

Friday 27 July 2018

Markets

SFE 200 Futures (9.30am AEST)	6224	27	0.4
NZX 50	8937	4	0.1
DJIA Futures	25518	-7	0.0
S&P 500 Futures	2842	-1	0.0
NASDAQ Futures	7431	1	0.0

Local Markets Commentary

The Australian market opens Friday trade on mixed overnight international leads, ahead of influential US data tonight and China's June industrial profits today, and approaching the end of domestic quarterly reporting season.

In overnight commodities trade, **oil** and **iron ore** (China port, 62% Fe) continued higher.

US **gold** futures turned to resume their decline.

LME **copper** closed essentially flat. **Nickel** continued to gain.

The **\$A** headed yet lower, to US73.75c after falling below US74.25c early yesterday evening.

Locally today, June quarter **producer prices** are due **11.30am** AEST.

China is also expected to release June **industrial profits** at 11.30am.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25527	113	0.4
S&P 500	2837	-9	-0.3
NASDAQ	7852	-80	-1.0
FTSE 100	7663	5	0.1
DAX 30	12809	230	1.8
Shanghai Comp	2882	-21	-0.7

Overseas Markets Commentary

Major European and US equities markets diverged overnight, NASDAQ and the S&P 500 falling on opening, but other key indices heading higher amid a cascade of earnings reports and currency swings.

Automakers supported the DAX.

Following its policy meeting, the **European Central Bank** (ECB) confirmed no desire for a near-term rate rise, this pushing the euro 0.7% lower against the \$US and 0.5% down with respect to the yen.

The ECB retained its plan to end bond purchases at the end of the year, however, and president Mario Draghi did not discount the chances of a rate increase by the end of 2019.

In other currency moves, the British pound declined 0.65% against the \$US and China's yuan fell 0.8%.

In the US House of Representatives, new legislation was approved, that among other things, will curb Chinese and other foreign investment and limit participation in US government contracts.

Among data releases, US June durable goods orders increased 1.0%, but a 3.0% improvement had been anticipated following a 0.3% fall in May. Core goods orders rose by more than anticipated, however.

*** Biotech listing midday AEST – NSB ***

Today's Stock Watch

AMP Ltd (AMP)

Anticipating \$A490M - \$A500M interim underlying profit. Provisioning \$A290M for potential remediation with respect to advice. Proposed initiatives to recover business performance and reputation also lodged this morning.

A teleconference was scheduled to commence 9.30am AEST.

GUD Holdings (GUD)

11% higher, \$50.47M full year NPAT. 11% higher, \$396.69M revenue. 28c fully franked final dividend, against 53.3c a year ago. 35c NTA. 58.1c EPS. Webcast briefing 11am AEST.

Downer EDI (DOW)

\$160M Victoria Numurkah solar farm EPC contract in hand.

Wattle Health Australia (WHA)

Up to 71% higher, FY 2018 gross sales. June quarter cash inflows rose 88% for the three months.

Spookfish Ltd (SFI)

Resuming from a trading halt with the proposed 100% acquisition by 10.46% shareholder Eagle View Technologies Inc at A8c per share.

SFI has traded at A5c – A5.3c the past five trading sessions.

NeuroScientific Biopharmaceuticals (* NSB)

Scheduled to list **midday** AEST following a \$6M IPO at 20c per share. NSB's top-10 shareholders include Edith Cowan University (3.47%) and Australian Alzheimer's Research Foundation Inc (2.62%). McRae Technology holds 25.20% and McRae Investments 7.88%. 52.3M quoted securities.

Resources

OceanaGold Corporation (OGC)

45.1% higher, \$US89.1M 1H 2018 NPAT. Revenue rose 20.7% to \$US402.4M. Paying a US2c half-year dividend.

Produced 268,597oz of gold and 7808t of copper.

AISC rose from \$US799/oz to \$US744/oz. \$128.9M cash.

Forecasting 500,000oz – 540,000oz gold and 15,000t – 16,000t calendar year 2018 production.

Sandfire Resources (SFR)

Produced 64,918t of copper and 39,273oz of gold in concentrate during FY 2018, at a US93c/lb C1 cost, backed by June quarter 17,867t and 9548oz output at US80c/lb.

