

Thursday 5 April 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>5767</b>	<b>24</b>	<b>0.4</b>
<b>NZX 50</b>	8410	11	0.1
<b>DJIA Futures</b>	24311	46	0.2
<b>S&amp;P 500 Futures</b>	2652	5	0.2
<b>NASDAQ Futures</b>	6596	14	0.2

## Local Markets Commentary

The Australian market commences today's trade on mostly negative major commodities leads, and following another ultimately positive session for US equities, ahead of key domestic data and as several high-profile stocks trade ex-dividend.

Regionally, markets in **China** and Hong Kong will remain **closed** today, due to a public holiday.

In local data releases, February **trade figures** are due from the Australian Bureau of Statistics (ABS) **11.30am** AEST.

Pre-trade, AiG will publish its March **services sector** activity index.

March vehicle sales are also expected today.

In overnight commodities trade, US **gold** futures pulled back slightly. **Oil** settled a little lower.

**Iron ore** (China port, 62% Fe) modestly extended Tuesday's fall.

LME **copper** and **nickel** swung lower, but **aluminium** turned higher.

The **\$A** rose above US77.20c after falling to ~US76.70c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	24264	231	<b>1.0</b>
<b>S&amp;P 500</b>	2645	30	<b>1.2</b>
<b>NASDAQ</b>	7042	101	<b>1.5</b>
<b>FTSE 100</b>	7034	4	<b>0.1</b>
<b>DAX 30</b>	11958	-45	<b>-0.4</b>
<b>Shanghai Comp</b>	3131	-6	<b>-0.2</b>

## Overseas Markets Commentary

Major European and US equities markets opened lower overnight, but ultimately climbed, US indices significantly towards another rally-like settlement.

Yesterday afternoon (AEST) **China** had followed up on countermeasure threats, revealing plans to introduce new import taxes for 106 US products including chemicals, soybeans and vehicles.

The US administration however, indicated that this represented a negotiation invitation.

In new data releases, the **euro zone's** initial March CPI estimate came in at 1.4% year-on-year growth, following 1.1% for February.

This has likely spawned three weeks' of stimulus easing speculation, ahead of the European Central Bank's 26 April policy meeting.

In the **US**, a private sector employment report calculated 241,000 jobs were added in March, following forecasts of 200,000.

Australia – trade balance **11.30am** AEST

## Today's Stock Watch

### Bapcor Ltd (BAP)

Selling the company's New Zealand headquartered TBS Group for \$NZ35.0M. Completion is anticipated mid-month, but \$2.5M worth of the sale price is conditional and this amount will be held back until September. This is the final sale in a non-core asset divestment program, expected to deliver a net \$NZ99M.

### Synlait Milk (↓ SM1)

A lactoferrin supply agreement is expected to underwrite an ~\$18M spend to double SM1's lactoferrin manufacturing capacity at Dunsandel. Expansion work is expected to be completed by October.

### Sydney Airport (SYD)

SYD has appointed former Australia & New Zealand Banking Group (ASX: ANZ), Amcor (ASX: AMC), Incitec Pivot (ASX: IPL), Caltex (ASX: CTX) and BHP Billiton (ASX: BHP) executive Abi Cleland as a non-executive director. Ms Cleland is also a director of Computershare (ASX: CPU), Orora (ASX: ORA), and Swimming Australia, and chairs Planwise Australia. SYD's AGM is scheduled for 25 May.

## Resources

### European Lithium (EUR)

Austria Wolfsberg lithium project pre-feasibility figures lodged this morning, including 10,129tpa lithium hydroxide production and a \$A441.9M NPV, on an accelerated basis, using the 6.3Mt @ 1.17% Li<sub>2</sub>O total measured and indicated resource. Definitive feasibility is scheduled to commence in July.



### VONEX LIMITED (ASX:VN8)

**State One is Lead Manager for the IPO of Vonex Limited - an innovative Australian telecom company currently generating revenue of +\$A8M.** Please find below a link to the IPO information pack:  
<https://www.stateone.com.au/Vonex-IPO.html>

Application can be made online or by completing the application form, which can be found on pp 48-50 of the prospectus.

