

Wednesday 13 June 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	6078	27	<b>0.4</b>
<b>NZX 50</b>	8950	-9	<b>-0.1</b>
<b>DJIA Futures</b>	25322	6	0.1
<b>S&amp;P 500 Futures</b>	2782	3	0.1
<b>NASDAQ Futures</b>	7659	14	0.2

## Local Markets Commentary

The Australian market opened this morning with futures pointing to losses in the morning with the ASX taking its cue from overnight losses in the US by **BHP Billiton** and **Rio Tinto**.

However, upside to the start of the trading day was that the ANZ-Roy Morgan Australian Consumer Confidence rebounded following a 1% decline in the previous week.

Confidence is now at its highest since January, on a weekly basis.

Australian Bureau of Statistics figures showed that home loans fell to their lowest in six years in April as mortgage commitments to investors deflated to \$10.75 billion from \$10.5 billion in March.

This represented a ratio of investor loans comprising 33.9% of all new housing loans, 1.2% higher than the lowest proportion of lending for a month dating back to January 2012.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25322	6	<b>0.0</b>
<b>S&amp;P 500</b>	2782	3	<b>0.1</b>
<b>NASDAQ</b>	7659	14	<b>0.2</b>
<b>FTSE 100</b>	7737	56	<b>0.7</b>
<b>DAX 30</b>	12842	76	<b>0.6</b>
<b>Shanghai Comp</b>	3052	-14	<b>-0.5</b>

## Overseas Markets Commentary

Utilities and technology shares led the way as U.S. stocks closed slightly higher with investors generally cautious and eyeing the **Federal Reserve**, which is expected to raise **interest rates** for the seventh time since the financial crisis.

The **Dow Jones** fell 1.58 points, or 0.01% to 25,320.73, the S&P 500 gained 4.85 points, or 0.17% to 2,786.85 and the Nasdaq added 43.87 points, or 0.57%, to 7,703.79.

Economist have predicted that the central bank will lift the benchmark interest rate by another 25 basis points to 1.75%-2%.

The Fed is scheduled to release its policy statement

**U.S. Federal Reserve to release policy statement and announce decision interest rates today at 2pm EST**

## This week's Stock Watch

### Telstra (TLS)

Investors will be watching to see whether **Telstra** clarifies its policy towards short-term dividends or long-term earnings at its upcoming strategy day update, which is set to focus on increasing competition in the telecommunications sector.

### Commonwealth Bank (CBA)

The **Federal Court** has yet to accept **Commonwealth Bank's** mea culpa and agreement to pay \$700 million - representing the biggest fine in Australian corporate history - for breaches of anti-money laundering and counter-terrorism laws. CBA has been under pressure to show it has tightened compliance measures. CBA shares have shed 2.4% in the last seven days.

### VONEX (VN8)

Telecommunications company **Vonex** lists today on the ASX at 12 noon AEST to fund expansion plans relating to the NBN rollout in Australia. Vonex will start live as a listed company with annual revenues of \$8million, modestly positively cashflows and rapidly growing earnings of 23-25%.

## Resources

### Mineral Resources (MIN)

**Mineral Resources** has acquired **Koolybanobbing** iron ore operation near Southern Cross from U.S. miner **Cleveland Cliffs** for an undisclosed amount. Cliffs had announced in June that it would close the mine after its last shipment this June, having sustained big discounts on its low-grade ore.

### Atlas Iron

The fight for control of **Atlas Iron** is fast becoming a WA billionaire's battleground with reports that **Gina Reinhart's Hancock Prospecting** has taken a 19.6% stake in the junior iron ore miner. **Andrew Forrest's Fortescue Metals** has a 19.9% interest and had threatened to block a \$300 million all scrip takeover by Mineral Resources. Neither Fortescue nor Hancock has revealed whether they plan to make rival offers for Atlas or are adopting a blocking strategy for rival bids.

## Energy

### AGL (AGL)

Electricity utility **AGL** has struck deals with **APA** to construct gas transport pipelines and with the **Port of Hastings** for long-term use of a berth at the Crib Point jetty - to expedite plans for a floating gas-import terminal in Victoria. The company said the import terminal would help alleviate predicted future shortfalls of gas in southern Australia.

## June quarter S&P/ASX indices re-balance

The following changes will be effected from commencement of trade **18 June**:

### S&P/ASX 20

*Out:* AMP

*In:* AMC

### S&P/ASX 50

and a series of updated economic forecasts this afternoon. The Fed last raised interest rates in March and subsequent to that decision – in tandem with tax cuts - unemployment in the United States has dropped to a 48-year low of 3.75%. During this period, the U.S. economy has created 537,000 additional jobs.

