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Market Opener

Tuesday 13 September 2016

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Markets

SFE 200 Futures (9.25am AEST)	**5280**	**79**	**1.5**
NZX 50	7323	43	0.6
DJIA Futures	18294	-27	-0.2
S&P 500 Futures	2156	-3	-0.1
NASDAQ Futures	4763	-4	-0.1

Local Markets Commentary

The Australian market opens on positive overnight US equities leads.

In overnight commodities trade, **oil** swung higher. **Gold** continued lower. LME **copper** settled higher, but other key base metals fell. **Iron ore** stalled.

The **$A** surpassed US75.60c after slipping to ~US75.0c yesterday evening.

Regionally today, **China** releases August industrial production, retail sales figures and fixed assets investment **midday** AEST.

Locally, NAB releases the results of its monthly business survey 11.30am AEST.

A weekly consumer sentiment reading will be released 9.30am.

Stocks trading **ex-dividend** include: **ASB**, **CSL**, **NWS** and **VRL**. *Please see **pp3-4** for a detailed list.*

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	**18325**	240	**1.3**
S&P 500	2159	31	1.5
NASDAQ	5212	86	1.7
FTSE 100	6701	-76	-1.1
DAX 30	10432	-142	-1.3
Shanghai Comp	3022	-57	**-1.9**

Overseas Markets Commentary

US equities markets opened lower overnight, but were soon buoyed by a US **Federal Reserve** governor (FOMC member) proclaiming there was no need to rush to raise rates, but rather a need for caution.

A regional president also concurred with her views, reportedly releasing his comments for publication overnight Sunday-Monday.

Major European equities indices extended Friday's losses amid a dearth of new data releases.

Tonight in the **US**, a small business optimism index is due, together with the government's August budget.

In corporate news overnight, **Tata Steel** revealed costs associated with selling its European operations had adversely impacted June quarter results.

Agrium and **Potash Corporation** of Saskatchewan finalised an ~$US27B scrip-based merger agreement.

Hewlett Packard announced it was outlaying ~$US1B for **Samsung**'s printer business.

China's markets will be **closed Thursday** and **Friday** for mid-Autumn festival public holidays.

China – industrial production, retail sales and fixed assets investment expected **midday** AEST.

RBA – assistant governor (economic) Christopher Kent addressed a business breakfast, Sydney, **8.30am** AEST.

* Exploration listing **midday** AEST – **EGA** *

Today's Stock Watch

JB Hi-Fi (JBH) / Harvey Norman (HVN)

JBH has agreed to purchase The Good Guys for $870M. In association, JBH is commencing a fully-underwritten $394M entitlement offer, and has secured a new $450M debt facility. Part of the purchase funds will also come from existing debt facilities.

The institutional component of the $26.20-per-share, one-for-6.6 entitlement offer is being conducted today and tomorrow. The retail offer is planned for 21 – 30 September.

As a consequence of The Good Guys transaction, JBH is cancelling a previously-flagged on-market share buy-back. Presentation lodged this morning. Extended trading halt called.

Aristocrat Leisure (ALL)

ALL chief digital officer Pat Ramsey is relinquishing his executive role to become an ALL non-executive director, effective as a director-elect 1 October. ALL shareholders will vote on Mr Ramsay's nomination at the February 2017 AGM.

NetComm Wireless (NTC)

RFS CEO, VP and director Timo Brouwer has been appointed NTC COO (newly-created position), effective 5 October, and former Heart Research Institute CFO Christopher Last as CFO, effective 31 October. NTC has also created a chief strategy officer role and has appointed current NTC CFO and executive director Ken Sheridan to this position.

Resources

Fortescue Metals Group (FMG)

As previously flagged, FMG is repaying a $US700M 2019 secured credit facility. FMG says the payment will be effected Friday.

Evolution Mining (EVN)

Presentation lodged this morning, highlighting plans and expectations for the next three years. EVN is conducting a road-show through Sydney, London, New York and Denver

Egan Street Resources (* EGA)

Gold explorer scheduled to list **midday** AEST following a $6M IPO at 20c per share. Planning to develop the WA Rothsay gold project. Lion Selection Group holds 16.15%.

European Metals (EMH)

A scoping study review of the Czech Republic Cinovec lithium-tin project has delivered improved economic forecasts, including $US38M worth of mining CAPEX savings and $US47M in plant cost savings. EMH has appreciated 51.2% over the past three trading sessions, settling yesterday at the session-high 62c.

