

Markets

| | | | |
|---------------------------------------|-------------|-----------|------------|
| SFE 200 Futures (9.30am AEDST) | 5939 | 19 | 0.3 |
| NZX 50 | 8089 | 6 | 0.1 |
| DJIA Futures | 23458 | 14 | 0.1 |
| S&P 500 Futures | 2578 | 1 | 0.0 |
| NASDAQ Futures | 6253 | 17 | 0.3 |

Local Markets Commentary

The Australian market opens Friday trade on mostly lacklustre commodities and mixed equities leads, ahead of final October PMIs for China.

In overnight commodities trade, **gold** futures settled with a slight gain. **Oil** turned a little higher. LME **copper** settled effectively flat. **Nickel** fell.

The **\$A** effectively trod water after appreciating to US77.15c early yesterday evening.

Locally today, the Australian Bureau of Statistics (ABS) is due to publish September and September quarter retail sales figures **11.30am** AEDST.

Pre-trade, AiG releases its October services sector activity index.

A September quarter skilled vacancies report and October vehicles sales are also expected today.

Regionally today, Caxin is due to release its October services and composite PMIs for **China 12.45pm** AEDST.

Japan's markets will not trade today due to a public holiday.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|--------------|-----|------------|
| Dow Jones | 23516 | 81 | 0.4 |
| S&P 500 | 2580 | 0.5 | 0.0 |
| NASDAQ | 6715 | -2 | -0.0 |
| FTSE 100 | 7555 | 67 | 0.9 |
| DAX 30 | 13441 | -25 | -0.2 |
| Shanghai Comp | 3383 | -13 | -0.4 |

Overseas Markets Commentary

Major European and US overnight equities markets trade was again beholden to central bank considerations and mixed corporate results and data releases.

In the **UK**, the **Bank of England** raised its key lending rate for the first time since July 2007, by 0.25% to 0.50%, and suggested perhaps two further rises over the next three years.

The bank's forecasts included an ~1% fall in CPI growth to 2%, after 3+% for October, and 1.7% medium-term GDP growth.

The British pound and bond yields subsequently dropped.

The **US Federal Reserve** will have a new chairman when Janet Yellen's term expires early February, after US president Donald Trump nominated one of the central bank's governors, Jay Powell, to fill the position.

Mr Powell's nomination is expected to be confirmed

China – Caxin services PMI **12.45pm** AEDST

* Minerals exploration listing **midday** AEDST – **TNO** *

* Minerals exploration listing **1.30pm** AEDST – **TIN** *

Today's Stock Watch

Costa Group Holdings (CGC)

Proposing to acquire an additional 41% of African Blue, boosting the group's holding to 90%. Total Produce LLC is retaining its 10% but two founding shareholders plan to sell their interests to CGC.

CGC will initially pay \$A68M for an extra 37%. The price for the further 4% will be based on African Blue earnings.

CGC settled at \$6.35 yesterday after closing out September at \$5.58.

Genworth Mortgage Insurance Australia (GMA)

\$A32.1M September quarter NPAT, down 31.3% from a year earlier. New insurance business fell 9.8% to \$5.5B. Gross written premiums totalled \$88.9M, down 3.9%.

Presentation lodged and teleconference scheduled for **10.30am** AEDST. Access details lodged this morning.

QBE Insurance Group (QBE)

Proposing an issue of perpetual fixed rate capital notes.

Details will be announced when the issue is finalised.

Noxopharm Ltd (NOX)

NOX's NYX-104 has been confirmed under collaboration with UNSW Sydney as able to inhibit secondary brain cell death in animals after stroke or concussion. This secondary process is considered mainly responsible for brain function impairment.

Resources

Perseus Mining (PRU)

Côte d'Ivoire Yaouré gold project DFS statistics lodged this morning, including a \$US263M up-front development cost. The project is expected to deliver 215,000ozpa of gold over the first five years. Initial indicated resource estimated at 1.93Moz of gold from 43.1Mt @ 1.39g/t Au. Inferred resource are estimated at 1.5Moz. Maiden reserves total 1.52Moz.

Tando Resources (* TNO)

WA focused explorer and project developer scheduled to list **midday** AEDST following a \$4.5M IPO at 20c per share. 24.15M shares.

TNT Mines (* TIN)

Explorer and tin and tungsten projects developer scheduled to list **1.30pm** AEDST following a \$5.5M IPO at 20c per share. Development projects are located in Tasmania. ~28.53M shares.

