

Futures Indices (Source: IRESS)

INDEX	CLOSE	+/-	%
E-mini S&P 500 Futures	2922.75	0.75	0.03
E-mini Dow Futures	26566	4	0.02
E-mini NASDAQ 100 Futures	7636	7.25	0.1
SFE 200 Futures	6558	-36	-0.55

Local Market Commentary

Wall Street slumped overnight as Fed chief Jerome Powell appeared to hose down talk of a 50-point rate cut next month. Futures are pointing to a 36-point fall for the ASX at the open.

Rallying gold prices has been good for the mining stocks on the ASX, supporting solid gains for the materials sector yesterday. Indeed, a bounce by industrial metals off recent lows helped deliver some of this gain; however, the large-chunk of the sector's gains came from gold-mining stocks, in particular. In all, though, it was a lacklustre day again for the ASX200 yesterday, in a week characterized, thus far, by range trading. A retracement in financials stocks dragged on ASX200, as the bank's retraced some of Monday's gains.

The Reserve Bank of New Zealand's meeting will be the highlight of the Asian economic calendar today. In line with the chorus of central bankers across the globe, the RBNZ are expected to progressively ease monetary-policy in the near-term, in response to what is a sluggish inflation outlook, slower jobs growth, as well as a forecast slowdown in the global economy.

World Indices (Source: IRESS)

INDEX	CLOSE	+/-	%
Dow Jones	26548.22	-179.32	-0.67
S & P 500	2917.38	-27.97	-0.95
NASDAQ	7884.7166	-120.9797	-1.51
FTSE 100	7422.43	5.74	0.08
DAX 30	12228.44	-46.13	-0.38
CAC 40	5514.57	-7.14	-0.13
Milan MIB30	21128.41	-155.69	-0.73
Nikkei	21193.81	-92.18	-0.43
Hang Seng	28185.98	-327.02	-1.15
Hang Seng China Enterprises	10742.41	-210.53	-1.92
Straits Times	3304.27	-7.26	-0.22
Shanghai Composite	2982.0738	-26.0741	-0.87

Australian Stock Watch

AMP Limited (AMP): It says a lot about the despair enveloping AMP at present that the wealth management giant's share price is setting record lows at a time when the local share market is nudging record highs. Traditionally, AMP's share price traded pretty much in lock-step with the market, as investors rightly figured that stronger equity prices would lift the value of its funds under management, which would boost its fee income. But a seemingly endless flow of bad news has severely eroded investor confidence, and on Tuesday morning, AMP's share price slumped to \$2 – or about one-tenth of the \$20 level the shares were trading at shortly after the company demutualised in 1998. Investors fear the boost to earnings from a rising share market will fail to compensate for the loss of income AMP has suffered as people rush to withdraw their superannuation savings after the Hayne royal commission revealed systemic misconduct at the wealth manager, reports AFR.

Domino's Pizza Enterprises Ltd (DMP): Domino's Pizza shares have fallen to a four-year low after Australia's largest pizza chain was hit with a class action claim from delivery drivers and pizza store staff who allege they were underpaid over a period of almost five years. The class action claim was filed in the Federal Court on Monday by law firm Phi Finney McDonald and served on Domino's on Tuesday. The claim was filed on behalf of staff employed by Domino's franchisees as delivery drivers or in-store workers between June 24, 2013, and January 23, 2018. The statement of claim alleges Domino's misled its franchisees by advising them to pay delivery drivers and in-store workers under a series of incorrect employment agreements when they should have been paid under the Fast Food Industry Award 2010. The agreements did not include certain entitlements, such as 25 per cent loading for casual workers, additional penalty rates for working after-hours, on weekends and on public holidays, and a laundry allowance to assist with uniform cleaning, reports AFR.

