

Markets

SFE 200 Futures (9.30am AEST)	5837	-92	-1.5
NZX 50	11116	-142	-1.2
DJIA Futures	25314	-79	-0.3
S&P 500 Futures	3039	-9	-0.3
NASDAQ Futures	9982	-28	-0.2

Local Markets Commentary

The Australian share market was bracing for a dip, set to drop by a rise in COVID-19 cases in the United States and contractions on Wall Street.

Earlier this morning **SPI futures** were down 92 points (1.5%) to 5873 and the Australian dollar had shed 0.8% to 68.4US cents.

Australia, nevertheless, has emerged as a standout performer as the only advanced economy in the world to have its economic outlook upgraded by the **International Monetary Fund**.

The IMF has forecast that the Australian economy will contract by 4.5% this year after having predicted a 6.7% fall in April. Projected economic growth for 2021 is now 4%.

The only advanced economy tipped by the IMF to shrink less than Australia is **South Korea** (-2.1%), but the IMF has downgraded its forecast for the South East Asian country.

By contrast the **United Kingdom** and **Europe** are both expected by the IMF to slide into double digit declines of -10.2% this year with the United States forecast to shed -8%.

The IMF has tipped China to post positive growth figures of 1% this year, rebounding to 8.2% in 2021.

Australia's flagship carrier, **Qantas**, has announced that it will fire 6000 employees and ground 100 planes for up to 12 months as part of a recovery strategy from the COVID-19 fallout. About 1450 jobs will be shed in non-operational capacities, 1500 ground crew, 630 engineering roles and 220 pilots will depart with budget carrier **Jetstar** also being impacted.

Market data coming out today:

ABS Job vacancies May, New Zealand trade balance May.

Overseas data: US GDP for Q1, US durable goods order May, Kansas City Fed index June.

Overseas Markets

INDEX	CLOSE	+/-	%
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S&P/ASX indices - quarterly rebalance revealed this morning.
 Please see pp4-5 for details

Today's Stock Watch
Qantas (QAN)

Qantas is reported to have called in investment bankers Macquarie Capital to advise on a \$1.9 billion equity raising. Continued uncertainty over when the skies will re-open to pre-COVID-19 travel has prompted the airline to shore up liquidity after revealing last month short-term liquidity of \$3.5 billion, net debt of \$5.8 billion and \$2.7 billion in aircraft assets. Qantas is not expecting international flights to reopen until late October at the earliest and rival airline Virgin Australia is already under administration. Qantas' last equity raising was in 2009 via a placement of shares to institutional investors to raise \$500 million at \$1.85 a share. On Wednesday Qantas shares had fallen 2.8% to \$4.19.

Bapcor (BAP)

In revised guidance BAP is forecasting net profit after tax before significant items to be between \$84 million and \$88 million for the 2020 financial year. This represents a 6.7% to 10.9% contraction than the previous year. The company had previously forecast mid to high single digit growth in FY20 from proforma NPAT of \$94.3 million in 2019.

Redbubble (RBL)

Online design and merchandising marketplace provider Redbubble has reported 96% revenue growth for the fourth quarter to June 22 off the springboard of sales across all its platforms. RBL said earnings hit \$11.9 million in the financial year to May as a result of accelerated online activity in the fourth quarter. RBL shares closed at \$1.57 and have increased 27% from February.

Trading Halts

Company	Code	Resuming
UAV Aquabotics	UUV	24 Jun
Dart Mining	DTM	25 Jun
Auteco Minerals	AUT	26 Jun
Centaurus Resources	CTM	29 Jun
Hipo Resources	HIP	1 Jul
Cygnus Gold	CY5	1 Jul

Company	Code	Since
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Dow Jones	25445	-710	-2.7
S&P 500	3050	-80	-2.6
NASDAQ	9909	-222	-2.2
FTSE 100	6123	-196	-3.1
DAX 30	12093	-429	-3.5
Shanghai Comp	2979	8.93	0.3

Overseas Markets Commentary

All three major indexes on Wall Street dipped overnight as rising COVID-19 cases in the United States and abroad and oil oversupply dragged stocks into the red.

Markets were also awaiting tariff announcements from the White House after indications from the **US Trade Representative** that the Trump administration was contemplating duties on \$3.1 billion worth of exports from Germany, France, Spain and the UK, heating up already fraught trade relations between the United States and Europe.

At close the S&P Index was down 2.6% to 3050, the Dow Jones Industrial Average shed 2.7% (710 points) to 25,445 and the Nasdaq contracted 2.2% to 9909.

Travel stocks were the hardest hit led by major airline carriers **Delta** (-7.8%), **Southwest** (-7%) and **United** (-8%). Cruise line operator **Carnival Cruise Line** (-0.6%) and **Royal Caribbean** (-11%) also sunk deeper.

Crude oil prices dived over 5% with **West Texas Intermediate** settling at \$38 a barrel and **Brent Crude** at \$40 after the **Energy Information Administration** revealed that inventories soared last week by 1.4 million barrels, exceeding an expected rise of 299,000 barrels.

The **International Monetary Fund** added to investors' woes after forecasting a 4.9% contraction to global domestic product in 2020, surpassing April forecasts for a 3% slide.

Wednesday's IMF report also predicted that recovery from the decline would be worse than initially believed and cut its 2021 growth estimate from 5.8% to 5.4%.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1760	oz	-0.6	-0.0
Silver (NY) (Jul)	17.48	oz	-0.0	-0.0
Gold (LON) (10 Jun)	1768	oz	7.0	0.4
Platinum	801	oz	-28	-3.4
WTI Crude (COMEX Jul)	38.07	bbl	-1.9	-4.8
Brent Crude (ICE EUR Aug)	40.31	bbl	-2.1	-4.9
Iron Ore (NYMEX,CHN,62%)	104	t	0.5	0.5
Copper (LME,3mth Ind,PM)	5856	t	-35	-0.6
Nickel	12492	t	-173	-1.4
Aluminium	1556	t	-20	-1.2
Lead	1748	t	16	0.9
Zinc	2030	t	-3.8	-0.9

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



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Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6872	-0.0004	0.05
EUR – USD	1.1254	0.0003	-0.02

Need More Information?

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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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