Market Opener

Tuesday, 23 June 2020

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Markets

SFE 200 Futures (9.30am AEST)	5935	34	0.6
NZX 50	11229	71	0.6
DJIA Futures	26088	135	0.5
S&P 500 Futures	3124	14	0.4
NASDAQ Futures	10152	27	0.3

Local Markets Commentary

The ASX was perkier before the opening bell today, set to rise and follow Wall Street which grew overnight on the back of tailwinds from the tech sector.

SPI futures were up 31 points prior to 5932 earlier this morning as traders began contemplating a more likely W-shaped, as opposed to a V-shaped recovery from the impacts of COVID-19.

US home sales slumped to their lowest in 9.5 years in May and a further contraction in the housing market is now expected for the second quarter.

Credit agency **Moodys** has also cautioned that stimulus measures are likely to burden advanced economies with higher debt than during the **Global Financial Crisis** almost 10-years ago.

"Government debt/GDP ratios will rise by around 19 percentage points, nearly twice as much as in 2009 during the global financial crisis … the rise in debt burdens will be more immediate and pervasive, reflecting the acuteness and breadth of the shock posed by the coronavirus," Moodys said.

Australian Prime Minister **Scott Morrison** said new spikes of coronavirus cases in Victoria should not derail steps to reopen the economy. Victoria has told thousands of people living within six local jurisdictions only to leave their areas if it was essential.

Morrison said setbacks had been anticipated when Australia announced steps to reopen up of the economy earlier in May.

"This is part of living with COVID-19 and we will continue on with the process of opening up our economy and getting people back into work," Morrison said.

Overseas data due:

Euro Zone Markit Services PMI June

Japan Nikkei manufacturing PMI and services PMI June

UK Markit manufacturing PMI and Markit/CIPS services PMI June

S&P/ASX indices - quarterly rebalance revealed this morning.
Please see pp**4-5** for details

Today's Stock Watch

Metals X (MLX)

Gold and tin producer Metals X has received notice from APAC Resources Strategic Holdings seeking to remove three directors from the board of Metal X, including chairman Patrick O'Connor. APAC Resources shares have plunged 67.6% over the past 12 months.

Harvey Norman (HVN)

HVN has reported profit before tax and non-controlling interests for the first 11 months of the 2020 financial year are up 20% on the corresponding period a year ago. The company will release full results on August 28.

Woolworths (WOW)

Supermarket operator Woolworths is on course for full-year earnings of up to $3.25 billion, an 8.6% increase in food sales in Australia, for the fourth quarter. Full-year guidance earnings before EBIT of between $3.2 billion and $3.25 billion compare to $3.29 billion last year.

Perenti (PRN)

The mining services company has flagged FY20 EBIT profits of between $106 million to $110 million and will pay a previously deferred dividend of 3.5c per share on July 23. Perenti revealed a robust capital position with $530 million available in cash and credit facilities.

Trading Halts

Company	Code	Resuming
Amani Gold	ANL	23 Jun
Austal	ASB	23 Jun
Latin Resources	LRS	23 Jun
Crowd Media Holdings	CM8	23 Jun
Emerge Gaming	EM1	23 Jun
Galan Lithium	GLN	23 Jun
Kalamazoo	KZR	23 Jun
UAV Aquabotics	UUV	24 Jun
Dart Mining	DTM	25 Jun

Suspensions *(select)*

Company	Code	Since

US new home sales May

US Richmond Fed index June

US Markit manufacturing PMI and Markit/CIPS services PMI June.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26024	153	**0.6**
S&P 500	3117	20	**0.7**
NASDAQ	10056	110	**1.1**
FTSE 100	6244	-48	**-0.8**
DAX 30	12262	-67	**-0.5**
Shanghai Comp	2939	3.4	0.1

Overseas Markets Commentary

All three major indexes closed higher on Wall Street with technology stocks doing the heavy lifting as the focus of traders turned to additional government stimulus spending to weather a resurgence in global COVID-19 cases.

The **NASDAQ** was the star performer, hitting its fourth record closing high for June led by a surge in the stocks of Microsoft, Apple and Amazon.com

The mood was somewhat tempered by a dozen states in the US South and Southwest reporting increases of 10% to 20% in positive coronavirus tests, even as New York lifted many restrictions.

The **US House of Representatives Democrats** have inspired hope for more government stimulus support with a proposed $1.5 trillion infrastructure bill and reports last week that US President Donald Trump is preparing a similar infrastructure plan.

Trump said on Monday that he supported additional financial aid for Americans besieged by the virus outbreak.

Apple shares hit near record highs after the software giant announced new products at its annual conference for software developers.

