

Friday 5 August 2016

Markets

SFE 200 Futures (9.25am AEST)	5452	17	0.3
NZX 50	7293	-5	-0.1
DJIA Futures	18285	12	0.1
S&P 500 Futures	2161	1	0.1
NASDAQ Futures	4746	2	0.0

Local Markets Commentary

The Australian market opens Friday's trade on mixed international equities and commodities leads.

In commodities trade, **gold** futures settled slightly higher. **Oil** continued to rally. **Copper** and other key base metals fell. **Iron ore** retreated.

The **\$A** gained after trading at ~US76.15c early yesterday evening.

Locally today, the Reserve Bank of Australia (**RBA**) publishes its quarterly monetary policy statement 11.30am AEST, and reserve assets post-trade.

Pre-trade, a construction sector activity index is due.

China is expected to release a foreign reserves update over the weekend, ahead of July trade statistics Monday and CPI figures Tuesday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	18352	-3	-0.0
S&P 500	2164	0.5	0.0
NASDAQ	5166	7	0.1
FTSE 100	6740	106	1.6
DAX 30	10228	58	0.6
Shanghai Comp	2982	4	0.1

Overseas Markets Commentary

Major European equities markets gained overnight, the FTSE rallying on a Bank of England rate cut and reinstated bond purchases.

US equities chopped and swung, settling virtually flat amid uninspiring data releases ahead of tonight's national jobs figures.

The **Bank of England** halved the key cash rate to 0.25% and dropped its 2017 GDP growth forecast from 2.3% to 0.8%. The 2018 predictions came down 0.5% to 1.8%.

The British pound slid 1.5% against the \$US within minutes of the bank's post-policy meeting statement.

In the **US**, weekly new unemployment claims unexpectedly rose, by 3000 to 269,000. The four-week moving average also rose, by 3750.

June factory orders fell for a second consecutive month, this time by 1.5% against 1.8% forecasts and May's 1.2%.

A July jobs layoff report revealed 19% more planned job cuts than for June, but the January - July rate is 8.7% lower than for 2015.

Tonight in the US, July workforce figures, including jobs added and wages growth, are due.

Companies scheduled to report earnings include:

RBA - quarterly monetary policy report - **11.30am** AEST.

* Property asset management listing midday - **PGL** *

Today's Stock Watch

Westpac Banking Corporation (WBC)

Chief operating officer John Arthur is planning to retire, effective 1 October, approximately one month before WBC announces full-year results and two months before the bank's AGM. In association, WBC has also announced changes to three key executive roles. Details lodged this morning.

Virgin Australia Holdings (VAH)

\$224.7M full-year net loss, following a \$93.8M net loss a year ago. 5.7% higher, \$5.0B revenue. \$440.5M worth of pre-tax restructuring costs. 8c NTA. \$1.1B cash and equivalents. Declining to offer profit guidance, citing industry uncertainty. VAH is nonetheless expecting its international business to turn profitable during FY 2017.

Brambles Ltd (BXB)

Anticipating a \$US38M oil and gas assets impairment for the full-year to 30 June. In addition, proposing to combine the group's oil and gas container businesses, Ferguson and CHEP Catalyst & Chemical Containers, with Hoover Container Solutions, and to hold 50% of the JV. BXB expects an operational JV by the end of October. Webcast scheduled to commence 10.30am AEST.

SG Fleet Group (SGF)

Acquiring UK-headquartered Fleet Hire, for £19.6M (£1.8M in SGF shares and the balance in cash) plus £6.1M debt. The cash component will be funded via a mix of cash on hand plus debt. Presentation lodged this morning.

BrainChip Holdings (BRN)

Munich-based T2M UG has agreed to market BRN products and IP to clients globally.

Navitas Ltd (NVT)

Credit Suisse has re-rated NVT as underperform, from neutral.

Propertylink Group (* PGL)

Asset manager scheduled to list midday AEST after raising ~\$500M at 75c - \$1.49 per stapled security. Trading commences on a conditional and deferred settlement basis. Normal (T+2) trade is expected to commence 17 August.

Resources

Rio Tinto (RIO)

\$US220.7M better off following the completion of the Mount Pleasant thermal coal operation to MACH Energy. RIO also retains royalties and says it has sold \$US4.7B worth of assets in the past 3.5 years.

Energy

AGL Ltd (AGL)

Full-year results scheduled for release mid next week.

Royal Bank of Scotland, Allianz and Virgin America.

Overnight, **Tesla** reported it had doubled its year-on-year quarterly loss, on its 13th consecutive quarterly fall.

Toyota pulled back its full-year profit guidance, after June quarter earnings were once again hit by yen strength.

MetLife estimated it needed to cut costs by \$US1B over 3.5 years.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1368	oz	3	0.2
Silver (NY) (Jul)	20.4	oz	-0.0	-0.1
Gold (LON)	1363	oz	4	0.3
Platinum	1156	oz	-6	-0.5
WTI Crude (Sep)	41.9	bbl	1.1	2.7
Iron Ore (Tianjin)	58.9	t	-1.8	-3.0
Copper (LME)	4831	t	-44	-0.9
Nickel	10605	t	-130	-1.2
Aluminium	1623	t	-20	-1.2
Lead	1795	t	-10	-0.6
Zinc	2255	t	-18	-0.8
Tin	17995	t	70	0.4
CBT Wheat (Jul)	4.03	bshl	-0.07	-1.7

Commodities Commentary

Oil – continued higher on both sides of the Atlantic overnight, Brent crude settling at \$US44.29/bbl, 2.8% higher for the session.

