

Thursday 19 July 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	<b>6203</b>	<b>9</b>	<b>0.2</b>
<b>NZX 50</b>	8949	3	0.0
<b>DJIA Futures</b>	25180	19	0.1
<b>S&amp;P 500 Futures</b>	2816	0	0.0
<b>NASDAQ Futures</b>	7406	2	0.0

## Local Markets Commentary

The Australian market opens today's trade on mixed overnight international leads, ahead of key domestic and regional data, and amid a batch of domestic operational and earnings reports.

In overnight commodities trade, **oil** settled higher.

US **gold** futures closed little changed.

**Iron ore** (China port, 62% Fe) continued its snakes and ladders pattern, turning higher.

LME **copper** effectively trod water while **nickel** gained.

The **\$A** appreciated past US73.90c after falling to ~US73.45c early yesterday evening.

**Locally** today, the Australian Bureau of Statistics (ABS) reports June **employment** statistics, **11.30am** AEST.

NAB also publishes its June quarter **business conditions, outlook and sentiment** report today.

The Reserve Bank of Australia releases reserve assets and foreign exchange transactions.

Regionally, **Japan** reports June **trade** figures just prior to ASX-open.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25199	79	<b>0.3</b>
<b>S&amp;P 500</b>	2816	6	<b>0.2</b>
<b>NASDAQ</b>	7854	-0.7	<b>-0.0</b>
<b>FTSE 100</b>	7676	50	<b>0.7</b>
<b>DAX 30</b>	12766	104	<b>0.8</b>
<b>Shanghai Comp</b>	2787	-11	<b>-0.4</b>

## Overseas Markets Commentary

Major European and US equities markets demonstrated overnight that equities generally remained in favour during the current reporting season, the S&P 500 achieving a five-month peak.

In addition, general US economic growth appeared to support sentiment.

In the **US Federal Reserve's** 'beige book' region-by-region economic report, economic growth for 11 of the 12 regions was described as at least modest.

Themes across the Fed's 'beige book' region-by-region economic report indicated some curbs on expansion, however. These included skilled worker shortages, rising input costs, and uncertainty surrounding export and import activity.

Meanwhile, Federal Reserve chair Jerome Powell told a parliamentary financial services committee that the economy was generally supported in the longer term by open trade policies.

**Australia** – June employment **11.30am** AEST

**Japan** – trade balance **9.50am** AEST

## Today's Stock Watch

### Aurizon Holdings (↑ **AZJ**)

The Australian Competition & Consumer Commission (ACCC) is seeking court determinations to impose penalties and orders against Pacific National and AZJ, due to alleged anti-competitive transport supply intention.

The ACCC determination impacts Pacific National's proposed acquisition of AZJ's Queensland intermodal business.

### CIMIC Group (CIM)

12.4% higher, \$363M interim NPAT. 8.9% higher, \$8.35B revenue. 70c fully franked interim dividend, against 60c a year ago. \$1.119 EPS. \$2.18B cash and equivalents.

### Top Betta Holdings (TBH)

Paying \$10M for Global Betting Services (GBS).

GBS provides data services to clients including Bet365, Ladbrokes, Sportsbet and William Hill.

Consideration can be in cash and/or shares.

### HUB24 Ltd (HUB)

24.1% higher, \$2.4B FY 2018 net inflows, supported by \$739M during the June quarter.

### Ainsworth Game Technology (AGI)

Anticipating \$39.0M FY 2018 pre-tax profit, currency movements excluded.

2H pre-tax profit is expected to be \$22.8M.

The figures have been updated from 3 July, following approval for a 900, rather than 600, racing machine order.

## Resources

### OZ Minerals (OZL)

Produced 54,597t of copper and 58,994oz of gold in concentrate during the six months to 30 June, at an US85c/lb C1 cash cost.

Shipped 65,375Mt of concentrate during the June quarter.

### South 32 (S32)

Full year metallurgical coal production fell 44%, zinc by 41% silver 20%, lead 21%, energy coal by 6% and alumina 3%.

Nickel output rose 20%, manganese ore by 10% and manganese alloy by 11%.

### Evolution Mining (EVN)

Produced 801,187oz of gold during FY 2018, at a record low \$A797/oz AISC. Sold 798,101oz at \$A1645/oz.

