

Friday 30 June 2017

Markets

SFE 200 Futures (9.30am AEST)	5710	-67	-1.2
NZX 50	7644	-42	-0.6
DJIA Futures	21265	10	0.0
S&P 500 Futures	2420	0	0.0
NASDAQ Futures	5642	-11	-0.2

Local Markets Commentary

Influential regional data releases are due, and overnight international equities leads are negative, as the Australian market trades for the last time this financial year.

Regionally, **China** is expected to publish official services and manufacturing PMIs **11am** AEST.

Japan releases a swag of May figures, including CPI (9.30am AEST), industrial production, workforce and household spending.

In overnight commodities trade, US gold futures were pushed lower. **Oil** continued modestly higher. LME **copper** picked up the pace of recent gains. **Iron ore** (China port 62% Fe) continued to rally.

The **\$A** appreciated beyond US76.80c after trading above US76.70c yesterday evening.

Locally today, the Reserve Bank of Australia (RBA) releases May financial aggregates, including private sector credit - keenly anticipated ahead of the RBA's policy meeting Tuesday next week. These are due 11.30am AEST.

Post-trade, the RBA also publishes international reserves and foreign exchange liquidity.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21287	-168	-0.8
S&P 500	2420	-21	-0.9
NASDAQ	6144	-90	-1.4
FTSE 100	7350	-37	-0.5
DAX 30	12416	-231	-1.8
Shanghai Comp	3188	15	0.5

Overseas Markets Commentary

Most major European and US equities markets traded lower on or near opening overnight, some broadening expectations of tighter international central bank policies blamed, and the tech sector decidedly out of favour in the US again.

Meanwhile, the euro traded at a 13-month high against the \$US.

Euro zone economic and consumer sentiment indices were reported higher than forecast and exceeding last month's readings.

Germany's initial June CPI growth was reported at 0.2%, against expectations of a flat estimate and following a 0.2% fall in May.

In the **UK**, May mortgage approvals also surpassed expectations.

In **US** data releases, third and final March quarter GDP reading came in at 1.4% annual growth, against the second 1.2% estimate and initial 0.7%

Last trading day of the financial year

China - NBS manufacturing and services PMIs **11am** AEST

* Technology listing **midday** AEST - **AD8** *

Today's Stock Watch

Bega Cheese (BGA)

BGA expects the company's purchase of the Australian & New Zealand grocery business (including Vegemite) of Mondeléz International to be delayed due to the IT outage suffered by Mondeléz in this week's widespread ransomware attack.

BGA settled at \$6.42 yesterday after closing out May at \$5.93.

Metcash Ltd (MTS)

CEO Ian Morrice is guest speaker at a Trans-Tasman Business Circle lunch in Sydney today. MTS published full-year results Monday (26 June).

MTS closed out last week at \$2.19, but settled at \$2.35 yesterday.

MTS trades ex-dividend (4.5c) Thursday next week.

Virgin Australia Holdings (VAH)

Etihad chief support services officer Harsh Mohan has been appointed as a VAH non-executive director, effective today, replacing Bruno Matheu. Etihad holds ~21% of VAH.

GR Engineering Services (GNG) / AngloGold Ashanti (AGG)

\$31.3M EPC contract secured by GNG for AGG's WA far eastern goldfields Sunrise Dam processing facilities upgrade.

Eden Innovations (EDE)

The US Georgia Department of Transportation is planning to use EDE's EdenCrete in all concrete road repair work over the year commencing 1 July.

Prima BioMed (PRR)

Raising \$US5M on the sale of ~2.6M ADS (American Depositary Shares) at \$US1.90 each.

In addition, PRR is issuing unregistered warrants for up to ~1.97M ADS with a \$US2.50 exercise price.

The funds are intended for clinical development work, general corporate purposes and potential acquisitions.

Audinate Group (* AD8)

Digital audio network specialist scheduled to list on the ASX **midday** AEST following a \$1.22-per-share IPO targeting \$21M.

