

Markets

SFE 200 Futures (9.30am AEST)	6712	-15	-0.2
NZX 50	10808	-53	-0.5
DJIA Futures	26498	-45	-0.2
S&P 500 Futures	2945	-7	-0.2
NASDAQ Futures	7786	-23	-0.3

Local Markets Commentary

The Australian market commences Friday trade with key commodity price drops overnight and increasing international and regional tensions, ahead of material domestic data today and influential US data tonight.

New US import taxes were announced overnight on the balance of goods from China, followed by reports of new North Korean missile launches early this morning in apparent protest to South Korea-US military exercises planned for this month.

Locally today, the Australian Bureau of Statistics publishes **June retail sales** and June quarter **producer prices**, each report at **11.30am AEST**.

Regionally, the **Bank of Japan** is scheduled to release policy meeting minutes just prior to ASX-open.

In overnight commodities trade, **oil** plummeted.

US **gold** futures (December) settled moderately lower, but have traded beyond \$US1451.5/oz in post-Comex settlement electronic trade.

Iron ore (Nymex CFR China, 62% Fe) slid to almost \$US112.00/t.

LME **copper** continued lower. **Nickel** extended Wednesday's rally. **Aluminium** fell further.

The **\$A** fell to ~\$US68.00c after trading at ~\$US68.50c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26583	-281	-1.1
S&P 500	2954	-27	-0.9
NASDAQ	8111	-64	-0.8
FTSE 100	7585	-2	-0.0
DAX 30	12253	64	0.5
Shanghai Comp	2909	-24	-0.8

Overseas Markets Commentary

Choppy and volatile trade featured variously in overnight major European and US equities markets trade.

A swag of central bank and corporate warnings and reduced forecasts, some disappointing data releases and then a ratcheting of the **US-China** trade dispute ultimately sapped sentiment.

Australia – June retail sales – 11.30am AEST

Today's Stock Watch

Orora Ltd (ORA)

Anticipating \$55.8M (post-tax) worth of provisions in FY 2019 accounts. Details lodged this morning.

Teleconference scheduled for 12.30pm AEST.

Bega Cheese (BGA)

Lowering FY 2019 normalised EBITDA guidance from \$123M - \$130M to \$113M - \$117M. Anticipating \$300M net debt.

Impression Healthcare (IHL)

Collaboration agreement secured to be the official mouth guards supplier and concussion research partner of UFC competitor ONE Championship.

Resources

Rio Tinto (RIO)

6% lower, \$US4.13B interim NPAT, impacted in part by an \$US800M Mongolia Oyu Tolgoi copper project impairment.

9% higher, \$US20.7B sales revenue.

Paying a record \$US1.51 interim dividend, plus a US61c special dividend, each fully franked. In \$A, a total \$A3.0758 (\$A2.1908 + \$A0.885).

WA Paterson province Winu copper-gold project exploration update, including new RC and diamond drilling results, also lodged post-trade yesterday.

Lithium Power International (LPI)

LPI JV company Minera Salar Blanco has secured a non-binding MoU with Codelco, with a view to forming a new public-private JV that will enable optimal development of the Maricunga Salar lithium brine project.

Any definitive agreement is subject to due diligence and shareholder approvals.

Codelco is a state-owned major copper producer.

Lynas Corporation (LYC)

LYC says it is waiting on the Malaysian government for formal notice of the conditions needed for the company's Malaysia processing facility operating licence.

Further, LYC says it was happy with the Malaysia PM's comments yesterday indicating exporting water leach purification residue (WLP) was no longer a renewal condition.

Alkane Resources (ALK) / Genesis Minerals (GMD)

ALK is planning to purchase up to \$6M worth of GMD shares (in GMD's entitlement offer), initially outlaying \$1.42M at 3.2c-per-share for 5.82% of GMD.



In second-half US trade, the US president announced a 10% import tax on the balance \$US300B worth of imports from China, effective 1 September.

Further, the president warned he could lift the new tariff to greater than 25%.

Earlier the **Bank of England** (BoE) retained policy status quo in a policy meeting, but cut its 2019 UK GDP growth forecast from 1.5% to 1.3%, and 2020 growth by 0.3% to 1.3%.

Further, it predicted a 33% chance of negative growth in early 2020, citing a 'material and broad-based slowdown' in global economic growth plus likely consequences of the UK leaving the European Union (EU) without sufficient arrangements in place. 'Material risks of economic disruption remain', the bank concluded.

In a post-meeting press conference, BoE governor Mark Carney warned that a 'no-deal' UK separation from the EU would result in a 'smaller, weaker and poorer' UK.

The British pound and euro fell further against the \$US, the pound notably below \$US1.2090.

