

**Futures Indices (Source: IRESS)**

INDEX	CLOSE	+/-	%
E-mini S&P 500 Futures	2893.75	1.75	0.06
E-mini Dow Futures	26149	18	0.07
E-mini NASDAQ 100 Futures	7542	7.75	0.1
SFE 200 Futures	6542	1	0.02

**Local Market Commentary**

A middling night of trade has the ASX set up for a flat start this morning. Apparently, the positive day on Wall Street means little to investors, perhaps considering US stocks have more-or-less range trade for several days. Arguably the key headline for Australian market participants this morning is another bearish milestone for the Australian Dollar: it made another new low overnight, touching 0.6849 in US trade, primarily as-a-result of a general safe-haven play into the Euro, USD and Yen ahead of the risk laden week this week. Australian market participants get to peruse the *devil in the details* of the Australian economy today – or at least, the Australian economy through the eyes of the Reserve Bank of Australia. The RBA releases its monetary policy minutes this afternoon, with overriding question on the market's mind: when will they cut interest rates next? It's a piece of folksy wisdom doing the rounds at-the-moment that rate cuts rarely come as "one-and-done". Hence, with at least one cut down for this cycle, traders will be shuffling around today's release – positioning then repositioning for when that next rate cut will occur.

**World Indices (Source: IRESS)**

INDEX	CLOSE	+/-	%
Dow Jones	26112.53	22.92	0.09
S & P 500	2889.67	2.69	0.09
NASDAQ	7845.0243	48.3653	0.62
FTSE 100	7357.31	11.53	0.16
DAX 30	12085.82	-10.58	-0.09
CAC 40	5390.95	23.33	0.43
Milan MIB30	20626.42	13.97	0.07
Nikkei	21124	7.11	0.03
Hang Seng	27227.16	108.81	0.4
Hang Seng China Enterprises	10428.52	8.65	0.08
Straits Times	3207.99	-14.64	-0.45
Shanghai Composite	2887.6221	5.6478	0.2

**Australian Stock Watch**

**AGL Energy Limited (AGL), Vocus Group Ltd (VOC):** AGL Energy has walked away from a \$3 billion takeover of Vocus Group, leaving investors relieved it has dropped a perceived high-risk deal but questioning how else it can arrest an expected multi-year decline in earnings. Just five days into a four-week exclusive due-diligence period on the fibreoptic cable owner, AGL's relatively new chief executive, Brett Redman, said the company was "no longer confident that an acquisition of Vocus at the proposed terms would represent sufficient certainty of creating value for AGL shareholders". AGL told investors at a briefing on Monday that negative feedback from investors on the deal, while savage, had not been a factor in the decision. Still, some maintained it would have come into play and pointed to the hefty up-front acquisition price that elevated the risks of AGL's large-scale entry into data services, outside its core energy business, reports AFR.

**Australia and New Zealand Banking Group (ANZ):** ANZ has sensationally parted ways with the boss of its New Zealand business, David Hisco, over an expenses rort in the middle of an escalating conflict with the country's central bank. ANZ NZ chairman and former NZ Prime Minister, John Key, said the matter related to Mr Hisco's personal use of chauffeured cars and storage space worth tens of thousands of dollars over several years. The bank said Mr Hisco would depart after an investigation into his expenses. Mr Hisco was on sick leave for an unspecified illness and will forfeit unvested equity entitlements worth \$6.4 million. "We are disappointed David is leaving ANZ under such circumstances," Mr Key said. "However, his departure demonstrates that when people do not do the right thing, we will hold them to account, no matter their status or position in the organisation", reports AFR.

