

**Markets**

<b>SFE 200 Futures</b> (9.30am AEST)	5959	-30	<b>-0.5</b>
<b>NZX 50</b>	11811	68	<b>0.6</b>
<b>DJIA Futures</b>	25805	35	0.1
<b>S&amp;P 500 Futures</b>	3139	3	0.1
<b>NASDAQ Futures</b>	10548	16	0.2

**Local Markets Commentary**

The Australian market commences mid-week trade with new data in hand from China, negative overnight international equities sentiment, and no major economic data releases due today or tonight.

**Regionally** post-ASX trade yesterday, **China** reported \$US3.112 trillion in June foreign reserves, against \$US3.102 trillion at the end of May.

**Locally** today, no material economic indicators are scheduled for release.

In overnight commodities trade, WTI and Brent **crude** settled US1c/bbl and US2c/bbl lower respectively.

US **gold** futures (August) rallied to approach \$US1810/oz.

**Iron ore** (Nymex CFR China, 62% Fe) extended Monday's rally.

LME **copper** continued to rally. **Nickel** settled just slightly higher, and **aluminium** essentially flat.

The **\$A** appreciated to ~US69.75c after falling to ~US69.25c early yesterday evening.

This morning, the \$A has pulled back some again.

**Overseas Markets**

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25890	-397	<b>-1.5</b>
<b>S&amp;P 500</b>	3145	-34	<b>-1.1</b>
<b>NASDAQ</b>	10344	-90	<b>-0.9</b>
<b>FTSE 100</b>	6190	-96	<b>-1.5</b>
<b>DAX 30</b>	12617	-117	<b>-0.9</b>
<b>Shanghai Comp</b>	3345	12	<b>0.4</b>

**Overseas Markets Commentary**

Risk appetite waned overnight, major European and US equities markets mostly falling on opening following further tangible evidence of Covid-19 apprehension by several governments and some worse-than-anticipated economic indicators. Key US indices notably settled at or near session lows.

As anticipated, yesterday afternoon the **Reserve Bank of Australia** revealed in a post-policy meeting statement that rates are likely to remain low for some time yet. This, as Australia's second largest city was placed in lockdown.

In addition, some economic data releases proved more sobering than during Monday's trade.

**Today's Stock Watch**
**Select Harvests (SHV)**

Anticipating 23,000t 2020 crop volume against 22,690t last year. Most export customers have recommenced accepting shipments approaching normal levels.

Domestic retail sector demand is mitigating altered food service demand.

In addition, SHV will supply six additional Lucky products to Woolworths (ASX: WOW) stores from September.

**Splitit Payments (SPT)**

June quarter gross revenue grew 460% year-on-year and 246% for the quarter, to \$US2.4M.

The average order value rose 44% year-on-year, to \$US893.

The 12 month-active merchants tally grew 92% to 519.

**Wagners Holding Company (WGN) / Boral Ltd (BLD)**

WGN is appealing some aspects of the May Supreme Court of Queensland decision relating to a cement supply agreement dispute with BLD. Reasons for the judgment were supplied 4 June.

**Vonex Ltd (VN8)**

January – June new customer sales total contract value grew 65% year-on-year to \$3.7M.

\$16.4M annualised recurring revenue at 30 June represented an 89% boost.

**Resources**
**Lynas Corporation (LYC)**

LYC chair Mike Harding is planning to retire from the LYC board 30 September.

LYC has elected non-executive LYC director Kathleen Conlon to take over from Mr Harding.

In addition, LYC plans to decide on a new non-executive director prior to the 26 November AGM.

**Alumina Ltd (AWC)**

The ATO has determined Alcoa of Australia (AoA), held 40% by AEC, owes \$A212M in tax, excluding interest and penalties. AoA plans to defend its position.

**Northern Star Resources (NST)**

Paying the postponed 7.5c interim dividend 16 July. \$A769.5M cash, bullion and investments at 30 June, up 40% for the June quarter. Recovered 267,361oz of gold during the quarter. Sold 262,717oz.

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

ERA produced 377t of Northern Territory Ranger project uranium oxide during the June quarter, boosting January - June output to 798t.



Earlier yesterday, Japan revealed a 16.2% plunge in May consumer spending compared with May 2019.

In a subsequent government bond offer, the yield appreciated to 0.612% from 0.529%.

Among overnight **data** releases, **Germany** estimated 7.8% industrial output growth for May, against a 17.5% April tumble.

In **France**, the national May trade deficit was reported at €7.1B, against €5.1B at the end of April.

**Italy's** May retail sales improved 24.3% for the month, following a 10.7% April drop, but came in 10.5% lower than for May 2019.

