

Friday 2 March 2018

Monday – WA public holiday

Markets

SFE 200 Futures (9.30am AEDST)	5914	-48	-0.8
NZX 50	8311	-32	-0.4
DJIA Futures	24638	18	0.1
S&P 500 Futures	2678	0	0.0
NASDAQ Futures	6761	0	0.0

Local Markets Commentary

The Australian market opens Friday trade on a further overnight deterioration in sentiment across key international equities markets.

In mixed overnight commodities trade, **gold** futures fell. **Oil** continued to tumble.

Iron ore (China port, 62% Fe) swung higher.

LME **copper** settled slightly lower, but **nickel** picked up the pace of Wednesday's decline. **Aluminium** turned higher.

The **\$A** appreciated to ~US77.64c after falling below US77.35c early yesterday evening.

Regionally today, **Japan** publishes January employment and household spending statistics.

Locally, no major data releases are scheduled, but several are due before the Reserve Bank of Australia's (RBA) policy meeting Tuesday next week.

Meanwhile, major **ex-dividend season** continues. Please see pp 2-3 for details.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24609	-420	-1.7
S&P 500	2678	-36	-1.3
NASDAQ	7181	-92	-1.3
FTSE 100	7176	-56	-0.8
DAX 30	12191	-245	-2.0
Shanghai Comp	3274	14	0.4

Overseas Markets Commentary

Major European and US equities markets headed yet lower overnight amid trade war angst and swinging currencies, despite broadly strong manufacturing figures on both sides of the Atlantic.

US president Donald Trump revealed the planned introduction of 25% and 10% respective import taxes on steel and aluminium from as early as next week. The president said the taxes would remain in place 'for a long time'.

Commentary lit up also when Federal Reserve chair Jerome Powell resumed parliamentary testimony, this time to a Senate banking committee, noting that current domestic fiscal stimulus impacts remain 'very, very uncertain' and pointing out there was yet no trend higher for wages.

The \$US had traded at six-week peaks, but also respective two- and seven-week lows against the yen and euro on confirmation of the magnitude of the proposed US tariffs.

Meanwhile, one Federal Reserve president described trade protectionist trade policy as a 'dead end'.

Today's Stock Watch

Auckland International Airport (AIA)

January international passenger numbers rose to a second consecutive monthly record, this time tallying 1.087M. Overall passenger numbers rose 5.7%, supported by a 9.6% increase in domestic passengers.

Cedar Woods Properties (CWP)

A proposed Mangles Bay, Rockingham, WA development project, including a marina, has been rejected by the WA Government. The government said the scale of the development had been deemed too large by government assessors. The proposal required rezoning, and was being managed by CWP, but CWP will now seek costs. CWP plans to recognise non-recoverable costs as an after-tax impairment of up to \$2.6M in full-year accounts.

Global Construction Services (GCS)

CFO and joint company secretary Carlo Genovesi intends to retire from his GCS positions, but will remain with the company until 30 June.

Former Minerals Resources (ASX: MIN) GM finance Nigel Land will take over Mr Genovesi's roles and will commence with GCS today.

BPS Technology (BPS)

\$12.4M raised in the institutional two-for-three entitlement offer at 28c per share. The \$9.7M retail offer, at the same price, opens 7 March (Wednesday next week). BPS is resuming from a trading halt, having traded at ~29.8c immediately prior to calling the halt.

Resources

Rio Tinto (RIO)

WA Pilbara iron ore reserves have grown to 3.68Bt, from 3.515B at the end of 2016.

WA Argyle diamonds and Guinea Simandou iron ore reserves and resources updates also lodged this morning, together with RIO's annual report and pre-AGM documents.

Fortescue Metals Group (FMG)

Conducting a \$US500M unsecured bond offer. The notes will yield 5.125% and repayment is due 2023. Funds are earmarked for the repayment of select secured bonds. ~15 March settlement anticipated.

BlueScope Steel (BSL)

Notably trading ex-dividend (6c) today, following the overnight confirmation of the planned magnitude of US steel import taxes. BSL has traded at \$15.80 - \$16.58 for the week-to-date.

Atlas Iron (AGO) / Pilbara Minerals (PLS)

AGO has secured an agreement to supply Sinosteel Australia with up to 1.5Mt of lithium DSO over 15 months, sourced from PLS's Pilgangoora lithium project. AGO anticipates a \$15/t - \$20/t operating margin, using existing AGO infrastructure for processing and transport.

Artemis Resources (ARV)

Two priority exploration licences have been granted, one adjacent to, and the other regional to, ARV's WA Pilbara Radio Hill gold project processing facility.

In the **euro zone**, a 58.6 final February manufacturing PMI, incorporating **Germany's** 60.6, each represented improvements on nonetheless robust January figures.

The **UK's** manufacturing PMI slipped from 55.3 to a still creditable 55.2, nonetheless the lowest in eight months.

In the meantime, European Council president Donald Tusk noted 'real political difficulties' in negotiating the UK's separation from the European Union.

In the **US**, ISM reported a 60.8 February manufacturing index, against 59.1 for January, and the best reading since May 2004.

January personal income rose 0.4% for the month, but spending just by 0.2%.

Savings rose to \$US464.4B, following \$US363.2B in December.

January construction spending came in steady, delivering a 3.2% year-on-year rise.

Tonight in the US, ISM's New York business activity index and a final February University of Michigan consumer sentiment reading are due.

Companies scheduled to report earnings later today or tonight include JD.com, Foot Locker, JC Penney and Spire.

In overnight corporate news, UK engineer **GKN** was said to be considering selling its automotive division to US-headquartered **Dana**.