\$A232.2M cash. \$A71.8M net bank debt.

## Energy

### Woodside Petroleum (WPL)

1H 2018 production totalled 44.25MMbbl against 42.15MMbbl a year ago. Revenue totalled \$US2.39B, following \$US1.88B.

Produced 22.1MMboe during the June quarter, and achieved sales revenue totalling \$US1.08B.

### Santos Ltd (STO)

1H 2018 production and sales volumes have each fallen 5% to 28MMboe and 38MMbbl respectively. Revenue has grown 16% to \$US1.68B on a 37% higher, \$US75.4/bbl oil price.

In other economic indicator releases, US June housing starts dropped 12.3% to their least in nine months. Building permits fell 2.2%.

Earlier, the **euro zone's** final June CPI reading was confirmed at 2.0% growth year-on-year.

For the month, CPI rose just 0.1% following 0.5% in May.

The **UK's** June CPI growth came in at 2.4% on an annual basis, the same as for the March quarter, following forecasts of another pickup to 2.6%.

This reduced expectations of a rate rise as early as August and pushed the British pound yet lower against the \$US.

**Tonight** in the US, weekly new unemployment claims, a regional manufacturing index and the Conference Board's leading index are due.

Companies due to report earnings or provide an update include Anglo American, Bank of NY Mellon, Domino's Pizza, E\*Trade, Microsoft, Philip Morris, SAP, Sports Direct, Taiwan Semiconductor and Unilever.

In overnight corporate news, (Alphabet's) **Google** received a €4.3B penalty from the European Union regulators following an investigation into alleged mobile phone Android operating system market abuse.

**Morgan Stanley** revealed 33% higher, \$US2.4B quarterly net income, bolstered by investment banking activity.

**Amazon** traded briefly at a market cap of \$US900B, and **Berkshire Hathaway** appreciated 5% after easing share buyback restrictions.

Positive reports from **CSX** and **United Continental** post-Tuesday US trade, also supported last night's S&P 500 rise.

European trade benefited from results from Sweden's **Ericsson** and the Netherlands' semiconductor major **ASML**, each stock pushed ~8% higher.

**Alcoa** and **eBay** reported post-US trade, but appeared to disappoint.

## Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Aug)</b>	<b>1227</b>	oz	0.1	0.1
<b>Silver (NY) (Jul)</b>	15.6	oz	-0.05	-0.3
<b>Gold (LON)</b>	1233	oz		
<b>Platinum</b>	817	oz	1	0.1
<b>WTI Crude (Aug)</b>	<b>68.8</b>	bbl	0.7	1.0
<b>Brent Crude (Sep)</b>	<b>72.9</b>	bbl	0.7	1.0
<b>Iron Ore</b> (CHN port 62%)	<b>65.2</b>	t	1.1	2.1
<b>Copper</b> (LME, 3mth, PM)	<b>6150</b>	t	-2	-0.0
<b>Nickel</b>	13615	t	125	0.9
<b>Aluminium</b>	2027	t	-5	-0.3
<b>Lead</b>	2170	t	4	0.2
<b>Zinc</b>	2600	t	88	3.5
<b>Tin</b>	19475	t	-40	-0.2
<b>CBT Wheat (Jul)</b>	<b>4.95</b>	bshl	-0.03	-0.7

## Commodities Commentary

**Oil** – pushed and pulled overnight by the EIA's (government agency) weekly US petroleum inventories report, which included a: record daily 11MMbbl production, boosted by shale output; 2.2MMbbl/d increase in imports to 9MMbbl/d; 5.8MMbbl rise in stored crude, and 3.2MMbbl fall

## Pre-Open Announcements

### Ausnet Services (AST)

Update keenly anticipated at today's AGM.

### Swift Networks (\* SW1)

Heralding new contracts to provide entertainment and connectivity services to Anglo Gold, Ausco, Iluka Resources, NT Link and Tronox. Details lodged this morning.

### Nuheara Ltd (\*\* NUH)

Initial 2500 IQbuds Boost produced sold out in the first six weeks. Details lodged this morning.

### Queensland Bauxite (\*\* QBL)

The company QBL is proposing to acquire, Medcan Australia, has secured Office of Drug Control import and export licences for several cannabis products.

Details lodged post-trade yesterday.