Fortescue Metals Group Limited (FMG): Andrew Forrest's Fortescue Metals Group has no intention of joining Rio Tinto and BHP in backing an Indigenous voice in Parliament, saying it prefers to focus on practical ways to tackle disparity. Chief executive Elizabeth Gaines said Fortescue would continue with a "hand up, not hand out" approach to helping Aboriginal communities in opting not to endorse a voice in Parliament. "Our approach is to really focus on practical initiatives that we know make long and lasting differences," she said on Tuesday. "It is really about engaging with businesses and creating opportunities. We think by doing that we are actually making a significant contribution to ending disparity." Fortescue has awarded work worth \$2.3 billion



Overseas Markets & Gold Commentary

Fed pours cold water on the market: Financial markets have woken-up, after slow-start to the week, with Wall Street stocks selling-off, volatility picking-up, and the US Dollar attempting to recover some of its recent losses. The action comes consequent to a speech delivered by US Fed Chair Jerome Powell overnight, in which central-bank-head acknowledged a dimming US economic outlook but poured some cold water on the notion of a 50-basis point cut from the Fed next month would be required in response. The US yield curve flattened as a result, as bets of such aggressive Fed-action was unwound, which weighed on risk-assets like equities and corporate credit.

Gold prices have been driven north by a bullish cocktail of safe-haven demand, a slumping U.S. dollar index, easy central bank monetary policies and bullish technicals. Many markets are in a pause mode, awaiting fresh news on the geopolitical front. The U.S.-Iran tensions in the Persian Gulf region continue to simmer near the front burner. Iran's leader on Tuesday made disparaging remarks toward the U.S. and President Trump.

Meanwhile, Trump said Monday there will be major new sanctions put on Iran and called the country the world's number-one sponsor of terrorism. Traders are wondering if Iran is itching for a military confrontation with the U.S. Trump appears unwilling to start a fight, but he also will not likely stand by idly while being provoked. This situation is likely to linger for quite a while and will likely get worse before it gets better.

Lastly, U.S. President Trump and Chinese President Xi are scheduled to meet in Japan at the G20 meetings late this week—possibly after all the markets are closed on Friday--and discuss their ongoing trade war. The outcome of that meeting is uncertain and could have huge implications for many markets, especially if an agreement is reached to end the trade war. Many reckon a final deal will not be announced this week, but instead the two countries will likely say they've made some progress and will keep talking.

to Aboriginal business and joint ventures since 2011, but remains embroiled in a high stakes legal battle with a group of traditional owners in Western Australia's Pilbara, reports AFR.

GBST Holdings Limited (GBT), Bravura Solutions Ltd (BVS): The alarm bells are well and truly ringing at Australian financial software company GBST Holdings. Hot on the heels of Bravura Solutions' revised \$185million bid, Street Talk understands there is a new suitor lurking and readying a proposal for GBST and its bankers at Deutsche Bank. The new face is believed to be an offshore strategic player – and one that is backed by a deep-pocketed private equity firm. Sources said the new party's offer was imminent and GBST would likely have a few busy days ahead. It's likely to be indicative and non-binding, subject to conditions and require due diligence and the like, as we've come to expect. A logical party is New York-listed Broadridge Financial Solutions which competes with Bravura and GBST and has been bulking up with acquisitions in wealth management software and solutions, reports AFR.

IOOF Holdings Limited (IFL): Renato Mota, the new chief executive of IOOF, wants to reset the troubled wealth group's business by branching into digital and robo advice services as a way to bring down costs and add flexibility for customers, while leaving the door open for further acquisitions. IOOF confirmed yesterday that Mr Mota, a 16-year company veteran and interim chief executive, will take on the role permanently. This follows the departure of chief executive Chris Kelaher, who walked away from the job after 10 years following unprecedented action by the prudential regulator. In December, the Australian Prudential Regulation Authority took action against IOOF, Mr Kelaher and four other senior leaders, for allegedly failing to act in the best interest of superannuation members, reports AFR.

