

Friday 28 July 2017

Markets

SFE 200 Futures (9.30am AEST)	5718	-2	-0.0
NZX 50	7699	-12	-0.2
DJIA Futures	21732	-11	-0.1
S&P 500 Futures	2470	-2	-0.1
NASDAQ Futures	5898	-12	-0.2

Local Markets Commentary

The Australian market commences Friday trade amid a package of June statistics out of Japan and following generally uninspiring overnight equities leads, ahead of a quarterly US GDP reading tonight, and key data out of China Monday.

In overnight commodities trade, **oil** continued its latest ascent. **Gold** futures swung decidedly higher. **LME copper** settled almost unchanged. **Iron ore** (China port, 62% Fe) was pushed a little lower but remained above \$US70/t.

The **\$A** fell well beneath US80.0c, after slipping from US80.35c below US80.20c early yesterday evening.

Locally today, June quarter producer prices are due, one further consideration ahead of the Reserve Bank of Australia's (**RBA**) policy meeting Tuesday next week.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21797	86	0.4
S&P 500	2475	-2	-0.0
NASDAQ	6382	-41	-0.6
FTSE 100	7443	-9	-0.1
DAX 30	12212	-93	-0.8
Shanghai Comp	3250	2	0.1

Overseas Markets Commentary

Major European and US equities markets were pushed and pulled overnight by a plethora of corporate reports and a sudden tech sector sell-down.

Since close of US trade, a final Senate vote has approved new sanctions for Iran, North Korea and Russia.

The US president holds the right to veto the vote, or to sign and hence officially legislate the proposed sanctions.

Earlier, among **US** data releases, June durable goods orders were reported 6.5% higher.

Weekly new unemployment claims grew by 10,000, almost twice some forecasts.

The Chicago Fed's national activity index rose to 0.13 from -0.3, but 0.35 had been predicted.

Earlier, a GfK consumer confidence reading for **Germany** came in 10.8, up 0.2 for the month, and setting a new record peak.

Tonight in the **US**, an initial June quarter GDP estimate is keenly anticipated. An employment cost index and the final July University of Michigan consumer sentiment reading are also due.

Japan – June economic indicators from 9.50am AEST

* Auto sector finance listing **11am** AEST – **TRA** *

* Lithium explorer listing **midday** AEST – **ABR** *

Today's Stock Watch

Programmed Maintenance Services (PRG)

Takeover proposal update anticipated at today's AGM.

Westpac Banking Corporation (WBC)

Westpac Institutional Bank update anticipated.

Webjet Ltd (WEB)

WEB auditor BDO Audit disagrees with WEB on the accounting treatment of Thomas Cook transactions associated with an August 2016 agreement. WEB is retaining its position, on external advice. Planning to report results 31 August.

Medibank Private (MPL)

Cherrell Hirst is retiring from the MPL board, effective 28 August. In association, Imperial College Healthcare NHS Trust Tracey Batten has been appointed as an MPL non-executive director from that date. Dr Batten is also a former CEO of St Vincent's Health Australia.

Quickstep Holdings (QHL)

Presenting a public update on growth prospects in composites manufacturing. [[Invitation available here](#)]

Turner's Automotive Group (* TRA)

Automotive industry financial services specialist scheduled to list **11am** AEST under foreign-exempt rules. TRA's primary listing is on the NZSX.

Resources

OceanaGold Corporation (OGC)

2.9% lower, \$61.36M NPAT for the six months to 30 June. 0.8% higher, \$US333.45M revenue. US10c EPS. \$US81.62M cash and equivalents.

Produced 272,352oz of gold and 10,277t of copper, at a \$US599/oz AISC.

June quarter figures also lodged post-trade yesterday.

Sandfire Resources (SFR)

Produced 67,088t of copper and 38,623oz of gold in concentrate for the year to 30 June, at a US93c/lb C1 cost. June quarter statistics also lodged this morning. \$127M cash. Expecting \$US1.00/lb - \$US1.05/lb C1 cash operating costs for FY 2018, and to produce 63,000t - 66,000t of copper and 35,000oz - 38,000oz of gold. Hosting a webcast teleconference from midday. Access details lodged this morning.

American Pacific Borate & Lithium (* ABR)

Explorer scheduled to list **midday** AEST following a \$15M IPO at 20c per share. Atlas Precious Metals Inc holds 29.02%; ISLV Partners Llc 4.00%; JP Morgan Nominees Australia 3.54%.

Energy

AWE Ltd (AWE)

June quarter operational statistics anticipated today.

BNP Paribas, BT, Chevron, Credit Suisse, Exxon Mobil, Hitachi, Hyundai Steel, IAG, Nomura and UBS are among another swag of companies scheduled to report earnings today or tonight.

In overnight corporate news, **Deutsche Bank** revenue undershot expectations.

In the UK, **Lloyds Banking** profit disappointed.

Royal Dutch Shell posted another improved result, but claimed the medium-term outlook for oil prices was not as rosy as viewed by some.

AstraZeneca confirmed a proposed new lung cancer treatment had not initially performed as anticipated.

Across the Atlantic, **Twitter** growth concerned such that shares dropped 13%, but **Facebook** revenue pushed that stock 3.5% higher.

Verizon Communications appreciated 7.6%, buoyed by revenue which surprised on the upside, supporting general telecom sentiment.

Post-US trade, **Amazon** has reported a 77% quarterly profit drop, impacted by growth costs and, despite 25% higher June quarter revenue, warned the current quarter could deliver a net operating loss. The company had traded almost 3% higher intra-session but in after-hours trade, began to fall.