Meanwhile, the European Commission (EC) issued new forecasts for the **euro zone**, these including an 8.7% slide in 2020 GDP, against an earlier prediction of a 7.7% drop.

EC economists forecast 6.1% GDP growth for 2021.

For the European Union (EU), the commission predicted 8.3% lower 2020 GDP followed by 5.8% growth for 2021.

The EC expects euro zone (harmonised) inflation to rise by 0.3% this year and 1.1% during 2021, and EU CPs to come in at 0.6% and 1.3% respectively.

In the **US**, a May job openings report estimated ~5.4M opportunities against 4.996M for April.

IBD/TIPP calculated the US economic optimism index at 44 against the previous 47, however.

**Tonight** in the **US**, a consumer credit figures and weekly mortgage applications are due.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY)</b> (Aug)	<b>1809.9</b>	oz	16.4	0.9
<b>Silver (NY)</b> (Sep)	<b>18.699</b>	oz	0.12	0.6
<b>Gold (LON)</b> (6 Jul)	<b>1788</b>	oz		
<b>Platinum</b>	<b>833</b>	oz	14	1.7
<b>WTI Crude</b> (NYMEX Aug)	<b>40.62</b>	bbl	-0.01	-0.0
<b>Brent Crude</b> (ICE EUR Sep)	<b>43.08</b>	bbl	-0.02	-0.1
<b>Iron Ore</b> (NYMEX,CHN,62%)	<b>103.04</b>	t	1.50	1.5
<b>Copper</b> (LME,3mth Ind,PM)	<b>6194</b>	t	61	1.0
<b>Nickel</b>	<b>13400</b>	t	20	0.2
<b>Aluminium</b>	<b>1635</b>	t	0.5	0.0
<b>Lead</b>	<b>1807</b>	t	11	0.6
<b>Zinc</b>	<b>2067</b>	t	16	0.8
<b>Tin</b>	<b>16970</b>	t	-105	-0.6

### Commodities Commentary

**Oil** – US government agency the EIA issued new forecasts overnight, raising its 2020 WTI price prediction by 6.9% to \$US37.55/bbl, and its output expectations by 0.6% to 11.63MMbbl/d.

The EIA boosted its Brent 2020 price forecast by 6.5% to \$US40.50/bbl.

In addition, the EIA estimated international daily crude consumption had fallen by ~10MMbbl April – June, against a 12MMbbl/d reduction in output.

An early overnight gain for crude prices was attributed in part to the EIA's forecast of 101.1MMbbl/d demand by the end of 2021.

## Pre-Open Announcements

### Regional Express (\* REX)

Three groups have submitted term sheets for REX's planned \$A30M sale-and-lease-back of ~15 SAAB 340 aircraft.

REX is planning for domestic jet services from 1 March 2021, pending the success of funding options, which include the sale-and-lease-back proposal.

REX says it will decide on the company's funding source, and amount, by 31 July.

### MGC Pharmaceuticals (\*\* MXC)

Australian Office of Drug Control import licence in hand, enabling bulk imports into Australia of MXC Schedule 4 and Schedule 8 cannabis products.

### Telix Pharmaceuticals (TLX)

Phase 3 Prostate TLX591 trial feedback, including formal guidance, in hand from the US FDA.

### Garda Property Group (GDF)

30 June portfolio value estimated at \$416.2M, up \$11.1M over six months.

Breakdown values lodged pre-trade.

Planning to release full year results 20 August.

### SkyCity Entertainment Group (SKC)

SKC's \$50M fully underwritten SPP received \$US45.6M worth of applications from a 91% take-up.

Sub-underwriter existing shareholders will receive the shortfall.

### Austal Ltd (ASB)

ASB has delivered to Fred. Olsen Express a high-speed trimaran ferry as part of a €126M contract for two such ferries.

The second ferry is expected to be delivered by 30 June 2021.

The Fred. Olsen fleet also includes two ASB-built catamarans.

### K2fly Ltd (K2F)

MoU secured with Perth, WA-based Decipher targeting the joint creation of a tailing storage facilities monitoring and governance system.

### Hills Ltd (HIL)

HIL has appointed former Allscripts Healthcare Solutions Asia Pacific operations MD David Chambers as an independent non-executive director.

Non-executive HIL director Philip Bullock AO has decided to retire from the HIL board at the company AGM.

### Spectur Ltd (SP3)

SP3 has clarified that the CSIRO Data61 agreement is not a revenue contract, but is intended to support SP3's STA6 development over an 18-month period.

The STA6 platform is ultimately expected to grow SP3 revenue.



A weekly US petroleum inventories report is due tonight from the EIA.

Post-overnight US trade, an industry association has released a report including an estimated 2MMbbl rise in domestic crude stocks last week.

