

Markets

SFE 200 Futures (9.30am AEST)	6716	0	0.0
NZX 50	10839	27	0.3
DJIA Futures	27258	21	0.1
S&P 500 Futures	3020	-2	-0.1
NASDAQ Futures	8014	-24	-0.3

Local Markets Commentary

The Australian market commences today's trade on mixed overnight international equities and commodities trade sentiment, ahead of keenly anticipated comments by the Reserve Bank of Australia (RBA) governor regarding policy and inflation, and with a European Central Bank policy meeting later today expected to produce further easing discussion.

RBA governor Philip Lowe's speech is entitled *Inflation Targeting and Economic Welfare* and scheduled for delivery at an Anika Foundation lunch in Sydney, 1.05pm AEST.

In overnight commodities trade, **oil** swung lower.

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

Iron ore (China port, 62% Fe) also turned, closing a little lower. Further, BHP Billiton (ASX: BHP) and Rio Tinto (ASX: RIO) closed lower in London overnight, ahead of a June quarter report expected from Fortescue Metals Group (ASX: FMG) today.

LME **copper** swung to a gain. **Nickel** resumed rally mode.

The **\$A** traded within a relatively narrow range after falling to ~US69.75c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	27270	-79	-0.3
S&P 500	3020	14	0.5
NASDAQ	8322	70	0.9
FTSE 100	7501	-55	-0.7
DAX 30	12523	32	0.3
Shanghai Comp	2923	23	0.8

Overseas Markets Commentary

Trade across major European and US equities markets varied markedly overnight, investors faced with: another swag of earnings reports from avidly-followed stocks; mixed speculation regarding UK-European Union, US-China and Middle East relations; currency swings, some key late-week data; plus a European Central Bank policy meeting tonight, and further late-week influential economic indicators.

The British pound rallied against the \$US and euro, and five-year US Treasuries yields rose to 1.824% from 1.791%.

RBA – governor Philip Lowe speaks on *Inflation Targeting and Economic Welfare*, 1.05pm AEST, Sydney.

Today's Stock Watch

Macquarie Group (MQG)

Regulatory commentary keenly anticipated at today's AGM. Update lodged pre-trade, including first quarter (to 30 June) FY 2020 operating net profit in line with a year earlier and a little lower than for the fourth quarter (to 31 March 2019) FY 2019 (to 30 March 2019).

\$A5B capital surplus. 12.0% CET1 (14.9% harmonised).

Corporate and asset finance division co-head Garry Farrell plans to retire from this role effective 1 September, in association with a restructure, details of which were also lodged pre-trade.

Resources

Newcrest Mining (NCM)

Produced 2.488Boz of gold during FY 2019, 6% more than for FY 2018.

Copper output rose 36% year-on-year to 106,000t.

The group's AISC fell 12% to a \$US738/oz record low, supported by NSW Cadia production and ASIC records.

The annual realised gold price declined 3% to \$US1269/oz.

June quarter gold production increased 6% for the three months, and copper output 14%. The June quarter AISC fell \$US18/oz for the quarter, to \$US720/oz.

Fortescue Metals Group (FMG)

Record 46.6Mt of iron ore shipped during the June quarter., pushing FY 2019 shipments to 167.7Mt, down 1% for the year.

30% higher (on the March quarter), \$US92/t average revenue.

\$US1.9B cash on hand. \$US2.1B net debt.

Pilbara Minerals (PLS)

Produced 63,782t of spodumene concentrate during the June quarter, against 52,196t in the March quarter.

Shipped 43,214t, following 38,562t for the three months earlier.

Sold 38,535lb of tantalite concentrate, against 30,356lb.

\$A63.6M cash, against \$A103.9M.

Energy

Karoo Energy (KAR)

Acquiring a full operating interest in the Santos Basin, offshore Brazil, 20MMbbl/d Bauna light oil field, for \$US665M.

KAR says the purchase price is offset by operating cash flows from the 1 January 2019 effective acquisition.

Teo oil reservoir are producing via an FPSO and another discovery (Patola) remains undeveloped.



Meanwhile, select FTSE-listed mining stocks fell after downgrades for Anglo American, BHP Billiton and Rio Tinto, Credit Suisse calling a top for iron ore prices.

Also in the **UK**, the new PM promoted his vision and began executing cabinet changes.

Among overnight data releases, initial July manufacturing and services PMI estimates for the **euro zone** came in at 46.4 and 53.3 respectively, from 47.6 and 53.6 in June.

