

Markets

SFE 200 Futures (9.30am AEST)	7260	-10	-0.1
NZX 50	12737	17	0.1
DJIA Futures	34794	-22	-0.1
S&P 500 Futures	4367	-1	0.0
NASDAQ Futures	14898	7	0.0

Local Markets Commentary

The Australian market commences today's trade with material domestic data due late morning, a batch of influential data due from China middle of the day, and Covid-19 restrictions reintroduced in Melbourne, amid concerns Sydney's lockdown could likely continue beyond July.

Locally today, the Australian Bureau of Statistics (ABS) publishes **June employment** statistics **11.30am** AEST.

In addition, at the same time, the Reserve Bank of Australia (RBA) releases a monthly foreign exchange transactions and official reserve assets report.

Also this morning, the Melbourne Institute is scheduled to publish its monthly **inflation expectations** report, and NAB the June quarter version of its monthly business conditions expectations surveys.

Regionally today, **China** is expected to report **June quarter GDP**, and provide June updates for **industrial production**, **fixed asset investment** and **retail sales** at **midday** AEST.

Overnight, China's January-June **foreign direct investment** was reported to have risen 28.7% after increasing 35.4% January through May.

A **Bank of Korea** policy meeting is scheduled for today, with outcomes anticipated ~11am AEST.

The **Bank of Japan** convenes a policy meeting **tomorrow**.

In overnight commodities trade, **oil** turned and fell.

US **gold** futures rallied.

Iron ore prices varied, Qingdao (CFR China, 62% fines) rising slightly (to \$218.66/t), and Nymex iron ore futures falling so.

LME **copper** and other key base metals declined variously.

The **\$A** appreciated to ~US74.85c after trading below ~US74.45c early yesterday evening.

Overseas Markets.

INDEX	CLOSE	+/-	%
Dow Jones	34933	44	0.1
S&P 500	4374	5	0.1
NASDAQ	14644	-33	-0.2
FTSE 100	7091	-34	-0.5
DAX 30	15789	-0.7	-0.0
Shanghai Comp	3529	-38	-1.1

* Mineral exploration listing – 12.30pm AEST – MTM *

Today's Stock Watch
Spark Infrastructure Group (SKI)

Indicative \$A2.70 cash-per-stapled security, revised to \$A2.80 (less SKI 1H distribution), takeover proposal in hand from a Ontario Teachers' Pension Plan Board and Kohlberg Kravis Roberts & Co consortium.

SKI is providing limited information, but not due diligence access to the consortium.

Ski traded at \$2.24 - \$2.50 the five sessions immediately prior to calling a trading halt, which is now lifted.

ARB Corporation (ARB)

Unaudited 33.9% higher, \$623M FY21 sales revenue. \$145M - \$150M pre-tax profit is anticipated. ARB plans to lodge audited results 17 August. Offering no financial or operational guidance, given Covid-19 uncertainty, but describing the short-term outlook as 'positive'.

Sydney Airport (SYD)

Knocking back the indicative \$A8.25 cash-per-share consortium takeover proposal, describing it as 'opportunistic'. SYD has traded at \$7.69 - \$7.97 for the week to date.

EROAD Ltd (ERD)

Resuming from a trading halt having completed a \$NZ64.4M placement at \$NZ5.58/\$A5.25 per share. ERD will also conduct a \$NZ16.1M SPP, at a yet-to-be determined price.

ERD plans to outlay \$NZ157.7M upfront, and a possible additional performance-related \$NZ30.6M, to acquire telematics specialist Coretex. ERD also lodged June quarter operational statistics pre-trade yesterday.

ERD traded on the ASX at \$A5.70 - \$A5.89 over the five trading sessions immediately prior to calling the halt.

Pendal Group (PDL)

\$106.7B FUM at 30 June, from \$101.7B at the end of March.

