

Markets

SFE 200 Futures (9.30am AEST)	6991	33	0.5
NZX 50	10859	-8	-0.1
DJIA Futures	27317	-7	0.0
S&P 500 Futures	3005	-3	-0.1
NASDAQ Futures	7953	-31	-0.4

Local Markets Commentary

The Australian market opens mid-week trade with overnight reports of high-level face-to-face US-China trade talks resuming next week, but also other US news impacting select high-profile stocks.

A US Justice Department announcement post-overnight US trade of an investigation into 'widespread concerns' regarding 'search, social media and some retail services online' has pushed large stocks such as Alphabet (includes Google), Amazon, Apple and Facebook lower in post-settlement trade.

Locally today, a June internet jobs vacancy index is due.

In overnight commodities trade, **oil** rose for a third consecutive session.

US **gold** futures (August) settled modestly lower.

Iron ore (China port, 62% Fe) turned to record a modest gain.

LME **copper** fell further. **Nickel** and **aluminium** closed essentially flat.

The **\$A** slipped towards US70.00c after trading at ~US70.25c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	27349	177	0.7
S&P 500	3005	20	0.7
NASDAQ	8251	47	0.6
FTSE 100	7557	42	0.6
DAX 30	12491	201	1.6
Shanghai Comp	2900	13	0.5

Overseas Markets Commentary

Major European and US equities markets mostly headed towards settlements at or near session highs overnight, amid shifting geopolitical influence, another swag of large-cap company earnings, late-Monday news of a two-year US budget and debt funding agreement between the US administration and parliament's leaders, plus some key new media reports, including of the planned resumption of in-person talks between high-level **US** and **China** officials in Shanghai anytime from the end of this week.

Earlier, China had denounced the US sanctions placed on a Chinese energy company for allegedly trading oil from Iran.

Today's Stock Watch

Atlas Arteria (ALX)

January - June weighted average toll revenue rose 1.2% year-on-year, supported by a 0.3% increase for the June quarter. Weighted average traffic fell 1.1% for the six months year-on-year, dropping 2.1% for the June quarter.

DroneShield Ltd (DRO)

DRO has joined the Bosch 'Integration Partner Program', with the intention of DRO drone detection and mitigation products being integrated with Bosch video surveillance products.

MMA Offshore (MRM) / Neptune Marine Services (NMS)

MRM is proposing to acquire the key operating subsidiaries of NMS for \$5M cash plus \$13.5M worth of MRM shares.

Details lodged this morning.

LiveHire Ltd (LVH)

88% higher year-on-year annualised June quarter recurring revenue (ARR). For the three months, ARR grew 3%. Per client, ARR grew 26% year-on-year. \$34.0M cash at bank.

In addition, LVH founding director Mike Haywood has resigned his board position, in order to focus on LVH commercial growth.

Tinybeans Group (TNY)

Subscription contract secured with existing partner Mom365, whereby TNY will share its subscription revenue 50/50 with Mom365, but via which revenue is expected to grow by ~25%.

Pacific Energy (PEA)

Recommending a 97.5c cash-per-share offer from QIC Private Capital entities. Details lodged this morning.

PEA appreciated to 72c before calling a trading halt post-Monday trade.

Resources

Evolution Mining (EVN)

Produced 753,001oz of gold at a \$A924/oz AISC for FY 2019, boosted by 194,886zo at \$A915/oz during the June quarter. \$A35.2M net cash.

Expecting to produce 725,000oz – 775,000oz of gold during FY 2020, at a \$A890/oz - \$A940/oz AISC.

Live audio stream conference scheduled to commence 11am AEST.

Iluka Resources (ILU)

20.2% lower, 2.814Mt year-on-year January-June mineral sands output. 24.2% lower, 3.094Mt sales, for 10.1% lower, \$A344.9M revenue. \$A142M net debt.

ILU has also lodged a 10.7% increase in the contained heavy mineral sands tonnage for the WA Eneabba recovery project separation plant by-product resource.



