Market Opener

Thursday 2 February 2017

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Markets

SFE 200 Futures (9.30am AEDST)	**5608**	**9**	**0.2**
NZX 50	7045	-10	-0.2
DJIA Futures	19816	0	0.0
S&P 500 Futures	2275	0	0.0
NASDAQ Futures	5149	36	0.7

Local Markets Commentary

The Australian market commences today's trade on lacklustre equities and mixed commodities leads, ahead of key domestic data.

In overnight commodities trade, **gold** swung lower. **Oil** gained. **Copper** turned and fell, but nickel continued to **rally**.

The **$A** traded within a relatively narrow range, after being pushed beyond ~US75.85c yesterday evening.

Locally today, the ABS releases December **trade** figures and building approvals **11.30am** AEDST.

China's markets remain closed today, due to the Spring Festival holiday season, but resume tomorrow.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	**19891**	27	**0.1**
S&P 500	2280	0.7	0.0
NASDAQ	5643	28	0.5
FTSE 100	7108	9	0.1
DAX 30	11660	124	1.1
Shanghai Comp	3159	Public	Holiday

Overseas Markets Commentary

Major European and US equities markets bounced early. US and UK trade subsequently vacillated but achieved positive settlements, amid some positive US data releases and tech sector trade.

In the **US,** the **Federal Reserve** concluded its first policy meeting of the year with mention of strengthening economic indicators and rising inflation, and hence indicating FOMC members envisaged more than one rate rise this year.

Across the Atlantic, in an initial vote, the **UK** parliament approved proceeding with the process required to separate from the European Union (EU). Two more votes will follow.

Among US data releases, a private sector employment report estimated 246,000 jobs had been created during January, well above expectations.

ISM's January manufacturing activity index came in 1.5 points higher than for December, at 56.

Weekly mortgage applications dropped 3.2%, but this was no surprise after interest rates rose beyond 4%.

Tonight in the US, weekly new unemployment claims are due, together with a monthly job cuts report, ahead of tomorrow night's January employment figures. Productivity and economic

Australia – trade balance 11.30am AEDST

*** Minerals exploration listing 11am AEDST – COB ***

Today's Stock Watch

Downer EDI (DOW)

Targeting $175M FY 2017 NPAT, against $163M guidance in August 2015. 8.5% higher, $78.2M interim NPAT. 2.1% higher, $3.3B revenue. Flat, 12c fully-franked interim dividend. $2.556 NTA. 17.1c EPS. $602.1M cash and equivalents.

Tabcorp Holdings (TAH)

28% lower $58.9M interim NPAT. 2% higher, $1.16B revenue. 12.5c fully-franked interim dividend. 7c EPS. $109M cash.

Ellex Medical Lasers (ELX)

Anticipating $34.3M interim sales revenue, against $34.8M a year earlier, after focusing on establishing a new manufacturing facility in Adelaide, South Australia. iTrack manufacturing in California, US was unaffected however, and sales improved 37% to $3.6M.

OncoSil Medical (OSL)

Ethics approval in hand for a clinical study of the use of OSL's device OncoPaC in the treatment of pancreatic and liver cancer.

Sky Network Television (SKT) / GBST Holdings (GBT)

UBS has cancelled buy recommendations for SKT and GBT, in favour of neutral ratings.

Resources

Triton Minerals (TON)

Mozambique Ancuabe project T16 RC drilling has delivered near-surface high-grade graphite over significant thicknesses. Details lodged post-trade yesterday. TON has traded at 6.5c - 6.8c for the week to date, settling at 6.5c yesterday.

Graphex Mining (GPX)

Chilalo graphite project resource raised 80% to 16.9Mt @ 10.2% TGC. The indicated component measures 5.2Mt @ 11.9% TGC.

Anson Resources (ASN)

Exploration access granted for two reserves within ASN's Ajana graphite project, WA.

Mustang Resources (MUS)

Heralding preliminary indications from diamond drilling within the Balama graphite project, Mozambique. Details lodged this morning. Balama is located near MUS's Montepuez Ruby project.

Doray Minerals (DRM)

Former BHP Billiton (ASX: BHP) executive Julius Matthys has been appointed non-executive chairman, effective yesterday.

Cobalt Blue Holdings (* COB)

Explorer and project developer scheduled to list 11am AEDST following a $10M IPO at 20c per share. Proposing to develop the Thackaringa cobalt project, Broken Hill, New South Wales. COB holds a staged farm-in agreement with project owner Broken Hill Prospecting. Three deposits are located within two mining leases. Robert Biancardi chairman; Joe Kaderavek CEO.

optimism reports are also expected tonight.

