

Friday 21 July 2017

Markets

SFE 200 Futures (9.30am AEST)	5688	-11	-0.2
NZX 50	7662	-11	-0.1
DJIA Futures	21579	-2	0.0
S&P 500 Futures	2471	0	0.0
NASDAQ Futures	5919	-6	-0.1

Local Markets Commentary

The Australian market commences Friday trade with little support from key commodities, on largely unconvincing international equities leads, and in the absence of economic indicator catalysts.

In overnight commodities trade, US **gold** futures resumed their ascent following an on-par close Wednesday. **Oil** settled lower. LME **copper** extended Wednesday's fall a little. **Iron ore** swung lower.

The **\$A** climbed again, after being pushed lower towards ~US79.0c early yesterday evening.

Locally today, two speeches by Reserve Bank of Australia (**RBA**) officials are keenly anticipated for any commentary regarding yesterday's national employment statistics.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21612	-29	-0.1
S&P 500	2473	-0.4	-0.0
NASDAQ	6390	5	0.1
FTSE 100	7488	57	0.8
DAX 30	12447	-5	-0.0
Shanghai Comp	3245	14	0.4

Overseas Markets Commentary

Major European and US equities markets opened higher overnight, but corporate earnings and news, currency swings, plus oil reaching and falling from seven-week peaks, produced vacillations from which some indices failed to recover.

The **European Central Bank** (ECB), as expected, did not make any changes at its policy meeting.

ECB president Mario Draghi, in the post-meeting press conference, reiterated economic indicators remained the key to any tightening, and that they did not yet point to near-term adjustment.

This included for the monthly €60B bond purchase program, which Mr Draghi said could extend into next year, but which would be considered in detail in Autumn. The euro subsequently maintained a significant pre-meeting appreciation.

Earlier yesterday, the **Bank of Japan** had also maintained status quo and indicated it would do so for some time, again pushing back the timetable for target inflation.

In data releases, **US** weekly new unemployment claims dropped by 15,000 and the four-week moving average by 2250.

The July Philadelphia Fed manufacturing index tumbled eight points to 19.5, ahead of national

RBA – deputy governor Guy Debelle is scheduled to speak on *Global Influences on Domestic Monetary Policy* at a CEDA lunch, Adelaide, **12.40pm AEST**

RBA – assistant governor (financial system) Michele Bullock is speaking at an economic & social policy conference, Melbourne, **2.15pm AEST**

Today's Stock Watch

Primary Health Care (PHC) (PRY)

Anticipating a \$US92M full-year underlying NPAT, at the lower end of guidance. \$575M impairment expected.

Planning to publish audited results 18 August.

Milton Corporation (MLT)

4.3% lower, \$122.4M full-year NPAT. 3.1% lower, \$128.7M operating revenue. 10c fully-franked final dividend. \$3.99 NTA. AGM scheduled for 12 October.

Eden Innovations (EDE) / Tasman Resources (TAS)

Second, \$US90,000 Texas concrete manufacturer order received for EdenCrete.

Further, another new customer has placed its first EdenCrete order with EDE, ahead of a commercial water park construction project.

In addition, trials are due to begin in the next few weeks with another manufacturing customer in Texas.

TAS holds ~39% of EDE shares.

Innate Immunotherapeutics (IIL)

Assessing IIL's future, including potential new technologies and/or other applications for IIL's proposed multiple sclerosis treatment MIS416.

Further MIS416 clinical trial data analysis has again indicated no clinically meaningful or statistically significant differences in neuromuscular function for the trial's secondary progressive multiple sclerosis patients.

Resources

Fortescue Metals Group (FMG)

FMG says it anticipates no material financial impact from a Federal Court decision determining exclusive native title rights over the majority of (unallocated crown) land on which FMG's WA Pilbara Solomon Hub iron ore project is located.

Newcrest Mining (NCM) / Encounter Resources (ENR)

NCM has agreed to supply up to \$A500,000 to ENR in order to identify project opportunities within a proposed WA alliance Paterson province alliance area. This area excludes the vicinity of NCM's Telfer copper-gold operation.

Any approved projects will be placed in a 50:50 JV arrangement, pending contribution agreements.

NCM is due to report for the June quarter on Monday.

Expecting to produce 9Mt – 10Mt of iron ore during FY 2018.

Regis Resources (RRL)

Produced a record 90,428oz of gold during the June quarter at an \$A870/oz AISC. Sold 88,551oz at \$A1678/oz.

Record 324,353oz produced during FY 2017 at a \$945/oz AISC. \$151.7M cash as at 30 June.

updates from next week.

June retail sales surprised on the upside in the **UK**, rising 0.6% for the month, despite a 1.3% fall for the quarter. Warmer than usual weather was cited for improved apparel and household goods sales.

