

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	6420	-10	<b>-0.2</b>
<b>NZX 50</b>	10522	9	<b>0.1</b>
<b>DJIA Futures</b>	25819	75	0.3
<b>S&amp;P 500 Futures</b>	2873	8	0.3
<b>NASDAQ Futures</b>	7587	24	0.3

## Local Markets Commentary

The Australian market commences today's trade with an overnight fall in US equities sentiment, several large-cap domestic stocks trading ex-dividend and others reporting earnings as the 30 June major reporting season enters its third last day.

Also today, the Australian Bureau of Statistics reports June quarter construction work.

Stocks trading **ex-dividend** today include **AWC, COL, FBU, MMS** and **TLS**. Please see p4 for a detailed list.

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

US **gold** futures (December) rallied beyond \$US1551.50/oz.

**Iron ore** (Nymex CFR China, 62% Fe) continued its latest pull back, again approaching \$US92.00/t.

LME **copper** and other key base metals traded for the first time this week, copper steadying to reportedly recoup ~0.9% following Friday's fall.

Meanwhile, the US administration has confirmed it is talking with select parties in Australia with the view to establishing a joint venture **rare earths** processing facility in Australia, for supply to the US.

The **\$A** fell towards US67.50c after trading at US67.60c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25778	-121	<b>-0.5</b>
<b>S&amp;P 500</b>	2869	-9	<b>-0.3</b>
<b>NASDAQ</b>	7827	-27	<b>-0.3</b>
<b>FTSE 100</b>	7090	-5	<b>-0.1</b>
<b>DAX 30</b>	11730	72	<b>0.6</b>
<b>Shanghai Comp</b>	2902	39	<b>1.4</b>

## Overseas Markets Commentary

Sentiment across US equities markets deteriorated from positive openings overnight, ultimately dragging on European indices, which had largely trended higher from opening. The FTSE traded for the first time this week.

US financial stocks were out of favour on persistent potential recession talk, US 10-year sovereign bond (treasury) yields falling ~0.068% to increase the deficit to two-year yields to ~0.05%.

## Today's Stock Watch

### Macquarie Group (MQG)

Anticipating 10% year-on-year 1H FY20 growth, but lower growth than for 2H FY19. Trading halt called this morning ahead of a \$A1B institutional placement, plus SPP.

### AMP Ltd (AMP)

Standard & Poor's has lowered its AMP rating from A- to BBB+ and assigned a negative outlook.

### Virgin Australia Holdings (VAH)

\$349.1M full year net loss, following a \$681M net loss a year ago. 7.5% higher, \$5.83B revenue.

\$1.74B cash and equivalents.

Keith Neate has been appointed CFO effective 2 September (Monday next week), Stuart as COO, and John MacLeod as CCO. Additional executive appointments and restructuring lodged his morning.

### Afterpay Touch Group (APT)

\$43.8M full year net loss, following a \$9.0M loss a year ago. 86% higher, \$264.1M income.

### Adelaide Brighton (ABC)

\$A17.9M interim net loss. 6.3% lower, \$755.7M revenue.

Nil interim dividend, against 9c a year ago. \$1.30 NTA, against \$1.43.

### Aveo Group (AOG)

\$213M full year net loss. 35.4% lower, \$274.8M revenue.

50% lower, 4.5c final dividend.

### National Storage REIT (NSR)

1% lower, \$144.84M full year NPAT. 14% higher, \$159.19M revenue.

5.1c final distribution. \$1.63 NTA, against \$1.51 a year ago.

### Bellamy's Ltd (BAL)

48.9% lower, \$22.11M interim NPAT. 19% lower, \$266.24M revenue. \$1.69 NTA, against \$1.4762 a year ago.

## Resources

### Fortescue Metals Group (FMG)

FMG has appointed NASDAQ-listed Baidu president Ya-Qin Zhang as a non-executive director, effective 1 September (this coming Sunday).

Dr Zhang is also a former Microsoft executive, holding key positions for 16 years. He plans to retire from Baidu in October, after five years with the Chinese group.

### OZ Minerals (OZL)

65.6% drop in interim NPAT to \$43.9M. 21% lower, \$419.2M revenue. Flat, 8c fully franked interim dividend.



Earlier yesterday, China had effectively called out US behaviour regarding trade relations and placed the onus back on the US to establish sufficiently acceptable conditions for official talks to resume.

**Germany's** June quarter GDP was finalised as having fallen by 0.1% during the three months, following 0.4% growth for January through March. Year-on-year June quarter GDP grew 0.4%.

