

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	<b>5662</b>	<b>3</b>	<b>0.1</b>
<b>NZX 50</b>	7558	5	0.1
<b>DJIA Futures</b>	21325	-14	-0.1
<b>S&amp;P 500 Futures</b>	2432	-3	-0.1
<b>NASDAQ Futures</b>	5804	-9	-0.2

## Local Markets Commentary

The Australian market commences the final trading week of the Australian financial year on positive key commodities leads and ahead of key late-week international data.

International equities trade largely remained unconvincing overnight Friday.

Yesterday, the Bank for International Settlements warned Australian record household debt, in addition to that of overall international debt levels, is sufficiently high to risk domestic growth.

In overnight Friday commodities trade, US **gold** futures continued higher and **oil** gained. LME **copper** rallied. **Iron ore** turned higher again, following Thursday's single-session pullback.

The **\$A** moved in a narrow range after trading at ~US75.6c early Friday evening.

Locally today, a weekly capital city house price report is due.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>21395</b>	-3	<b>-0.0</b>
<b>S&amp;P 500</b>	2438	4	0.2
<b>NASDAQ</b>	6265	29	0.5
<b>FTSE 100</b>	7424	-15	-0.2
<b>DAX 30</b>	12733	-61	-0.5
<b>Shanghai Comp</b>	3158	10	0.3

## Overseas Markets Commentary

Major European and US equities markets sentiment mostly diverged overnight Friday, European indices chopping amid some data disappointment, European Union - UK talks and warming election interest in Germany.

The **euro zone's** initial June manufacturing PMI was estimated at 57.3, a 0.3 point rise for the month, but the services sector activity index fell 1.6 points to 54.7.

**Germany's** services and manufacturing PMIs each slipped, impacting the overall euro zone composite result.

In the **US**, Markit's initial June manufacturing PMI fell 0.6 to 52.1.

May new home sales were reported 2.9% higher.

**Tonight** in the US, May durable goods orders plus the Chicago Fed national activity and Texas region manufacturing indices are due.

US investors will continue to assess the likely progress of proposed new health care legislation, for indications of the chances of success of planned tax and other budget-related change.

## Last trading week of the financial year

## Today's Stock Watch

### Metcash Ltd (MTS)

CEO and MD Ian Morrice is planning to retire from his MTS roles next year.

Meanwhile, MTS is reporting a 20.6% fall in full-year NPAT to \$171.9M. Sales revenue grew 5.4% to \$14.1B. 4.5c (reinstated) full-franked final dividend. 49.7c NTA, up 23.7c. 17.9c EPS. \$96.5M cash and equivalents. \$80.8M net debt, against \$275.5M a year ago.

### Tower Ltd (TWR) / Suncorp Group (SUN)

TWR is reviewing a new \$NZ1.40-per-share cash proposal from SUN, received over the weekend. SUN wants to acquire 100% of TWR but already holds ~20% via its subsidiary Vero Insurance New Zealand. TWR has called a trading halt this morning. TWR last traded on the ASX at \$1.075.

### Collins Foods (CKF)

Trading halt called this morning, ahead of a fully-underwritten \$A44.1M entitlement offer in support of a proposed \$A110.2M acquisition of 28 KFC restaurants from a Yum! Brands subsidiary. CKF will also expand debt facilities to the tune of \$A69.3M.

The one-for-11, \$4.55-per-share entitlement offer and book-build is being conducted at an institutional level today and overnight. The retail component is scheduled for 3 - 12 July.

In addition, CKF has appointed former AmRest COO and KFC brand president Drew O'Malley to the new company position of COO, effective September.

CKF is due to report for the full year tomorrow. The company has traded lower the past six sessions, settling at \$5.17 Friday.

### Sky Network Television (SKT)

SKY and Vodafone Europe have mutually agreed to scrap the proposed SKY-Vodafone NZ merger. Consequently, the companies are also withdrawing their appeal against the NZ Commerce Commission's decision to oppose the merger.

