

Friday 3 August 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	<b>6214</b>	<b>22</b>	<b>0.4</b>
<b>NZX 50</b>	<b>8850</b>	<b>0.8</b>	<b>0.0</b>
<b>DJIA Futures</b>	<b>25326</b>	<b>-7.7</b>	<b>-0.0</b>
<b>S&amp;P 500 Futures</b>	<b>2827</b>	<b>14</b>	<b>0.5</b>
<b>NASDAQ Futures</b>	<b>7802</b>	<b>95</b>	<b>1.2</b>

## Local Markets Commentary

The Australian market was tipped to open higher in early Friday trade, with Australian futures up 21 points as the Australian dollar slipped 0.6% to 73.62 against the greenback.

Commodities and miners were on the backfoot, primarily over concerns of an escalating trade war between China and the United States.

The Australian dollar also caught a trade wind cold over amplified tariff war rhetoric between the world's two superpowers and was at a four-day low in early morning trade.

The **S&P/ASX 200** dipped 0.6% to an eight-day low of 6240.9, taking its cue from mining stocks with **Rio Tinto (RIO)** shedding 4.9% to its lowest in three-and-a-half months at \$77.61.

In early morning trade, **Seven West Media (SWM)**, up 4.17%, **ALS Limited (ALQ)**, lifting 3.01% and **St Barbara (SBM)** 2.96% were the early risers at the front of the pack.

**Locally** today, the Australian Bureau of Statistics (ABS) reports June and June quarter retail trade **11.30am AEST**.

Pre-trade, **AIG's July services sector activity index** is due.

July new vehicle sales are also expected today.

**Regionally**, the **Bank of Japan's** policy meeting minutes, expected **9.50am AEST**, are sure to be thoroughly parsed.

Services sector activity indices are also due for both **China** and Japan **11.45am AEST** and **10.30am** respectively.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>25334</b>	<b>-18</b>	<b>-0.3</b>
<b>S&amp;P 500</b>	<b>2813</b>	<b>-3</b>	<b>-0.1</b>
<b>NASDAQ</b>	<b>7707</b>	<b>36</b>	<b>0.5</b>
<b>FTSE 100</b>	<b>7653</b>	<b>-96</b>	<b>-1.2</b>
<b>DAX 30</b>	<b>12737</b>	<b>-68</b>	<b>-0.5</b>
<b>Shanghai Comp</b>	<b>27768</b>	<b>-57</b>	<b>-2.0</b>

## Overseas Markets Commentary

The **Bank of England** has hiked interest rates for only the second time since the global financial crisis. The **Monetary Policy Committee** voted unanimously to increase rates from 0.5% to 0.75% as a result of a strong labor market and credit growth.

The BOE has flagged additional potential rates hikes, albeit gradually, saying in a statement that macroeconomic forecasts were pointing in this direction.

**Japan** – BoJ policy meeting minutes **9.50am AEST**

**Australia** – June/Q retail sales **11.30am AEST**

**China** – Caixin services PMI **11.45am AEST**

## Today's Stock Watch

### ResMed Inc (RMD)

Reported post-US trade overnight.

A webcast teleconference was scheduled to commence 6.30am AEST.

### eServ Global (ESV)

€7.7M worth of orders received for the six months to 30 June. €1.2M worth will be accounted for in interim results to be published before month's end.

Total recognisable half year revenue is expected to come in at €3.6M.

Holding €1.8M cash at 30 June.

### SCA Property Group (SCP)

Outlaying \$73M for the Sturt Mall in Wagga Wagga, New South Wales.

Additional detail is promised when SCP reports full year results Tuesday next week.

### Bapcor Ltd (BAP) / Wesfarmers Ltd (WES)

In response to speculation, BAP says the company is 'not participating in any process to acquire the Kmart Tyre and Auto business'.

BAP has traded lower the past four sessions, settling at \$6.90 yesterday.

## Energy

ASX-listed **BHP, Oil Search** and **Origin Energy** have emerged among the top quartile of oil and gas companies most resilience to climate change risk. Santos and Woodside were both listed in the second quartile.

Rising oil prices overnight, with **West Texas** lifting 1.9% to \$US68.96 a barrel and **Brent Crude** 1.4% to \$US73.39, had leading energy companies such as **Beach Energy (BPT)** and **Oil Search (OSH)**, set for a positive day of trading on the ASX.

## Pre-Open Announcements

**Enevis Limited (EVR)** reported that it had received commitments from a number of investors to raise up to \$2.7 million, representing 13.65 million shares in the capital of Envis at 20c per share.

