

Monday 24 July 2017

Markets

SFE 200 Futures (9.30am AEST)	5639	-25	-0.4
NZX 50	7652	-15	-0.2
DJIA Futures	21518	0	0.0
S&P 500 Futures	2470	0	0.0
NASDAQ Futures	5919	0	0.0

Local Markets Commentary

The Australian market opens this week's trade with limited support from international equities and commodities trade.

In overnight Friday commodities trade, US **gold** futures appreciated. **Oil** and **iron ore** extended Thursday's falls. LME **copper** swung higher.

The **\$A** traded a little higher, after slipping briefly below US79.10c before heading back towards US79.30c early Friday evening.

Locally today, a state-by-state economic report is due from CommSec. Pre-trade, weekly capital city house prices will be published.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21580	-32	-0.2
S&P 500	2473	1	-0.0
NASDAQ	6388	-2	-0.0
FTSE 100	7453	-35	-0.5
DAX 30	12240	-207	-1.7
Shanghai Comp	3238	-7	-0.2

Overseas Markets Commentary

Major European equities markets started Friday trade on par with, or higher than, the previous session. Sentiment deteriorated with US equities markets falling on open.

Corporate reporting and manoeuvring plus currency considerations featured, the euro trading at new two-year peaks.

The **UK** reported public sector finances, the June budget deficit coming in at ~40% higher than a year earlier, impacted by a generally weaker British pound and rising inflation.

Tonight in the **US**, June existing home sales and Markit's preliminary July manufacturing and services PMIs are due.

Alphabet (Google parent), Reckitt Benckiser, Ryanair and Sthree are due to report earnings

In overnight Friday corporate news, **General Electric** disappointed with a weaker-than-anticipated outlook statement. Quarterly profit and revenue exceeded expectations, but the profit nonetheless represented a 60% year-on-year slide.

UK online payments specialist **Paysafe** was reported to be facing a \$US3.8B from a consortium including **Blackstone** and **CVC**.

Meanwhile, **Siemens** and **Bombardier** were said to be negotiating a merger of their rail stock manufacturing businesses.

Today's Stock Watch

Westpac Banking Corporation (WBC) / Charter Hall Group (CHC)

CHC confirms its level of interest in WBC's proposed sale of Hastings Management Proprietary Ltd has led to exclusive WBC-CHC discussions.

MG Unit Trust (MGC)

Murray Goulburn Co-operative is proposing to reduce its FY 2018 milk intake to 2.3B litres.

Promising an update by 22 August, when MGC plans to publish FY 2017 results.

Tempo Australia (TPP)

Paying ~\$A6.8M for electrical services specialist KP electric. Details lodged this morning.

Boart Longyear (BLY)

BLY has secured a revolving credit facility and term loan credit facility, and pending court approval, this will represent a final pre-requisite for implementing the proposed recapitalisation schemes. Facility details lodged this morning.

Emeco Holdings (EHL)

Anticipating a 54% higher, \$A83.5M FY 2017 EBITDA. June quarter revenue rose 190% for the three months to \$A94.3M. \$A456M net debt. Additional statistics lodged this morning.

Resources

Newcrest Mining (NCM)

The mid-April earthquake which damaged NCM's NSW Cadia East operations has impacted NCM's quarterly and full-year results.

NCM produced 2.38Moz of gold during FY 2017 representing a 2.4% reduction on FY 2016. Copper output rose 1% to 84,000t. The AISC grew 3.3% to \$787/oz.

For the June quarter, produced 552,000oz of gold and 13,000t of copper, representing respective 7.8% and 41.3% drops from the previous quarter. The AISC came in at \$902/oz, up 26.5% for the quarter.

Iluka Resources (ILU)

Total mineral sands production for the six months to 30 June rose 36.6% to 681,200t, compared with first-half 2016. Sales rose 64.3% to 548,900t.

Revenue grew 48.8% to \$503.6M. Revenue-per-tonne rose 2.1%.

Mt Gibson Iron (MGX)

Sold 32.Mt (wet) of iron ore during the full year to 30 June. Sales revenue totalled \$173M. For the June quarter, sold 600,000t, for \$28M. \$447M cash and liquid investments.

Planning to lodge full-year results 16 August.

CuDeco Ltd (CDU)

CDU has secured a one-month extension to an \$HK80M short-term loan, initially due for repayment 21 July.