Energy

Oil Search (OSH)

Acquiring 40% (each) of deepwater PNG licences PPL 374 and PPL 375, from CNOOC company Gini Energy. ExxonMobil is also acquiring 40% of each licence. Gini retains 20% and transfers operatorship to ExxonMobil. The licences cover 24,936sq km.

Commodities

COMMODITY	CLOSE	$US/	+/-	%
Gold (NY) (Dec)	**1326**	oz	-9	-0.7
Silver (NY) (Dec)	19.2	oz	-0.2	-1.0
Gold (LON)	1331	oz	-13	-0.9
Platinum	**1052**	oz	-7	-0.7
WTI Crude (Oct)	**46.3**	bbl	0.4	0.9
Iron Ore (Tianjin)	**57.5**	t	0.0	0.0
Copper (LME)	**4648**	t	15	0.3
Nickel	10080	t	-290	-2.8
Aluminium	1568	t	-11	-0.7
Lead	1882	t	-20	-1.1
Zinc	2262	t	-30	-1.3
Tin	19050	t	-250	-1.3
CBT Wheat (Dec)	**4.09**	bshl	0.05	1.4

Commodities Commentary

Oil – prices swung overnight, but Genscape reported a significant fall in **stored crude** stocks at the Cushing, Oklahoma terminal, helping support an ultimate gain. A softer **$US** also benefited trade.

The International Energy Agency (**IEA**) is due to publish its monthly oil report tonight.

Meanwhile, **OPEC** has lowered its 2017 daily crude demand prediction 530,000bbl to 32.48MMbbl. OPEC's secretary general also reportedly offered market stability, rather than price targets, would be targeted at a planned informal meeting on the sidelines of the International Energy Forum in Algiers 26 – 28 September.

Brent crude settled 0.7% higher Monday, at $US48.32/bbl.

Gold – Comex futures settled lower but during post-settlement electronic trade, prices started to climb.

Earlier, a Federal Reserve governor had appeared to remain a promoter of keeping rates steady for the short-term, following fears since late last week that she may have turned like at least one regional president who had until late last week espoused similar views.

Base metals – oil price gains supported LME *copper*'s rise, but sentiment in general, including for equities, remained poor during LME trade. *Aluminium* slipped to three-month lows.

China's August industrial production, retail sales and fixed assets investment figures, due today, are expected to exert some influence tonight's trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7563	-0.0003	-0.04
EUR – USD	1.1237	0.0003	0.03

Australian Data Today

ANZ/RyMgn	Consumer sentiment	11 Sep
NAB	Business survey	Aug

US Data Tonight

NFIB small business optimism	Aug
Treasury budget	Aug

Pre-Open Announcements

eServGlobal Ltd (** ESV)
ESV's HomeSend has secured, with Mastercard, a partnership agreement with South Korea's KEB Hana Bank.

Phylogica Ltd (* PYC)
PYC chief scientific officer Paul Watt has resigned, having been awarded a senior management position at the Telethon Kids Institute (where PYC's laboratories are located). Professor Watt will remain with PYC in new roles as a non-executive director and part-time contracted chief scientific advisor.

Stargroup Ltd (* STL) / Goldfields Money (* GMY)
STL has secured a three-year ATM service agreement with GMY. STL expects to install its first ATM under the agreement next month. GMY says the deal gives the company its own ATMs at the same time as lowering STL costs.

Mitula Group (MUA)
Presentation lodged this morning. MUA appreciated 3.6% yesterday.

Resources

Eastern Goldfields (EGS)
Significant-width, high-grade assays lodged this morning, following diamond drilling within the Siberia Mining Centre Missouri and Sand King deposits.

Peninsula Mines (PSM)
Heralding South Korea Ubeong project rock chip sampling zinc-silver- lead assays. In addition, PSM is has secured additional tenements that the company believes host highly-prospective mineralisation. PSM has traded higher again the past three sessions, settling at 2.4c yesterday.

Talisman Mining (TSM) / Sandfire Resources (SFR)
WA Springfield copper project exploration plans through to the end of the year lodged this morning. Select assays also lodged.

Indiana Resources (IDA)
$500,000 12c-per-share SPP oversubscribed by $244,000. Meanwhile, RAB drilling programs within the Naujombo and Kishugu gold prospects has been completed. IDA traded at 12.5c yesterday.

