

Thursday 20 July 2017

Markets

SFE 200 Futures (9.30am AEST)	5695	30	0.5
NZX 50	7682	-51	-0.7
DJIA Futures	21579	-17	-0.1
S&P 500 Futures	2470	-2	-0.1
NASDAQ Futures	5919	0	0.0

Local Markets Commentary

The Australian market opens ahead of key local data and two central bank policy statements, one today and the other tonight.

Overnight, the **\$A** approached US79.55c, after trading at US79.35c early yesterday evening. The appreciation has continued this morning.

International equities activity demonstrated select improved appetite. Commodities trade proved mixed.

Oil continued to rally, as did **iron ore** (China port 62% Fe), which surpassed \$US70/t. US **gold** futures settled virtually flat. LME **copper**, **nickel** and **aluminium** turned lower.

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

Also today, NAB publishes a June quarter business report based on monthly surveys. The Reserve Bank of Australia (RBA) reports assets and foreign exchange transactions.

The **Bank of Japan** announces outcomes from its policy meeting ~1pm AEST.

June **trade** figures are also due out of Japan this morning, just prior to the ASX open.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21641	66	0.3
S&P 500	2474	13	0.5
NASDAQ	6385	41	0.6
FTSE 100	7431	41	0.6
DAX 30	12452	22	0.2
Shanghai Comp	3231	43	1.4

Overseas Markets Commentary

Trade across major European equities markets vacillated overnight amid a slurry of corporate reports and ahead of the European Central Bank's (ECB) policy meeting tonight.

Key US indices opened higher and never appeared about to be headed. The S&P 500's technology index notably recorded a new peak amid a hive of activity.

Among new data releases, **US** June housing starts rose 8.3%. Building permits were reported 7.4% higher. Each figure surpassed forecasts following falls in May.

Tonight in the **US**, weekly new unemployment claims are due, together with a regional manufacturing index and leading indicators report.

Across the Atlantic, **the European Central Bank**

Australia – June employment statistics **11.30am** AEST

Japan – Bank of Japan policy statement **1pm** AEST

* Retail listing **11am** AEST – **BGP** *

Today's Stock Watch

Ansell Ltd (ANN)

Proposing to outlay \$US70M - \$US100M over three years to streamline business units into two main businesses, healthcare and industrial.

Annual pre-tax savings are expected to reach \$US30M by full-year 2020. \$US5M - \$US7M in savings are anticipated in 2018. Write-downs are expected to total \$US20M - \$30M.

Myer Holdings (MYR)

Deputy CEO and chief merchandise and customer officer Daniel Bracken is leaving. Anticipating \$66M - \$70M full-year NPAT, pre-implementation and significant items expenses. Results will include Austradia and sass & bide write-downs totalling \$45.6M.

Fletcher Building (FBU)

CEO Mark Adamson has been pushed. FBU international division chief executive Francisco Irazusta will be interim CEO as from Monday. FBU is anticipating \$NZ525M full-year operating earnings (EBIT), against \$NZ610M - \$NZ650M guidance. Iplex Australia and Tradelink impairments could total \$NZ220M.

Briscoe Group Australasia (* BGP) / Harvey Norman Holdings (HVN)

Home and sporting goods retailer BGP is scheduled to list **11am** AEST under foreign-exempt rules. BGP's primary listing is with the NZSX. JB Were (NZ) Nominees 78.42%; Gerald Harvey 2.39%; Harvey Norman Properties (NZ) 2.39%.

Resources

South32 Ltd (S32)

June quarter report lodged this morning.

Alumina Ltd (AWC)

AWC has received \$US127.9M from the AWAC JV with Alcoa Corp during January-June, in the form of dividends, distributions and capital returns. \$90.2M net debt as at 30 June.

Evolution Mining (EVN)

Produced a record 218,079oz of gold during the June quarter. Sold 219,253oz for \$A1650/oz. \$A825/oz AISC achieved. Webcast teleconference scheduled to commence 11am AEST. Promising FY 2018 guidance together with the planned 17 August release of FY 2017 results.

Energy

Woodside Petroleum (WPL)

Produced 20.7Mmboe during the June quarter. Sales revenue totalled \$US867M. Operational plans also lodged pre-trade.

Santos Ltd (STO)

January-June production fell 5% to 29.5MMboe, but revenue improved 22% to \$US1.45B. Sales fell 2% to 40.1MMboe. June quarter revenue rose 12% for the quarter to \$US769M, on 16% higher sales totalling 21.5MMboe. Production slipped 1% to 24.7MMboe.

Raising the lower ends of full-year production and sales guidance. Planning to publish interim results 24 August.

(ECB) holds a policy meeting, the outcomes statement and subsequent press conference keenly anticipated for hints of any likely tightening timetable.

Anglo American, eBay, EasyJet, Microsoft, Premier Foods, Snap, Unilever and Visa are among companies scheduled to report earnings or provide trading updates.

In overnight corporate news, **Morgan Stanley** exceeded expectations with a \$US1.76B quarterly profit and \$US9.5B revenue.

Qualcomm reported a 40% profit drop, in the absence of Apple Inc patent royalties.

Amazon revealed plans for a new social network, as **Facebook** and **Nielsen** launched a new analytics service, evaluating the performance of news stories.

Discovery Communications and **Scripps Networks** broadcast new merger discussions. These pushed their respective prices 4% and 14% higher and improved general media and entertainment sector sentiment.

