half-year and June quarter figures also lodged. \$US87.8M net cash and bullion.

Energy

Woodside Petroleum (WPL)

Produced 17.3MMboe during the June quarter. \$US738M sales revenue.

Each figure is lower than for the March quarter (21.7MMboe; \$US1.22B), due to Pluto.

Product realised prices also fell, expect for condensate, at \$US64/bbl from \$US59/bbl.

Planning to lodge interim results 15 August.

Santos Ltd (STO)

Produced a record 37MMboe during January – June, 32% more than a year earlier.

Sales volumes rose 19% to 45.2MMboe. Sales revenue grew 18% to \$1.97B. \$3.1B net debt.

Narrowing 2019 production guidance to 73MMmboe – 77MMboe and expected sales volumes to 90MMboe – 97MMboe. Lowering unit production costs to \$7.25/boe – \$7.75/boe.

Planning to lodge interim results 22 August.



June building approvals dropped 6.1% for the month, following a 0.7% May rise.

Housing starts fell by 0.9% after declining 0.4% in May.

Weekly mortgage applications fell 1.1%, with 30-year mortgage rates rising to 4.12% from 4.04%, and after dropping 2.4% the previous week.

Earlier, the **euro zone's** final June CPI reading of 0.2% growth followed a 0.1% rise in May. Year-on-year, June CPI rose 1.3%.

In the **UK**, June CPI was reported flat following 0.3% May growth. Year-on-year, CPI rose 2%.

Tonight in the US, the Philadelphia Fed's manufacturing index, the Conference Board's June leading index and weekly new unemployment claims are due.

Elsewhere, UK June retail sales are keenly anticipated, and G7 finance ministers and central bankers continue talks in France.

Companies scheduled to report earnings include: American Express, E*Trade, Honeywell, Microsoft, Morgan Stanley, Novartis, PayPal, SAP, Sports Direct (full year), Taiwan Semiconductor, Travelers and United Health.

In overnight corporate news, rail freight specialist **CSX** reduced its full-year revenue expectations after undershooting quarterly profit expectations, attributing a fall in road and rail freight volumes to trade relationship issues. The stock was pushed ~10% lower, with other freight companies also suffering.

Netflix reported post-US trade, and a slide in new subscriber numbers has pushed after-trade prices 10% lower.

Earlier, **Bank of America** was rewarded with an ~1% rise after exceeding quarterly profits, in part attributed to interest income.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|--------------------------------|---------------|-------|-------|-------------|
| Gold (NY) (Aug) | 1423.3 | oz | 12.1 | 0.9 |
| Silver (NY) (Sep) | 15.971 | oz | 0.293 | 1.9 |
| Gold (LON) | 1410 | oz | 0.5 | 0.0 |
| Platinum | 843 | oz | 4 | 0.5 |
| WTI Crude (Aug) | 56.78 | bbl | -0.84 | -1.5 |
| Brent Crude (Sep) | 63.66 | bbl | -0.69 | -1.1 |
| Iron Ore (CHN port 62%) | 121.14 | t | -0.05 | -0.0 |
| Copper (LME,3mth,PM) | 5984 | t | 12 | 0.2 |
| Nickel | 14385 | t | 420 | 3.0 |
| Aluminium | 1845 | t | 1 | 0.1 |
| Lead | 2007 | t | 25 | 1.3 |
| Zinc | 2472 | t | 3 | 0.1 |
| Tin | 17925 | t | -75 | -0.4 |
| CBT Wheat (Jul) | 5.05 | bshl | -0.02 | -0.4 |

Commodities Commentary

Oil – speculation continued overnight regarding a possible US approach to Iran and potential subsequent reduction in regional angst. In addition, the US conceded an oil tanker reported seized by Iran in the Strait of Hormuz over the weekend may have actually been rescued following mechanical issues.

A weekly US petroleum inventories report from the EIA, published overnight, included another fall in stored crude, this time

Pre-Open Announcements

Regional Express (* REX)

REX says the Civil Aviation Safety Authority (CASA) has completed a formal report after conducting a REX audit 4 – 5 July.

REG says CASA did not determine any safety lapses and, further, deemed reported 'rust' on a propeller shaft was a combination of dirt and 'very minor surface corrosion'.