**Jindalee Resources (JRL)** Jindalee Resources said initial metallurgical tests at its Prospect Ridge magnetite project in north west Tasmania had returned favourable results.

**Vango Mining (VAN)** said metallurgical results from its 100%-owned Plutonic Gold Project in the mid-west of Western Australia were "very positive".

BOE Governor Mark Carney said economic growth had rebounded in the second quarter following a slight slowdown in the beginning of the year.

Last November the BOE lifted interest rates 0.25% to 0.5%, representing the first hike in 10 years. In August 2016 the bank had cut rates following the Brexit vote.

On Wall St **Apple** shares lifted 2.9% to \$207.39, as the iconic computer brand became the first U.S. traded company to hit \$1 trillion in market cap value.

Apple stock is up 9% since Tuesday. Apple's performance lifted the **S&P 500**, which rose 0.5% to 2,877.22 and the **Nasdaq**, which was 1.2% higher at 7,802.69.

However, the major indexes fell earlier in the day after **U.S. President Donald Trump** threatened to intensify trade war tariffs on China and announced that it was considering increasing the levies on \$200 billion worth of Chinese goods by 25%.

**China's Ministry of Commerce** retorted by saying it was prepared to retaliate to "defend the nation's dignity and the interests of the people, defend free trade and the multilateral system and defend the common interests of all countries".

**Caterpillar** and **Boeing** were down 0.4% and 0.9% respectively, while the **Shanghai Composite** and **Nikkei 225** slumped 2% and 1.03%.

However, **Tesla** shares surged 16% after embattled CEO **Elon Musk** said the company would deliver a profit from the second quarter.

Also in the U.S., the **Labor Department** announced that weekly jobless claims rose to 218,000 ahead of July employment statistics due to be released tonight.

However, the **Commerce Department** said US factory good orders increased 0.7% in June, beating an anticipated rise of 0.4%.

June trade figures and ISM's services sector activity index due today will indicate likely revisions to the initial June quarter GDP released earlier this week.

Markit's final July services and composite PMIs are also due.

Companies due to report earnings or provide an update later today and tonight include: Allianz, Berkshire Hathaway, Kraft Heinz, Noble Energy, Petrobras, Royal Bank of Scotland and Toyota Motor Corp.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1215</b>	oz	-11	-0.9
<b>Silver (NY) (Sep)</b>	15.32	oz	-0.13	-0.8
<b>Gold (LON)</b>	1217	oz	-5	-0.4
<b>Platinum</b>	824	oz	7.3	0.9
<b>WTI Crude (Sep)</b>	<b>68.9</b>	bbf	1.3	1.9
<b>Brent Crude (Oct)</b>	<b>73.4</b>	bbf	0.0	0.0
<b>Iron Ore</b> (CHN port 62%)	<b>68.5</b>	t	0	0
<b>Copper</b> (LME,3mth,PM)	<b>6110</b>	t	-36	-0.5
<b>Nickel</b>	13237	t	-255	-1.9
<b>Aluminium</b>	2010	t	-19	-0.9
<b>Lead</b>	2115	t	-11	-0.5
<b>Zinc</b>	2563	t	8	0.3
<b>Tin</b>	19675	t	-250	-1.3
<b>CBT Wheat (Sep)</b>	<b>5.8</b>	bshl	4	0.7

### Commodities Commentary

## Resources

Concerns over growing trade tensions were weighing on the mining sector with **Rio Tinto (RIO)**, **Anglo American (AAL)** and **Fresnillo (FRES)** all diving on the FTSE 100 overnight.

Investors were also eyeing **BHP Billiton (BHP)** closely as workers at the world's biggest copper mine, Escondida in Chile, threatened to strike unless the company improved wage offers by Monday.

This comes after union workers said on Thursday that they had already rejected BHP's final wage offer and approved strike action.

**Copper** posted its biggest monthly fall since December 2016, hitting a two-week low of \$US6066 a tonne and closing at \$US6139.50 on the London Metal Exchange.

A fall in commodity prices weighed on the Australian sharemarket with **aluminium** closing 0.8% down to \$US2036 a tonne, **zinc** shedding 0.3% at \$US2563, **lead** dropping 0.5% at \$US2115, **tin** 1.1% at \$US19,605 and **nickel** 2% at \$US13,320.

### AngloGold Ashanti (AGG)

Anticipating \$US91M - \$US108M profit for the six months to 30 June, following an \$US89M loss a year ago.

Planning to release audited half-year results on the Johannesburg Stock Exchange 20 August.

