

Markets

SFE 200 Futures (9.30am AEDST)	6190	6	0.1
NZX 50	8945	40	0.5
DJIA Futures	24657	-42	-0.2
S&P 500 Futures	2767	4.7	0.8
NASDAQ Futures	7781	56	0.7

Local Markets Commentary

The **ASX** was poised to open higher this morning in the slipstream of billowing tech and media stocks soaring in New York overnight.

SPI futures were up 10 points, or 0.2%, to 6194 early today after the Australian market had closed at its highest since January 2008.

In China the central government appealed for calm and assured 100 million retail shareholders that it was striving to avoid another 2015 stock market crash.

Investment bank **Macquarie** closed at a record 10-year high of \$121.72 and the **Australian dollar** had tumbled 4% this week to 73.68c in early trade this morning, skirting its lowest levels in more than a year.

That will be good news for exporters, notably **Australian Bauxite (ABX)** and also **Quickstep (QHL)**.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24657	-42.4	-0.2
S&P 500	2767	4.73	0.17
NASDAQ	7781	55.9	0.72
FTSE 100	7627	23.5	0.31
DAX 30	12695	17.1	0.14
Shanghai Comp	2915	7.90	0.27

Overseas Markets Commentary

The **Nasdaq** and **S&P 500** closed higher overnight on billowing sentiment that icy trade relations between the U.S. and Europe were thawing.

The Nasdaq rose 0.7% to an all-time high of 7,781.51 led by Facebook and Netflix, which are both also at all-time peaks and climbed 2.3% and 2.9% respectively.

OPEC was close to reaching a deal on oil output ahead of their meeting tomorrow to limit output to cool oil prices, which had hit a three-and-a-half year high recently.

Indications were that increased production would not meet the 500,000-1.5million extra barrels a day which **Saudi Arabia** and **Russia** have lobbied for, but met resistance from **Venezuela**, **Iraq** and **Iran**.

New Zealand will release first quarter GDP figures.

This week's Stock Watch

Telstra (TLS)

Telstra has seen almost 5% of its value wiped out on the ASX, to near-historic lows, following an earnings downgrade and despite CEO Andy Penn rattling the sabre at Optus, Vodafone and TPG Telecom with an aggressive new strategy aimed at capturing lost airtime from rivals. The company's latest profit downgrade is more than 20% and on Wednesday the telco announced that it would lay off 8000 workers in a \$600 million restructure, and sell off \$2 billion worth of assets by the end of 2020.

Atlas Iron (AGO)

In an update to the ASX this morning, **Atlas Iron** advised shareholders to accept Gina Rinehart's Redstone Corporation's 4.2c takeover bid for the iron ore junior. Atlas said Mineral Resources had announced that it would not make a counter-offer and a majority of the company's board had regarded the Hancock offer as superior. Atlas said shareholders should take no action in relation to the Hancock offer until the company had prepared and lodged its target statement with the ASX, setting out its formal response to the offer in the coming weeks.

Commodities

Iron Ore

The ball is firmly in Fortescue Metals Group's court in the fight for Atlas Iron after Gina Rinehart's all-cash offer trumped the rival bid of Chris Ellison's Mineral Resources. All eyes are now on Andrew Forrest, who has the option of making a counter-offer or blocking Hancock's Redstone Corporation's takeover to negotiate a slice up of Atlas Iron's assets. Rinehart's offer values Atlas at \$390 million.

Gold

Gold, usually a safe haven in times of turmoil, dipped US\$1 overnight to new 2018 lows as the greenback soared to multi-month highs on forex markets. Blackrock, the largest owner of gold-backed SPDR Trust, cut its holdings by 25% in the first three months of 2018. A stronger dollar is expected to suppress short-term China demand for gold at lower prices, according to Swiss refining and finance group, MKS.

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

Iranian oil minister **Bijan Zanganeh** told **CNBC** that he was more optimistic about production levels yesterday and would accept a more modest supply hike.

OPEC will also have to address falling output from **Venezuela, Angola** and **Mexico** as well an expected fall in production from Iran resulting from U.S. sanctions in the second half of the year.

Chinese acquisition in the U.S. fell 92% to US\$1.8 billion in the five months to May, according to consulting and research company **Rhodium Group**.

Factoring in divestitures, net Chinese investment to the U.S. was negative US\$7.8 billion. In 2016 Chinese investment in the U.S. was a record US\$46 billion, dropping to US\$29 billion last year.

The slowdown has resulted from China putting the squeeze on capital flight and excessive leverage and U.S. concerns over intellectual property rights security, which has resulted in greater scrutiny of mergers and acquisitions.

In **Germany** car manufacturers are pushing for the **European Union** to scrap 10% import taxes levied on U.S. made cars, the **Wall Street Journal** reported.

This follows a meeting between **Richard Grenell**, U.S. ambassador to Germany and **BMW, Volkswagen** and **Daimler** where the car makers pitched the idea as part of a deal involving industrial goods.

However, in return Europe is pushing for the U.S. to scrap a long-standing 25% tax levied on imported pickups, SUVs and big vans, a deal which could leave U.S. auto workers vulnerable.

In **South Korea** another **cryptocurrency** has been hacked, this time **Bithumb** which revealed that it had temporarily suspending deposit and withdrawal services after **US\$30** million was stolen.

This followed **Coinrail** suffering a similar fate earlier this month. Bithumb did not reveal when it would resume its services.

Walt Disney has upped the ante in its bid for **Twenty-First Century Fox** to US\$71.3 billion, or US\$38 a share, in response to **Comcast's** US\$35 a share all-cash offer last week.

Disney's latest bid gives shareholders the option of choosing cash or stock and followed a meeting on Tuesday between **Fox's Executive Chairman Rupert Murdoch** and **Disney CEO Robert Iger**. Fox shares were up 7.3% and Disney rose 1%.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1270	oz	-8.4	-0.6
Silver (NY) (May)	16.3	oz	-0.0	-0.2
Gold (LON)	1276	oz	-2.2	-0.9
Platinum	871	oz	6	0.7
WTI Crude (Jul)	65.38	bbl	0.5	0.7

Out: AHY, INM, RFG

In: APT, APX, ING

S&P/ASX All Australian 200

Out: AAC, MYR, RFG

In: BIN, CLQ, KDR

Trading Halts

Company	Code	Resuming
SciDev	SDV	25 Jun
Pacifico Minerals	PMY	25 Jun
Kibrans Resources	KNL	25 Jun
CSG Limited	CSV	25 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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Brent Crude (Jul)	74.18	bbbl	-0.8	-1.0
Iron Ore (CHN port 62%)	67.50	t	0	0
Copper (LME,3m,pm)	6763	t	-68	-1
Nickel	14893	t	327	2.24
Aluminium	2166	t	-5	-0.2
Lead	2385	t	-12	-0.5
Zinc	3027	t	3	0.1
Tin	20745	t	290	1.42
CBT Wheat (Jul)	498	bshl	9.25	1.89

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7373	0	0.06
EUR – USD	1.1621	0.0034	0.29

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