Resources
OceanaGold Corporation (OGC)

25-year Didipio gold project financial or technical assistance agreement (FTAA) renewed by the Philippine government, effective from 19 June 2019. Operations will restart, on a staged basis, as soon as possible, and in line with Covid-19 management advice.

Energy
Woodside Petroleum (WPL)

June quarter production fell 4% for the three months, to 22.7MMboe. Sales revenue rose 15% to \$1.285B. Sold 28.1MMboe, up 9%.



Overseas Markets Commentary

Sentiment proved weak across major European, UK and US equities markets overnight, support in US markets coming largely from corporate news.

US Federal Reserve chair Jerome Powell told US House of Representatives financial services committee the Fed was not ready to begin tapering the up to \$US120B/month bond purchases program, asserting ‘powerful support’ was still needed to ensure a post – Covid-19 economic recovery.

The chair also repeated the central bank’s assertion that rising inflation was expected to be temporary, stating the current increases were, ‘for a small group of goods and services directly tied to the reopening’.

US treasury yields were pushed lower following the comments.

Meanwhile, the Fed’s district-by-district economic report known as the ‘beige book’, also published overnight, noted a majority of businesses were anticipating higher input costs and selling prices for some months.

The report, from late May – early July surveying, concluded ‘moderate – robust’ growth, indicating a mixed recovery.

Jobs growth and conditions, in particular for lower-skilled positions appeared to improve across most districts, however.

Covid-19 containment struggles remained in focus, with Fiji, Indonesia, Japan, Malaysia and South Korea each reporting dour figures, and health workers in north east England asserting a significant increase in hospitalisations.

In overnight **data** releases, the **UK’s** June CPI estimate exceeded expectations, representing 0.5% growth for the month and 2.5% year-on-year.

The **euro zone’s** May industrial production was reported to have fallen 1% for the month against expectations for a 0.1% rise.

Against May 2020, output was 20.5% higher.

Meanwhile, a 10-year bond auction in **Germany** produced a -0.30% yield from -0.19%.

In the **US**, June producer prices rose 1% for the month, against forecasts of a 0.6% increase.

Year-on-year, prices were 7.3% higher.

Weekly mortgage applications jumped 16% after declining 1.8% the previous week.

The mean average 30-year mortgage rate fell to 3.09% from 3.15%.

Tonight in the US, **US Federal Reserve** chair Jerome Powell is scheduled to meet with the US Senate banking committee.

Data releases include weekly new unemployment claims, Philadelphia Fed and New York Fed manufacturing indices, June industrial production and June import prices.

Companies scheduled to report earnings later today and tonight include: Alcoa, Bank of New York Mellon, Morgan Stanley, Taiwan Semiconductor Manufacturing Company, United Health, US Bancorp and Wipro.

In overnight corporate news, **Apple** supported a slight S&P 500 gain following reports the company was planning to boost new iPhone production by 20%, to up to 90M units.

Pre-Open Announcements

Coventry Group (* CYG)

16.8% higher FY21 sales. Additional statistics lodged pre-trade.

Australian Ethical Investment (* AEF)

FUM grew 12% during the June quarter, and by 56% for the year to 30 June, to \$6.07B.

CIMIC Group (* CIM)

CIM revealed in late-trade yesterday that the 50:50 CIM-Apollo Global Management Ventia Australia JV had secured a 10-year WA Pilbara region maintenance works master contract with Chevron Australia.

The contract is estimated to be worth ~\$100Mpa in revenue.

Star Entertainment Group (* SGR)

Updated COVID-19 – related I requirements for SGR’s Sydney and Queensland operations lodged pre-trade.

Cadence Capital (* CDM) / Appen Ltd (APX) / ARB Corporation (ARB)

CDM’s top-20 June holdings, headed by Alphabet Inc GOOGL US, and followed by APX and ARB, lodged post-trade yesterday.