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>RMD</b>	Jun Q
<b>Mon</b>	CLW	AGM
<b>Tue</b>	IFL	Full year
	NVT	Full year
	OFX	AGM
	RKN	Interim
	SCP	Full year
<b>Wed</b>	CBA	Full year
	SKC	Full year
	TAH	Full year
	TCL	Full year

### Trading Halts

Company	Code	Resuming
5G Networks	5GN	3 Aug
Adslot Ltd	ADJ	3 Aug
AirXpanders Inc	AXP	3 Aug
Bulletin Resources	BNR	3 Aug
Hastings Technology Metals	HAS	3 Aug

**Oil –**

A weekly **US** petroleum rig count is due tonight.

**Gold –****Base metals –****Exchange Rates**

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	<b>0.7365</b>	<b>0.0002</b>	<b>0.03</b>
<b>EUR – USD</b>	<b>1.1586</b>	<b>0.0001</b>	<b>0.01</b>

**Australian Data Today**

ABS	Retail sales	Jun
AiG	PSI	Jul
VFACTS	New vehicle sales	Jul

**US Data Tonight**

Employment (incl jobs, wages)	Jul
ISM non-manufacturing	Jul
Trade balance	Jun
Markit services, composite PMIs (final)	Jul

**Other Overseas Data Today & Tonight**

<b>China</b>	Caixin PMIs services, composite	Jul
<b>Japan</b>	BoJ policy meeting minutes	Jul
Japan	PMIs services, composite	Jul
<b>UK</b>	PMIs services, composite	Jul
<b>Germany</b>	PMIs services, composite (final)	Jul
<b>Euro zone</b>	Retail sales	Jun
Euro zone	PMIs services, composite (final)	Jul

**Need More Information?**

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au).

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Inca Minerals	ICG	3 Aug
Lanka Graphite	LGR	3 Aug
Leaf Resources	LER	3 Aug
Silver Mines	SVL	3 Aug
Simble Solutions	SIS	3 Aug
Syntonic Ltd	SYT	3 Aug
Tech Mpire	TMP	3 Aug
Valor Resources	VAL	3 Aug
Admedus Ltd	AHZ	6 Aug
Avenira Ltd	AEV	6 Aug
Canyon Resources	CAY	6 Aug
Carpentaria Resources	CAP	6 Aug
Empire Energy Group	EEG	6 Aug
Freedom Oil & Gas	FDM	6 Aug
Santa Fe Minerals	SFM	6 Aug
TopTung Ltd	TTW	6 Aug
Advance Braking Technology	ABV	7 Aug
Challenger Energy	CEL	7 Aug
MOD Resources	MOD	7 Aug
Inabox Group	IAG	7 Aug
Pharmaxis Limited	PXS	7 Aug

**Suspensions (select)**

Company	Code	Since
Athena Resources	AHN	2 Aug
Benjamin Hornigold	BHD	30 Jul
Cape Range	CAG	30 Jul
Classic Minerals	CLZ	2 Aug
Connected IO	CIO	19 Jul
Eastern Goldfields	EGS	25 Jul
Indoor Skydive Australia	IDZ	23 Jul
JustKapital Ltd	JKL	19 Jul
Lindian Resources	LIN	31 Jul
Omni Market Tide	OMT	31 Jul
Queensland Bauxite	QBL	1 Aug
Questus Ltd	QSS	30 Jul
RCR Tomlinson	RCR	1 Aug
Roto-Gro International	RGI	31 Jul
Sumatra Copper & Gold	SUM	27 Jul
Tikforce Ltd	TKF	24 Jul
Velpic Ltd	VPC	24 Jul
Wolf Petroleum	WOF	1 Aug
Leaf Resources	LER	3 Aug

**Ex-Dividends**

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>OZG</b>	Today	<b>0.25</b>	100	2.63
<b>WIC</b>	Today	<b>3</b>	100	4.98
AMH	Mon	4.25	100	4.36
DJW	Tue	10	100	5.65
OPG	Tue	13	100	2.92
AFI	Wed	14	100	3.79
AYK	Wed	29	100	5.38
AYZ	Wed	76	100	3.75
FRI	Wed	3	100	6.12
OGC	Wed	2	0	0.94
MEC	Thu	1	100	0.93
MLT	Thu	10.2	100	4.03
RIO	Thu	170.84	100	5.14
BKI	Fri (10 Aug)	3.7	100	4.60
JHG	Fri	36	0	4.24



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OCA	Fri	2.03	0	3.51
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