The \$US had appreciated in any case, due to the US Federal Reserve chair's comments the previous session that this week's rate cut ought not to be considered as the start of a series of cuts.

The \$US has since pulled back, however.

Among overnight releases, the **euro zone's** July manufacturing PMI was finalised at 46.5 from 47.6 for June.

Germany's decidedly contractionary 43.2 represented a 1.8-point fall for the month.

In the **UK**, the July manufacturing PMI remained on par with June's, at 48.0.

A swag of **US** economic indicators included ISM's manufacturing activity index for July, which slipped 0.5 to 51.2.

Markit's final US July manufacturing PMI represented a 0.2-point fall for the month, to 50.4.

A job cuts report estimated 38,845 planned cuts in July, against 41,977 for June.

June construction spending dropped 1.3% following a 0.5% May fall.

Weekly new unemployment claims rose by 8000.

In the meantime, the US Senate approved a budget and debt funding deal for the US financial year commencing October. The deal was agreed between the US administration and parliament's leaders last month, and had been passed by the House of Representatives, meaning it now just requires the signature of the US president.

Tonight in the US, the July employment report is due, together with June trade figures and factory orders, the ISM's July New York business activity index and a final reading for July consumer sentiment from the University of Michigan.

Elsewhere, June retail sales are anticipated for the euro zone.

Companies scheduled to report earnings later today and tonight include: **AIG**, **Allianz**, **Asics**, **Berkshire Hathaway**, **BT Group**, **Chevron**, **Credit Agricole**, **Exxon Mobil**, **Ferrari**, **Honda Motor**, **Hyundai**, **Isuzu Motors**, **Itochu**, **Kobe Steel**, **Kraft Heinz**, **Marubeni Corp**, **Royal Bank of Scotland**, **Sumitomo** and **Toyota Motor**.

In overnight corporate news, the **London Stock Exchange** Group (LSE) confirmed it would acquire data specialist **Refinitiv** by paying

Pre-Open Announcements

Dicker Data (* DDR)

Selling the Kurnell, Sydney distribution centre for \$36M.

Settlement is anticipated by 15 August, but DDR will lease back the property for an initial two years.

DDR will use sale proceeds for the construction of the company's new distribution facility (also in Captain Cook Drive, Kurnell) and to reduce debt.

AVJennings Ltd (* AVJ)

Anticipating \$23.0M FY 2019 pre-tax profit, results generally impacted by weak markets, in particular in Melbourne and Sydney.

DroneShield (* DRO)

DRO's multidirectional drone detection device RfZero is available for purchase from today.

DRO says RfZero has detect a drone in any direction over a one kilometre range.

Redcape Hotel Group (RDC)

Outlaying \$11.5M (excluding transaction costs) for the Pig 'n' Whistle hotel, Redbank Plains Queensland.

RDC will use an existing debt facility to fund the purchase.

Motorcycle Holdings (MTO)

Proposing to acquire Canberra Motorcycle Centre, pending due diligence, plus manufacturer and lease approvals.

MTO has traded lower the past three trading sessions after jumping 9.6% Monday.

Retail Food Group (RFG)

Non-executive director Jessica Buchanan has resigned, effective yesterday.

Ms Buchanan will continue to work with RFG in a consultancy role.

Vonex Ltd (VN8)

Recouped 5% yesterday, trading at 10.5c.

30,000 registered active PBX users achieved during July.

VN8 is also reporting 11.4% higher, \$2.35M (unaudited) FY 2019 sales revenue, and 25% growth in active users.

New customer sales value rose 38% during the June quarter, against a 20% increase for the March quarter.

Holding \$3.17M cash as at 30 June.

Resources

Liontown Resources (* LTR)

Resuming from a trading halt with firm commitments to raise \$18M at 12c per share, including \$1.43M from LTR directors, pending shareholder approval.

Funds will support the WA Kathleen Valley lithium-tantalum and Buldania lithium projects.

LTR traded at 13.5c – 17c over the five trading sessions prior to calling a trading halt.



\$US14.5B worth of LSE shares and pick up \$US12.5B worth of existing Refinitiv debt.

Société Générale reported a 14% fall in quarterly profit, to €1.05B, impacted by restructuring but nonetheless exceeding expectations.

Barclays announced further cost cutting after delivering quarterly improvements.

Germany's **Siemens** also reported falling profit and warned that geopolitics was hurting global business.

ArcelorMittal reduced its forecast 2019 international steel demand growth from 1% - 1.5% to 0.5% - 1.5%, this appearing to influence overnight base metals trade.

As did BP earlier this week, **Royal Dutch Shell** revealed results have been adversely impacted (profit at a 30-month low) by lower oil and LNG prices, despite increased production.

Kellogg popped after pleasing quarterly figures.