Germany's manufacturing PMI dropped to 43.1, from 45. The services sector activity index slipped by 0.4 to 55.4, nonetheless remaining well within expansion territory.

In the **US**, Markit manufacturing and services sector PMIs proved mixed, the manufacturing index falling by 0.6 to 50.0 and the services PMI rising by 0.7 to 52.2.

For GDP calculations, the services sector is the larger contributor.

In other overnight US data releases, June new home sales rose 7% for the month, following an 8.2% May drop.

Weekly mortgage applications fell 1.9%, despite 30-year rates reducing to 4.08% from 4.12%. Applications declined 1.1% the previous week, and could fall again ahead of the US Federal Reserve's policy meeting next week.

Tonight in the US, a regional manufacturing index, wholesale inventories, durable goods orders and weekly new unemployment claims are due.

Elsewhere, the **European Central Bank** convenes a policy meeting and hosts a post-meeting press conference.

Companies scheduled to report earnings later today and tonight include: 3M, Alphabet, Amazon, Anheuser Busch InBev, AstraZeneca, Bristol-Myers Squibb, Comcast, Danone, Diageo, Intel, Lotte Chemical, Mattel, National Express, Nissan Motor, Nokia, Petrobras, Starbucks, Unilever and Volkswagen.

In overnight corporate news, **Deutsche Bank** reported a €3.15B June quarter net loss.

Boeing posted a \$US2.94B loss, Boeing's coming largely as a result of the 737 MAX grounding, which contributed to a 35% drop in sales (to \$US15.75B) and followed a \$US2.2B profit a year ago.

Caterpillar booked a \$US1.62B profit, but this disappointed against \$US1.71B a year earlier. Revenue rose 3% however, to \$US14.4B. Costs were reported 2% higher, the company CFO citing in association \$US70M worth of tariffs for the quarter.

Facebook (\$US2.6B profit), **Ford** (\$US148M profit) and **Tesla** (\$US408M loss) have reported post-US settlement and will influence tonight's trade.

Facebook also revealed a \$US5B settlement with the US Federal Trade Commission.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1423.6	oz	1.9	0.1
Silver (NY) (Sep)	16.626	oz	0.15	0.9
Gold (LON)	1426	oz		
Platinum	876	oz	21	2.5
WTI Crude (Sep)	55.88	bbl	-0.89	-1.6
Brent Crude (Sep)	63.18	bbl	-0.65	-1.0
Iron Ore (CHN port 62%)	120.25	t	-0.17	-0.1

Pre-Open Announcements

Bod Australia (* BDA)

BDA's Australia MediCabilis (5% CBD) prescription volumes grew by 273% from June to July-to-date.

275 prescriptions have been dispensed for January – July, 220 of these in June-July, and 161 in July.

Repeat prescriptions are considered 'strong'.

BDA describes discussions with potential distributors in Europe as 'advanced' and is promising an update 'in the near term'.

Bank of Queensland (* BOQ)

BOQ has appointed consultant Peter Sarantzouklis as BOQ business executive, effective 12 August. Mr Sarantzouklis has also previously held Westpac management roles.

ResMed Inc (* RMD)

Due to report in the US tonight.

IMF Bentham (* IMF)

A Forge Group class action has settled conditionally, with IMF anticipating ~\$7.5M revenue.

Creso Pharma (* CPH)

500% higher year-on-year, \$926,765 June quarter revenue.

CPH remains under a takeover offer from Canada-headquartered, TSXV-listed PharmaCielo.

Alexium International Group (* AJX)

Two-year agreement secured to supply Alexicool top-of-bed products, in particular for pillows, to US New Jersey-headquartered Pegasus Home Fashions.

Gentrack Group (G TK)

Revising expected FY 2019 EBITDA lower, to \$27M - \$28M, from ~\$31M, due to project timing, in turn reliant on customer resourcing.

GTK says projects are not at risk.

Impression Healthcare (IHL)

Chief medical officer appointment lodged this morning. In addition, CEO Joel Latham will also become MD.

CropLogic Ltd (CLI)

JV for growing CBD hemp trimmed flower with US Oregon-based the Shephard Brothers.

Genesis Energy (GNE)

June quarter performance report lodged this morning, mostly in presentation format.

Yowie Group (* YOW)

~-\$US2.3M FY 2019 EBITDA, against -\$US5.0M for FY 2018.

\$US14.7M sales, against \$US17.5M.

-\$US1.2M June quarter EBITDA.

\$US3.3M June quarter net sales, against \$US4.9M for the June quarter 2018.