CDU is continuing negotiations to restructure longer-term financial support.

Energy

Tigers Realm Coal (TIG)

An initial 38,500t of coal is on its way to a customer in Asia.

**Commodities**

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1255	oz	9	0.8
Silver (NY) (Sep)	16.5	oz	0.1	0.7
Gold (LON)	1249	oz	10	0.8
Platinum	934	oz	8	0.9
WTI Crude (Sep)	45.8	bbl	-1.1	-2.5
Brent Crude (Aug)	48.1	bbl	-1.2	-2.5
Iron Ore (CHN port 62%)	67.1	t	-1.0	-1.3
Copper	6004	t	46	0.7
Nickel	9520	t	25	0.3
Aluminium	1915	t	-2	-0.1
Lead	2240	t	27	1.2
Zinc	2754	t	27	1.0
Tin	20225	t	150	0.7
CBT Wheat (Sep)	4.99	bshl	-0.07	-1.3

Commodities Commentary

Oil – traded higher early, supported by a comparatively weak \$US, but reports emerged estimating June OPEC production 145,000bbl/d higher for the month, exceeding a daily 33MMbbl.

Yesterday, OPEC secretary general Mohammad Barkindo admitted the global oil market was not adjusting as quickly as anticipated, but predicted that progress would be more noticeable by year's end, in part due to growing crude demand.

Later today, a group comprising both OPEC and non-OPEC members is due to meet in St Petersburg, to consider impacts from the latest agreement.

A weekly US petroleum drill rig report, published Friday, estimated one fewer oil rig in operation.

Gold – emphases within the US Federal Reserve's post-policy meeting statement, due early Thursday (AEST), are expected to prove a major influence on gold trade this week.

Currency moves are also likely to dominate, with US political manoeuvres continuing to be widely watched and analysed.

In addition, corporate earnings season in full swing across the US, Europe and UK could swing equities sentiment, and in turn affect interest in alternative trade.

Overnight Friday gold trade was supported by a softer \$US.

Base metals – supported in general overnight Friday, by a weak \$US.

Industrial action at major *copper* projects is likely to continue to offer some support this week, constraining any falls.

A new round of manufacturing PMI updates, commencing later today and tonight, is also expected to influence some trade this week.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7926	0.0022	0.27
EUR – USD	1.1679	0.0015	0.13

Australian Data Today

CLogic	Capital city house prices	22 Jul
CommSec	State of the States	Jul

Pre-Open Announcements**Virgin Australia Holdings (VAH)**

Klan Xiang has been appointed as a VAH director, to replace Chien-tsung Lu who is stepping down from the VAH board today.

Rhipe Ltd (RHP)

Heralding 2H FY 2017 performance. Details lodged this morning.

Resources**Alacer Gold Corporation (* AQG)**

Turkish lira hedging program completed. Details lodged this morning.

Energy**Sino Gas & Energy (* SEH)**

SEH's Sanjiaobei PSC JV has secured a new, fixed-price gas sales agreement. Details lodged this morning.

Trading Halts

Company	Code	Resuming
Sundance Resources	SDL	26 Jul

Suspensions (selected)

Company	Code	Since
Azonto Petroleum	APY	21 Jul
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 Litio	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 (%)
JIN	Today	15	100	2.90
VVR	Tomorrow	6.6	0	5.33
MIR	Wed	10.5	100	3.51
WQW	Fri	3.52	0	7.33

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	ILU	Jun Q
	NCM	Jun Q
Tomorrow	OZL	Jun Q
Wed	IGO	Jun Q

**US Data Tonight**

Markit PMIs (initial)	Jul
Existing home sales	Jun

Other Overseas Data Today & Tonight

Japan	BoJ policy meeting minutes	Jul
Japan	PMI manufacturing (init)	Jul
Germany	PMI manufacturing (init)	Jul
Euro zone	PMI manufacturing (init)	Jul

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Thu	SBM	Jun Q
	SXY	Jun Q
	BPT	Jun Q
	FMG	Jun Q
	GUD	Full-year
Fri	MQG	AGM
	OGC	Jun Q
	AWE	Jun Q
	PRG	AGM
	SFR	Jun Q
31 Jul	ERA	Interim
	IFN	Jun Q
	NVT	Full-year
	ORG	Jun Q
	SFR	Jun Q

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