Earlier, **Samsung Electronics** had surpassed all the division's previous quarterly profit performances.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1260	oz	11	0.9
Silver (NY) (Sep)	16.6	oz	0.1	0.6
Gold (LON)	1261	oz	13	1.0
Platinum	924	oz	-5	-0.5
WTI Crude (Sep)	49.0	bbbl	0.3	0.6
Brent Crude (Aug)	51.5	bbbl	0.5	1.0
Iron Ore (CHN port 62%)	70.2	t	-0.2	-0.3
Copper	6330	t	1	0.0
Nickel	10130	t	90	0.9
Aluminium	1938	t	-4	-0.2
Lead	2309	t	-4	-0.2
Zinc	2801	t	-7	-0.3
Tin	20650	t	325	1.6
CBT Wheat (Sep)	4.80	bshl	0.02	0.4

Commodities Commentary

Oil – pushed to another higher settlement overnight, but WTI crude is yet to regain \$US50/bbl.

A weekly US petroleum rig count is due tonight.

Gold – appeared mostly supported overnight by expectations of a more moderate view of near-term US economic prospects and \$US weakness. December-delivery gold settled at \$US1266.5/oz.

Tonight's trade is likely to react to an initial US June quarter GDP estimate.

Base metals – pushed and pulled overnight by currencies and economic outlook debates.

The euro at an almost two-year peak, Britain's pound at a 10-month high, and the \$US at a 13-month low, all in early LME trade, added general support.

Earlier, **China's** June industrial profits rose the most in the past three months. Official July PMIs are expected Monday.

Pre-Open Announcements

MG Unit Trust (MGC)

Weighted average milk prices, adjusted for inflation, and in association with profit-sharing between MGC and Murray Goulburn Co-operative Co, published this morning.

Austal Ltd (ASB)

ASB has delivered its first high-speed passenger ferry to South Korea, under a \$A16M contract.

Updater Inc (UPD)

\$US28.19M cash as at 30 June. June quarter performance statistics lodged this morning.

Convenience Retail REIT (* CRR) / APN Property Group (APD)

Service station real estate-focused CRR completed its ASX listing yesterday following an ~\$162M IPO at \$3.00 per security. Trade commenced on a conditional and deferred settlement basis.

Opened at \$3.00 and slipped to its closing price of \$2.99. 48,868 units were traded across 12 transactions.

Each CRR unit represents one stapled security each of APN Property Plus Portfolio, Convenience Retail REIT No2 and Convenience Retail REIT No3.

Conditions are expected to be fulfilled by ASX-open 1 August (Tuesday next week). Normal (T+2) trade is expected to begin 3 August.

Resources

Saracen Mineral Holdings (SAR)

WA Carosue Dam gold project underground mining contract awarded in principle. SAR and preferred tenderer Byrncut Australia will formalise an ~\$A440M contract once final terms and conditions are agreed.

Energy

Yancoal Australia (YAL)

Establishing a 51:49 JV with Glencore over NSW Hunter Valley coal assets. Details, including a \$US1.1B payment by Glencore, lodged this morning. YAL remains in a trading halt.

Liquefied Natural Gas (LNG)

June quarter update lodged this morning, including the company's reason for abandoning the Fisherman's Landing LNG project. Debt-free. \$A44.5M cash.

Trading Halts

Company	Code	Resuming
BKM Management	BKM	28 Jul
Manalto Ltd	MTL	28 Jul
Plymouth Minerals	PLH	28 Jul
Auris Minerals	AUR	31 Jul
Carpentaria Exploration	CAP	31 Jul
Explaurum Ltd	EXU	31 Jul
Indago Energy	INK	31 Jul
SIV Asset Management	SIV	31 Jul
Tianmei Beverage Group	TB8	31 Jul
Vimy Resources	VMY	31 Jul
Yancoal Australia	YAL	31 Jul

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7966	-0.0015	-0.18
EUR – USD	1.1677	-0.0008	-0.07

Australian Data Today

ABS	Producer prices	Jun Q
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US Data Tonight

GDP (1 st reading of three)	Jun Q
Employment cost index	Jun Q
Uni of Michigan consumer sentiment (rev)	Jul

Other Overseas Data Today & Tonight

Japan	CPI	Jun
Japan	Workforce (incl wages; u/empty)	Jun
Japan	Imports; exports (detailed)	Jun
Japan	Household spending	Jun
Japan	Retail sales	Jun
UK	GfK consumer confidence	Jul
UK	Nationwide house prices	Jul
Germany	CPI (preliminary)	Jul
Euro zone	Business, economic confidence	Jul

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Suspensions (selected)

Company	Code	Since
Azonto Petroleum	APY	21 Jul
Baralaba Coal Company	BCL	10 Jul
Clancy Exploration	CLY	13 Jul
Magnis Resources	MNS	5 Jul
Magnum Gas & Power	MPE	12 Jul
Molopo Energy	MPO	27 Jul
MSM Corporation International	MSM	12 Jul
Peak Resources	PEK	6 Jul
Premiere Eastern Energy	PEZ	11 Jul
Realm Resources	RRP	14 Jul
Sundance Resources	SDL	26 Jul
Wattle Health Australia	WHA	27 Jul

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AOD	Today	0.31	0	7.67
WQW	Today	3.52	0	8.00
BKI	4 Aug	3.7	100	4.28
DJW	4 Aug	10	100	5.19

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	AWE	Jun Q
	PRG	AGM
	SFR	Jun Q
Mon	IFN	Jun Q
	ORG	Jun Q
	SYR	Jun Q
Tue	AQG	Jun Q
	CCP	Full-year
	ERA	Interim
	NVT	Full-year
Wed	BWP	Full-year
	GMA	Interim
	OFX	AGM
	RMD	Full-year
	RIO	Interim
Thu	DOW	Full-year
	SUN	Full-year
Fri	CWN	Full-year
	TAH	Full-year