**BHP Group Ltd (BHP):** BHP will start building a new tailings dam at South Australia's Olympic Dam mine within months, under a plan submitted to the federal government on Monday. The dam would be the sixth at Olympic Dam, and the request comes two weeks after BHP said existing dams at the mine would have an "extreme" impact on the environment, infrastructure and human life if they were to fail. The application to the federal environment department comes as BHP prepares to call time on its seven-year heap leaching trial at Olympic Dam, having declared it to be a technical success, but one that is not likely to be deployed on the mine any time soon. BHP sought permission on Monday to start



## Overseas Markets & Gold Commentary

Gold prices are near steady in midday U.S. trading Monday, on a normal downside correction and some chart consolidation after hitting a 13-month high late last week. Bulls still have the firm overall technical advantage, which means the near-term path of least resistance for prices remains sideways to higher. August gold futures were last down \$0.60 an ounce at \$1,343.90. July Comex silver prices were last up \$0.052 at \$14.855 an ounce.

Markets are quieter early this week as traders and investors worldwide are awaiting the Federal Open Market Committee (FOMC) meeting that begins Tuesday morning and ends Wednesday afternoon with a statement. FOMC members will discuss U.S. monetary policy. Most believe the Fed will not raise interest rates at this meeting, but members may lean toward a more dovish stance on monetary policy, to set the table for a rate hike in the coming few months.

There were no major news developments on the geopolitical front over the weekend, including no escalation of the U.S.-Iran tensions following last week's attacks on big ships in the Gulf of Oman that the U.S. blamed on Iran. Iran's leader did make some bellicose remarks about the U.S. and its nuclear ambitions, but the marketplace has brushed them off. Still, this matter is not likely to just fade away and remains a bullish element for the safe-haven metals. European stock indexes were mostly firmer overnight, while Asian shares were mixed. The U.S. stock indexes are slightly higher in midday New York trading.

building the new tailings dam in November. The company indicated it could be complete and receiving waste from the mine by June 2021, reports AFR.

**Coles Group Ltd (COL):** Coles is expected to cut costs, tweak its marketing, put the brakes on house brands and accelerate store refurbishments and e-commerce in a major shift in strategy following its \$20 billion demerger from Wesfarmers. In an update to be unveiled on Tuesday, chief executive Steven Cain is expected to reverse some of Coles' past strategies, shifting the food and liquor retailer's focus away from price in favour of convenience and fresh foods in an attempt to revive sluggish same-store sales growth. Mr Cain is also expected to follow the announcement of 450 head-office job cuts last week with further cost savings to boost margins and fund investments in store refurbishments and Coles' fast-growing e-commerce operations, reports AFR.

**DJ Carmichael, Shaw and Partners:** The winds of change are blowing through Australia's mid-tier stockbroking market. As first reported by Street Talk on Monday, Shaw and Partners has agreed terms to acquire Perth-based advisory and trading firm DJ Carmichael. DJ Carmichael has a 120-year plus history in stockbroking and wealth management, offering institutional stockbroking, advice on corporate transactions and wealth management services. The firm has \$650 million in funds under advice. The deal is expected to be completed by the end of August. Shaw's move on DJ Carmichael comes only one week after Canada's Canaccord Genuity snapped up another Perth-based broker, Patersons Securities. Shaw co-CEO Earl Evans told Street Talk it was a diversification play for his firm, reports AFR.

**Dough:** Local neobank Dough is set to be the first challenger bank to go public on the ASX, following a fresh injection of capital from Japanese financial services giant Monex Group. Dough will target a \$10 million capital raise as part of the listing, which is slated to take place in mid-July. Chief executive and founder Andy Taylor told The Australian Financial Review the fintech had opted to pursue a listing rather than venture capital because he believed local VCs would struggle to provide the amount of capital the start-up would need in the next few years. *"The challenge with any neobank story is that we're not shy to admit how much capital is needed to scale our business plans," he said. "And the issue with local funds would have been their ability to follow on. If we didn't follow this path, we would have had to move to the US and have taken on VC money there"*, reports AFR.

