

Wednesday 5 September 2018

Markets

SFE 200 Futures (9.30am AEST)	6262	-18	-0.3
NZX 50	9288	-5	-0.1
DJIA Futures	25975	-10	0.0
S&P 500 Futures	2898	-1	0.0
NASDAQ Futures	7634	-5	-0.1

Local Markets Commentary

The Australian market opens mid-week trade with little to inspire from overnight international trade, ahead of influential domestic and regional economic indicator reports, and as a swag of large-cap domestic stocks trades ex-dividend.

Locally today, the Australian Bureau of Statistics (ABS) reports June quarter **GDP 11.30am** AEST.

Pre-trade, AiG is due to publish its August **services** sector activity index.

Vehicle sales are also expected today.

Companies trading **ex-dividend** include **IVC, IRE, MPL, QAN, RHC** and **TWE**. Please see p3 for details.

Regionally today, Caixin is scheduled to release its **China** August services PMI **11.45am** AEST.

A services PMI is also due for **Japan, 10.30am** AEST.

In overnight commodities trade, **oil** settled barely changed.

US **gold** futures fell.

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

LME **copper** and other key base metals were sold down.

The **\$A** subsequently covered comparatively little ground after falling beneath US71.75c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25952	-12	-0.1
S&P 500	2897	-5	-0.2
NASDAQ	8091	-18	-0.2
FTSE 100	7458	-47	-0.6
DAX 30	12210	-136	-1.1
Shanghai Comp	2751	30	1.1

Overseas Markets Commentary

Swinging sentiment was evident across US equities markets overnight, but key indices closed near session highs.

Major European equities markets trended lower through to the last hour of trade.

In **US** data releases, the ISM's August manufacturing activity index rose three points to 61.3, a 14.3-year peak.

Markit's final August manufacturing PMI came in at 54.7, a nine-month low, from 55.3 in July.

July construction spending rose just 0.1% for the month, following expectations of a 0.5% improvement after a 0.8% June fall.

Euro zone July producer prices were estimated

Australia – June quarter **GDP 11.30am** AEST

China – Caixin services PMI **11.45am** AEST

Today's Stock Watch

Bendigo & Adelaide Bank (BEN)

BEN has appointed Telstra Corporation (ASX: TLS) executive director strategy & business services Vicki Carter as a non-executive director.

Ms Carter's professional experience also includes many years in financial services sector management and executive roles.

Investa Office Fund (IOF)

IOF has received an unsolicited indicative \$5.50-cash-per-unit proposal from Oxford Properties Group, in competition with the Blackstone proposal.

Directors have previously recommended the Blackstone proposition in the absence of any better deal.

Transurban Group (TCL)

Resuming trade have achieved 96% take-up and raised ~\$3B in the institutional placement that is part of a fully-underwritten, \$10.80-per-share \$4.2B entitlement offer. The book build price came in at \$11.80.

The retail offer is scheduled to open Friday.

TCL traded at ~\$11.488 - ~\$11.97 during the five sessions prior to calling a trading halt.

Chorus Ltd (CNU) / Aurizon Holdings (AZJ)

CNU has appointed AZJ network finance and regulation head and former AZJ VP finance David Collins as CFO, effective December. CNU current CFO Andrew Carroll is becoming CNU GM network and field management.

Invion Ltd (IVX)

Planning to spin off the group's chronic airway disease proposed treatments nadolol and zafirlukast into a new company, Chronic Airway Therapeutics.

CAT plans to conduct Phase 3 clinical trials in China in 2019.

Proposed board and management appointments lodged this morning. Additional information promised in a teleconference, yet to be scheduled.

Swift Networks (SW1)

Telecommunications systems integrator Sieu Nhat Thanh Co (SNT) will sell SW1's hospitality guest connectivity and entertainment services to customers in Vietnam.

Resources

BHP Billiton (BHP)

BHP outlaying £27.4M for a 6.1% holding in SolGold Plc from Guyana Goldfields, acquiring 103.1M SolGold shares at 26.592p each. SolGold operates the Ecuador Cascabel copper-gold project and is the majority owner of the project.

In addition, BHP has appointed former BHP CEO Charles (Chip) Goodyear as chair of the BHP Foundation from 1 February 2019. Mr Goodyear became a BHP Foundation director yesterday.

Current foundation chair Karen Wood is stepping down but will remain with the foundation as a director.

BHP trades ex-dividend (85.6c) tomorrow.

Evolution Mining (EVN)

Credit Suisse has re-rated EVN as neutral, from underperform. Macquarie has reassessed EVN as outperform, from neutral.

0.4% higher for the month, representing a 4.0% year-on-year increase.