In the meantime, the International Monetary Fund (IMF) was reported to have imposed a **Greek** debt cap as a condition for approving the further release of bailout funds.

Tonight in the **US**, no new major economic data releases are anticipated.

Colgate-Palmolive, General Electric, Honeywell, Schlumberger, Tokyo Steel and Vodafone are among companies scheduled to report earnings or provide trading updates.

In overnight corporate news, **Unilever's** pleasing interim results supported general consumer stocks.

Sears revealed a deal to sell select Kenmore products through Amazon, skittling home goods and improvement retail stocks however.

Exxon Mobil received a \$US2M US treasury penalty for breaching sanctions against Russia in 2014. The group was headed at that time by current US secretary of state Rex Tillerson.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1246	oz	3.6	0.3
Silver (NY) (Sep)	16.3	oz	0.01	0.1
Gold (LON)	1239	oz	-3	-0.3
Platinum	926	oz	7	0.8
WTI Crude (Aug)	46.8	bbl	-0.3	-0.7
Brent Crude (Aug)	49.3	bbl	-0.4	-0.8
Iron Ore (CHN port 62%)	68.1	t	-2.1	-3.1
Copper	5959	t	-8	-0.1
Nickel	945	t	-155	-1.6
Aluminium	1917	t	-3	-0.2
Lead	2213	t	-4	-0.2
Zinc	2727	t	-20	-0.7
Tin	20075	t	-20	-0.1
CBT Wheat (Sep)	5.06	bshl	0.03	0.5

Commodities Commentary

Oil – traded higher early, but swung to settle lower. WTI traded as high as \$US47.55/bbl ahead of the August expiry. September WTI closed down US40c (0.9%), at \$US46.92/bbl.

A weekly US petroleum drill rig report is due tonight.

Gold – the \$US weakened again, favouring overnight gold trade. Futures had traded at \$US1234.60/oz in early trade.

Base metals – general sentiment fell despite renewed \$US softening.

In addition, the global January-April *copper* surplus was reported at 80,000Mt.

Russian iron ore producer Metalloinvest was also said to be selling its ~1.8% Norilsk *Nickel* holding.

International manufacturing updates are due from Monday.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7952	-0.0005	-0.07
EUR – USD	1.1630	-0.0002	-0.02

Pre-Open Announcements

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

Home and sporting goods retailer BGP completed its ASX listing yesterday 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

Atlas Iron (* AGO)

CFO Mark Hancock has been appointed chief commercial officer. The CFO position is Chris Els' as of 25 July (Tuesday next week). Mr Els was most recently with Danakali (ASX: DNK).

Shipped 3.1Mt (wet) of iron ore during the June quarter, realising ~\$A55/t CFR. C1 cash costs came in at \$A36/t and total cash costs at \$52/t.

\$81M cash as at 30 June.

Silver Lake Resources (* SLR)

Sold 1370,000oz of gold during FY 2017, 37,515oz during the June quarter.

\$A1668/oz June quarter realised price against a \$A1297/oz AISC.

Additional details, including FY 2018 guidance, lodged this morning.

Pilbara Minerals (PLS) / Tungsten Mining (* TGN)

PLS is selling the Tabba processing facility to TGN for \$600,000, \$300,000 in cash and \$300,000 worth of TGN shares. TGN needs the modular facility for proposed Mt Mulgine project Mulgine Hill mining.

Energy

Yancoal Australia (* YAL)

Produced 4.35Mt of (attributable) coal during the June quarter, 12% more than for the June quarter 2016. Sold 4.92Mt (attributable), representing a 4% annual rise.

Trading Halts

Company	Code	Resuming
Castillo Copper	CCZ	21 Jul
Azonto Petroleum	APY	24 Jul
Dotz Nano	DTZ	24 Jul
Graphex Mining	GPX	24 Jul
Kairos Minerals	KAI	24 Jul

Suspensions (selected)

Company	Code	Since
Baralaba Coal Company	BCL	10 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
MSM Corporation International	MSM	12 Jul
Novo Lito	NLI	26 Jun
Peak Resources	PEK	6 Jul
Premiere Eastern Energy	PEZ	11 Jul
Realm Resources	RRP	14 Jul

**Overseas Data Today & Tonight**

Japan	Department store sales	Jun
Japan	Workforce (final)	May
UK	Public sector finances	Jun

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Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
JIN	Mon	15	100	2.88
MIR	Wed	10.5	100	3.48
WQW	Fri (28 Jul)	3.52	0	7.41

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	RRL	Jun Q
Mon	ILU	Jun Q
	NCM	Jun Q
Tue	OZL	Jun Q
Wed	IGO	Jun Q
	SBM	Jun Q
	SXY	Jun Q
Thu	BPT	Jun Q
	FMG	Jun Q
	GUD	Full-year
	MQG	AGM
	OGC	Jun Q
Fri (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