Resources

Energy Resources of Australia (ERA) / Rio Tinto (RIO)

RIO Aluminium head of Pacific operations engineering and growth Paul Arnold has been appointed to take over from Andrea Sutton as ERA CEO and MD.

Ms Sutton resigned, effective 2 August, after being appointed head of RIO's safety and security division.

Energy

South32 Ltd (S32)

S32 evacuated NSW Illawarra region Appin mine workers late yesterday amid gas level concerns. Mining is continuing at the regional Dendrobium mine. S32 expects no change to FY 2017 output guidance.

calculation.

Weekly new unemployment claims rose by 2000 following forecasts of a fall of similar magnitude.

In political developments, the US proposed to sever the US operations of Bank of Dandong, citing money laundering concerns on behalf of **North Korea**. The US is currently hosting a two-day visit by South Korea's president.

Tonight in the US, core private consumption, personal income and spending, the June Chicago PMI and a final June University of Michigan consumer sentiment reading are due.

Schlumberger is scheduled to report interim results and Serco Group to provide a trading update.

In overnight corporate news, **Walgreens Boots** announced it was opting to purchase 2000 **Rite Aid** stores for \$US5.2B, instead of pursuing a \$US9.4B merger proposal in the face of regulatory hurdles.

BP revealed disappointing exploration in Angola would translate into a \$US750M quarterly write-down.

US markets are heading into a shortened trading week, due to 4 July Independence Day commemorations.

The NYSE, NASDAQ, NYMEX and COMEX will close early Monday.

The NYSE and NASDAQ will remain closed Tuesday. NYMEX and COMEX will trade, but again close early.

Full trade resumes across all exchanges Wednesday.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1245	oz	-4	-0.3
Silver (NY) (Jul)	16.6	oz	-0.2	-0.9
Gold (LON)	1244	oz	-5	-0.4
Platinum	918	oz	0	0.0
WTI Crude (Aug)	44.9	bbl	0.2	0.4
Brent Crude (Aug)	47.4	bbl	0.1	0.2
Iron Ore (CHN port 62%)	64.7	t	2.4	3.8
Copper	5940	t	59	1.0
Nickel	9290	t	20	0.2
Aluminium	1915	t	19	1.0
Lead	2314	t	18	0.8
Zinc	2756	t	22	0.8
Tin	20025	t	580	3.0
CBT Wheat (Jul)	4.80	bshl	0.23	5.0

Commodities Commentary

Oil – mid-year and quarter-end positioning is expected tonight. Reduced trade volumes are also anticipated due to the pending 4 July commemorations in the US.

WTI crude traded as high as \$US45.45/bbl overnight, but a lower-price outlook comment from Société Générale appeared to dampen enthusiasm heading into the northern summer holiday season.

The French investment bank dropped its previous September quarter prediction by \$US7.50/bbl to \$US47.50.

Further, Royal Dutch Shell cancelled a force majeure on exports out of Nigeria after completing pipeline repair work.

A weekly US petroleum drilling rig count is due tonight.

Gold – relatively optimistic central bank commentary this week appeared to hold out against \$US weakness, pushing prices lower overnight.

Pre-Open Announcements

Spark Infrastructure (SPK)

Today's investor day initial two presentations lodged. SPK says it will lodge three presentations.

Aspen Group (APZ)

Pending satisfactory due diligence, APZ is expecting to sell the Spearwood South industrial estate for \$28M. Settlement is anticipated 29 September.

Redflow Ltd (* RFX)

Promising an early-July investor presentation. Details of early battery performance issues and repairs lodged post-trade yesterday.

Cirrus Network Holdings (* CNW)

Anticipating 150% higher FY 2017 revenue growth. Heralding recent contracts, including an order which has pushed NGage orders past \$15M.

Eagle Health Holdings (* EHH)

China-focused health foods and dietary supplements specialist scheduled to list midday AEST Monday following a \$25M IPO at 40c per share.