Liontown Resources (LTR)
Previously-flagged ~$1.4M, 1c-per-share one-for-five rights issue prospectus lodged. The entitlement offer is scheduled to close 6 October. LTR traded at 1.5c – 1.8c yesterday.

Trading Halts

Company	Code	Resuming
Big Un	BIG	13 Sep
Black Rock Mining	BKT	14 Sep
Explaurum Ltd	EXU	14 Sep
Lithium Power International	LPI	14 Sep
MSM Corporation International	MSM	14 Sep
Sharehoot Ltd	SRO	14 Sep
Vector Resources	VEC	14 Sep
JB Hi-Fi	JBH	16 Sep

Other Overseas Data Today & Tonight

China	Industrial production	Aug
China	Retail sales	Aug
China	Fixed assets investment	Aug
Japan	BSI industrial indices	Jun Q
Japan	Manpower business outlook	Sep Q
Japan	Retail sales (rev)	Jul
UK	CPI	Aug
UK	PPI	Aug
Germany	ZEW economic sentiment	Sep
Germany	CPI (final)	Aug
Euro zone	ZEW expectations	Sep
Euro zone	Employment	Jun Q

Need More Information?

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Suspensions (selected)

Company	Code	Since
ATC Alloys	ATA	2 Sep
Australia China Holdings	AAK	25 Aug
Diploma Group	DGX	1 Sep
Dragon Energy	DLE	12 Sep
Excalibur Mining Corporation	EXM	15 Aug
HJB Corporation	HJB	8 Sep
India Resources	IRL	19 Aug
KBL Mining	KBL	9 Sep
Krakatoa Resources	KTA	8 Sep
Oakajee Corporation	OKJ	12 Sep
WHL Energy	WHN	13 Sep

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
ADH	Today	**6.5**	100	4.79
ASB	Today	**2**	100	2.62
CIE	Today	**3.5**	50	6.57
CSL	Today	**~88.67**	0	1.70
DSB	Today	**0.8**	100	3.81
GNG	Today	**5**	100	7.19
HSO	Today	**3.9**	0	2.45
IGL	Today	**8.6**	100	3.81
MAQ	Today	**25**	100	4.13
MCY	Today	**~11.4**	0	4.07
MEA	Today	**3.5**	100	2.92
MIL	Today	**4.4**	100	3.41
NWS	Today	**~9.20**	0	1.02
NWSLV	Today	**~9.20**	0	1.02
TOP	Today	**0.6**	100	1.74
VRL	Today	**14**	100	5.83
ABC	Tomorrow	12.5	100	3.67
AGF	Tomorrow	~55.11	0	92.38
AMA	Tomorrow	1.7	100	2.05
CDA	Tomorrow	4	100	4.29
EQT	Tomorrow	34	100	3.81
GCS	Tomorrow	1	100	2.11
IVC	Tomorrow	17	100	3.01
LAU	Tomorrow	1.1	100	4.58
LOV	Tomorrow	2	100	3.04
PAF	Tomorrow	2.5	100	2.72
PNI	Tomorrow	1.9	100	1.74
SHM	Tomorrow	3	100	7.50
SIQ	Tomorrow	9.8	100	2.53
SNL	Tomorrow	5	100	4.39
SSM	Tomorrow	1.5	100	2.43
SVW	Tomorrow	20	100	4.98
SWM	Tomorrow	4	100	10.46
ADA	Thu	1.75	0	1.08
AHG	Thu	13	100	5.02
APE	Thu	13	100	3.04
AYS	Thu	5.3	0	4.05
BRG	Thu	14	70	3.53
CGR	Thu	0.5	100	3.85
CIW	Thu	3	100	9.52
CVW	Thu	2.5	100	2.49
CYA	Thu	1.6	100	4.19
DTL	Thu	5.5	100	5.23
EMB	Thu	27	100	4.56
FLT	Thu	92	100	4.13

GZL	Thu	7	100	4.62
LMW	Thu	3.25	100	6.62
PGC	Thu	1.4	100	2.72
PGR	Thu	2.6	100	7.22
PSI	Thu	2.5	100	1.91
PSQ	Thu	3.5	100	2.38
RWH	Thu	2.5	100	4.10
RXP	Thu	2	100	3.80
S32	Thu	~1.31	0	0.62
SEK	Thu	19	100	2.64
SRG	Thu	4	100	4.53
VRT	Thu	15	100	3.71
VTG	Thu	8.21	100	2.75
XRF	Thu	0.3	100	2.94