A **UK** construction PMI dropped from 55.8 to 52.9.

Bank of England (BoE) governor Mark Carney told a parliamentary committee that he was prepared to stay past the time he had initially intended to leave his post, 30 June 2019.

The governor had planned to finish at the BoE following the UK's official separation from the European (EU), so last night's talk fostered views that UK-EU negotiations could extend past current deadlines.

Tonight in the US, July trade figures are keenly anticipated, together with the ISM's business activity index for New York.

Three Federal Reserve officials are scheduled to speak publicly.

Companies due to report earnings or provide updates include Bayer, Ctrip.com International, EasyJet, IAG and Vera Bradley.

In overnight corporate news, **Transocean** announced a \$US2.7B purchase of **Ocean Rig**, winding Ocean Rig shares ~12% higher, but sinking its own by 6.7%.

Vehicle manufacturers in the US reported mixed overall August sales, **Ford's** rising 4.1% and **Toyota's** falling 2%.

Tesla slowed 4% following an adverse analyst report.

A corporate advertisement hurt **Nike** due to a subsequent social media campaign to damage the company.

Meanwhile, **Amazon** traded for the first time with a \$US1 trillion market cap.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1199	oz	-8	-0.6
Silver (NY) (Sep)	14.2	oz	-0.4	-2.5
Gold (LON)	1191	oz	-9	-0.8
Platinum	777	oz	-10	-1.3
WTI Crude (Oct)	69.99	bbl	0.19	0.3
Brent Crude (Nov)	78.20	bbl	0.05	0.1
Iron Ore (CHN port 62%)	66.6	t	0.6	0.9
Copper (LME, 3mth, PM)	5815	t	-152	-2.6
Nickel	12470	t	-320	-2.5
Aluminium	2062	t	-35	-1.7
Lead	2077	t	-43	-2.1
Zinc	2416	t	-48	-1.9
Tin	18825	t	-15	-0.1
CBT Wheat (oct)	5.31	bshl	-15	-2.7

Commodities Commentary

Oil – prices were pushed and pulled by the Gulf of Mexico hurricane threat, a yet stronger \$US and a Genscape report indicating a build at a key crude storage centre in Oklahoma.

WTI traded as high as \$US71.40/bbl intrasession, and Brent at \$US79.72/bbl.

In the meantime, August crude exports to the US from Venezuela were reported at a daily 468,300bbl.

Gold – \$US strength pushed prices down in early trade, December Comex futures settling below \$US1200/oz..

Tonight's trade figures and Friday's August job

Pre-Open Announcements

Downer EDI (* DOW)

\$286M mining services contract extension secured with the south east Queensland Commodore coal project.

Bio-Gene Technology (* BGT)

Heralding test efficacy results for Flavocide in the control of Diamondback moth and Two-spotted mite.

Fastbrick Robotics (* FBR)

FBR plans to develop, manufacture and test clay blocks for FBR's Hadrian X robot in partnership with Wienerberger AG. Details lodged this morning.

Recce Pharmaceuticals (* RCE)

US road show presentation lodged post-trade yesterday.

BrainChip Holdings (BRN)

CFO Ryan Benton is leaving BRN in favour of other interests, effective 14 September.

Mr Benton will consult to BRN during a transition period.

Jatenergy Ltd (JAT)

Commentary regarding new e-commerce regulations, scheduled to come into effect 1 January 2019, lodged this morning.

Resources

Neometals (* NMT)

Test work using an NMT process under international patent application has converted lithium residue into commercial adsorbents, molecular sieves and catalysts.

FEED study continuing for a potential WA Kalgoorlie lithium refinery.

Pure Minerals (* PM1)

Heralding manganese and cobalt recoveries using ore from the WA Gascoyne region Battery Hub project.

AVZ Minerals (* AVZ)

Significant-width, high-grade intersections lodged this morning from ongoing drilling within AVZ's Democratic Republic of Congo Manono lithium project.

Four rigs on site as a scoping study continues.

Lynas Corporation (* LYC)

Planning to lodge full year results tomorrow morning and to host a webcast briefing from 10am AEST.

Access details lodged post-trade yesterday.

Trading Halts

Company	Code	Resuming
3D Oil	TDO	5 Sep
Emmerson Resources	ERM	5 Sep
Fremont Petroleum Corp	FPL	5 Sep
Frontier Resources	FNT	5 Sep
IndiOre Ltd	IOR	5 Sep
Silver Heritage Group	SVH	5 Sep
Venus Metals	VMC	5 Sep
AustSino Resources Group	ANS	6 Sep
Hardey Resources	HDY	6 Sep
Investa Office Fund	IOF	6 Sep
Orocobre Ltd	ORE	6 Sep
Pantoro Ltd	PNR	6 Sep
Syngas Ltd	SYS	6 Sep



reports are seen as two data releases that could influence \$US moves during the second half of the week.