**US** data releases included a Case-Shiller June house price index, which rose 0.3% for the month, following a 0.6% May increase.

An industry house price index was estimated 0.2% higher, on par with the May calculation.

The Richmond Fed's manufacturing index jumped to 1 from -12 in July.

The Conference Board's August consumer confidence reading came in at 135.1, from 135.8.

**Tonight** in the US, weekly mortgage applications are due.

In **Italy**, the outcome of negotiations between parliamentary party leaders will be assessed tonight, in an attempt to avert a new national election.

Companies scheduled to report earnings later today and tonight include: Air China, Hongxing Iron & Steel, Industrial Bank, Korea Semiconductor, Petrofac, Ramsay Générale de Santé and Tiffany.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1551.8</b>	oz	14.6	<b>1.0</b>
<b>Silver (NY) (Sep)</b>	18.153	oz	0.512	<b>2.9</b>
<b>Gold (LON)</b>	1504	oz		
<b>Platinum</b>	864	oz	10	<b>1.2</b>
<b>WTI Crude (Oct)</b>	<b>54.93</b>	bbl	1.29	<b>2.4</b>
<b>Brent Crude (Oct)</b>	<b>59.51</b>	bbl	0.81	<b>1.4</b>
<b>Iron Ore (CHN port 62%)</b>	<b>92.06</b>	t	-0.39	<b>-0.4</b>
<b>Copper (LME,3mth,PM)</b>	<b>5673</b>	t		
<b>Nickel</b>	15670	t		
<b>Aluminium</b>	1761	t		
<b>Lead</b>	2094	t		
<b>Zinc</b>	2273	t		
<b>Tin</b>	15730	t		

### Commodities Commentary

**Oil** – vacillating trade overnight highlighted the range of scenarios facing traders, including recession speculation and hence ultimate crude demand, current production levels, and the likely true status of US relations with China and Iran.

The **OPEC** output monitoring committee reported 159% compliance with current production agreement levels for July, raising expectations of a fall in international stockpiles.

Meanwhile, **Iran's** oil minister asserted production could be restored to pre-sanction levels within three days, but the Iranian president also debunked any prospect of talks with the US until sanctions were lifted.

In corporate news, BP announced a \$US5.6B sale of all the group's remaining assets in **Alaska**, to private company Hilcorp Energy.

## Pre-Open Announcements

### IDT Australia (\* IDT)

Department of Health – Office of Drug Control medicinal cannabis manufacturing permit in hand.

### Cedar Woods Properties (\* CWP)

14.2% higher, \$48.64M full year NPAT.

56.3% higher, \$375.86M revenue.

25% lower, 13.5c fully franked final dividend.

The interim dividend was 18c, against 12c a year earlier, supporting overall FY 2019 dividends to a 5.0% increase.

\$4.70 NTA, up 5.9%.

### Ainsworth Game Technology (\* AGI)

66% lower, \$A10.895M full year NPAT.

12% lower, \$234.344M revenue.

Nil final dividend, following 2.5c a year ago.

98c NTA, against 93c. AGM 26 November.

### Macquarie Telecom Group (MAQ)

3.5% lower, \$16.41M NPAT.

5.6% higher, \$246.57M revenue.

### Brainchip Ltd (BRN)

\$US4.494M interim net loss, representing a 49% improvement on a year ago.

87% lower, \$US66.635M revenue.

US32c, against US68c.

### Bluechiip Ltd (BCT)

\$3.26M full year net loss, representing a 30.7% improvement on a year ago.

82.54% higher, \$1.025M revenue.

\$1.06 NTA, against 41c.

### AppsVillage Australia (\* APV)

Software specialist completed a successful ASX listing yesterday, following a \$5M IPO at 20c per share.

Opened at 27c and traded as high as 29c before settling at its day one low of 21.5c.

5.298M shares changed hands across 551 transactions.

45.47M quoted shares.

## Resources

### Mali Lithium (\* MLL)

Resuming trade with the Mali Government having granted a 30-year operating/mining permit for the Goulamina lithium project. MLL last traded at 11.5c, having added 27.8% immediately before calling a trading halt.

### Perseus Mining (PRU)

Reserves and resources, as at 30 June, lodged this morning.

## Energy



Sinopec was also reported to be requesting that China's administration delay applying the newly announced plans for a US crude import tax increase to the company's US oil purchases.

