

Tuesday 19 June 2018

Markets

SFE 200 Futures (9.30am AEDST)	6107	-12	-0.2
NZX 50	8974	0.0	0
DJIA Futures	24987	-103	-0.4
S&P 500 Futures	2773	-5.8	-0.2
NASDAQ Futures	7774	0.6	0.0

Local Markets Commentary

Australian shares were set to rise at opening on the **ASX** this morning, swimming upstream against the tide of losses that had rippled through Wall St, Europe and Asia overnight.

Recovering bank stocks boosted the **S&P/ASX 200** at close on Monday as **Commonwealth Bank** rose 1% to \$69.70, **ANZ** was 1.4% higher at \$27.05, **NAB** grew 1.4% to \$26.52 and **Westpac** 0.9% to \$28.15.

Trade tensions supported the **US dollar**, which had hit a year-long high over the weekend and continued to weigh on investors watching hawk-eyed for the next move in the economic chess war between Donald Trump and Beijing.

The **Australian dollar** was testing two-year lows at 0.7424 to the greenback this morning - which was good news for exporters, notably **Australian Bauxite (ABX)** and also **Quickstep (QHL)**.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25175	-25.9	-0.1
S&P 500	2782	6.86	0.3
NASDAQ	7762	66.3	0.9
FTSE 100	7765	62.1	0.8
DAX 30	13107	216	1.7
Shanghai Comp	3044	-5.6	-0.2

Overseas Markets Commentary

The **S&P 500** slipped overnight, taking its cue from declines in **Europe** and **Asia** as trade standoff tensions between the **United States** and **China** continued to weigh on markets.

U.S. Secretary of State **Mike Pompeo** fanned the trade war flames by referring to China's appeal for economic openness as a "joke".

Calling China "the most predatory economic government that operates against the rest of the world today", Pompeo also referred to China's "theft" of intellectual property as "an unprecedented level of larceny".

But energy shares and software stock rose after the **Stoxx 600** posted its biggest two-day slump since March and **Japan's Topix** registered its largest dip in almost three weeks.

U.S. Housing stats data release.

ABS to release first quarter house prices.

This week's Stock Watch

Viva Energy

Viva Energy's \$4 billion float on the ASX is now looking odds on following reports that the petrol refiner and retailer has secured \$1.3 billion from cornerstone investors. The company is set to lodge its prospectus with the corporate regulator this week, passing a significant signpost on the road to listing down the track. Viva operates 1200 service Shell service stations and Shell Coles Express outlets and has been valued by UBS at between \$4.9 billion and \$6.2 billion.

Nuix, Macquarie (MQG)

All eyes are on 70% Macquarie-owned data security software company Nuix's proposed listing reportedly aspiring to deliver a market value of more than \$1 billion. Whether Nuix will float on the ASX or in the United States is a moot point, but the float has been flagged as a likely stimulus to Macquarie's earnings forecast. Nuix technology played a key role analysing documents in the Panama Papers investigations in 2016.

Commodities

Copper

London copper hit two-week lows at US\$6,997, coming under pressure from a stronger dollar and a holiday in China, before easing to US\$6,978. **Aluminium** was at its weakest in almost eight weeks at US\$2,193.50, but the metal has found some support from increased car, car part and semiconductor figures coming out of **Japan** that boosted exports to their highest in four months.

Atlas Iron (AGO)

In an update to the ASX this morning, **Atlas Iron** advised shareholders to "take no action" in response to Gina Hancock's Redstone Corporation's 4.2c takeover bid for the iron ore junior. Atlas said its board had assessed the Hancock offer and decided that it "could be expected to lead to a superior" counter-offer from rival bidder, **Mineral Resources**, which has until Thursday to respond.

June quarter S&P/ASX indices re-balance

The following changes will be effected from commencement of trade **18 June**:

S&P/ASX 20

Out: AMP

In: AMC

S&P/ASX 50

Out: IPL

In: COH

S&P/ASX 100

Out: GNC

In: WHC

S&P/ASX 200

Out: AHY, INM, RFG

In: APT, APX, ING

Oil was supported by a smaller than anticipated production sentiment boost for Friday when **OPEC** meets in Vienna to discuss crude output. **West Texas Intermediate** rose 1.1% to US\$65.8 a barrel.

Elon Musk has taken to Twitter to warn **Tesla** short sellers that they have about three weeks to cover before losing their money.

The Tesla CEO has been under pressure to deliver profits for the first time in the electric car manufacturers history and has promised to deliver in the third quarter.

Tesla stock rallied 20% early this month and rose 4% last week after the company announced it would lay off 10% of its staff.

In three weeks Tesla will reveal whether it has hit its targeted 5000 a week production rate for the Model3s. Tesla was trading at US\$355 on Monday, compared to \$375 a year ago.

In Germany **Volkswagen** shares dipped 3.1% with the carmaker in crisis talks following the arrest of **Audi** CEO **Rupert Stadler** as part of the ongoing investigation into emissions-test cheating.

Japan's benchmark **Nikkei 225** dropped 0.8% overnight, its biggest fall in three weeks, and South Korea's **KOSPI** shed 1.2%. Markets were closed in Hong Kong for the Duanwu Festival.

In **Asia** overseas funds have withdrawn from six major emerging equity markets at a rate unseen since the global financial crisis.

According to Bloomberg investors have withdrawn US\$19 billion from **India, Indonesia, the Philippines, South Korea, Taiwan and Thailand** this year.

American money market are now offering 2% yields and with additional **Fed hikes** forecast, investors have been losing their appetite for riskier markets as global liquidity tightens.

Earlier this month Bloomberg rated Malaysia, the Philippines, Indonesia and China as the best among 21 developing economies. **South Africa** fared poorest as a result of current account deficiencies and low foreign reserves.

Emerging market currencies fell for a fifth straight day overnight and are now on track for the biggest quarterly decline since September 2015.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1281	oz	2.6	0.2
Silver (NY) (May)	16.5	oz	0.0	0.0
Gold (LON)	1300	oz	-5.2	-0.4
Platinum	884	oz	-3.1	-0.3
WTI Crude (Jul)	65.65	bbl	0.8	1.2
Brent Crude (Jul)	75.26	bbl	2.2	3.0
Iron Ore <small>(CHN port 62%)</small>	67.50	t	0	0
Copper <small>(LME,3m,pm)</small>	6971	t	-48	-0.6
Nickel	14975	t	-216	-1.4
Aluminium	2221	t	16	0.7
Lead	2433	t	28	1.1

S&P/ASX All Australian 200

Out: AAC, MYR, RFG

In: BIN, CLQ, KDR

Trading Halts

Company	Code	Resuming
New Age Exploration	NAE	19 Jun
Marmota	MEU	20 Jun
Eve Investments	EVE	21 Jun
Davenport Resources	DAV	21 Jun

Suspensions *(select)*

Company	Code	Since
HearMeOut Ltd	HMO	21 May
Lion Energy	LIO	7 Jun
Mobilarm Ltd	MBO	30 May
Murray River Organics Group	MRG	4 Jun
Talisman Mining	TLM	5 Jun
Winmar Resources	WFE	7 Jun

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
INM	Thu	54.38	0	4.63
JIN	Thu	8	100	2.67
PL8	Thu	0.5	100	4.12
GTK	Fri	4.6	8.49	1.87

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Zinc	3107	t	-12	-0.4
Tin	20593	t	-288	-1.4
CBT Wheat (Jul)	501	bshl	-13	-2.4

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7424	0	0.01
EUR – USD	1.1621	0.0034	0.29

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