**Gold** – bargain-buying following some profit-taking, in turn boosted by increased safe-haven demand, pushed Comex futures to settle at the most since September 2011.

Meanwhile, the World Gold Council reported gold-backed ETFs had benefited by 104t (\$US5.6B) during June and \$US39.5B for January – June.

**Base metals** – copper traded at new five-month peaks overnight.

The \$US continued lower early, supporting some LME trade, but ultimately turned higher.

Yesterday, **Japan** reported May household spending had declined 0.1% for the month, following a 6.2% fall in April. Year-on-year however, May household spending was down 16.2%. Average cash earnings fell 2.1% year-on-year.

**China's** June producer prices and CPI growth are anticipated tomorrow.

#### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.6945	0.0000	0.00
<b>EUR – USD</b>	1.1276	0.0002	0.02

#### US Data Tonight

Consumer credit	May
MBA mortgage applications	3 Jul

#### Other Overseas Data Today & Tonight

<b>Japan</b>	Bank lending	Jun
Japan	Eco watchers survey (3pm AEST)	Jun

#### Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au)

## Resources

### Independence Group (\*\* IGO)

FY20 Nova project output is estimated to have exceeded guidance. Concentrate breakdown figures lodged pre-trade.

Tropicana gold project FY20 is estimated at 463,118oz, with 141,169oz sold.

Planning to lodge a June quarter report 29 July.

### Saracen Mineral Holdings (\*\* SAR)

Record 520,414oz FY20 gold production, boosted by 145,830oz June quarter output.

Received \$A337.5M from selling 148,011oz during the quarter, at \$A2280/oz.

\$A321.5M debt; \$48M net cash (\$A369.3M cash and bullion).

### Cardinal Resources (\* CDV)

Confirming the \$A11.96M issue of 26M shares to Shandong Gold Mining, in association with a A60c-per-share off-market takeover proposal from Shandong Gold.

CDV has traded at 62c – 63c the past five trading sessions.

### Nelson Resources (NES)

In association with the recently oversubscribed 3.8c-per-share rights issue, NES has agreed a \$348,000 'top-up' placement under the same terms, including the bonus options.

NES has traded at 4.6c – 6.8c the past five trading sessions.

### Horizon Gold (HRN)

HRN has appointed Peter Sullivan to the company board as non-executive chairman, taking over from Dugald Morrison.

Mr Sullivan is also chairman of GME Resources (ASX: GME) and Zeta Resources (ASX: ZER).

His other directorships include with Panoramic Resources (ASX: PAN) and Resolute Mining (ASX: RSG).

Mr Morrison will remain an HRN non-executive director.

### Adavale Resources (ADV)

ADV has appointed Alpha Securities director and former Omgeo co-chair George Karantzias as a non-executive director, effective yesterday, in association with the resignation of Alan Armstrong.

## Trading Halts

Company	Code	Resuming
Auteco Minerals	AUT	8 Jul
Devex Resources	DEV	8 Jul
iSentric Ltd	ICU	8 Jul
Matador Mining	MZZ	8 Jul
Woomera Mining	WML	8 Jul
Accelerate Resources	AX8	9 Jul
Afterpay Ltd	APT	9 Jul
Cellmid Ltd	CDY	9 Jul
Damstra Holdings	DTC	9 Jul

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Estrella Resources	ESR	9 Jul
Galena Mining	G1A	9 Jul
LBT Innovations	LBT	9 Jul
Spectur Ltd	SP3	9 Jul
Xped Ltd	XPE	9 Jul
Xstate Resources	XST	9 Jul
Kleos Space	KSS	10 Jul
Six Sigma Metals	SI6	10 Jul
Krakatoa Resources	KTA	13 Jul

**Suspensions** *(select)*

Company	Code	Since
9 Spokes International	9SP	30 Jun
Blossomvale Holdings	BLV	7 Jul
Cougar Metals	CGM	1 Jul
Freedom Foods Group	FNP	26 Jun
Netlinkz Ltd	NET	19 Jun

**Ex-Dividends**

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
AGD	Tomorrow	0.9	0	0.00
MEC	Tomorrow	1	100	1.02
CAM	Fri	1.05	100	4.69
TRA	13 Jul	5.61	85	5.68
CKF	15 Jul	10.5	100	2.10

**Reports & Events***(selected)*

When	Company	Report/Event
<b>Today</b>	<b>ERA</b>	Jun Q
	<b>IGO</b>	Production update
	<b>NST</b>	Jun Q trading update
	<b>SAR</b>	Jun Q trading update
	<b>SPT</b>	Jun Q
<b>Tomorrow</b>	CYC	AGM (11.30am)