Meanwhile, **Amazon** founder Jeff Bezos was reported to have recently sold \$US1.8B worth of Amazon stock.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1432.4	oz	-5.4	-0.4
Silver (NY) (Sep)	16.18	oz	0.225	-1.4
Gold (LON)	1426	oz		
Platinum	851	oz	-11	-1.3
WTI Crude (Sep)	53.95	bbl	-4.63	-7.9
Brent Crude (Oct)	60.50	bbl	-4.55	-7.0
Iron Ore (CHN port 62%)	112.02	t	-8	-7.1
Copper (LME,3mth,PM)	5994	t	-39	-0.7
Nickel	14705	t	170	1.2
Aluminium	1780	t	-20	-1.1
Lead	1983	t	-28	-1.4
Zinc	2403	t	-37	-1.5
Tin	17385	t	70	0.4
CBT Wheat (Jul)	4.76	bshl	-0.11	-2.3

Commodities Commentary

Oil – a strong \$US (which has since retreated) damaged early overnight trade sentiment.

The subsequent US president's announcement of import taxes on the balance \$US300B worth of goods from China also exacerbated global economic growth, and hence crude demand, fears.

A weekly US petroleum drill rig count is due tonight.

Gold – the \$US traded at more than two-year peaks overnight, detracting from gold interest as traders digested the US Federal Reserve's comments from late Wednesday.

Post-settlement however, the US president's announcement of further import taxes on goods from China pushed prices higher, December Comex futures trading as high as \$US1451.60/oz.

The \$US ultimately swung lower (ICE index -0.2%).

US July employment statistics are expected to influence at least some of tonight's trade.

Base metals – ArcelorMittal's lower forecast for this year's global steel demand growth appeared to unsettle overnight base metals

Barra Resources (* BAR)

WA goldfields Burbanks project North Trend initial resource calculated at 20,400oz @ 1.76g/t Au, pushing overall project resources 16% higher, to 145,700oz.

A mining study is underway.

Additional drilling planned.

Reports & Events

(selected)

When	Company	Report/Event
Tue	PNI	Full year
Wed	CBA	Full year
	JHX	AGM (Dublin)

Trading Halts

Company	Code	Resuming
Alt Resources	ARS	2 Aug
New Century Resources	NCZ	2 Aug
Peak Resources	PEK	2 Aug
Sabre Resources	SBR	2 Aug
South Pacific Resources	SPB	2 Aug
Anglo Australian Resources	AAR	5 Aug
Big River Gold	BRV	5 Aug
Bounty Mining	B2Y	5 Aug
Coziron Resources	CZR	5 Aug
Galan Lithium	GLN	5 Aug
ReNu Energy	RNE	5 Aug
Vango Mining	VAN	5 Aug

Suspensions (select)

Company	Code	Since
AuStar Gold	AUL	31 Jul
Global Vanadium	GLV	31 Jul
Gooroo Investments	GOO	1 Aug
High Grade Metals	HGM	18 Jul
Keybridge Capital	KBC	16 Jul
Mobecom Ltd	MBM	29 Jul
West Wits Mining	WWI	26 Jul

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
DJW	Mon	10	100	5.49
WQG	Mon	2	0	0.00
AFI	Tue	14	100	3.69
MLT	Thu	10.4	100	3.96



trade, just as much as a stronger \$US and weakening international manufacturing.

PMI updates for Japan (49.4, from 49.3 in June), the euro zone, Germany, UK and US largely disappointed yesterday and overnight, most remaining in contraction mode, or further approaching.

Yesterday, Caixin reported a 49.9 July manufacturing PMI for **China** following 49.4 for June.

In production news, Malaysia yesterday asserted it needed a new radioactive waste management plan from Australian *rare earths* producer Lynas Corporation before renewing a licence for the company's processing plant in Malaysia.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6805	0.0003	0.04
EUR – USD	1.1082	-0.0003	-0.03

Australian Data Today

ABS	Retail sales	Jun
ABS	Producer price indices	Jun Q

US Data Tonight

Employment (incl jobs, wages growth)	Jul
Trade balance	Jun
Factory orders	Jun
ISM New York	Jul
University of Michigan consumer sentiment (final)	Jul

Other Overseas Data Today & Tonight

Japan	Bank of Japan policy meeting minutes	Jul
UK	Construction PMI	Jul
Euro zone	Retail sales	Jun
Euro zone	Producer prices	Jun

Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au

RIO	Thu	307.58	100	tb
BKI	Fri (9 Aug)	4.7	100	4.30
JHG	Fri	36	0	7.18
OCA	Fri	2.12	0	3.55
OZG	Fri	0.25	100	3.03
WIC	Fri	3	100	5.45

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