Energy

Carnarvon Petroleum (CVN)

CVN has been awarded the WA North West Shelf permit AC/P62. The permit covers 1512sq km within the Bonaparte Basin. Water depths are ~100m. CVN says it has identified several large leads over multiple reservoir levels.

by a Republican-led Senate.

In the mean time, House of Representatives Republicans released a detailed proposal for new tax legislation.

In data releases, **Germany's** final October manufacturing PMI came in at 60.6, the same as for September, and the **euro zone's** at 58.5, against 58.1. German bond yields rose.

The **UK's** construction PMI rose 2.7 points to an expansion-mode 50.8.

Meanwhile in **Spain**, former government ministers in Catalonia were detained ahead of possible sedition charges.

Tonight in the US, the October employment report is keenly anticipated. ISM's October services sector activity index is also due, together with September trade figures, factory orders and Markit's final October PMIs.

Berkshire Hathaway is among companies scheduled to report earnings tonight.

In overnight corporate news, **Credit Suisse** was one of the early reporters, with a 90% increase in pre-tax adjusted income from a year ago amid a restructure which includes expanding business in Asia.

Royal Dutch Shell's quarterly profit rose 47% for the year, to \$US4.1B.

In the telecommunications sector, **BT** revealed 4% lower, £1.8B profit and 2% lower, £6B revenue.

DowDupont announced jobs would go as it targeted \$US3B worth of savings.

Apple's results, which exceeded expectations, are expected to influence tonight's trade, as when reported post-US trade, post-settlement trade pushed the company's market cap past \$US900B.

In the meantime, digital currency Bitcoin will remain in focus after surpassing \$US7000 overnight.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|--------------------------------|-------------|-------|------|------|
| Gold (NY) (Dec) | 1278 | oz | 1 | 0.1 |
| Silver (NY) (Sep) | 17.1 | oz | -0.1 | -0.3 |
| Gold (LON) | 1279 | oz | 2 | 0.2 |
| Platinum | 923 | oz | -8 | -0.9 |
| WTI Crude (Nov) | 54.5 | bbl | 0.2 | 0.4 |
| Brent Crude (Nov) | 60.6 | bbl | 0.1 | 0.2 |
| Iron Ore (CHN port 62%) | 59.4 | t | | |
| Copper | 6929 | t | -1 | -0.0 |
| Nickel | 12605 | t | -180 | -1.4 |
| Aluminium | 2174 | t | -11 | -0.5 |
| Lead | 2443 | t | -39 | -1.6 |
| Zinc | 3258 | t | -19 | -0.6 |
| Tin | 19645 | t | 245 | 1.3 |
| CBT Wheat (Dec) | 4.21 | bshl | 0.03 | 0.7 |

Commodities Commentary

Oil – no new industry news overnight.

A US weekly petroleum drill rig count is due tonight.

Gold – prices swung, but within a comparatively narrow range.

Tonight's US jobs figures are expected to move the \$US and hence gold trade.

Base metals – swinging currencies and a focus on central bank announcements combined to dampen overnight trade sentiment.

Pre-Open Announcements

Webster Ltd (* WBA)

For the 15 months to 30 September, WBA achieved a \$58.28M net profit following an \$80.67M net loss for the 12 months to 30 June 2016.

Revenue rose 66% to \$213.15M, against \$128.38M. \$1.27 NTA, including at-cost water rights.

ASX Ltd (* ASX)

October activity report lodged this morning. Figures include capital raisings totalling \$A6.3B, down 3% from a year ago.

Spark New Zealand (SPK)

This morning's AGM chairman's speech and MD review lodged.

Resources

De Grey Mining (* DEG)

Presentation lodged post-trade yesterday.

DEG will use the presentation in Europe over the next two weeks, including at a 7 – 8 November Precious Metals Summit in Zurich.

DEG also plans to present at the 9 – 10 November Precious Metals Symposium in Melbourne.

Energy

Oil Search (OSH)

October drilling report lodged post-trade yesterday. OSH recouped 1.5% yesterday, settling at \$7.17.

North Slope Alaska asset purchases appeared not to sufficiently impress on Wednesday.