REX says the audit was conducted following a complaint from an engineer and the engineer's union. REX has described the engineer as 'disgruntled'.

Wattle Health Australia (WHA)

Initiating legal action in India against Vasudevan & Sons Exim Private (VSEP) following VSEP's failure to provide a bank guarantee as set out in a WHA baby food supply agreement.

Vonex Ltd (VN8)

June quarter customer sales value rose 44% for the three months to a record \$1.3M.

Unique website visitors rose by 16% to 20,000.

BKI Investment Company (BKI)

66% higher, \$74.7M full year NPAT. 68.1% higher, 82.23M total income from ordinary activities, including 12.7% higher, \$54.25M total ordinary income.

Flat, 3.7c final ordinary dividend. 1c final special dividend, against no special dividend a year ago.

Resources

Alacer Gold Corp (♣ AQG)

Selling the group's 50% holding in the Gediktepe project for \$US10M cash, a 10% net smelter return on all oxide ore production and 2% net smelter return on sulphide output.

Australian Mines (* AUZ)

AUZ has raised \$5.8M in its recent SPP, after deciding to accept all oversubscriptions.

The new shares will be issued Monday next week (22 July).

Energy

Sundance Energy (♣ SEA)

Selling Texas Dimmit County assets for \$US29.5M

Central Petroleum (CTP)

Conference presentation lodged this morning.

Trading Halts

| Company | Code | Resuming |
|-------------------|------|----------|
| De Grey Mining | DEG | 18 Jul |
| High Grade Metals | HGM | 18 Jul |
| Marquee Resources | MQR | 18 Jul |
| Metgasco Ltd | MEL | 18 Jul |
| BOD Australia | BDA | 19 Jul |



3.1MMbbl, but ~1MMbbl fewer than some forecasters had anticipated, and ~double what others had predicted.

Petrol stocks rose by 3.6MMbbl, against summer season forecasts of a fall.

Crude production fell by a daily 300,000bbl, in line with expectations associated with category 1 hurricane Barry.

Exports fell by a daily 500,000bbl, net imports rising by 44,000bbl/d.

Gold – Comex futures turned to trade at six-year peaks overnight, with the \$US ultimately weakening despite lacklustre June UK and euro zone CPI figures.

Silver notably continued the previous session's rally.

Base metals – inventories, US administrative indications of a stall in China trade relationship progress and a softer \$US all influenced overnight LME trade.

Meanwhile, premiums to be paid for *copper* imports into Yangshan were reported the most in five months.

In company news, 1H-2020 concentrate supply agreements were secured by Jiangxi Copper Co and Tongling Nonferrous Metals Group with Antofagasta.

Despite community protests, Peru officials refused to cancel a recently-issued permit for the \$US1.4B Tia Maria copper development.

Among specific metal news, the International Tin Association in Beijing reported the nation's January – June refined tin output fell ~10% year-on-year, to ~75,000t.

Exchange Rates

| CURRENCIES | LAST | +/- | % |
|------------|--------|--------|------|
| AUD – USD | 0.7014 | 0.0004 | 0.05 |
| EUR – USD | 1.1229 | 0.0005 | 0.04 |

Australian Data Today

| | | |
|-----|---|-------|
| ABS | Employment (incl jobs and wages growth) | Jun |
| NAB | Business confidence and conditions | Jun Q |

US Data Tonight

| | |
|--------------------------------|--------|
| Philadelphia Fed manufacturing | Jun |
| Conference Board leading index | Jun |
| Initial jobless claims | 13 Jul |

Other Overseas Data Today & Tonight

| | | |
|-------|---------------|-----|
| Japan | Trade balance | Jun |
| Japan | Tankan index | Jul |
| UK | Retail sales | Jun |

Need More Information?

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| | | |
|---------------------|-----|--------|
| Cynata Therapeutics | CYP | 19 Jul |
| Immuron Ltd | IMC | 19 Jul |
| St George Mining | SGQ | 19 Jul |
| Northern Minerals | NTU | 22 Jul |

Suspensions (select)

| Company | Code | Since |
|----------------------|------|--------|
| CCP Technologies | CT1 | 17 Jul |
| 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 (%) |
|------|----------|---------|--------------|-----------|
| EZL | Tomorrow | 5 | 100 | 9.13 |
| MIR | 25 Jul | 6.5 | 100 | 3.89 |

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