Travel stocks remained on life support as a result of continued flying restrictions. The **S&P 1500 airlines** index slumped 1.3% and cruise ship operators **Norwegian Cruise Line** and **Royal Caribbean Cruises** dipped sharply by 6%.

Virgin Galactic Holdings Inc climbed by almost 16% after it signed with NASA to develop a program to promote private missions to the International Space Station.

Aura Energy	AEE	20 May
Meteoric Resources	MEI	11 Jun
(The) PAS Group	PGR	29 May
Pioneer Credit	PNC	4 Jun
Suda Pharmaceuticals	SUD	5 Jun

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
ORA	Fri (19 Jun)	37.2	50	4.89
SGO	Fri	2	100	0.00
HVN	22 Jun	6	100	5.69

Reports & Events

(selected)

When	Company	Report/Event
22 Jun	TCL	Trading update
24 Jun	CSR	AGM (10am AEST)
	TPM	AGM (10.30am AEST)
26 Jun	EVO	Full year
29 Jun	ALQ	AGM
	FPH	Full year

June quarter S&P/ASX indices re-balance

The following changes will be effective from the opening of trade **22 June**:

S&P/ASX 20
Out: AMC
In: ALL

S&P/ASX 50
Out: AMP
In: A2M

S&P/ASX 100
Out: URW, WHC
In: NXT, SAR

S&P/ASX 200
Out: EHE, HUB, JIN, MYX, PLS, PNI
In: CIP, MP1, MSB, OBL, PRU

S&P/ASX 300
Out: AYS, CDD, HT1, ISX, ITG, NCZ, OGC, PDN, SDA, SWM, SYR, WPP

On the **NYSE** advancing issues outnumbered retreating ones by a ratio of 1.18 to 1, with the NASDAQ showing a 1.19 to 1 ratio for the advancers.

Commodities

COMMODITY	CLOSE	$US/	+/-	%
Gold (NY) (Aug)	**1754**	oz	-1.0	-0.1
Silver (NY) (Jul)	**17.75**	oz	0.04	0.2
Gold (LON) (10 Jun)	**1734**	oz	15.3	0.8
Platinum	**824**	oz	2.8	**0.3**
WTI Crude (COMEX Jul)	**40.60**	bbl	-1.8	**0.4**
Brent Crude (ICE EUR Aug)	**43.02**	bbl	0.8	**1.9**
Iron Ore (NYMEX,CHN,62%)	**104**	t	0.5	0.5
Copper (LME,3mth Ind,PM)	**5861**	t	31.7	0.5
Nickel	**12584**	t	-124	-0.9
Aluminium	**1588**	t	16	0.9
Lead	**1763**	t	-5	-0.3
Zinc	**2085**	t	1.6	0.1
Tin	**16986**	t	-24	-0.1

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6911	-0.0098	1.44
EUR – USD	1.1265	-0.0079	0.71

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In: AEF, AFG, CCX, ELO, EOS, IDX, KMD, MVP, OPT, PAR, PBH, RED, SLK, TYR, UWL

S&P/ASX All Ordinaries

Out: 3PL, AC8, AGY, AJL, AML, ARQ, ATL, ATS, AUZ, AVG, AYS, CAN, CCV, CII, CLH, COG, COI, DCG, DWS, EWC, EXP, FBR, GNG, GOW, HAS, HRR, HZN, ISU, ISX, LNG, LVH, MLX, MNS, MOC, MRM, MTO, MWY, NMT, OVH, PAN, PGC, PPG, PVS, RCT, REX, SDA, SFX, SGH, SKT, SXE, TGN, TZN, WHA, WJA

In: 360, ADT, AIZ, ALC, ALK, AMS, AMX, ANO, AT1, ATU, BSA, BTH, BWR, CBR, CHN, CMM, CYL, D20, DEG, DTC, DUB, EBO, ECF, EGG, EMR, EOF, EVS, FCL, FDV, GGG, GSS, HMC, IMA, KLL, LEG, LME, LTR, MAD, MAU, MCR, MCY, MME, MML, NET, NTO, NXS, OPC, PBH, PBP, PCK, PFT, PGL, PPK, PWG, PYC, RAP, RDY, RED, RFG, SGLLV, SLM, SO4, SOM, SPT, SVY, SZL, TLX, TOT, TPW, TRS, TYR, UWL, VGI, VVA, WGO, WSP, WZR, ZNO

S&P/ASX All Australian 200

Out: API, AVH, CVN, EHE, EHL, PGH, PLS

In: AUB, CIP, CQE, EOS, RMS, WGX

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