Flexi Group Holdings (FLX)

FLX has appointed former Woolworths (ASX: WOW) and Shell executive Joycelyn Morton as an independent non-executive director, effective immediately.

Delta Drone International (DLT)

DLT has appointed LinQ Group founding MD Clive Donner as a director, effective immediately.

Chris Singleton has resigned from the DLT board.

Kangaroo Island Plantation Timbers (KPT)

KPT has appointed former New Forests Asset Management head of funds management James Davies and Samuel Terry Asset Management portfolio manager Mitch Taylor as non-executive directors.

KPT has traded higher the past two sessions, reaching up to 115.5c for the first time in more than three weeks yesterday.

Dynamic Drill and Blast Holdings (DDB)

DDB has completed the acquisition of Orlando Drilling.

Tilt Renewables (TLT)

Paying an ~NZ7.6c distribution.

Resources

Mt Monger Resources (* MTM)

Australia-focused mineral explorer scheduled to list on the ASX **12.30pm** AEST, following a \$5M IPO at 20c per share. 27.75M quoted shares.

Red 5 (* RED)

Produced 15,251oz of gold during the June quarter, pushing the full year tally to 76,104oz.



Microsoft was pushed to a record high after announcing the Windows operating system would be offered as a cloud-based service.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1825	oz	15.1	2.0
Silver (NY) (Sep)	26.3	oz	0.19	0.7
Gold (LON)	1814	oz		
Platinum	1122	oz	22	2.0
WTI Crude (NYMEX Aug)	73.13	bbl	-2.12	-2.8
Brent Crude (ICE EUR Sep)	74.76	bbl	-1.73	-2.3
Iron Ore (NYMEX,CHN,62%)	217.94	t	-0.32	-0.2
Copper (LME Ind)	9364	t	-47	-0.5
Nickel	18590	t	-191	-1.0
Aluminium	2519	t	-17	-0.7
Lead	2304	t	-9	-0.4
Zinc	2923	t	-13	-0.4
Tin	32525	t	144	0.4

Commodities Commentary

Oil – prices fell early overnight.

Reports emerged the UAE and Saudi Arabia had agreed a compromise on plans for easing production curbs, but a subsequent statement out of the UAE asserted no agreement with OPEC+ on the UAE's baseline production, from which its allowances were calculated, and with which the UAE has long disagreed.

A weekly US petroleum inventories report, published overnight by government agency the EIA, but later than usual, featured a 7.897MMbbl draw on crude stocks, but 1.039MMbbl rise in stored petrol.

Net crude imports fell by 1.051MMbbl/d, and petrol production by 696,000bbl/d.

OPEC's monthly market report is keenly anticipated **tonight**.

Gold – prices reached three-month peaks overnight, following comments from the **US Federal Reserve** chair, and as equities interest waned further and US treasury yields fell.

In addition, the ICE \$US index fell 0.4%.

Inflation commentary is expected to keep sentiment fluid this week.

In addition, simmering geopolitical developments could prove to be influential by week's end.

Base metals – overnight trade appeared by influenced by international economic data, central bank commentary, economic recovery uncertainty and the wait for further material data out of China.

Trading volumes were reported relatively low.

China's June quarter GDP, plus June updates for industrial production, fixed asset investment and retail sales are keenly anticipated **today**, and likely to influence at least some of tonight's trade.

Additional statistics, within RED's June quarter activities report, lodged this morning.

Castillo Resources (* CCZ)

Heralding Big One deposit drilling indications.

Mincor Resource (* MCR)

WA goldfields Long and Durkin North underground drilling has intersected massive sulphides.

Balkan Mining & Minerals (* BMM)

Serbia-focused lithium and borate explorer and JDR spin-off completed a stellar listing yesterday, following a \$6.5M IPO at 20c per share.

Opened at 34 and traded at 32.5c – 37c before settling at 36c.

3.36M shares were traded across 413 transactions.

32.5M quoted shares.