**IOOF Holdings Limited (IFL):** No doubt IOOF will hope that the dawn of the new financial year allows it to put a horror 12 months behind it. The past year has seen it pilloried by both the royal



## International Economic Data

- US NY Empire State Manufacturing Index** - The New York Empire State Manufacturing Index in the United States plummeted 26.4 points from the previous month to -8.6 in June 2019, missing market expectations of +10. That was the largest monthly decline on record, due to declines in both new orders (-21.7 points to -12.0) and employment (-8.2 points to -3.5), while shipments increased at a slower pace (-6.6 points to +9.7), reports TradingEconomics

### Commodities (Source: IRESS)

COMMODITY	CLOSE	+/-	%
<b>COMEX</b>			
Gold Aug 19	1343.3	-1.2	-0.09
Silver Jul 19	14.82	0.017	0.11
Copper Jul 19	2.649	0.018	0.68
<b>NYMEX</b>			
Platinum Jul 19	794.3	-10.4	-1.29
Palladium Sep 19	1449.3	-12.2	-0.83
<b>LONDON METAL</b>			
Gold (AM Fix)	1352.45	16.65	1.25
Gold (PM Fix)	1351.25	15.35	1.15
<b>ENERGY</b>			
Light Crude Jul 19	52.14	-0.63	-1.19
Brent Crude Oil	60.98	-1.06	-1.71
<b>CBT</b>			
Wheat Jul 19	542.25	0.25	0.05
Soybeans Jul 19	938.75	15.25	1.65
Corn Jul 19	468.75	5.25	1.13
<b>OTHER</b>			
Iron Ore (China Port)	112.5	3.5	3.21
Coal (ICE-GC Newcastle)	71.53	-1.47	-2.01
<b>LME Indicative</b>			
Copper - Cash	5818	20.25	0.35
Copper - 3Mth	5845	36	0.62
Lead - Cash	1891.25	15.25	0.81
Lead - 3Mth	1882.5	9.5	0.51
Zinc - Cash	2588	25.5	1
Zinc - 3Mth	2468.5	13.5	0.55
Aluminum - Cash	1728.25	-4.5	-0.26
Aluminum 3Mth	1759	-0.5	-0.03
Nickel - Cash	11688	-104	-0.88
Nickel - 3Mth	11770	-130	-1.09
Tin - Cash	19092	-264	-1.36
Tin - 3Mth	18950	-265	-1.38

commission and regulators, wave goodbye to chief executive and chairman and face continuing delays to its acquisition of ANZ's wealth business. July 1 will mark the start of a formal process to resolve at least one bit of the mess – for better or worse. That's the start date for a two-week trial in which IOOF will defend action brought by the Australian Prudential Regulation Authority. The case, before Justice Jayne Jagot in the Federal Court, is set to be a blockbuster. Not only does it represent the first example of APRA's new approach to enforcement, but it will allow the broader superannuation industry insights on several key points of law, including the operation of the best interest test that lies at the heart of super regulation, and the role, rights and responsibilities of super trustees, reports AFR.

**MyState Limited (MYS):** Listed Tasmanian bank MyState has sold its retail financial planning arm for \$3.5 million – \$1 million more than what Commonwealth Bank got for offloading Count Financial. Another listed company, Fiducian Group, has bought the business, along with its book of clients with \$340 million in funds under advice. Last week, Commonwealth Bank sold its financial planning arm Count Financial for just \$2.5 million, at a fraction of the \$373 million purchase price it paid to Rich Lister and entrepreneur Barry Lambert. The Count Financial sale included 359 planners at 160 advice firms with \$8.1 billion in funds under advice. The MyState deal involved the sale of a small number of planners in only one practice, reports AFR.