*Vonex, founded in 2009, is a Perth-based telecom company specializing in innovative Voice over Internet Protocol (VoIP) solutions and feature-rich Private Branch Exchange (PBX) technology.*

*A "once-in-a-lifetime" opportunity: we believe that the rollout of the National Broadband Network (NBN) will require millions of customers having to disconnect from Telstra's copper/landline network and reconnect to the new (government-owned) fibre-optic network; this will act as a catalyst to spread market share more evenly and provide opportunities for nimble technology-driven telco players like Vonex.*

*Vonex has also developed an innovative telecommunications/social media application - Oper8tor. Management is targeting a soft-launch of the App in Europe in 2018/2019.*

**For further information, call your State One adviser at 08 9288 3388 or 1300 651 898 or Email: [vonex@stateone.com.au](mailto:vonex@stateone.com.au)**

ISM's services sector activity index pulled back again in March, this time by 0.7 to 58.8, but remaining strong.

February factory orders rose 1.2% for the month, against expectations of a 1.7% improvement.

Mortgage applications were reported to have fallen 3.3% by volume for the week.

Earlier in the **UK**, the March construction PMI dropped by 4.4 points to a contraction-mode 47.0. This was mostly attributed to severe weather, however.

**Tonight** in the US, February trade balance, weekly new unemployment claims and a jobs layoff report are due.

In overnight corporate news, equity firm **The Carlyle Group** announced it would outlay \$US772M (\$A1B) for Australia's **Accolade Wines**.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1340</b>	oz	3	0.2
<b>Silver (NY) (May)</b>	16.3	oz	-0.1	-0.6
<b>Gold (LON)</b>	1333	oz	10	0.7
<b>Platinum</b>	915	oz	-8	-0.9
<b>WTI Crude (May)</b>	<b>63.4</b>	bbl	-0.1	-0.2
<b>Brent Crude (Jun)</b>	<b>68.0</b>	bbl	-0.1	-0.2
<b>Iron Ore (CHN port 62%)</b>	<b>63.6</b>	t	-0.2	-0.3
<b>Copper</b>	<b>6724</b>	t	-72	-1.1
<b>Nickel</b>	13150	t	-315	-2.3
<b>Aluminium</b>	1991	t	13	0.7
<b>Lead</b>	2372	t	-20	-0.8
<b>Zinc</b>	3258	t	-22	-0.7
<b>Tin</b>	20900	t	-300	-1.4
<b>CBT Wheat (May)</b>	<b>4.56</b>	bshl	-0.02	-0.4

### Commodities Commentary

**Oil** – overnight prices initially fell, Brent crude to \$US66.69/bbl and WTI to \$US62.06/bbl.

A weekly US petroleum inventories report, however, revealed a 4.6MMbbl drawdown on crude stocks.

An intra-session improvement in general equities sentiment was also cited as a contributor to a significant recovery to just a small fall for the session.

**Gold** – initial gains moderated as US equities sentiment steadily improved, supported by positive data and as the \$US pulled back.

**Base metals** – LME trade impacted from opening by negative sentiment following China's US imports tariffs announcement.

This came after Caixin yesterday released a final 52.3 March services PMI for **China**, following 54.2 in February and forecasts of a rise to 54.5 for March. The composite reading fell 1.5 to 51.8.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7718	-0.0007	-0.09
<b>EUR – USD</b>	1.2286	0.0001	0.01

### Australian Data Today

AiG	PSI	Mar
ABS	Trade balance	Feb

## Pre-Open Announcements

### Bod Australia (\* BOD) / Australian Pharmaceuticals Industries (API)

Wholesaler API has agreed to promote and stock BOD's natural medicines range, including new products Enterofytol and SediStress, across Priceline, Chemsave and Pharmacy 4 Less outlets. Details lodged this morning.

### Scentre Group (\* SCG)

Commencing a \$700M on-market buy-back. AGM this morning.