### Apiam Animal Health (AHX)

AHX will be the exclusive distributor in Australia and New Zealand for Plumblin select immunotherapy technology products.

Under the 20-year agreement, AHX will pay a \$US300,000 licence fee and also fund initial registration and market development costs for the products.

Plumblin is a South Korean-headquartered DNA vaccine therapy company.

### Bendigo & Adelaide Bank (BEN)

Planning to publish full year results 13 August and to host a webcast briefing that day, commencing 10am AEST.

### Keytone Dairy Corporation (\* KTD)

Nutrition and dairy foods manufacturer and exporter completed a most successful ASX listing yesterday, following a \$15M IPO at 20c per share.

Opened at 26c and traded at 25c – 37.5c before settling at 36c. 73.3M shares changed hands across 3625 transactions.

75M quoted shares.

## Resources

### Sovereign Metals (\*\* SVM)

Application testwork has delivered 99.9995% purity graphite using SVM's Malingunde project graphite.

This indicates suitability for multiple industry potential end-users.

Details lodged this morning.

### Venus Metals (\*\* VMC)

Heralding concentrate grades achieved during metallurgical test work using ore from VMC's WA Youanmi vanadium project.

### Alumina Ltd (\* AWC)

AWC's AWAC JV with Alcoa details and associated outlooks lodged this morning, following Alcoa's quarterly report, lodged in the US post-US trade this morning.

### Poseidon Nickel (\* POS)

Resuming from extended suspended trade with feasibility study figures supporting the recommencement of the WA goldfields Silver Swan and Black Swan nickel operations.

POS last traded at 3.7c.



for petrol inventories.

**Gold** – traded at new 12-month lows early, but moved higher as the \$US retreated some, even while equities remained in favour.

**Base metals** – early \$US strength impacted overnight LME sentiment in general, but inventories appeared to also hold some sway.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7397	-0.0001	-0.01
<b>EUR – USD</b>	1.1642	0.0002	0.02

### Australian Data Today

ABS	Employment (incl wages, jobs created)	Jun
NAB	Business conditions, sentiment	JunQ
RBA	Forex transactions, reserve assets	Jun

### US Data Tonight

Initial jobless claims	14 Jul
Philadelphia Fed manufacturing	Jul
Conf Board leading index	Jun

### Other Overseas Data Today & Tonight

<b>Japan</b>	Trade balance	Jun
Japan	Tankan index	Jul
<b>UK</b>	Retail sales	Jun
UK	CBI industrial trends	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](mailto:advice@stateone.com.au).

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## Energy

### Paladin Energy (PDN)

Produced 354,465lb of uranium during the June quarter, 47% less than for the March quarter.

The C1 production cash cost rose 16% to \$US34.55/lb.

Sold 1.148Mlb at \$US20.58/lb.

\$US50.2M cash and equivalents as at 30 June.

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>AST</b>	AGM
	<b>CIM</b>	Interim
	<b>EVN</b>	Jun Q
	<b>ORE</b>	Jun Q
	<b>OZL</b>	Jun Q
	<b>STO</b>	Jun Q
	<b>S32</b>	Jun Q
<b>Tomorrow</b>	<b>WPL</b>	Jun Q
	LYC	Jun Q
<b>Tue</b>	SYD	Jun
	ALX	Jun Q
	AIA	Jun
	ILU	Jun Q
	SXY	Jun Q
<b>Wed</b>	SBM	Jun Q

## Trading Halts

Company	Code	Resuming
Connected IO	CIO	19 Jul
Novita Healthcare	NHL	19 Jul
IPB Petroleum	IPB	20 Jul
New World Cobalt	NWC	20 Jul
Rey Resources	REY	20 Jul
Sequoia Financial Group	SEQ	20 Jul
Sienna Cancer Diagnostics	SDX	20 Jul

## Suspensions (select)

Company	Code	Since
American Patriot Oil & Gas	AOW	18 Jul
Centennial Mining	CTL	25 Jun
Crowdspark Ltd	CSK	6 Jul
Genera Biosystems	GBI	4 Jul
Vector Resources	VEC	6 Jul
WPG Resources	WPG	27 Jun

## Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
EZL	Tomorrow	9.25	100	8.15
KAT	Mon	1	100	3.55
MIR	26 Jul	8.5	100	3.55