News Corporation (NWS): The ABC and News Corp are taking legal action to nullify the warrants used by the federal police to raid the public broadcaster and the home of journalist Annika Smethurst. In a statement, ABC managing director David Anderson said the broadcaster had lodged an application with the Federal Court to "set aside" the warrants the AFP used to raid the ABC aimed at rooting out sources for an investigative report based on leaked Defence Force documents. News Corp confirmed it was in the process of lodging its own proceedings after the AFP raided Ms Smethurst, who works as political editor at The Sunday Telegraph, Herald Sun and Sunday Mail, and went through her clothes, bathroom, handbags and books. The raid on Ms Smethurst's home was part of an investigation into her story, based on leaked documents, on a proposal to increase the powers of the Australian Signals Directorate, reports AFR.

Nine Entertainment Co Holdings Ltd (NEC): The Australian Financial Review will cut ties with News Corp-owned content licensing business Dow Jones Factiva after contract negotiations broke down. Nine decided to terminate the contract following six months of discussions that began after the December merger between Nine and Fairfax Media. Financial Review content will remain available on Factiva until the current contract finishes at



International Economic Data

- **US New Home Sales** - Sales of new single-family houses in the United States dropped 7.8 percent from the previous month to a seasonally adjusted annual rate of 626 thousand in May 2019, while markets had forecast a 1.9 percent increase to 680 thousand, reports TradingEconomics.
- **US MBA Mortgage Applications** - Mortgage applications in the United States fell 3.4 percent in the week ended June 14th 2019, following a 26.8 percent gain in the previous week, data from the Mortgage Bankers Association showed. Both applications to purchase a home and refinance dropped 3.5 percent, reports TradingEconomics.
- **US API Crude Oil Stock Change** - API Crude Oil Stock Change in the United States decreased to -7.55 BBL/1Million in June 21 from -0.81 BBL/1Million in the previous week, reports TradingEconomics.
- **US CB Consumer Confidence** - The Conference Board Consumer Confidence Index declined in June, following an increase in May. The Index now stands at 121.5, down from 131.3 in May. The Present Situation Index – based on consumers' assessment of current business and labor market conditions – decreased from 170.7 to 162.6. The Expectations Index – based on consumers' short-term outlook for income, business and labor market conditions – decreased from 105.0 last month to 94.1 this month, reports The Conference Board.
- **US FHFA House Price Index** - U.S. house prices rose in April, up 0.4 percent from the previous month, according to the Federal Housing Finance Agency (FHFA) seasonally adjusted monthly House Price Index (HPI). The previously reported 0.1 percent increase for March 2019 remained unchanged, reports FHFA.

the end of 2019. *"We will no longer be supplying content from The Australian Financial Review to Dow Jones Factiva after failing to agree a model that can support sustainable investment in public-interest journalism,"* Nine director of subscriptions and growth David Eisman said. *"The Australian Financial Review is focused on a subscription business model designed to support its award winning journalism",* reports AFR.

Origin Energy Ltd (ORG): The \$300 million expansion of Origin Energy's NSW hydro power station has passed the first stage of state government approvals processes, allowing preliminary construction to begin. *"The NSW government's approval paves the way for Origin to commence geotechnical investigations that form part of the broader feasibility to nearly double the size of the Shoalhaven Pumped Hydro Scheme,"* an Origin spokesperson said. This geotechnical work includes drilling eight boreholes to depths of up to 650 metres, at the southern NSW Kangaroo Valley site south-west of Wollongong. *"These investigations will be critical in informing the detailed design of the underground power station cavern and other infrastructure and ultimately the business case for the proposed expansion,"* the spokesperson said, reports AFR.