Jadar Resources (ASX: JDR) and Sandfire Resources (ASX: SFR) each held 22.22% on listing.

SFR completed a \$2M cornerstone investment into the IPO, in association with a collaboration agreement.

Middle Island Resources (* MDI)

MDI founder and MD Rick Yeates will leave MDI as the MDI board has made the company MD position redundant.

MDI non-executive director Brad Marwood has been assigned temporary part-time executive duties, under the title interim CEO, and will become a temporary executive director.

He will receive \$A1350/day for a likely two days each week.

Cash incentives are also applicable for critical milestone achievements.

In association, MDI has appointed former Jefferies & Co global hard asset desk co-head Bruce Stewart as a non-executive director.

Reward Minerals (RWD)

Changing the name of the Lake Disappointment potash project to the Kumpupintil Lake potash project.

Kumpupintil is the original Martu people name for the lake.

Energy

Whitehaven Coal (* WHC)

Produced 5.4Mt of (managed) run-of-mine coal and 3.8Mt of saleable coal during the June quarter.

Sold 19.8Mt during FY21.

Planning to lodge full year results 26 August.

Strike Energy (STX)

140km 2D seismic program underway across the WA northern Perth Basin South Erregulla project.

FAR Ltd (FAR)

Anticipating providing an update and guidance on the potential lifting of the company's long-suspended trade by week's end.

**Exchange Rates**

CURRENCIES	LAST	+/-	%
AUD – USD	0.7480	0.0020	0.27
EUR – USD	1.1834	0.0045	0.38

Australian Data Today

ABS	Workforce (incl jobs, wages, unemployment)	Jun
MelInst	Inflation expectations	Jul
NAB	Business conditions, expectations	Jun Q
RBA	Forex transactions; official reserve assets	Jun

US Data Tonight

Industrial production	Jun
Philadelphia Fed manufacturing	Jul
Empire State (New York) Fed manufacturing	Jul
Initial jobless claims	10 Jul
Import prices	Jun

Other Overseas Data Today & Tonight

China	GDP	Jun Q
China	Industrial production	Jun
China	Fixed asset investment	Jun
China	Retail sales	Jun
Japan	Tertiary industry index	May
South Korea	BoK policy meeting outcomes	14 Jul
UK	Unemployment claimant count	Jun
UK	ILO unemployment	May
UK	Average earnings	May

Trading Halts

Company	Code	Resuming
Carnavale Resources	CAV	16 Jul
Los Cerros	LCL	16 Jul
Matsa Resources	MAT	16 Jul
Proteomics International Laboratories	PIQ	16 Jul
Whitefield Ltd	WHF	16 Jul

Suspensions (selected)

Company	Code	Since
Cirralto Ltd	CRO	14 Jul
Crater Gold Mining	CGN	9 Jul
Field Solutions Holdings	FSG	14 Jul
Leaf Resources	LER	14 Jul

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
DBF	Today	6.2	0	0.00
BIN	Tomorrow	11.7	100	0.87
EZL	19 Jul	13.5	100	4.27
TLT	20 Jul	NZ7.6	0	tbc

Reports & Events

(selected; all times AEST)

When	Company	Report/Event
Today	AST	AGM
	RED	Jun Q
	SFX	Jun Q
	WHC	Jun Q
	WPL	Jun Q
Tomorrow	RIO	Jun Q
Tue (20 Jul)	BHP	Jun Q
Wed	SYR	Jun Q
Thu (22 Jul)	NCM	Jun Q
	STO	Jun Q
Fri	MIN	Jun Q
27 Jul	OZL	Jun Q
28 Jul	RIO	Interim
	SBM	Jun Q



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29 Jul	CCP	Full year
	FMG	Jun Q
	IGO	Jun Q
	IRE	Investor day
	JHG	Jun Q
30 Jul	FFG	AGM
	ICI	AGM
	OGC	Jun Q
	ORG	Jun Q

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