### Austal Ltd (ASB)

\$US584M contract secured with the US Navy to build the Independence class Littoral combat ship (LCS28).

## Resources

### Rio Tinto (RIO) / Strandline Resources (STA)

RIO has given the green light to its proposed earn-in to certain STA heavy mineral sands tenements in Tanzania, following satisfactory due diligence. In forming a JV over the tenements, RIO will pay \$US500,000 to STA within 30 days, ahead of funding \$US2M worth of exploration over 18 months.

## Energy

### Rio Tinto (RIO) / Yancoal Australia (YAL)

Glencore is now offering \$US2.675B cash for RIO's Coal & Allied Industries. RIO has previously recommended YAL's \$US2.45B bid.

### Caltex Australia (CTX)

The New Zealand Overseas Investment Office has approved CTX's proposed \$NZ340M acquisition of Gull New Zealand. CTX will fund the purchase with existing and additional bank debt. Completion is expected 3 July.

A central bankers' forum hosted by the European Central Bank (**ECB**) in Portugal from later today, is likely to provide plenty of varying commentary, given the environments in which some participants, including the Bank of Japan and Bank of England, operate.

In addition, a key speech from former US Federal Reserve chair Ben Bernanke is keenly anticipated.

In corporate news overnight Friday, **Blackberry** was pushed ~11% lower on a drop in quarterly revenue, despite this being attributed to a new strategy favouring the firm's software division.

Across the Atlantic, the ECB effectively closed the doors on two **banks** headquartered in northern **Italy**.

Later today, Japan's Oracle Corp is due to release full-year results.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Aug)</b>	<b>1256</b>	oz	7	0.6
<b>Silver (NY) (Jul)</b>	16.7	oz	0.1	0.8
<b>Gold (LON)</b>	1256	oz	5	0.4
<b>Platinum</b>	928	oz	0	0.0
<b>WTI Crude (Jul)</b>	<b>43.0</b>	bbl	0.3	0.6
<b>Brent Crude (Aug)</b>	<b>45.5</b>	bbl	0.3	0.7
<b>Iron Ore (CHN port 62%)</b>	<b>56.8</b>	t	0.2	0.4
<b>Copper</b>	<b>5801</b>	t	59	1.0
<b>Nickel</b>	9080	t	60	0.7
<b>Aluminium</b>	1865	t	-5	-0.3
<b>Lead</b>	2230	t	25	1.1
<b>Zinc</b>	2704	t	4	0.1
<b>Tin</b>	19225	t	-25	-0.1
<b>CBT Wheat (Jul)</b>	4.60	bshl	-0.02	-0.1

### Commodities Commentary

**Oil** – prices swung overnight Friday but settled higher for the session.

For the week however, WTI crude dropped 4.4% and Brent 3.9%.

A weekly US petroleum rig count, published Friday, revealed 11 more oil rigs in operation.

**Gold** – benefited further on Friday from a relatively soft \$US.

Data releases are not expected to influence this week's trade until late week, but these will include a final March quarter US **GDP**, one for the UK, and updated **CPI** estimates for the US, euro zone and Japan.

**Base metals** – oil price gains, a comparatively weaker \$US and an absence of adverse industry news, supported copper interest overnight Friday.

China's May industrial profits are anticipated tomorrow.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7568	0.0004	0.06
<b>EUR – USD</b>	1.1198	-0.0000	-0.00

### Australian Data Today

CoreLogic	Capital city house prices	24 Jun
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## Pre-Open Announcements

### Aveo Group (\* AOG)

Detailed response lodged this morning in relation to adverse media reports from late-Friday.

### Auckland International Airport (\* AIA)

International passenger numbers grew 10.1% during May. For the financial year-to-date, international passenger growth is at 11.4%. Domestic passenger numbers have risen 9.1%.

### Micro-X Ltd (↓ MX1)

MX1 distribution partner Carestream Health Inc has achieved DRX Revolution Nano marketing approval for the US, via the US FDA.