Meanwhile, **Reckitt Benckiser** offloaded its food division to McCormick for a spicy \$US4.2B.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1242	oz	0.1	0.0
Silver (NY) (Sep)	16.3	oz	-0.01	-0.1
Gold (LON)	1242	oz	1	0.1
Platinum	919	oz	-7	-0.8
WTI Crude (Aug)	47.1	bbl	0.7	1.6
Brent Crude (Aug)	49.7	bbl	0.9	1.8
Iron Ore (CHN port 62%)	70.2	t	1.4	2.0
Copper	5967	t	-40	-0.7
Nickel	9650	t	-130	-1.3
Aluminium	1920	t	-11	-0.6
Lead	2217	t	-58	-2.6
Zinc	2747	t	-47	-1.7
Tin	20095	t	95	0.5
CBT Wheat (Sep)	5.03	bshl	-0.01	-0.1

Commodities Commentary

Oil – a US government agency (EIA) weekly petroleum inventories report estimated a 4.7MMbbl drop in stored crude, and a total 10.3MMbbl petroleum products draw. Output increased, however, to a daily 9.43MMbbl, and crude imports rose by 576,000bbl/d.

Gold – solid US housing data pushed the \$US off this week's lows, damaging gold trade sentiment.

Base metals – reported reduced battery and alloy manufacturing demand, plus a stronger \$US, appeared the major factors impacting overnight LME metals appeal.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7958	0.0004	0.05
EUR – USD	1.1528	0.0013	0.11

Australian Data Today

ABS	Workforce (incl unemployt & wages)	Jun
NAB	Business survey	Jun Q
RBA	Official assets	Jun

Pre-Open Announcements

Westpac Banking Corporation (* WBC) / National Australia Bank (* NAB)

Citigroup has cancelled WBC and NAB sell recommendations, in favour of neutral ratings.

Sydney Airport (* SYD)

June international passenger numbers grew 9.7% and domestic by 3.6%. Overall year-to-date passenger numbers have risen 3.6%.

Recce Ltd (* RCE)

RCE's Sydney manufacturing facility is now producing antibiotic compounds at name-plate standard levels, ahead of planned human clinical trials.

James Hardie Industries (JHX)

Sydney tour presentation lodged this morning.

Alexium International (AJX)

Executive director Nick Clark is retiring from the AJX board, effective 1 August, for personal reasons. Mr Clark intends to retain his 2.67% AJX holding.

Coventry Group (CYG)

2H FY 2017 revenue has fallen 0.9% compared with 2H FY 2016. This represents an improvement on 1H FY2017, for which revenue dropped 7.5% compared with 1H FY 2016.

CYG decided on further staff cuts in June, with redundancy costs to be accounted for in FY 2017 results.

For FY 2018, \$1M less in rental revenue is anticipated.

Promising a further update plus outlook commentary in conjunction with the release of full-year results, scheduled for 25 August.

CYG recouped 9.4% Tuesday and 7.9% yesterday, settling at 75.5c.

Resources

Mustang Resources (MUS)

\$A8.5M convertible note facility secured with Arena Investors. This will fund MUS plans through to its planned initial ruby sale in October. Details lodged this morning.

Energy

Stanmore Coal (SMR)

Heralding June quarter performance, outlined in the company's production report lodged this morning.

Trading Halts

Company	Code	Resuming
Castillo Copper	CCZ	21 Jul
Otto Energy	OEL	21 Jul

Suspensions (selected)

Company	Code	Since
Baralaba Coal Company	BCL	10 Jul
Bellamy's Australia	BAL	11 Jul
Clancy Exploration	CLY	13 Jul
Crater Gold Mining	CGN	20 Jul
European Lithium	EUR	7 Jul
Magnis Resources	MNS	5 Jul
Magnum Gas & Power	MPE	12 Jul



RBA Forex transactions Jun

US Data Tonight

Initial jobless claims 15 Jul
 Philadelphia Fed manufacturing index Jul
 Conf Board leading index Jun

Other Overseas Data Today & Tonight

Japan BoJ policy statement Jul
 Japan Trade balance Jun
 Japan BoJ outlook report Jul Q
UK Retail sales Jun
Germany Producer prices Jun
Euro zone ECB policy statement Jul
 Euro zone Consumer confidence Jul
 Euro zone Balance of payments (rev) May

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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
Trek Metals	TKM	17 Jul

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
JIN	Mon	15	100	2.87
MIR	Wed	10.5	100	3.47
WQW	28 Jul	3.52	0	7.33

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	ALQ	AGM
	AST	AGM
	EVN	Jun Q
	MQA	Jun Q
	OZL	Jun Q
	STO	Jun Q
	S32	Jun Q
	SYD	Jun
	WPL	Jun Q
Mon	ILU	Jun Q
	NCM	Jun Q
Tue	OZL	Jun Q
Wed	IGO	Jun Q
	SBM	Jun Q
	SXY	Jun Q
27 Jul	BPT	Jun Q
	FMG	Jun Q
	GUD	Full-year
	MQG	AGM
	OGC	Jun Q
28 Jul	AWE	Jun Q
	PRG	AGM
	SFR	Jun Q
31 Jul	ERA	Interim
	IFN	Jun Q
	NVT	Full-year
	ORG	Jun Q
	SFR	Jun Q