### Nib Holdings (NHF)

NHF has appointed Jacqueline Chow as an independent non-executive director. Ms Chow is a director of Fisher & Paykel Appliances (ASX: FPA) and Global Dairy Platform in the US.

### Wesfarmers Ltd (WES)

Chairman's letter regarding the planned Coles demerger lodged this morning. Pending board, third party, regulatory and shareholder approvals, the spin-off is anticipated during FY 2019.

### Pact Group Holdings (PGH)

PGH has refinanced debt (\$A295M plus \$NZ90M) initially due for repayment in July. Details lodged post-trade yesterday.

## Resources

### Millennium Minerals (\* MOY)

Feasibility work has demonstrated WA Nullagine gold project expansion could deliver sufficient economic potential to prompt MOY to commence procurement during the current quarter and to target commissioning of the greater-capacity processing facility by 31 March 2019. Details lodged this morning.

### First Cobalt Corp (FCC)

Latest Canadian cobalt camp regional drilling has identified cobalt mineralisation over a broader area.

Downhole geophysics is continuing ahead of further drilling planned to commence this year.

### Pantoro Ltd (\* PNR)

Northern WA Nicolsons gold project Rowdies and Wagtail drilling results lodged this morning, including multiple high-grade intersections.

### Birimian Ltd (BGS)

Mali exploration and asset sale updates lodged this morning. BGS has traded lower the past four trading sessions, settling at 42c yesterday.

## Energy

### AWE Ltd (AWE)

Mitsui has secured 51.89% of AWE in its 95c cash-per-share and now unconditional offer. The offer is due to close 18 April.

## Trading Halts

Company	Code	Resuming
Alderan Resources	AL8	5 Apr
Krakatoa Resources	KTA	5 Apr
Magnetic Resources	MAU	5 Apr
Schrole Group	SCL	5 Apr
Anson Resources	ASN	6 Apr
Brookside Energy	BRK	6 Apr
Inca Minerals	ICG	6 Apr
Ookami Ltd	OOK	6 Apr



VFACTS Vehicle sales Mar

**US Data Tonight**

Initial jobless claims	30 Mar
Challenger job cuts	Mar
Trade balance	Feb

**Other Overseas Data Today & Tonight**

<b>UK</b>	PMI services	Mar
<b>Germany</b>	PMI services (final)	Mar
Germany	Factory orders	Feb
<b>Euro zone</b>	PMI services (final)	Mar
Euro zone	Retail sales	Feb
Euro zone	PPI	Feb

**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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Syntonic Ltd	SYT	6 Apr
A-Cap Resources	ACB	9 Apr

**Suspensions** *(selected)*

Company	Code	Since
AVZ Minerals	AVZ	3 Apr
Buddy Platform	BUD	26 Mar
Chapmans Ltd	CHP	26 Mar
Clancy Exploration	CLY	13 Mar
Connected IO	CIO	15 Mar
Cudeco Ltd	CDU	15 Mar
DigitalX Ltd	DCC	4 Apr
eSense-Lab Ltd	ESE	23 Mar
JV Global	JVG	21 Mar
Matador Mining	MZZ	28 Mar
Poseidon Nickel	POS	22 Mar
Stemcell United	SCU	4 Apr
Tikforce Ltd	TKF	21 Mar

**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>ARB</b>	Today	<b>17.5</b>	100	1.82
<b>AUB</b>	Today	<b>13.5</b>	100	3.15
<b>FSF</b>	Today	<b>7.97</b>	0	4.22
<b>GNE</b>	Today	<b>7.49</b>	0	6.64
<b>HVN</b>	Today	<b>12</b>	100	6.45
<b>MLB</b>	Today	<b>7.5</b>	100	3.22
<b>MQA</b>	Today	<b>12</b>	0	3.94
<b>NUF</b>	Today	<b>5</b>	0	1.53
<b>SIG</b>	Today	<b>2.5</b>	100	6.41
<b>SIV</b>	Today	<b>10</b>	100	9.26
<b>SLK</b>	Today	<b>6.5</b>	100	3.66
ALR	Tomorrow	1.25	100	4.38
CYC	Tomorrow	0.5	0	0.85