Webcast teleconference scheduled to commence midday AEST.

Mineral Resources (MIN) / Brockman Mining (BCK)

MIN is acquiring 50% of BCK's WA Pilbara Marillana iron project and will manage the resulting JV. Details lodged this morning.

Energy

BHP Billiton (BHP)

Agreement reached to offload US onshore oil and gas holdings for a total \$US10.8M, pending approvals and conditions precedent.

BP will pay \$US10.5M for BHP's shale assets.

Merit Energy's MMGJ Hugoton 111 will outlay \$US300M for other interests.

BHP anticipates a consequent post-tax \$US2.8B impairment in 2018 accounts.

Wholesale inventories remained flat, defying forecasts of a 0.5% rise to follow May's 0.6% gain.

Weekly new unemployment claims grew by 2000 more than expected.

In **Germany**, the GfK consumer sentiment index slipped 0.1, as expected, to 10.6.

Tonight in the US, the first of three readings for June quarter GDP growth and the University of Michigan's July consumer sentiment update are due.

Companies due to report earnings or provide an update later today and tonight include: AbbVie, Aon, BT, Chevron, Colgate-Palmolive, ENI, ExxonMobil, Fuji, Hitachi, Kia Motors, Komatsu, Merck, Reckitt Benckiser and Twitter.

In overnight corporate news, **Facebook**, which had reported post-US trade Wednesday, dropped ~20% on last night's opening, due to user growth and revenue concerns.

McDonald's was pushed more than 1.5% lower, despite a smaller revenue fall (to \$US5.35B) than expected but slower than forecast US sales growth.

Chip manufacturer **Advanced Micro Devices** was propelled 14% higher after reporting a better-than-anticipated profit after previously booking a loss.

Comcast also gained, surpassing quarterly profit expectations.

Raytheon also exceeded industry predictions, but traded 2.5% lower.

Earlier, **Royal Dutch Shell** impressed with swollen profit and a \$US25B buy-back program.

Total's profit also rose sharply.

Post-US trade **Amazon** unveiled a \$US2.5B quarterly profit, double industry calculations, and raised expectations for the current quarter, but reported revenue undershot.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1226	oz	-6	-0.5
Silver (NY) (Sep)	15.4	oz	-0.2	-1.3
Gold (LON)	1228	oz	-3	-0.3
Platinum	823	oz	-19	-2.3
WTI Crude (Sep)	69.6	bbl	0.3	0.5
Brent Crude (Sep)	74.5	bbl	0.6	0.8
Iron Ore (CHN port 62%)	66.3	t	0.3	0.4
Copper (LME, 3mth, PM)	6291	t	1	0.0
Nickel	13775	t	95	0.7
Aluminium	2067	t	5	0.2
Lead	2164	t	12	0.6
Zinc	2584	t	-1	-0.0
Tin	19850	t	100	0.5
CBT Wheat (Jul)	5.37	bshl	-0.06	-1.2

Commodities Commentary

Oil – prices continued higher overnight, in part due to the US-European Union agreement to put off implementing any new trade tariffs ahead of further talks.

Meanwhile, Saudi Arabia again explained its temporary halt of (up to 700,000bbl/d of) oil shipments via the south Red Sea's Bab al-Mandeb route and Iran repeated a warning to the US.

Tonight in the US, a weekly petroleum rig count is due.

Gold – prices turned lower overnight, the \$US index recouping some ground, in part due to a hiatus in the imposition of new trade tariffs between the

Pre-Open Announcements

Phylogica Ltd (* PYC)

Heralding peptide vaccine in vivo success in recent experiments involving mice.

Fonterra Shareholders' Fund (* FSF)

Fonterra Co-op chairman John Wilson has relinquished his role due to health reasons. Mr Wilson intends to retire as a director at this November's AGM.

OneMarket Ltd (OMN)

\$US166.5M cash balance as at 30 June, comprising \$US65.9M in cash and cash equivalents and \$US100.6M in money market investment accounts.

Pacific Current Group (PAC)

\$A75.18B FUM as at 30 June, against \$A69.69B 31 March.

Resources

Mincor Resources (* MCR)

Resources and reserves update lodged this morning.

Grange Resources (* GRR)

Produced 609,000t of iron pellets during the June quarter, against 623,000t for the March quarter.