In the **UK**, the new leader of the conservative party, and hence the next PM (to take over from Theresa May) was confirmed as Boris Johnson.

This pushed the British pound lower, in association with expectations the UK could leave the **European Union (EU)** without an approved deal in place, should any further negotiations extend to the current 31 October deadline.

Meanwhile, **South Korea** had accused **Russia** of violating its airspace and claimed to have fired warning shots at two Russian fighter craft.

Overnight, the **International Monetary Fund (IMF)** released its six-monthly 'World Economic Outlook', again reducing the fund's 2019 international economic growth prediction, this time by 0.1% to 3.2%.

Among additional nation-specific data releases, an initial July consumer confidence reading for the **euro zone** improved, albeit from -7.2 to -6.6.

UK quarterly business confidence index tumbled to -32 from -13. In the **US**, the Richmond Fed manufacturing index plunged to -12 from 2.

June existing home sales dropped 1.7% following a 2.9% May increase.

A May house price index estimated 0.1% growth, against 0.4% for April.

Tonight in the US, June new home sales, Markit's initial July PMI estimates and weekly mortgage applications are due.

Elsewhere, European manufacturing PMIs will also attract interest.

Companies scheduled to report earnings later today and tonight include: Advanced Micro Devices, Akzo Nobel, AT&T, Boeing, Canon, Caterpillar, Christian Dior, Daimler, Deutsche Bank, Equifax, Facebook, Ford Motor, Freeport McMoRan, GlaxoSmithKline, LVMH, Northrop Grumman, Paypal Holdings, Peugeot, Samsung C&T and Tesla.

In overnight corporate news, **Hasbro** warned additional import taxes could push prices higher, in particular for popular products such as those based on the Avengers, but nonetheless pleased with quarterly figures, its stock price putting on ~10%.

Coca-Cola bubbled ~6% higher on both earnings and sales that exceeded predictions.

United Technologies also proved popular, after boosting full-year profit and sales expectations.

Post-US trade, **Snap** has revealed better-than-anticipated results and has appreciated ~10%.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1421.7	oz	-5.2	-0.4
Silver (NY) (Sep)	16.476	oz	-0.065	0.4
Gold (LON)	1426	oz	-2	-0.2
Platinum	855	oz	9	1.1
WTI Crude (Sep)	56.77	bbl	0.55	1.0
Brent Crude (Sep)	63.83	bbl	0.57	0.9
Iron Ore (CHN port 62%)	120.42	t	0.41	0.3
Copper (LME,3mth,PM)	5976	t	-44	-0.7

Pre-Open Announcements

Phylogica Ltd (PYC)

Today's investor day presentation lodged.
PYC will present in Perth, WA this morning.

Living Cell Technologies (* LCT)

Heralding two-year data analysis for the NTCCELL Phase IIb Parkinson's trial.

New Energy Solar (NEW)

Binding power purchase agreement secured with Kellogg (Aust), as flagged last week.

McPherson's Ltd (MCP)

165% higher, \$13.7M FY 2019 PAT.
18% lower, \$210.3M sales revenue.
\$7.5M net debt, down 24%.

JV secured with Soulful, a new, privately-held Australian health and wellness products brand.

Details lodged post-trade yesterday.

Resources

Ramelius Resources (* RMS)

High-grade underground and open pit WA gold mines RC and diamond drilling results lodged this morning.

Metals X (MLX)

June quarter report lodged this morning.
\$57.8M cash plus working capital.

Energy

Carnarvon Petroleum (* CVN)

Conducting a \$79M fully underwritten institutional placement, plus \$5M non-underwritten SPP, each at 39c-per-share, in support of Dorado development.

SPP scheduled for 1 – 16 August.

Presentation lodged.

Trading halt called this morning.

CVN has traded at 41.5c – 44.5c over the past five trading sessions.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	EVN	Jun Q
	ILU	Jun Q
	MLX	Jun Q
	PYC	Investor Day
	SBM	Jun Q
Tomorrow	FMG	Jun Q
	MQG	AGM



Nickel	14225	t	5	0.0
Aluminium	1818	t	2	0.1
Lead	2033	t	25	1.3
Zinc	2441	t	21	0.9
Tin	17700	t	-200	-1.1
CBT Wheat (Jul)	4.91	bshl	0.03	0.7

Commodities Commentary

Oil – reports emerged overnight that the **US** and **China** were planning face-to-face trade talks for next week.