A Genscape estimated an ~89,000bbl fall in **Cushing**, Oklahoma stockpiles for the week to 2 August (Tuesday). In addition, **BP** was also reported to be recommencing some refinery activity in Indiana. Short-covering was also reported overnight.

A weekly US drill rig count is due tonight.

Gold – the Bank of England supported spot gold prices in particular. The \$US continued higher however, constraining ultimate futures gains.

Base metals – \$US strength over two consecutive sessions hurt LME trade. In addition, caution ahead of key data, today and tonight through next week, was noted.

Foreign reserves figures are due out of **China** over the weekend, July trade figures Monday and CPI Tuesday.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7633	0.0005	0.06
EUR – USD	1.1129	-0.0001	-0.01

Australian Data Today

AiG/HIA	PCI	Jul
RBA	Monetary policy (quarterly)	Aug
RBA	Reserve assets	Jul

US Data Tonight

Workforce (incl jobs created, wages)	Jul
Trade balance	Jun
Consumer credit	Jun

Pre-Open Announcements

Suncorp Group (SUN)

Fiona Thompson appointed acting chief risk and legal officer following the (previously-announced) resignation of Anna Lenahan. Ms Lenahan has also resigned as company secretary, effective today.

Iron Mountain (INM)

Second quarter financial results, as prepared for US regulators, lodged this morning. Revenue appeared to please in the US.

RNY Property Trust (RNY)

\$19.2M interim net loss, following a \$5.4M net loss a year ago.. \$18.0M income loss, against a \$4.1M loss. \$97,000 cash and equivalents, up \$29,000.

Resources

Comet Resources (CRL)

Southern WA Springdale graphite project exploration drilling is scheduled to commence mid-August, following the completion of 324m of first-pass air-core drilling which confirmed the presence of graphite. CRL is also targeting gold and nickel regionally.

Inca Minerals (ICG)

Resuming from a trading halt having placed the recent rights issue shortfall, to raise a total \$2.9M from an initial placement plus the entitlement offer. ICG last traded at 0.4c.

Energy

Range Resources (* RRS)

Near-term Trinidad production testing plans lodged post-trade yesterday.

Trading Halts

Company	Code	Resuming
Genesis Minerals	GMD	5 Aug
Indus Energy	IND	5 Aug
Mustang Resources	MUS	5 Aug
Tyranna Resources	TYX	5 Aug
Activistic Ltd	ACU	8 Aug
Enerji Ltd	ERJ	8 Aug
Voltage IP	VIP	8 Aug

Suspensions (selected)

Company	Code	Since
Agenix Ltd	AGX	29 Jul
ATC Alloys	ATA	28 Jul
Bass Metals	BSM	29 Jul
Gleneagle Gold	GLN	25 Jul
Kasbah Resources	KAS	21 Jul
MHM Metals	MHM	14 Jul
MinQuest Ltd	MNQ	18 Jul
Montezuma Mining Company	MZM	4 Aug
Mount Magnet South	MUM	27 Jul
Namibian Copper	NCO	16 Jul
Nickelore Ltd	NIO	22 Jul
Odin Energy	ODN	21 Jul
Parmelia Resources	PML	13 Jul
Petrel Energy	PRL	4 Aug
Regalpoint Resources	RGU	14 Jul

**Other Overseas Data Today & Tonight**

Japan	International reserves	Jul
Japan	Workforce (provisional)	Jun
Japan	Trade (1 st 20 days)	Jul
Japan	Business conditions (prelim)	Jun
UK	Halifax house prices	Jul
Germany	Factory orders	Jun
Euro zone	EC economic forecasts	Summer

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Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AYD	Today	7	100	5.25
AYH	Today	50	100	3.23
AYJ	Today	79	100	3.60
AYK	Today	21	100	3.36
AYZ	Today	71	100	3.50
BKI	Today	3.65	100	4.39
DJW	Today	14	100	5.97
AMH	Mon	3.5	100	3.48
OZG	Mon	0.25	100	3.33
WIC	Mon	3	100	6.52
AFI	Tue	14	100	4.08
FRI	Thu	4	100	8.33
MLT	Thu	9.9	100	4.24
RIO	Thu	59.13	100	4.34
MGP	Fri	0.2	0	2.39

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	RNY	Interim
	VAH	Full-year
Mon	BEN	Full-year
	NWS	Jun Q
Tue	ANZ	Trading update
	IFL	Full-year
	REA	Full-year
	TCL	Full-year
Wed	ACR	Full-year
	AGL	Full-year
	CBA	Full-year
	CPU	Full-year
	FXJ	Full-year
	MRN	Full-year
Thu	OZL	Interim
	GMG	Full-year
	JHX	AGM
	MFG	Full-year
	SLK	Full-year
	TLS	Full-year
Fri	BBN	Full-year
	CAR	Full-year
	JHX	1Q FY2017