Spotless Group Holdings Ltd (SPO): Spotless Group wants to delist from the Australian Securities Exchange in a headache for stubborn New York-based hedge fund Coltrane, which has an 11.6 per cent stake that has prevented Downer EDI from moving to 100 per cent control. Coltrane Asset Management has refused to budge even though Downer EDI acquired 87.8 per cent of Spotless in a \$1.2 billion takeover in August 2017. Coltrane and a handful of retail shareholders refused to accept the Downer offer of \$1.15 per share. Coltrane crept up the register incrementally by acquiring small amounts of Spotless shares via equity swaps in 2018 and 2019, to lift its original stake of 10.7 per cent to 11.6 per cent. But it now faces being locked in an illiquid investment, with Spotless to hold a shareholder meeting on July 26 to vote on a delisting from the ASX, reports AFR.

Telstra Corporation Ltd (TLS): Telstra has signalled it is open to implementing more intensive consumer credit checks, after reports emerged on Tuesday that the telco's sales tactics towards vulnerable Indigenous Australians had attracted the attention of the Australian Competition and Consumer Commission. While Telstra already uses the Equifax and Experian credit check systems, it is understood to be rolling out new performance monitoring tools and more training for frontline teams on acceptable sales practices. *"We are always open to considering new ways we can improve the service we offer our customers, including through checks at point of sale, as long as they are appropriate for our circumstances,"* Telstra group executive of consumer and small business, Michael Ackland, said, reports AFR.

**Commodities (Source: IRESS)**

COMMODITY	CLOSE	+/-	%
COMEX			
Gold Aug 19	1426.8	8.6	0.61
Silver Jul 19	15.425	-0.036	-0.23
Copper Jul 19	2.729	0.024	0.89
NYMEX			
Platinum Jul 19	812.9	-3.4	-0.42
Palladium Sep 19	1521	-7.6	-0.5
LONDON METAL			
Gold (AM Fix)	1405.45	17.1	1.23
Gold (PM Fix)	1405.7	8.55	0.61
ENERGY			
Light Crude Jul 19	58.75	0.85	1.47
Brent Crude Oil	65.8	0.98	1.51
CBT			
Wheat Jul 19	540	-2.5	-0.46
Soybeans Jul 19	926.25	-6.5	-0.7
Corn Jul 19	457.75	0.5	0.11
OTHER			
Iron Ore (China Port)	117	-1.5	-1.27
Coal (ICE-GC Newcastle)	69.9	-1.12	-1.58
LME Indicative			
Copper - Cash	6025.5	84.25	1.42
Copper - 3Mth	6010	45.5	0.76
Lead - Cash	1933.75	26.75	1.4
Lead - 3Mth	1930	16.5	0.86
Zinc - Cash	2659.5	46.5	1.78
Zinc - 3Mth	2533.5	44.5	1.79
Aluminum - Cash	1791.25	22.5	1.27
Aluminum 3Mth	1814	14	0.78
Nickel - Cash	12234	164.5	1.36
Nickel - 3Mth	12290	85	0.7
Tin - Cash	19065	-30	-0.16
Tin - 3Mth	19010	-25	-0.13

AUD exchange Rates (Source: IRESS)

CROSS	CLOSE	+/-	%
AUDUSD	0.6955	-0.0007	-0.1
AUDJPY	74.567	-0.039	-0.05
AUDGBP	0.5483	-0.0004	-0.07
AUDCAD	0.917	0.0004	0.05
AUDNZD	1.0491	0.0006	0.05
AUDHKD	5.4316	-0.0057	-0.1
AUDSGD	0.9422	-0.0008	-0.08
AUDMYR	2.8855	-0.0001	-0
AUDEUR	0.612	-0.0004	-0.07

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Economic News This Week

- Thursday **US EIA Crude Oil Stocks Change**
- Thursday **US EIA Gasoline Stocks Change**
- Thursday **EU Consumer Confidence**
- Thursday **US Jobless Claims**
- Friday **US EIA Natural Gas Stocks Change**
- Saturday **US Baker Hughes Oil Rig Count**
- Sunday **CN NBS Manufacturing PMI**
- Sunday **CN Non-Manufacturing PMI**