### Spark Infrastructure (SKI)

Former Credit Suisse Australia MD Nick Schiffer has been appointed SKI CFO, effective 17 July.

### Hotel Property Investments (HPI)

Issuing \$A230M worth of notes in a three-pronged private offer in the US. HPI is aiming to diversify debt funding sources, in particular to reduce bank debt.

### Decmil Group (DCG)

\$27.5M Herdsman, Perth property sale completed. DCG is using the funds to reduce debt.

### Contango Global Growth (CQG)

Investment fund completed its ASX listing Friday following a \$1.10-per-share IPO targeting \$220M. Opened at \$1.14 and slipped to \$1.07 before settling at \$1.10.

## Resources

### ABX Ltd (\* ABX)

A preliminary review of ABX's Binjour project, Queensland has produced plans to supply samples to pre-qualified customers and investigate early-start shipments. Additional plans for the next review stage lodged this morning.

### Artemis Resources (ARV)

Campbell Baird has resigned as an ARV director, effective Friday.

### Prospect Resources (PSC)

Heralding field mapping and grab sampling indications for the Good Days lithium project, Zimbabwe. PSC is completing two months' of evaluation, which includes RC drilling already underway.

## Trading Halts

Company	Code	Resuming
Cobalt Resources	CO1	26 Jun
Novo Lito	NLI	26 Jun
Bega Cheese	BGA	27 Jun
Collins Foods	CKF	27 Jun
Innate Therapeutics	IIL	27 Jun
Sky & Space Global	SAS	27 Jun
Sumatra Copper & Gold	SUM	27 Jun
Tower Ltd	TWR	28 Jun

## Suspensions (selected)

Company	Code	Since
Agua Resources	AGR	22 Jun

**US Data Tonight**

Durable goods orders (prelim)	May
Chicago Fed national activity index	May
Dallas Fed manufacturing	Jun

**Other Overseas Data Today & Tonight**

<b>Japan</b>	BoJ policy meeting summary	Jun
<b>UK</b>	BBA mortgage approvals	May
<b>Germany</b>	IFO business climate	Jun
Germany	Bundesbank report	Jun

**Need More Information?**

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au).

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Delta SBD	DSB	31 May
Manalto Ltd	MTL	24 Jun
Molopo Energy	MPO	31 May
Rumble Resources	RTR	24 Jun

**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
APZ	Tomorrow	2.5	0	4.20
CMA	Tomorrow	~4.38	0	7.00
CNI	Tomorrow	5.2	0	6.15
CUA	Tomorrow	3.75	0	6.84
AJA	Thu	21	0	6.52
AOF	Thu	3.8	0	6.85
AOG	Thu	9	0	2.95
ARF	Thu	~3.08	0	5.31
AYF	Thu	8.75	40.45	5.76
BWP	Thu	8.85	0	5.55
CHC	Thu	15.6	0	5.22
CIP	Thu	4.85	0	7.95
CLW	Thu	6.4	0	3.78
CQR	Thu	14	0	6.52
DXS	Thu	23.76	0	4.53
GDI	Thu	~3.88	0	7.38
GOZ	Thu	10.9	0	6.36
GPT	Thu	12.3	0	4.73
GTY	Thu	5.6	0	4.53
IDR	Thu	8	0	6.75
IOF	Thu	10.2	0	4.35
LEP	Thu	10.25	0	4.42
MGR	Thu	5.5	0	4.58
NSR	Thu	4.6	0	6.01
PLG	Thu	3.62	0	7.18
RCT	Thu	7	0	6.03
RFF	Thu	2.41	0	5.15
RFP	Thu	~2.51	100	0.00
SCP	Thu	6.7	0	5.57
SGP	Thu	12.9	0	5.38
SYD	Thu	16.5	0	4.28
TCL	Thu	26.5	13.2	4.09
VCX	Thu	8.6	0	6.27
GNC	Fri	15	100	1.90