

Thursday 27 July 2017

Markets

SFE 200 Futures (9.30am AEST)	5717	0	0.0
NZX 50	7718	8	0.1
DJIA Futures	21653	7	0.0
S&P 500 Futures	2477	4	0.2
NASDAQ Futures	5968	20	0.3

Local Markets Commentary

The Australian market opens today's trade on a robust \$A, price gains for most key commodities, and ahead of China's June industrial profits.

In overnight commodities trade, **oil** continued higher. **Iron ore** (China port, 62% Fe) extended this week's rally, trading above \$US70/t. LME **copper** rallied further. US **gold** futures settled slightly lower again, but have since risen on a \$US drop.

The **\$A** was propelled beyond US80.0c, after rising to ~US79.10c by early yesterday evening.

Locally today, June quarter trade prices are due 11.30am AEST.

China is also expected to release June industrial profits 11.30am AEST.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21711	98	0.5
S&P 500	2478	0.7	0.0
NASDAQ	6423	11	0.2
FTSE 100	7452	18	0.2
DAX 30	12305	41	0.3
Shanghai Comp	3248	4	0.1

Overseas Markets Commentary

Most major European and US equities markets opened higher overnight, largely also looking never to be headed.

Investors considered a swag of corporate reports ahead of, and beyond, the **US Federal Reserve** post-policy meeting statement.

The statement was interpreted as indicating the central bank could conditionally begin selling some of its \$US4.5 trillion worth of assets well before year's end.

Soft inflation was again noted, but without fear for the US economy.

In US data releases, June new home sales were reported 9% higher than a year ago.

Weekly mortgage applications rose just 0.4%, new mortgages falling 2.2%, but refinancing increasing by 3.4%, buoyed by a rates fall.

Earlier, the **UK** reported 0.3% June quarter GDP growth, in an initial estimate representing a 1.7% annual rise. March quarter GDP grew 0.2%, and 2.0% on an annual basis.

Tonight in the **US**, weekly new unemployment claims are due, together with durable goods orders, the Chicago Fed's national activity index, wholesale inventories, a trade balance update and regional manufacturing index.

China – June industrial profits 11.30am AEST

* Real estate investment trust (REIT) listing **midday** AEST – **CRR** *

Today's Stock Watch

GUD Holdings (GUD)

Due to report full-year results today.

Aurizon Holdings (AZJ)

Anticipating \$836M FY 2017 EBIT, following \$800M - \$850M guidance issued in April.

Full-year bulk division impairments are likely to total \$526M, pushing AZJ impairments and transformation costs for the year to an unaudited \$927M.

For the June quarter, AZJ hauled 5% less freight year-on-year, 4% less iron ore and 4% less coal.

Planning to lodge full-year results 14 August.

Macquarie Group (MQG)

Today's AGM presentation and chairman's address lodged this morning. First quarter FY 2018 operating performance was better than this time last year, but not as good as for the March quarter (4th) FY 2017. FY 2018 results are expected to be similar to those for FY 2017.

Fonterra Shareholders' Fund (FSF)

Fonterra Co-op is raising the 2018 forecast farm-gate milk price by NZ25c to \$NZ6.75/kg of milk solids. EPS is likely to come in at 45c - 55c.

Convenience Retail REIT (* CRR) / APN Property Group (APD)

Service station real estate-focused CRR lists on the ASX **midday** AEST following an ~\$162M IPO at \$3.00 per security. Trade will commence on a deferred and conditional settlement basis.

Each CRR unit represents one stapled security each of APN Property Plus Portfolio, Convenience Retail REIT No2 and Convenience Retail REIT No3.

Conditions are expected to be fulfilled by ASX open 1 August (Tuesday next week). Normal (T+2) trade is expected to begin 3 August.

Resources

Fortescue Metals Group (FMG)

Shipped 170.4Mt of iron ore for the year to 30 June, 44.7Mt during the June quarter. Anticipating shipping another 170Mt during FY 2018. Targeting \$US11/t - \$US12/t cash production costs, following \$US12.16/t for the June quarter.

\$US1.8B cash. \$US4.5B gross debt.

Resolute Gold (RSG)

Produced 329,834oz of gold for the year to 30 June, at a \$A1132/oz AISC. Sold 317,242oz for \$A1280/oz. Cash, bullion plus listed investments total \$A290M.

Energy

Caltex Australia (CTX)

June refiner margins (RM) lodged this morning. The unlagged Caltex RM came in at \$US12.67/bbl, against \$US11.08/bbl a year ago and \$US9.94/bbl for May.

Anglo American, AstraZeneca, Baidu, Barclays, Deutsche Bank, Fiat Chrysler, Fujitsu, Glencore, Hitachi, Intel, Kia Motors, LG Electronics, Lloyds, Nestle, Nissan Motor, Royal Dutch Shell, Samsung Electronics, Singapore Airlines, Sky, Starbucks, Twitter and Volkswagen are among a plethora of companies scheduled to report earnings today or tonight.

In overnight corporate news, **Boeing** was pushed almost 10% higher following a pleasing quarterly profit, despite a larger-than-anticipated 8% revenue drop.

Coca-Cola also reported upside earnings and a forex-impacted revenue fall, but was traded 1% higher.

Amazon traded at a new record peak while **Facebook** booked a 71% profit jump.

Ford's quarterly results exceeded expectations but the stock rolled 2% lower.