This supported overnight oil trade, despite another cut in the **International Monetary Fund's** (IMF) global economic growth forecast.

In addition, the UK was reported to have discussed a plan for members of the European Union (EU) to band together to protect ships traversing the **Strait of Hormuz**.

In late-US trade, a US official suggested the US may have disabled not one, but two, drones operated by Iran in the Strait of Hormuz last week.

Meanwhile, the El Sharara oil field in Libya was confirmed as having resumed operations at regular output late-Monday.

A weekly **US petroleum inventories** report is due tonight from government agency the EIA. An industry report published post-US settlement, estimated an almost 11MMbbl crude drawdown.

Gold – a 0.4% gain in the ICE \$US index detracted from overnight gold interest.

US data releases were largely disappointing, but a debt and budget funding agreement between the US and key parliamentarians late-Monday, supported the \$US higher plus treasury prices, reportedly pushing yields close to all-time lows.

In addition, a batch of high-profile and large-cap US companies presented pleasing earnings.

Meanwhile, Comex silver futures rose to settle at another new ~on-year high.

Base metals – swinging currencies (in particular a drop in the British pound), the wait for commentary from central bank meetings from Thursday this week through next week, an initial US June quarter GDP estimate Friday, fluid geopolitical matters, and new industry data, all influenced overnight positioning.

New China data also emerged, revealing a 25.8% lower January-June fall in *copper* scrap imports.

The International Copper Study Group reported in a monthly bulletin released overnight, the global refined copper market was 96,000t in deficit in April, against a 42,000t March deficit.

The overall copper market recorded a 155,000t January – April deficit, following a 64,000t deficit a year earlier.

The International *Aluminium* Institute in the meantime calculated output fell 0.5% during January – June.

China's June *alumina* imports were also officially published, at 50,000t from 60,000 in May.

Further, a China official promoted 'arduous efforts' to maintain industrial output growth at target levels.

Fri	RMD	Jun Q
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Trading Halts

Company	Code	Resuming
(The) Agency Group	AU1	24 Jul
Althea Group Holdings	AGH	24 Jul
Dreamscape Networks	DN8	24 Jul
Exopharm Ltd	EX1	24 Jul
Lindian Resources	LIN	24 Jul
Simple Solutions	SIS	24 Jul
Alita Resources	A40	25 Jul
Marenica Energy	MEY	25 Jul

Suspensions *(select)*

Company	Code	Since
CCP Technologies	CT1	17 Jul
Golden Rim Resources	GMR	1 Jul
High Grade Metals	HGM	18 Jul
Jiajiafu Modern Agriculture	JJF	22 Jul
Keybridge Capital	KBC	16 Jul
Mindax Ltd	MDX	26 Jun
Titan Minerals	TTM	28 Jun

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
KAT	Tomorrow	0.5	100	3.21
MIR	Tomorrow	6.5	100	3.92
DJW	5 Aug	10	100	5.49
WQG	5 Aug	2	0	0.00
AFI	6 Aug	14	100	3.74
MLT	8 Aug	10.4	100	3.98

**Exchange Rates**

CURRENCIES	LAST	+/-	%
AUD – USD	0.6997	-0.0008	-0.12
EUR – USD	1.1151	0.0000	0.00

Australian Data Today

Dept of Employment	Internet vacancy index	Jun
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US Data Tonight

New home sales	Jun
Markit manufacturing, services PMIs (prelim)	Jul
MBA weekly mortgage applications	19 Jul

Other Overseas Data Today & Tonight

Japan	Manufacturing PMI	Jul
UK	Mortgage approvals	Jun
Germany	Manufacturing, services PMIs (initial)	Jul
Euro zone	Manufacturing, services PMIs (initial)	Jul

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

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