In the UK, the **Bank of England** holds a policy meeting and releases a new inflation report.

Amazon, AstraZeneca, ConocoPhillips, Deutsche Bank, Kobe Steel, Lazard, Mazda, Merck, Mitsubishi, Motorola, Panasonic, Royal Dutch Shell, Sony and Visa are among companies scheduled to report earnings today and tonight. Glencore and Vodafone are expected to provide trading updates.

In overnight corporate news, **Apple** benefited from quarterly results lodged post-US trade Tuesday.

Vehicle manufacturers reported mostly lower US sales for January, **Toyota** and **Fiat Chrysler** sales dropping 11%.

Commodities

COMMODITY	CLOSE	$US/	+/-	%
Gold (NY) (Apr)	**1208**	oz	-3	-0.3
Silver (NY) (Mar)	17.5	oz	-0.0	-0.0
Gold (LON)	1204	oz	-9	-0.8
Platinum	996	oz	3	0.3
WTI Crude (Mar)	**53.9**	bbl	1.1	2.0
Brent Crude (Mar)	**56.8**	bbl	1.2	2.2
Iron Ore (China port)	**83.3**	t	Public	Holiday
Copper (LME)	**5945**	t	-46	-0.8
Nickel	10250	t	295	3.0
Aluminium	1819	t	0	0.0
Lead	2332	t	-39	-1.6
Zinc	2880	t	20	0.7
Tin	19850	t	25	0.1
CBT Wheat (Mar)	**4.34**	bshl	0.13	3.1

Commodities Commentary

Oil – Weekly US petroleum inventories disappointed intra-session, crude stockpiles rising by 6.5MMbbl, almost triple expectations, but production pleased, with a slight pull back.

Meanwhile, Iraq's January production and exports were estimated as heading in the right direction of the OPEC agreement to lower output.

Earlier, Saudi Arabia's energy minister approved the US president's pro-oil industry moves and said Saudi Arabian investment in US oil assets may grow.

Gold – profit-taking generally noted overnight, and together with a rising $US, this pushed prices lower. Futures settled off the day's lows, however.

Base metals – mixed sentiment in low-volume trade, but some profit-taking also reported after Tuesday's strong gains.

Chinese traders remain on holiday, but trade is due to resume Friday, meaning some are likely to return to the LME late tomorrow.

China's official January PMI readings, reported yesterday, were mixed. **Japan**'s manufacturing index pleased, as did one for the **US**.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7585	-0.0001	-0.01
EUR – USD	1.0764	-0.0005	-0.05

Australian Data Today

ABS	Trade balance	Dec
ABS	Building approvals	Dec

Pre-Open Announcements

Vocus Communications (* VOC)

Macquarie has assessed VOC as outperform, on commencing coverage.

Fonterra Shareholders' Fund (* FSF)

Fonterra Group investor day presentation lodged this morning.

Velocity Property Group (VP7)

Scheduled to list 11am AEDST 7 February (Tuesday next week).

Resources

Resolute Mining (* RSG)

Ravenswood gold project Sarsfield open pit draft amended environmental authority in hand from the Queensland Department of Environment & Heritage Protection.

Trading Halts

Company	Code	Resuming
Creso Pharma	CPH	2 Feb
LatAm Autos	LAA	2 Feb
Animoca Brands Corporation	AB1	3 Feb
Genex Power	GNX	3 Feb
TerraCom Ltd	TER	3 Feb

Suspensions (selected)

Company	Code	Since
Ausnet Financial Services	AU1	25 Jan
AVZ Minerals	AVZ	31 Jan
De Grey Mining	DEG	25 Jan
Moko Social Media	MKB	25 Jan
Primary Gold	PGO	2 Feb
Suda Ltd	SUD	27 Jan

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
ASW	Tomorrow	2.1	100	5.06
AFI	Tue	10	100	4.04
RMD	Wed	~3.05	0	1.35

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	**DOW**	Interim
	TAH	Interim
Tomorrow	JHX	Dec Q
Mon	NAB	Dec Q
Tue	AQG	Dec Q
	SCP	Interim
	TCL	Interim

US Data Tonight

Initial jobless claims	28 Jan
Challenger job cuts	Jan
Non-farm productivity	DecQ
IBD/TIPP economic optimism	Jan

Other Overseas Data Today & Tonight

Japan	Consumer confidence	Jan
UK	BoE policy statement	Jan
UK	BoE inflation report	Jan
UK	Construction PMI	Jan
Euro zone	ECB economic bulletin	Jan
Euro zone	Producer prices	Jan

Need More Information?

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Wed	BWP	Interim
	CIM	Full-year
	GMA	Full-year
	RIO	Full-year