

Monday 30 July 2018

Markets

SFE 200 Futures (9.30am AEST)	6225	-26	-0.4
NZX 50	8979	-17	-0.2
DJIA Futures	25414	0	0.0
S&P 500 Futures	2816	-2	-0.1
NASDAQ Futures	7294	-7	-0.1

Local Markets Commentary

The Australian market commences a new week's trade ahead of a flurry of influential data and reports out of major economies this week, a new month's domestic data deluge, and central bank meetings in Australia, Japan and the UK.

Overnight Friday US equities leads are negative.

In commodities trade, **oil** swung lower.

US **gold** futures slipped further.

Iron ore (China port, 62% Fe) traded higher for a second consecutive session.

LME **copper** and **aluminium** settled slightly higher.

Nickel further extended last week's gains.

The **\$A** rose beyond US74.00c after trading at ~US73.75c early Friday evening.

Locally today, a weekly capital city residential property price report is due pre-trade.

CommSec has also published its *State of the States* economic comparison report this morning.

Regionally, Japan's June retail sales are expected just prior to ASX open.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25451	-76	-0.3
S&P 500	2819	-19	-0.7
NASDAQ	7737	-115	-1.5
FTSE 100	7701	38	0.5
DAX 30	12860	51	0.4
Shanghai Comp	2874	-9	-0.3

Overseas Markets Commentary

Choppy trade featured across major European and US equities markets overnight Friday, corporate results again impacting whole-of-sector sentiment across more than one industry.

Among new data releases, the first of three readings of **US** June quarter year-on-year GDP growth came in at 4.1%, in line with forecasts and the US president's pre-emptive comments, but following 2.2% for the March quarter, and the best pace in almost four year.

Warnings came quickly, however, including regarding export growth which was boosted by some exporters increasing activity and sales to lessen the impact of retaliatory new taxes imposed, or threatened, by Canada, China, Mexico and the European Union.

Statements from Federal Reserve officials will be keenly parsed, as a result of the figures, various interpretations and the US president's recent

*** Mineral exploration listing 12.30pm AEST – CR1 ***

Today's Stock Watch

Telstra Corporation (TLS)

Restructuring the company and effecting associated executive changes, mostly effective 1 October.

Two external appointments include recent SBS CEO and MD Michael Ebeid who will head the enterprise division, and former Reliance Jio (India) executive VP networks Nikos Katinakis, who be head of 'Networks & IT'.

Another external appointee, as 'Product & Technology' head, is promised in the near term.

Healthscope Ltd (HSO)

Selling pathology operations in Malaysia, Singapore and Vietnam for a combined \$A279M.

HSO plans to use an expected \$165M gain to reduce debt and support expansion.

EML Payments (EML)

Five-year agreement secured with German shopping malls operator ECE Projektmanagement.

ECE manages centres hosting ~20,000 retail tenants.

VEEM Ltd (VEE)

Confirming orders for VEE's gyrostabilisers, one each from four Dutch and one French super yacht builders. Two have already been delivered. The other three are due for delivery later this year and in 2019.

Resources

Independence Group (IGO)

Unaudited \$A52.7M FY 2018 PAT. \$A780.6M income. \$A138.7M cash. \$A4.2M net debt.

91,188oz of gold hedged at \$A1825/oz.

June quarter production figures and costs, full year equivalents, and FY 2019 guidance also lodged post-trade Friday.

Syrah Resources (SYR)

Produced 21,000t of graphite during the June quarter, boosting 1H 2018 output to 32,400t.

The July-to-date production rate has been boosted 39% against the June quarter's.

\$US56.7M cash on hand.

Nova Minerals (NVA)

Newmont Mining's Tanami subsidiary has opted to proceed with a JV with NVA's Officer Hill gold project.

Newmont will be project manager.

Newmont 70%; NVA 30%.

Constellation Resources (* CR1, CR10)

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

35M quoted shares; 11.67M quoted options.

Energy

Caltex Australia (CTX)

May refiner margins lodged this morning. CRM sales from production totalled 541 million litres, against 529ML a year earlier and 482ML for April 2018. The realised CRM rose to \$US11.21/bbl from \$US9.94/bbl and \$US10.18/bbl respectively.

publicly-stated yearning for lower rates.

In the meantime, the University of Michigan final July consumer sentiment reading slipped to 97.9 from 98.2 at the end of June, but represented a 0.8 rise from the initial July estimate.

Germany's June import prices were reported 0.5% higher for the month and 4.8% year-on-year, following 1.6% and 3.2% figures for May.

Meanwhile in **Pakistan**, likely new PM Imran Khan commenced attempts to forge a coalition government after last week's elections.

Tonight in the US, June pending home sales and a regional manufacturing index are due.

Companies due to report earnings or provide an update later today and tonight include Caterpillar, KBR, Loews, Sohu and TDK.

In overnight Friday corporate news, **ExxonMobil** and **Chevron** reported higher profits, but as with Royal Dutch Shell Thursday, headline figures proved sub-analyst expectations. The stocks traded variously, however, Exxon Mobil falling 3% despite better-than-anticipated \$US73.5B revenue.

Mixed figures for **Colgate-Palmolive** also hurt this stock.

Twitter dropped early, pushed ~20% lower after reporting disappointing user growth numbers pre-trade.

Amazon, which had reported a greater than \$US2B profit post-Thursday US trade, was pushed just 0.6% higher.