ELMO Software (* ELO)

Talent management software specialist completed a successful ASX listing yesterday following a \$25M IPO at \$2.00 per share. Opened at \$2.17 and was pushed to \$2.60 before settling at \$2.50. 207,405 shares changed hands across 46 trades.

Afterpay Touch Group (APT)

The merged entity of Afterpay Holdings and Touchcorp Ltd commenced ASX trade as APT yesterday. Opened at \$2.70 and traded as low as \$2.65 before settling back at \$2.70. 53,203 shares were traded across 35 transactions.

Trade commenced on a deferred settlement basis. Normal (T+2) trade is expected to commence 10 July.

Resources

Resolute Gold (RSG)

RSG has appointed RSG non-executive director Marthinus (Martin) Botha as chairman.

Peter Huston, RSG chairman for the past 15 years, advised late last year that he intended to stand down.

Yasmin Broughton and Mark Potts have been appointed as RSG non-executive directors.

Details of the new appointees lodged post-trade yesterday.

AVZ Minerals (* AVZ)

An independent technical review of AVZ's Democratic Republic of Congo Manono lithium project, has bolstered expectations. Maiden resource anticipated by early-2018. Details lodged this morning.

Kalium Lakes (↓ KLL)

Non-binding sulphate of potash off-take MoU secured with WITTRACO Dungmittel. WITTRACO proposes to take 20% of KLL Beyondie project output for the initial five years of production.

Energy

Cooper Energy (COE)

Planning an international placement of senior secured bonds. Funds are ear-marked for Sole gas field development.



Base metals – continuing soft \$US helped support overnight LME trade.

Higher oil prices and *copper* inventories reported at almost four-month lows, supported copper trade in particular. Reports out of China also indicated 200,000t of copper smelting capacity would be affected during planned maintenance work.

Half-year and quarter-end positioning, plus **China's** official June PMI readings, due today, are expected to influence tonight's trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7687	0.0005	0.06
EUR – USD	1.1442	0.0002	0.02

Australian Data Today

RBA	Financial aggregates	May
RBA	Foreign currency liquidity	Jun

US Data Tonight

Personal income & spending	May
Core private consumption	May
Chicago PMI	Jun
Uni of Michigan consumer sentiment (final)	Jun

Other Overseas Data Today & Tonight

China	NBS/CFLP PMIs	Jun
Japan	CPI	May
Japan	Industrial production	May
Japan	Workforce (incl unemployment)	May
Japan	Household spending	May
Japan	Housing starts	May
Japan	Construction orders	May
UK	GDP (final)	MarQ
UK	GfK consumer confidence	Jun
Germany	Retail sales	May
Germany	Unemployment	Jun
Euro zone	CPI (initial)	Jun

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Trading Halts

Company	Code	Resuming
BidEnergy Ltd	BID	30 Jun
Cokal Ltd	CKA	30 Jun
Genex Power	GNX	30 Jun
MetalsTech Ltd	MTC	30 Jun
Auroch Minerals	AOU	3 Jul
Bass Metals	BSM	3 Jul
Centuria Industrial REIT	CIP	3 Jul
Prospect Resources	PSC	3 Jul
Allegiance Coal	AHQ	4 Jul
Jervois Mining	JRV	4 Jul
Valor Resources	VAL	4 Jul

Suspensions (selected)

Company	Code	Since
Heron Resources	HRR	29 Jun
Manalto Ltd	MTL	24 Jun
Novo Latio	NLI	26 Jun
Stavelly Minerals	SVY	30 Jun

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
GNC	Today	15	100	1.90
SAU	Mon	3	0	0.00
TGA	Mon	2.5	100	5.76
CKF	Tue	9	100	2.87
HNG	Tue	1.25	100	4.74
CAM	Thu	1.25	100	5.54
MPP	Thu	~3.76	0	5.37
MTS	Thu	4.5	100	1.91
PRG	Thu	3.5	100	3.69
RND	Thu	10	100	0.00
TBR	Thu	20	100	0.00

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