A weekly US petroleum stockpiles report is due tonight from government agency the EIA.

In the meantime, an analysts' survey was reported to have raised expectations of an up to ~5MMbbl draw on US crude stocks last week.

This was followed post-US settlement by the American Petroleum Institute weekly report, suggesting an 11.1MMbbl drop.

**Gold** – a GDP update yet to come from the US this week, plus positioning ahead of the pending US Monday public holiday weekend are expected to influence second-half week sentiment, in addition to geopolitical considerations.

Germany's GDP was confirmed at ASX close yesterday as having declined 0.1% during the June quarter, this seemingly adding to general overnight safe-haven demand, sufficient to push prices decidedly higher again.

Comex futures closed at an ~two-year peak, in terms of a most active contract.

**Base metals** – yesterday, China's finance ministry revealed local governments had been afforded legislative power to tax minerals and fossil fuels among other commodities.

Meanwhile, also yesterday, China reported a 1.7% year-on-year fall in January – July industrial profits, following a 2.4% drop for the first six months of the year.

In other news, a US appeals court has allowed a group of *aluminium* purchasers to appeal against a decision that dismissed a claim large traders, warehousing groups and select miners had conspired to limit the supply of aluminium and hence inflate prices.

### Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6750	-0.0002	-0.03
EUR – USD	1.1091	0.0001	0.01

### Australian Data Today

ABS	Construction work done	Jun Q
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### US Data Tonight

MBA mortgage applications	23 Aug
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### Other Overseas Data Today & Tonight

Germany	GfK consumer confidence	Sep
Germany	Import prices	Jul

### Need More Information?

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## Paladin Energy (\* PDN)

\$US30.345M full year net loss, following a \$US367.762M net profit a year ago.

71% lower, \$US21.491M revenue.

US4c NTA, against 6c.

## Reports & Events

(selected)

When	Company	Report/Event
Today	ABC	Interim
	APT	Interim
	ALL	Interim
	ARC	Full year
	AOG	Full year
	BAL	Interim
	BGA	Full year
	CGS	Full year
	IGO	Full year
	IFT	Full year
	MSB	Full year
	OZL	Interim
	PDL	Interim
	PRU	Interim
	PPH	Full year
	RHC	Full year
SHV	Full year	
TRS	Full year	
TPW	Full year	
VAH	Full year	
WBA	Full year	
Tomorrow	APX	Interim
	ALX	Full year
	ASL	Full year (tel 10am AEST)
	HVN	Full year
	LNK	Full year
	LYC	Full year
	RHC	Full year
	VRL	Full year
	WOW	Full year

## Trading Halts

Company	Code	Resuming
Freehill Mining	FHS	28 Aug
Macmahon Holdings	MAH	28 Aug
Pioneer Credit	PNC	28 Aug
SciDev Ltd	SDV	28 Aug
Argent Minerals	ARD	29 Aug
Australian Potash	APC	29 Aug

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Cogstate Ltd	CGS	29 Aug
Crowd Media Holdings	CM8	29 Aug
Platina Resources	PGM	29 Aug
Wiseway Group	WWG	29 Aug
BidEnergy Ltd	BID	30 Aug
Macquarie Group	MQG	30 Aug

**Suspensions** *(select)*

Company	Code	Since
Alita Resources	A40	14 Aug
Freedom Oil & Gas	FDM	8 Aug
Golden Cross Resources	GCR	19 Aug
Great Boulder Resources	GBR	26 Aug
Heron Resources	HRR	16 Aug
Homestay Care	HSC	20 Aug
Moreton Resources	MRV	23 Aug
Redbank Copper	RCP	7 Aug

**Ex-Dividends**

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>AWC</b>	Today	<b>6.5</b>	100	14.49
<b>BIN</b>	Today	<b>2</b>	100	0.73
<b>CEN</b>	Today	<b>20.79</b>	0	4.04
<b>COL</b>	Today	<b>35.5</b>	100	0.00
<b>FBU</b>	Today	<b>12.06</b>	0	1.56
<b>FSA</b>	Today	<b>3</b>	100	5.50
<b>HIT</b>	Today	<b>4</b>	100	6.84
<b>KSL</b>	Today	<b>3.4</b>	0	5.75
<b>MAI</b>	Today	<b>0.5</b>	50	3.50
<b>MMS</b>	Today	<b>40</b>	100	4.59
<b>QVE</b>	Today	<b>2.2</b>	100	4.30
<b>TLS</b>	Today	<b>8</b>	100	3.34