

Thursday 14 June 2018

Markets

SFE 200 Futures (9.30am AEDST)	6027	-28	-0.5
NZX 50	8977	-0.0	-0.0
DJIA Futures	25201	-119	-0.47
S&P 500 Futures	2775	-11	-0.4
NASDAQ Futures	7695	-8	-0.1

Local Markets Commentary

ASX futures were down 7 points with the Australian dollar holding steady as the **U.S. Federal Reserve** raised interest rates by an expected 25 basis points overnight, representing the seventh time the central bank has done so since the global financial crisis.

The Fed flagged two more hikes for the year, which would total four hikes for the year, and reflecting a mood of economic optimism and higher inflation expectations.

The Federal Open Market Committee said in a statement: "The Committee expects that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labour market conditions, and inflation near the Committee's symmetric 2% objective over the medium term."

The **S&P/ASX 200** index fell 30.9 points dragged down by the four major banks and mining stocks with Commonwealth Bank sliding 1% to \$68.18 and ANZ 0.8% to \$26.34. BHP Billiton closed 1.3% lower and Rio Tinto shed 1.2% following a bearish iron ore forecast from **Deutsche Bank**.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25201	-119	-0.5
S&P 500	2775	-11	-0.4
NASDAQ	7695	-8	-0.1
FTSE 100	7703	-0.1	-0.1
DAX 30	12890	48	0.4
Shanghai Comp	3049	-30	-0.1

Overseas Markets Commentary

Chinese telecommunications giant **ZTE Corp** shares lost 41% as trading resumed yesterday after the company had agreed to pay up to US\$1.4 billion to the U.S. government for trading illegally with **Iran** and **North Korea**.

The second largest telecommunications equipment manufacturer in **China** was slapped with a seven-year supplier ban by U.S. authorities in April for breaking a 2017 agreement relating to trade with sanctioned Iran and North Korea.

ZTE said it would not be allowed to buy U.S. components it uses to make smartphones and other

China will release figures for retail sales, industrial production and fixed asset investment for May.

Australia will provide May figures for unemployment.

Japan will announce April numbers for industrial production and May figures for condominium sales.

This week's Stock Watch

APA Group (APA)

APA shares spiked 21% after Hong Kong-based CK Infrastructure emerged with a \$13 billion all-cash offer for the pipeline company. The offer represented a 33% premium to APA's previous close. Any deal would be subject to Foreign Investment Review Board and Australian Competition and Consumer Commission approval.

Mineral Deposits (MDL)

French miner Eramet has raised its "final" bid for Mineral Deposits from \$1.46 to \$1.75, representing a 51% premium of MDL shares the day before the takeover bid was launched.

Vonex (VN8)

Telecommunications company Vonex has successfully listed on the ASX at the third attempt in an IPO which raised \$6million to fund expansion strategies. Vonex Managing Director, Matt Fahey, said: "I would like to take this opportunity to thank everyone for their support over the last couple of years and extended special thank you to Alan Hill and State One Equities for their efforts in supporting the IPO. Today is a truly momentous day for Vonex and we look forward to providing further updates in due course."

Resources

Ausdrill (ASL)

Investors in mining services company Ausdrill are none the wiser for reasons behind the cutting of major contracts that had sunk the company's shares by up to 25%. This comes after a \$180 million contract with Process Minerals International for drill and blast works was halved. Ausdrill said contract negotiations were ongoing, without elaborating on reasons for the dispute.

Atlas Iron (AGO)

The billionaire's battle for control of Atlas Iron has taken an interesting twist with the West Australian government warning mining tycoons Andrew Forrest, Gina Rinehart and Chris Ellison that Port Hedland infrastructure remains restricted for the use of junior miners. Mines and Petroleum Minister Bill Johnston said Forrest's Fortescue Metals Group and Rinehart's Roy Hill were too big for Atlas's wharf allocation at the state-owned Utah Point.

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

Out: IPL

In: COH

electronics until it had paid the fine and deposited an additional US\$400million in an escrow account of a U.S. approved bank.

ZTE had been in a two-month trading suspension and said it would fire its entire board within 30 days.

About US\$3 billion was wiped off ZTE's market value as trading resumed with the **Hang Seng** falling 0.6% and the **Hong Kong China Enterprises Index** 1%.

In **Europe** the **STOXX 600** closed up 0.2% with the **DAX** adding 0.4% and the **FTSE** remaining flat.

Tech stocks starred and were up 1.7% with the spotlight on much-anticipated **Adyen's** high-profile listing in Amsterdam, representing one of Europe's largest tech IPOs.

The financial payments processing company did not disappoint, with its shares soaring up to 90% on its first day of trading in which its IPO did not trade new shares, with existing shareholders rather selling 13.4% of outstanding shares.

Adyen, founded in 2006 in the Netherlands, has been valued at US\$8.3 billion.

Sterling gained 0.3% against the dollar to US\$1.3424 after the **British Parliament** voted to support **Theresa May** on a crucial vote that had threatened to curtail the British Prime Minister's powers to lead the Brexit process.

Lawmakers had wanted powers to force government back into negotiations should they reject a Brexit deal, but May was able to secure a compromise deal in Westminster.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1303	oz	3.80	0.3
Silver (NY) (May)	17.1	oz	0.21	1.1
Gold (LON)	1298	oz	2.25	0.2
Platinum	904	oz	3	0.3
WTI Crude (Jul)	66.48	bbl	0.20	0.3
Brent Crude (Jul)	76.5	bbl	0.10	1.3
Iron Ore <small>(CHN port 62%)</small>	67.50	t	0.5	0.8
Copper <small>(LME,3m,pm)</small>	7251	t	41.6	0.58
Nickel	15549	t	413	2.73
Aluminium	2281	t	-23.3	-1.0
Lead	2472	t	12.3	0.5
Zinc	3255	t	25.3	0.8
Tin	20955	t	-260	-1.2
CBT Wheat (Jul)	532	bshl	-18	-3.27

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7579	-0.0001	-0.01
EUR – USD	1.1791	-0.0002	-0.02

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
Hill Gold	HEG	15 Jun
Xanadu Mines	XOM	15 Jun
Technology Metals	TMT	15 Jun
Global Geoscience	GSC	15 Jun
Bigtincan Holdings	BTH	18 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 (%)
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

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