US vehicle sales fell, relevant stocks falling also on input tariff and domestic supply uncertainty.

Exxon announced it would exit JVs with Russia's **Rosneft**, citing sanctions issues.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1305	oz	-12.7	-1.0
Silver (NY) (Mar)	16.5	oz	0.1	0.6
Gold (LON)	1308	oz	-10	-0.8
Platinum	964	oz	-17	-1.7
WTI Crude (Apr)	60.7	bbbl	-0.97	-1.6
Brent Crude (May)	63.7	bbbl	-1.1	-1.7
Iron Ore (CHN port 62%)	79.4	t	0.8	1.0
Copper	6922	t	-9	-0.1
Nickel	13460	t	-330	-2.4
Aluminium	2147	t	15	0.7
Lead	2445	t	-57	-2.3
Zinc	3407	t	-40	-1.2
Tin	21655	t	125	0.6
CBT Wheat (Mar)	4.85	bshl		

Commodities Commentary

Oil – continued lower overnight, this week's \$US strength continuing influential despite last night's swings.

Some also attributed at least some of the decline to bearish equities sentiment.

A weekly US petroleum drill rig count is due tonight.

Gold – prices were pushed to this year's lows by a yet stronger (six-week highs) \$US index during early trade, combined with pre-set sell orders which were triggered as prices fell.

Base metals – early \$US strength proved an overnight LME sentiment dampener, and some later confusion regarding the likely impacts of planned new US import tariffs.

Pre-Open Announcements

JC International Group (JCI)

Bronwyn Barnes has resigned as a JCI director, forcing the group into suspended trade while it seeks to reinstate compliance with board composition requirements.

Ms Barnes resignation was attributed to competing work commitments and increased travel.

Resources

Inca Minerals (ICG)

Shortfall shares placed at 0.6c each to Acuity Capital will deliver \$160,000 before costs, in support of working capital and Peru base metals exploration projects.

ICG has traded at 0.55c – 0.7c for the week to date.

Trading Halts

Company	Code	Resuming
The Gruden Group	GGL	2 Mar
Metminco Ltd	MNC	2 Mar
Wingara AG	WNR	2 Mar
Alligator Energy	AGE	5 Mar
Angel Seafood Holdings	AS1	5 Mar
Department 13 International	D13	5 Mar
Elsight Ltd	ELS	5 Mar
Overland Resources	OVR	5 Mar
Venus Metals Corporation	VMC	5 Mar
Korab Resources	KOR	6 Mar

Suspensions (selected)

Company	Code	Since
Austex Oil	AOK	19 Feb
Australian Mines	AUZ	26 Feb
Big Un	BIG	21 Feb
Greatcell Solar	GSL	1 Mar
JC International Group	JCI	1 Mar
Netlinkz Ltd	NET	1 Mar
Pan Asia Corporation	PZC	13 Feb
Pura Vida Energy	PVD	5 Feb
Retail Food Group	RFG	1 Mar
Tianmei Beverage Group	TB8	21 Feb
Total Face Group	TFG	19 Feb
Zyber Holdings	ZYB	16 Feb

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
ALI	Today	1.25	0	2.20
ALU	Today	13	0	1.20
AQF	Today	5	100	3.06
BIN	Today	1.72	100	0.66
BLX	Today	2.5	100	2.94
BSL	Today	6	100	0.68
BVS	Today	4.5	14.43	4.07
CAJ	Today	0.4	0	1.45
EBG	Today	2.25	100	5.50
HIT	Today	4	100	6.93
HOT	Today	0.5	100	1.85



China's Caixin February manufacturing and services sector PMIs, reported yesterday, came in at 51.6, against 51.5 in January.

Japan's manufacturing reading rose 0.1 to 54.1

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7760	0.0002	0.03
EUR – USD	1.2267	-0.0001	-0.01

US Data Tonight

Uni of Michigan consumer sentiment (final)	Feb
ISM New York	Feb

Other Overseas Data Today & Tonight

Japan	Workforce	Jan
Japan	Household spending	Jan
UK	Construction PMI	Feb
Germany	Retail sales	Jan
Euro zone	Producer prices	Jan

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MCP	Today	6	100	5.84
MVP	Today	2	100	0.53
MYS	Today	14.25	100	5.72
PAI	Today	4	100	3.75
PCG	Today	6.5	100	3.05
PTL	Today	0.6	100	7.01
SXL	Today	3.75	100	7.11
8EC	Mon	1	100	3.09
AFG	Mon	16.7	100	5.31
AGI	Mon	1.5	100	0.75
BWX	Mon	3.25	100	1.42
CCP	Mon	31	100	2.96
CLH	Mon	3.9	100	5.82
CVF	Mon	4	100	6.47
EPW	Mon	3.5	100	3.87
FWD	Mon	1	100	2.35
IVC	Mon	27.5	100	3.34
LHC	Mon	7.5	100	4.11
MNF	Mon	4.3	100	1.55
SFR	Mon	8	100	2.79
SHJ	Mon	1	100	4.44
SKI	Mon	7.63	0	6.38
BGA	Tue	5.5	100	1.56
CMI	Tue	3	100	4.44
CYA	Tue	2.09	100	2.19
DOW	Tue	13	50	3.69
HOM	Tue	0.9	100	2.50
MFD	Tue	7.65	100	6.83
MOC	Tue	9	100	7.29
MPL	Tue	5.5	100	3.84
NCK	Tue	16	100	5.06
NEC	Tue	5	100	4.31
OSH	Tue	6.94	0	1.55
RHC	Tue	57.5	100	2.21
SBM	Tue	4	100	2.47
SHL	Tue	32	20	3.22
SLM	Tue	1	100	2.17