Intel Corp suffered an almost 9% fall after pushing back the release of a new chip and warning of a likely reduction in 2H 2018 profit margins.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1223	oz	-3	-0.2
Silver (NY) (Sep)	15.5	oz	-0.0	-0.0
Gold (LON)	1224	oz	-4	-0.4
Platinum	828	oz	5	0.6
WTI Crude (Sep)	68.7	bbl	-0.9	-1.3
Brent Crude (Sep)	74.3	bbl	-0.25	-0.3
Iron Ore (CHN port 62%)	67.5	t	1.2	1.8
Copper (LME, 3mth, PM)	6297	t	6	0.1
Nickel	13860	t	85	0.6
Aluminium	2071	t	4	0.2
Lead	2145	t	-19	-0.9
Zinc	2596	t	12	0.5
Tin	19925	t	75	0.4
CBT Wheat (Jul)	5.31	bshl	-0.06	-1.1

Commodities Commentary

Oil – prices turned lower overnight Friday.

For the week, Brent crude settled ~1.8% higher and WTI ~2.4% lower.

Russia's energy minister offered that OPEC was not talking lifting daily production by any more than 1MMbbl.

A weekly petroleum drill rig count, published Friday, revealed three additional oil rigs in operation.

Gold – US futures settled at a 12-month low overnight Friday.

Influential data and reports are scheduled for release out of all major economies this week, pointing to potential currency volatility.

In addition, the Bank of Japan and Bank of England

Pre-Open Announcements

VGI Partners Global Investments (VG1)

No currency hedging at the moment.

All investments and cash holdings are in \$US.

For the ~nine months to 30 June, VG1's portfolio delivered a 9.2% post-tax, post-fee return.

Stock investments rose 4.4%.

Actively-managed currency positioning returned 4.8% growth.

Zoono Group (* ZNO)

Anticipating a maiden full year profit.

Unaudited revenue rose to ~\$NZ3.43M from \$NZ838,713.

June quarter receipts came in at \$NZ487,000 following \$NZ190,000 for the March quarter.

Gentrack Ltd (GTK)

Trading halt called this morning to enable GTK to conduct a shortfall book-build for the retail entitlement, which achieved 68% take-up, raising ~\$NZ25.8M.

NeuroScientific Biopharmaceuticals (* NSB)

Completed a successful ASX listing Friday following a \$6M IPO at 20c per share.

Opened at 28c and fell to 22.5c where it settled.

313,000 shares were traded across 42 transactions.

NSB's top-10 shareholders on listing included Edith Cowan University (3.47%) and Australian Alzheimer's Research Foundation Inc (2.62%).

McRae Technology held 25.20% and McRae Investments 7.88%.

52.3M quoted securities.

Resources

Liontown Resources (LTR)

84Mt @ 0.30% V₂O₅ maiden resource for the Cambridge deposit within LTR's Toolebuc vanadium project, Queensland.

Lucapa Diamond Company (LOM)

Lesotho Mothae JV bulk sampling has delivered another >10.8 carat diamond, this one coming in at 12 carats.

LOM 70%; Government of the Kingdom of Lesotho 30%.

Red 5 (RED)

RED mining manager Brendon Shadlow has been appointed GM. He takes over from Steve Tombs who will become a RED non-executive director and consultant.

Mr Tombs will be paid \$1200/day to provide technical and operational support, as needed, for an initial 12 months. This is expected to be for ~five days each month.

OM Holdings (* OMH)

June quarter production figures lodged this morning.

BCI Minerals (* BCI)

June quarter activities report lodged this morning. \$A13.1M cash. Nil debt.

Mincor Resources (* MCR)

June quarter activities report lodged this morning. \$A14.29M cash.

Gindalbie Metals (GBG)

\$A32.6M term deposits and \$A2.79M cash equivalents as at 30 June.



hold policy meetings viewed as significant in terms of official confirmation or otherwise of potential near-term policy change.

A near-term trend shift for gold is not anticipated, however.

Base metals – pushed and pulled overnight Friday by some \$US softness and inventory figures.

In addition, **China's** January - June industrial profits, reported Friday, rose 17.2% year-on-year, following 16.5% for January - May.

Official July PMIs are due out of China tomorrow.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7402	0.0005	0.07
EUR – USD	1.1659	-0.0000	-0.00

Australian Data Today

CLgc	Cap city rsdntl propty prices	27 Jul
CommSec	State of the States	Jul

US Data Tonight

Pending home sales	Jun
Dallas Fed manufacturing	Jul

Other Overseas Data Today & Tonight

Japan	Retail sales (9.50am AEST)	Jun
UK	BoE consumer credit	Jun
Germany	CPI (prelim)	Jul
Euro zone	Business, consumer sentiment	Jul

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Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	IGO	Jun Q
	PRU	Jun Q
	SEH	Jun Q
	SYR	Jun Q
Tomorrow	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
Golden Rim Resources	GMR	30 Jul
Cellmid Ltd	CDY	31 Jul
Lindian Resources	LIN	31 Jul
Panorama Synergy	PSY	31 Jul
Roto Gro International	RGI	31 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
Magnetic Resources	MAU	27 Jul
Questus Ltd	QSS	30 Jul
Rey Resources	REY	20 Jul
Sumatra Copper & Gold	SUM	27 Jul
Tikforce Ltd	TKF	24 Jul
Velpic Ltd	VPC	24 Jul

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
AGM	Today	4.5	0	0.00
AOD	Today	0.3	0	6.75
GCI	Today	0.48	0	0.47
MXT	Tomorrow	0.91	0	3.86
ASH	Thu	2.5	100	8.93
OZG	Fri	0.25	100	2.56
WIC	Fri	3	100	5.04
AMH	6 Aug	4.25	100	4.40
DJW	7 Aug	10	100	5.67
OPG	7 Aug	13	100	2.96



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