Copper (LME,3mth,PM)	6003	t	27	0.5
Nickel	14545	t	315	2.2
Aluminium	1826	t	7	0.4
Lead	2072	t	35	1.7
Zinc	2455	t	15	0.6
Tin	17925	t	225	1.3
CBT Wheat (Jul)	4.94	bshl	0.06	1.3

Commodities Commentary

Oil – prices swung overnight, amid currency switches, a wait for some definition to talk of Western alliance-led protected passage through the Strait of Hormuz, speculation regarding any progress in China-US face-to-face trade talks scheduled for next week, and new data releases.

A weekly US petroleum inventories report, published overnight by the EIA, revealed a 10.8MMbbl draw on crude stocks, although this was mostly attributed to shutdowns associated with hurricane Barry.

Output fell by 700,000bbl to a total 11.3MMbbl.

Intra-session, WTI crude reached \$US57.64/bbl overnight and Brent \$US64.66/bbl.

Gold – Comex gold futures traded as high as \$US1430/oz overnight but lost most gains to settle just a little higher.

Initially, the \$US gained on increased expectations the UK under its new PM could leave the European Union (EU) without key agreements such as for border security, trade and finance.

A European Central Bank policy meeting will deliver another keenly anticipated press conference tonight, this expected to influence currency trade.

Tomorrow night, an initial US June quarter GDP estimate is expected to influence both currency, equities and gold sentiment.

Meanwhile, Comex silver futures have continue to rally, achieving new ~one-year peaks overnight.

Base metals – pushed and pulled overnight by currency swings and data.

In production news, Antofagasta reported a 22% year-on-year rise in June quarter *copper* output, to 198,600t. The company expects to produce 750,000t – 790,000t of copper this year.

Among data releases, a 49.6 July manufacturing PMI for Japan, published yesterday, represented a 0.3 improvement for the month. A services sector PMI rose to 52.3 from 51.9.

Manufacturing PMIs for the euro zone as a whole and key member state Germany disappointed again, a US manufacturing sector activity index also failing to impress, falling to the expansion-contraction cut-off of 50, the lowest level in almost a decade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6976	-0.0002	-0.03
EUR – USD	1.1141	0.0001	0.01

Roto-Gro International (RGI)

RGI's stackable modular rotatable gardening system has secured a US patent.

Redflex Holdings (RDF)

A new three-year maintenance services agreement with the Victoria State Government is expected to deliver up to \$A15M revenue.

Energy

Carnarvon Petroleum (P CVN)

Resuming from a trading halt having raised \$79M in a fully underwritten institutional placement at 39c-per-share, in support of Dorado development.

A \$5M non-underwritten SPP, at the same price, is scheduled for 1 – 16 August.

CVN traded at 41.5c – 44.5c over the five trading sessions before calling a trading halt ahead of the placement.

Buru Energy (BRU)

Onshore WA Canning Basin EP 428 Adoxa 1 drilling underway. BRU 50%.

Reports & Events

(selected)

When	Company	Report/Event
Today	FMG	Jun Q
	MQG	AGM
	NCM	Jun Q
	PLS	Jun Q
Tomorrow	RMD	Jun Q (tonight US)
Tue	AQG	Jun Q (post-ASX trade)
	NST	Jun Q

Trading Halts

Company	Code	Resuming
Alita Resources	A40	25 Jul
Abacus Property Group	ABP	26 Jul
Bellevue Gold	BGL	26 Jul
Black Rock Mining	BKT	26 Jul
Kalium Lakes	KLL	26 Jul
Oventus Medical	OVN	26 Jul
PSC Insurance Group	PSI	26 Jul
Micro-X Ltd	MX1	29 Jul

**US Data Tonight**

Durable goods orders	Jun
Wholesale inventories	Jun
Kansas City Fed manufacturing index	Jul
Initial jobless claims	20 Jul

Other Overseas Data Today & Tonight

Germany	IFO business climate index	Jul
Euro zone	ECB monetary policy statement	Jul

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Suspensions *(select)*

Company	Code	Since
Golden Rim Resources	GMR	1 Jul
High Grade Metals	HGM	18 Jul
Jiajiafu Modern Agriculture	JJF	22 Jul
Keybridge Capital	KBC	16 Jul
Marenica Energy	MEY	25 Jul

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
KAT	Today	0.5	100	1.92
MIR	Today	6.5	100	3.89
AMH	1 Aug	3.5	100	6.87
DJW	5 Aug	10	100	5.52
WQG	5 Aug	2	0	0.00
AFI	6 Aug	14	100	3.74
MLT	8 Aug	10.4	100	4.00

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