Trading Halts

| Company | Code | Resuming |
|-----------------------------|------|----------|
| 4DS Memory | 4DS | 3 Nov |
| Bubs Australia | BUB | 3 Nov |
| Cre8Tek Ltd | CR8 | 3 Nov |
| Ellex Medical Lasers | ELX | 3 Nov |
| Korab Resources | KOR | 3 Nov |
| Lake Resources | LKE | 3 Nov |
| Longford Resources | LFR | 3 Nov |
| Mareterram Ltd | MTM | 3 Nov |
| Rumble Resources | RTR | 3 Nov |
| Australian Mines | AUZ | 6 Nov |
| Black Rock Mining | BKT | 6 Nov |
| Cirrus Networks Holdings | CNW | 6 Nov |
| Collerina Cobalt | CLL | 6 Nov |
| De.mem Ltd | DEM | 6 Nov |
| Paradigm Biopharmaceuticals | PAR | 6 Nov |
| Primary Gold | PGO | 6 Nov |
| Volt Resources | VRC | 6 Nov |
| Comet Resources | CRL | 7 Nov |

Suspensions (selected)

| Company | Code | Since |
|--------------------|------|--------|
| Argosy Minerals | AGY | 3 Nov |
| Aspire Mining | AKM | 1 Nov |
| Aura Energy | AEE | 3 Nov |
| Bisan Ltd | BSN | 2 Nov |
| Caeneus Minerals | CAD | 30 Oct |
| Crusader Resources | CAS | 2 Nov |

**Exchange Rates**

| CURRENCIES | LAST | +/- | % |
|------------------|--------|---------|-------|
| AUD – USD | 0.7714 | 0.0000 | 0.00 |
| EUR – USD | 1.1657 | -0.0001 | -0.01 |

Australian Data Today

| | | |
|-----------|-------------------|-----------|
| ABS | Retail sales | Sep/Sep Q |
| AiG | PSI | Oct |
| VFACTS | Vehicle sales | Oct |
| DoEmployt | Skilled vacancies | Sep Q |

US Data Tonight

| | |
|--|-----|
| Employment (incl jobs created; earnings) | Oct |
| ISM non-manufacturing | Oct |
| Factory orders | Sep |
| Durable goods orders (final) | Sep |
| Trade balance | Sep |
| Markit PMI services, composite (final) | Oct |

Other Overseas Data Today & Tonight

| | | |
|--------------|--------------------------------|-----|
| China | Caixin PMI services, composite | Oct |
| UK | PMI services, composite | Oct |

Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au.

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This morning note and its contents at all times remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.

| | | |
|--------------------------|-----|--------|
| Haoma Mining | HAO | 18 Oct |
| Indo Mines | IDO | 1 Nov |
| Neurotech International | NTI | 13 Oct |
| Oriental Technologies | OTI | 1 Nov |
| Quest Minerals | QNL | 2 Nov |
| ServTech Global Holdings | SVT | 1 Nov |
| SIV Asset Management | SAM | 10 Oct |
| Soon Mining | SMG | 23 Oct |
| Stargroup Ltd | STL | 19 Oct |
| Wavenet International | WAL | 30 Oct |
| Wolf Petroleum | WOF | 30 Oct |
| XPD Soccer Gear Group | XPD | 11 Oct |

Ex-Dividends

| Code | Ex-Div | Div (c) | Fr (%) | Yield (%) |
|------------|--------|-------------|--------|-----------|
| BPS | Today | 2.25 | 100 | 5.36 |
| JCI | Mon | 2.3 | 0 | 3.15 |
| BIS | Tue | 2.5 | 100 | 3.38 |
| CBC | Tue | 1.55 | 100 | 2.73 |
| CCP | Tue | 31 | 100 | 2.73 |
| MQG | Tue | 205 | 45 | 4.88 |
| OGC | Tue | 0.98 | 0 | 0.55 |
| BKW | Wed | 34 | 100 | 3.62 |
| RMD | Wed | 3.21 | 0 | 1.14 |
| API | Thu | 3.5 | 100 | 4.67 |
| WAT | Thu | 3 | 100 | 2.84 |
| CSR | Fri | 13.5 | 50 | 5.75 |
| KMD | Fri | 8.23 | 100 | 5.61 |

Reports & Events

(selected scheduled)

| When | Company | Report/Event |
|--------------|------------|----------------|
| Today | FSF | AGM |
| | GMA | Sep Q |
| | HIL | AGM |
| | SPK | AGM |
| Mon | ORI | Full-year |
| | WBC | Full-year |
| Wed | ACX | AGM |
| | ALU | AGM |
| | BTT | Full-year |
| | CBA | Trading update |
| | DMP | AGM |
| | FMG | AGM |
| | MGX | AGM |
| | SGM | AGM |
| VAH | AGM | |
| Thu | FLT | AGM |
| | JHX | Interim |
| Fri | NWS | Sep Q |