

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>6103</b>	<b>-3</b>	<b>-0.1</b>
<b>NZX 50</b>	8863	-0	-0
<b>DJIA Futures</b>	24700	-287	-1.2
<b>S&amp;P 500 Futures</b>	2762	-12	-0.4
<b>NASDAQ Futures</b>	7725	-21	-0.3

## Local Markets Commentary

The Australian stock market was set to buck the global trend on the opening of the **ASX** this morning as the **Australian dollar** dived in early morning trade to 73c, its lowest level in over a year.

Mining stocks were bracing for a bumpy ride after **BHP Billiton** and **Rio Tinto** both sustained big losses overnight of 3% and 4% respectively.

The U.S. dollar is at an 11-month high with currency traders betting on increasing inflation as a result of more expensive imports and further interest rate hikes.

**ABS** figures showed that residential property prices fell 0.7% in the March quarter led by the first quarterly price decline in **Melbourne** in over five years and **Sydney's** first slump in six years.

On a national basis house prices remain 2% up on the March quarter a year ago.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25175	-25.9	-0.1
<b>S&amp;P 500</b>	2782	6.86	0.3
<b>NASDAQ</b>	7762	66.3	0.9
<b>FTSE 100</b>	7765	62.1	0.8
<b>DAX 30</b>	13107	216	1.7
<b>Shanghai Comp</b>	3044	-5.6	-0.2

## Overseas Markets Commentary

The **Dow Jones** posted a six-day loss, its longest dip in 16 months, with all gains for 2018 wiped out as U.S. President **Donald Trump** ramped up trade war fears by threatening to identify a further \$200 billion worth of Chinese good for additional tariffs of 10%.

Trump has reportedly told **Apple** CEO Tim Cook that the U.S. would ringfence iPhones assembled in China, according to the **New York Times**.

China responded with its **Commerce Ministry** stating that tariffs violated negotiations and consensus reached between the two superpowers.

**Boeing**, **DowDuPont** and **Caterpillar** stocks were hit the hardest as the Dow fell 287 points to close at 24,700 and the **S&P 500** dropped 0.4% to 2,762.

Chipmakers, which are heavily exposed to China,

## This week's Stock Watch

### Rio Tinto (RIO), BHP Billiton (BHP)

China is the world's biggest importer of raw materials and a route is on the cards in mining almost one month after commodity prices peaked at three-year highs riding the thermals of a buoyant global economy. Some forecasts are predicting a two-year low for mining stocks. Iron and steel are on the U.S. list of targets confronting additional tariffs and in Shanghai steel reinforcement bar futures falls by as much as 4.3%. Shares in Thyssenkrupp, U.S. Steel Corp and ArcelorMittal were all down overnight.

### Blue Sky Alternative Investments (BLA)

Clouds over Blue Sky have darkened further with Morgans putting the stock under review due to risks associated with asset impairment, project delivery, cash flow deterioration and potential litigation. The house broker has put a "high risk" cautionary on Blue Sky in a note to clients. Blue Sky shares have plunged 89% in six months and were trading at \$1.49 at close on Tuesday. Three months ago Morgans was joint lead manager for Blue Sky's \$100 million capital raising at \$11.50.

## Commodities

### Oil

OPEC members have begun arriving in Vienna for a meeting on Friday shaping up as "difficult" following reports that Russia and Saudi Arabia will stand their ground on demands to open the spigots and raise output by 1.5 million barrels a day to cool rising oil prices. Crude is at \$75 highs coming off a low of \$27 in early 2016. Venezuela, Libya and Iraq have all vowed to resist increased oil production. Global consumption has been forecast to hit 100 million barrels a day by next year.

### Agriculture

### Pork

"Bring home the bacon", a phrase dating back to old England when the meat was expensive and much coveted, just became even tougher after Mexico slapped the United States with a 20% duty on pork imports. This was in retaliation for steep steel and aluminium tariffs imposed by the Trump administration. In April China lifted tariffs on U.S. pork from 12% to 37%.

## 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

### S&P/ASX 100

*Out:* GNC

*In:* WHC

### S&P/ASX 200

also fell sharply. **Qualcomm** and **Nvidia** both shed 0.9% and **Morgan Stanley** noted that semiconductor and semiconductor equipment companies had a 52% revenue exposure to China. **Ford**, which is similarly connected to China, lost 0.8% with Caterpillar and Boeing dropping 3.5%.

Meanwhile industrial giant **General Electric** has dropped out of the Dow after 120 years after its stock fell more than 55% in the past year and 25% in 2018. It will be replaced on the blue-chip index by pharmaceutical **Walgreens Boots**.

The **Shanghai Composite Index** was down almost 5% at one stage as 1023 stocks – over one in four – shed 10% of their value as the index slid below 3000 for the first time since market crashes in 2015 and 2016.

Trade war contagion fears spread to Europe markets where the **FTSE 100** lost 0.4% in a third straight decline to its lowest since May 8.

China is the world's biggest importer of **copper** and shares in copper producer **Antofagasta** plunged 1.8%. Iron ore was also hit with **BHP Billiton** shedding 2.2% and **Rio Tinto** 3.2% with mining stocks comprising 87% of the basic materials sector on the FTSE 100 and carrying a 9% weighting.

Similarly, the **DAX** was down 1.5% with carmakers bearing the brunt of the fallout. **BMW** was down 1.3%, **Daimler** shed 1.9% and **Volkswagen** 2%.

Japan's **Nikkei** fell 0.74% to a two-week low of 22,482.89.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Aug)</b>	<b>1277</b>	oz	-3.2	-0.3
<b>Silver (NY) (May)</b>	16.3	oz	-0.1	-0.8
<b>Gold (LON)</b>	1281	oz	-18.8	-1.5
<b>Platinum</b>	867	oz	-16	-1.9
<b>WTI Crude (Jul)</b>	<b>64.90</b>	bbbl	-0.8	-1.2
<b>Brent Crude (Jul)</b>	<b>74.97</b>	bbbl	-0.3	-0.4
<b>Iron Ore</b> <small>(CHN port 62%)</small>	<b>67.50</b>	t	0	0
<b>Copper</b> <small>(LME,3m,pm)</small>	<b>6832</b>	t	-139	-1.9
<b>Nickel</b>	14566	t	-325	-2.9
<b>Aluminium</b>	2171	t	-49	-2.2
<b>Lead</b>	2397	t	-20.5	-0.8
<b>Zinc</b>	3107	t	-12	-0.4
<b>Tin</b>	20593	t	-288	-1.4
<b>CBT Wheat (Jul)</b>	<b>501</b>	bshl	-13	-2.4

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7378	0	-0.05
<b>EUR – USD</b>	1.1585	0.0004	-0.03

### 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).

**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
Marmota	MEU	20 Jun
Eve Investments	EVE	21 Jun
Davenport Resources	DAV	21 Jun
Race Oncology	RAC	22 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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