However, it wasn't all good news on the jobs front at **Tesla** as the Californian-based electric car manufacturer announced it would cut 9% of its 46,000-strong work force.

Tesla CEO **Elon Musk** said in an email to staff that the company had to reduce its costs to drive profits. Tesla has been under pressure this year to ramp up production targets of its Model 3 sedan and is currently targeting 5000 vehicles a week by the end of June.

**China** led the way in **Asian** markets that closed higher as the region generally responded favourably to the outcome of the historic Singapore summit meeting between U.S. President **Donald Trump** and Korean leader **Kim Jong Un**.

The benchmark **Shanghai Composite** gained 0.91% to 3,080.55 and the smaller Shanghai composite rose by over 1%. Japan's **Nikkei** rose 0.33%, or 74.31 points to 22,878.35 buoyed by gains of more than 1% by the food, retail and land transport subindexes.

South Korea's **Kospi**, however, slipped 0.05% in a turbulent days trading which culminated in the U.S. and North Korea signing a pledge to commit to lasting peace on the Korean Peninsula.

The **Stoxx 600** closed down 0.11% with a mixed bag of results in a Europe still seething from U.S. President **Donald Trump's** clash with G7 leader over the weekend.

At close the **FTSE 100** had shed 0.43% to 7703.81, the **CAC 40** slipped 0.38% to 5433.37 and the **Dax** was trading flat at 1284.30 after a day in which investors had focused on the U.S.-North Korean meeting in Singapore and the prospect of "lasting peace on the Korean Peninsula".

**Daimler** closed up 1.45% after the car manufacturer recalled 238,000 vehicles to verify unauthorised software issues reported to have enabled favourable emission cheating outcomes.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Aug)</b>	<b>1299</b>	oz	-3.7	-0.3
<b>Silver (NY) (May)</b>	16.9	oz	-0.07	0.4
<b>Gold (LON)</b>	1298	oz	1	0.0
<b>Platinum</b>	900	oz	-6	-0.6
<b>WTI Crude (Jul)</b>	<b>65.98</b>	bbl	-0.05	-0.0
<b>Brent Crude (Jul)</b>	<b>75.5</b>	bbl	-0.92	-1.2
<b>Iron Ore</b> <small>(CHN port 62%)</small>	<b>67.00</b>	t	0.0	0.0

**Out:** IPL

**In:** COH

### S&P/ASX 100

**Out:** GNC

**In:** WHC

### S&P/ASX 200

**Out:** AHY, INM, RFG

**In:** APT, APX, ING

### S&P/ASX All Australian 200

**Out:** AAC, MYR, RFG

**In:** BIN, CLQ, KDR

### Trading Halts

Company	Code	Resuming
Fatfish Internet Group	FFG	14 Jun
Elixir Petroleum	EXR	14 Jun
Nova Minerals	NVA	14 Jun
Wattle Health	WHA	14 Jun
Volt Resources	VRC	14 Jun
Xanadu Mines	XOM	15 Jun
Technology Metals	TMT	15 Jun
Global Geoscience	GSC	15 Jun

### Suspensions (select)

Company	Code	Since
HearMeOut Ltd	HMO	21 May
Lion Energy	LIO	7 Jun
Mobilarm Ltd	MBO	30 May
Murray River Organics Group	MRG	4 Jun
Talisman Mining	TLM	5 Jun
Winmar Resources	WFE	7 Jun

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
CIM	Wed	75	100	3.18
INM	Thu	54.38	0	4.63
JIN	Thu	8	100	2.67
PL8	Thu	0.5	100	4.12
GTK	Fri	4.6	8.49	1.87

### Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This morning note and its contents at all times remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.



<b>Copper</b> (LME,3m,pm)	<b>7222</b>	t	<b>-33.0</b>	<b>-0.45</b>
<b>Nickel</b>	15135	t	<b>-86.5</b>	<b>-0.6</b>
<b>Aluminium</b>	2304	t	<b>2</b>	<b>0.0</b>
<b>Lead</b>	2460	t	<b>2</b>	<b>0.4</b>
<b>Zinc</b>	3230	t	<b>-1.75</b>	<b>0.0</b>
<b>Tin</b>	21215	t	<b>-45</b>	<b>-0.2</b>
<b>CBT Wheat (Jul)</b>	<b>5.27</b>	bshl	<b>0.07</b>	<b>1.3</b>

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7608	-0.0003	<b>-0.03</b>
<b>EUR – USD</b>	1.1783	-0.0002	<b>-0.01</b>

### 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).

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.