AT&T reported almost on-par and rose 5%.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1249	oz	-3	-0.2
Silver (NY) (Sep)	16.6	oz	0.1	0.6
Gold (LON)	1248	oz	-6	-0.5
Platinum	929	oz	4	0.4
WTI Crude (Sep)	48.8	bbl	0.9	1.8
Brent Crude (Aug)	51.0	bbl	0.8	1.5
Iron Ore (CHN port 62%)	70.4	t	0.9	1.4
Copper	6329	t	104	1.7
Nickel	10040	t	35	0.4
Aluminium	1942	t	12	0.6
Lead	2313	t	-5	-0.2
Zinc	2808	t	-28	-1.0
Tin	20325	t	20	0.1
CBT Wheat (Sep)	4.78	bshl	0.04	0.8

Commodities Commentary

Oil – the EIA (US government agency) weekly US petroleum inventories report estimated a 7.2MMbbl draw on crude stocks, supporting a further gain.

A two-day national strike, which commenced overnight, is estimated to cost **Venezuela** 4MMbbl of oil income.

Meanwhile, a pipeline remains closed in **Nigeria**, for maintenance, impacting 180,000bbl/d of delivery.

Gold – a weaker \$US following the release of the US Federal Reserve post-policy meeting statement provided an upward draft for gold prices, which had earlier fallen, settling lower for the session.

Base metals – growth expectations, in particular for China, continued to buoy *copper* in the face of industrial unrest at large operations in Chile.

Positive equities sentiment, and an ongoing oil price rally helped support trade in general.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7994	-0.0015	-0.18
EUR – USD	1.1730	-0.0008	-0.07

Australian Data Today

ABS	Import & export prices	Jun Q
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Pre-Open Announcements

Wesfarmers Ltd (* WES)

WES's Coles MD John Durkan is speaking publicly at an AmCham lunch in Sydney today.

G Medical Innovations Holdings (↓ GMV)

Resuming from a trading halt with a binding MoU for Shandong Bolelong Information S&T Co to distribute GMV products in China, and for the provision of a call centre and cloud services support.

Bolelong will purchase a minimum quantity of GMZ smartphone Prizma units during the initial year and will provide support for a minimum 60 months.

GMV anticipates a minimum \$US67.5M from the deal.

GMV last traded at 17.5c.

Cedar Woods Properties (* CWP)

MD Paul Sadleir is stepping down in September. CWP COO Nathan Blackburne will take over as MD. Mr Blackburne has been with CWP for 15 years, initially appointed as CWP Victoria state manager.

Mr Sadleir has been CWP's MD for the past 14 years.

Boart Longyear (* BLY)

Chief commercial officer Mark Irwin will leave BLY 30 September, to return to Australia.

Zenitas Healthcare (ZNT)

Acquiring aged cared podiatry specialist Dimple Group for \$10.7M cash and \$2.7M worth of ZNT shares.

James Hardie Industries (JHX)

Planning to lodge June quarter results 8 August and to host a webcast teleconference that day commencing 8am AEST.

Resources

Mustang Resources (↓ MUS)

Heralding beneficiation test work using oxide and fresh samples from the company's Caula graphite project, Mozambique. MUS is consequently anticipating comparatively low-cost production.

Bauxite Resources (BAU)

\$16.5M cash as at 30 June. June quarter report lodged this morning, highlighting bauxite and lithium interests.

OceanaGold Corporation (* OGC)

June quarter activities report anticipated.

Energy

Beach Energy (BPT)

Produced a record 10.6MMboe during the year to 30 June, 9% more than for FY 2016. Sold 11.8MMboe (+7%) for flat, \$649M revenue. \$348M cash. \$150M drawn debt.

Targeting 10MMboe – 10.6MMboe production for FY 2018, and anticipating spending \$220M - \$260M.

Trading Halts

Company	Code	Resuming
Echo Resources	EAR	27 Jul
Memphasys Ltd	MEM	27 Jul
Molopo Energy	MPO	27 Jul
Wattle Health Australia	WHA	27 Jul
BKM Management	BKM	28 Jul
Creso Pharma	CPH	28 Jul

**US Data Tonight**

Initial jobless claims	21 Jul
Wholesale inventories	Jun
Durable goods orders (prelim)	Jun
Trade balance	Jun
Chicago Fed national activity index	Jun
Kansas City Fed manufacturing index	Jul

Other Overseas Data Today & Tonight

China	Industrial profits	Jun
Germany	GfK consumer confidence	Aug

Need More Information?

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Manalto Ltd	MTL	28 Jul
Plymouth Minerals	PLH	28 Jul

Suspensions *(selected)*

Company	Code	Since
Azonto Petroleum	APY	21 Jul
Baralaba Coal Company	BCL	10 Jul
Clancy Exploration	CLY	13 Jul
Magnis Resources	MNS	5 Jul
Magnum Gas & Power	MPE	12 Jul
MSM Corporation International	MSM	12 Jul
Peak Resources	PEK	6 Jul
Premiere Eastern Energy	PEZ	11 Jul
Realm Resources	RRP	14 Jul
Sundance Resources	SDL	26 Jul

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AOD	Tomorrow	0.31	0	7.67
WQW	Tomorrow	3.52	0	8.00
BKI	4 Aug	3.7	100	4.33
DJW	4 Aug	10	100	5.24

Reports & Events*(selected scheduled)*

When	Company	Report/Event
Today	BPT	Jun Q
	FMG	Jun Q
	GUD	Full-year
	MQG	AGM
	OGC	Jun Q
Tomorrow	AWE	Jun Q
	PRG	AGM
	SFR	Jun Q
Mon	IFN	Jun Q
	ORG	Jun Q
	SYR	Jun Q
Tue	AQG	Jun Q
	CCP	Full-year
	ERA	Interim
	NVT	Full-year
Wed	BWP	Full-year
	GMA	Interim
	OFX	AGM
	RIO	Interim