Sold 688,000t at \$US101.11/t FOB, following 606,000t at \$US107.22/t in the March quarter.

Output was mostly impacted by pellet plant maintenance. \$A194.38M cash.

Regis Resources (RRL)

Planning to lodge the company's June quarter report pre-trade 31 July (Tuesday this coming week), and to host a teleconference 10.30am AEST Tuesday.

Lucapa Diamond Company (LOM)

LOM non-executive directors Gordon Gilchrist and Albert Thamm have resigned, effective immediately.

LOM has appointed Stanley Mining Services founder and MD (prior to a 1997 merger with Layne Christensen) Ross Stanley as a non-executive director.

Constellation Resources (* CR1, CR10)

WA-headquartered mineral explorer scheduled to list 12.30pm AEST Monday following a \$7M IPO at 20c per share.

35M quoted shares; 11.67M quoted options.

Rafaella Resources (* RFR)

WA-headquartered explorer completed its ASX listing yesterday following a \$5M IPO at 20c per share.

Opened and closed at 20c, in the meantime trading also at 20.5c. ~3M shares changed hands across 103 transactions.

28.13M quoted securities.

Energy

Empire Energy (EEG)

Produced 46,962bbl of oil during the June quarter, 0.7% more than for the March quarter.

Gas output rose 8.9% to 588,859Mcf.

Triangle Energy (Global) (TEG)

Cliff Head oil spill update lodged this morning.

TEG describes the spill as 'low level' and says no oil has been sighted in the ease or along shore.

Weather and overall ocean conditions have been deemed helpful.

Cliff Head Alpha offshore platform production remains halted.



European Union and US.

Tonight's US June quarter GDP estimate could swing the \$US and hence gold trade.

Base metals – Freeport McMoran's Grasberg, Indonesia move to underground mining during 2019-2020 would mean reduced copper and gold output, the operator confirmed, helping support overnight copper prices amid \$US strength.

The positive turn in European Union-US trade language spawned general positive base metals sentiment.

China's June industrial profits are scheduled for release today.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7376	-0.0001	-0.01
EUR – USD	1.1641	-0.0001	-0.01

Australian Data Today

ABS	PPI	Jun Q
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US Data Tonight

GDP (1 st of three estimates)	Jun Q
Uni of Michigan consumer sentiment (rev)	Jul

Other Overseas Data Today & Tonight

China	Industrial profits	Jun
Germany	Import & export prices	Jun

Need More Information?

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Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	GUD	Full year
	SFR	Jun Q
Mon	IGO	Jun Q
	SEH	Jun Q
	SYR	Jun Q
Tue	AQG	Jun Q
	AAC	AGM
	CCP	Full year
	IFN	Jun Q
	ORG	Jun Q
	RRL	Jun Q
Wed	ALQ	AGM
	BWP	Full year
	GMA	Interim
	RIO	Interim

Trading Halts

Company	Code	Resuming
Magnetic Resources	MAU	27 Jul
Sumatra Copper & Gold	SUM	27 Jul
Andromeda Metals	ADN	30 Jul
Golden Rim Resources	GMR	30 Jul
Great Southern Mining	GSN	30 Jul
Questus Ltd	QSS	30 Jul
Real Energy Corporation	RLE	30 Jul
Wolf Minerals	WLF	30 Jul

Suspensions (select)

Company	Code	Since
Connected IO	CIO	19 Jul
Crowdspark Ltd	CSK	6 Jul
Eastern Goldfields	EGS	25 Jul
Genera Biosystems	GBI	4 Jul
Indoor Skydive Australia	IDZ	23 Jul
JustKapital Ltd	JKL	19 Jul
Rey Resources	REY	20 Jul
Tikforce Ltd	TKF	24 Jul
Velpic Ltd	VPC	24 Jul

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
AGM	Mon	4.5	0	0.00
AOD	Mon	0.3	0	6.75
GCI	Mon	0.48	0	0.47
MXT	Tue	0.91	0	3.86
OZG	Fri	0.25	100	2.70
WIC	Fri	3	100	5.04
AMH	6 Aug	4.25	100	4.38
DJW	7 Aug	10	100	5.71
OPG	7 Aug	13	100	3.05