Base metals – expectations that new US trade taxes against China could be implemented this week, following the end of a public comment period tonight appeared a big influencer on overnight trade.

Meanwhile, Codelco was reported to have suspended three of four Ventanas, Chile copper foundry furnaces due to concerning sulphur dioxide readings.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7184	0.0006	0.08
EUR – USD	1.1586	0.0003	0.03

Australian Data Today

ABS	GDP	JunQ
AiG	PSI	Aug
VFACTS	Vehicle sales	Aug

US Data Tonight

Trade balance	Jul
ISM New York	Aug
MBA mortgage applications	31 Aug

Other Overseas Data Today & Tonight

China	Caixin services PMI	Aug
Japan	Services PMI	Aug
UK	Services PMI	Aug
UK	Vehicle sales	Aug
Germany	Services PMI	Aug
Euro zone	Services PMI	Aug
Euro zone	Retail sales	Jul

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Syrax Resources	SYR	6 Sep
Trek Metals	TKM	6 Sep

Suspensions *(select)*

Company	Code	Since
Antilles Oil & Gas	AVDDD	24 Aug
Frontier Diamonds	FDX	3 Sep
Raiden Resources	RDN	31 Aug

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
APO	Today	7	100	2.91
BWX	Today	4.2	100	1.73
EAI	Today	1	100	0.96
EGI	Today	1.5	100	2.73
EVT	Today	31	100	3.40
HOT	Today	0.5	100	5.56
IVC	Today	17.5	100	3.46
IRE	Today	16	60	3.28
MLD	Today	3.5	100	4.92
MPL	Today	7.2	100	4.19
ONT	Today	12	100	3.86
PGF	Today	1.8	100	2.72
QAN	Today	10	100	2.67
REF	Today	5.5	100	0.00
RHC	Today	86.5	100	2.56
SDG	Today	6	100	6.25
TWE	Today	17	100	1.63
AEF	Tomorrow	235	100	2.47
AIZ	Tomorrow	10.02	0	6.65
ARA	Tomorrow	1	60	2.94
ARQ	Tomorrow	3.5	100	5.07
ASX	Tomorrow	109.1	100	3.21
BHP	Tomorrow	85.6	100	4.72
BLX	Tomorrow	2.5	100	3.16
CIE	Tomorrow	1.8	50	7.02
CTD	Tomorrow	21	50	1.08
CYA	Tomorrow	2	100	4.05
EGN	Tomorrow	1	100	1.72
EHE	Tomorrow	8	100	5.13
FXL	Tomorrow	3.85	100	3.50
GLB	Tomorrow	6	0	5.00
GTN	Tomorrow	11	100	5.31
HSO	Tomorrow	3.5	0	3.12
IEL	Tomorrow	6.5	60	1.38
KME	Tomorrow	2	100	4.17
LIC	Tomorrow	2.5	100	0.76
MVF	Tomorrow	2.6	100	4.94
MWY	Tomorrow	9	100	5.83
NHF	Tomorrow	11	100	3.02
NST	Tomorrow	5	100	1.17
PAC	Tomorrow	22	100	3.13
PME	Tomorrow	3.5	100	0.55
PWH	Tomorrow	6.2	100	2.21
RDH	Tomorrow	2	100	1.10
SDI	Tomorrow	1.4	100	4.10
SEC	Tomorrow	4	100	2.02
SHJ	Tomorrow	2.25	40.85	3.63
SKT	Tomorrow	6.86	0	6.69
SST	Tomorrow	45	0	1.89
TGG	Tomorrow	8	100	2.94

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TME	Tomorrow	29.68	0	3.70
VEE	Tomorrow	0.26	100	1.13
YAL	Tomorrow	0.3	0	2.46
ZIM	Tomorrow	60.39	0	10.07
ABC	Fri	13	100	3.25
ALI	Fri	2.5	100	1.95
AMC	Fri	32.65	0	4.11
APD	Fri	1	100	5.23
AUB	Fri	32	100	3.15
BAF	Fri	4	65	5.43
BSL	Fri	8	0	0.80
CDM	Fri	4	100	6.18
CYC	Fri	0.5	0	1.12
MNF	Fri	4.05	100	1.61
PTL	Fri	0.9	100	4.69
SDA	Fri	2.4	100	1.51
SHV	Fri	7	100	2.16
SXL	Fri	4	100	5.66