**Napoleon Perdis:** Makeup mogul Napoleon Perdis has been forced to cut ties with his eponymous cosmetics empire just two months after it was saved from collapse by "daigou queen" Livia Wang and former Witchery executive Henry Lee. Ms Wang and Mr Lee's Kuba Investments retained Mr Perdis and his wife Soula-Marie Perdis as creative consultants after taking control of Napoleon Perdis Cosmetics through a \$1.6 million deed of company arrangement in April. However, Kuba told staff on Friday it had severed its relationship with Mrs and Mr Perdis, who founded the company 24 years ago and built it into an \$80 million business before it collapsed in January owing unsecured creditors \$26 million. Sources close to the company said the consultancy agreement ended because Mr and Mrs Perdis now live in Athens and the relationship had proved unwieldy. The company plans to bring its creative and product development functions, which were to have been overseen by the Perdis' private company, Arcadia 8, back to Australia. However, other sources said the relationship between Mr Perdis and Kuba Investments soured after Mr Perdis attempted to regain a seat on the board and tried to establish a new brand and products for his daughter Lianna, reports AFR.

**Exchange Rates (Source: IRESS)**

CROSS	CLOSE	+/-	%
\$A/\$US	0.6853	0.0001	0.01
STG/\$US	1.2538	0.0005	0.04
\$NZ/\$US	0.6496	0.0002	0.03
\$US/Yen	108.5375	0.008	0.01
\$NZ/\$A	0.9478	0.0002	0.02
STG/\$A	1.8295	0.0005	0.03

**Economic News This Week**

- Tuesday **AU House Price Index**
- Tuesday **AU RBA Meeting Minutes**
- Tuesday **EA Inflation Rate**
- Tuesday **EA Balance of Trade**
- Tuesday **US Building Permits**
- Wednesday **US API Crude Oil Stock Change**
- Wednesday **AU Westpac Leading Index**
- Wednesday **US MBA Mortgage Applications**
- Thursday **US EIA Crude Oil Stocks Change**
- Thursday **US EIA Gasoline Stocks Change**
- Thursday **US Fed Interest Rate Decision**
- Thursday **AU RBA Gov Lowe Speech**
- Thursday **US Jobless Claims**
- Thursday **US Current Account**
- Friday **US EIA Natural Gas Stocks Change**
- Saturday **US Existing Home Sales**
- Saturday **US Baker Hughes Oil Rig Count**

**Nine Entertainment Co Holdings Ltd (NEC), News Corporation (NWS):** The heads of Australia's two largest media companies, Nine and News Corp, are pushing the government to fast-track legislative changes to improve protections for whistle blowers and stop journalists from being prosecuted for doing their jobs. The fiercely competitive Australian media has galvanised over the issue of press freedom after raids from the Australian Federal Police on the home of News Corp journalist Annika Smethurst and the headquarters of the ABC in successive days earlier this month. Nine chief executive Hugh Marks and News Corp Australasia executive chairman Michael Miller both believe immediate action is needed on the issue of press freedom, reports AFR.

**Onsite Rental Group:** Macquarie Capital and Moelis Australia are in the box seat to handle a float or sale of equipment hire business Onsite Rental Group. Street Talk understands the two Australian-listed firms have emerged as frontrunners following a recent pitching round, where the company invited in a handful of investment banking teams to vie for strategic review mandates and help the current owners find an exit or partial exit. All that's left is for Onsite Rental's board to formally ratify the appointments, sources said, and the mandates will be an agenda item when Onsite Rental's board meets towards the end of this month. Moelis' likely role comes after the firm advised Onsite Rental's then-lenders on a restructure in September 2017, which saw the Term Loan B note holders take control of the company off private equity firm Next Capital, reports AFR.

**Pilbara Minerals Ltd (PLS):** Lithium miner Pilbara Minerals has blamed slower than expected commissioning of battery metals chemical conversion plants in China for its decision to cut exports from its operations in Western Australia. Ken Brinsden-led Pilbara Minerals said on Monday that commissioning delays had cast a shadow over the trade in lithium raw materials, with spodumene concentrate pricing continuing to soften. Pilbara Minerals said it would limit production from its Pilgangoora operations after talks with key customers General Lithium and Ganfeng, which have reached an agreement on relief for their off-take agreements. Pilbara shares fell 9.9 per cent to 63.5¢ on Monday. The slump in spodumene demand and prices comes as Pilbara Minerals tries to sell up to a 49 per cent stake in Pilgangoora, reports AFR.



### Need More Information?

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