

Markets

SFE 200 Futures (9.30am AEDT)	6189	9	0.2
NZX 50	9409	10	0.1
DJIA Futures	25799	-28	-0.1
S&P 500 Futures	2792	0	0.0
NASDAQ Futures	7166	20	0.3

Local Markets Commentary

The Australian market commences mid-week trade ahead of influential domestic data, with new housing market comments from the Reserve Bank of Australia (RBA) governor and growth support pledges from China's administration.

Late yesterday, **China** premier Li Keqiang told the annual National People's Congress that the nation's growth target had been revised downwards to 6.0% - 6.5%, but that plans to cut two trillion yuan (\$US293.3B) worth of company taxes and fees, plus increased infrastructure spending would mitigate the 'complicated and more severe' environment faced by administrators.

In decidedly mixed overnight commodities trade, **oil** turned lower.

US gold futures (April) declined further, but ultimately slightly so. LME **copper** swung higher and **nickel** continued to rally.

Iron ore (China port, 62% Fe) picked up the pace of Monday's turn lower.

The **\$A** appreciated a little after trading at US70.80c early yesterday evening.

Locally this morning, RBA governor Philip Lowe has delivered housing market and economic impact views to business summit attendees in Sydney this morning.

The Australian Bureau of Statistics (ABS) publishes December quarter **GDP** growth **11.30am** AEDT.

Influential stocks trading **ex-dividend** today include **BXB, EVT, FXL, HSN, QUB, RHC, and PPT**. Please see pp4-5 for details.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26807	-13	-0.1
S&P 500	2790	-3	-0.1
NASDAQ	7576	-1	-0.0
FTSE 100	7183	49	0.7
DAX 30	11621	28	0.2
Shanghai Comp	3054	27	0.9

Overseas Markets Commentary

Major European and US equities markets headed higher at varying times, in vacillating trade overnight, sentiment in part buoyed by

Australia – December quarter GDP – 11.30am AEDT

Australia – RBA governor Philip Lowe spoke on *The Housing Market & the Economy* at a business summit in Sydney this morning

Today's Stock Watch

Myer Holdings (MYR)

3.1% higher, \$A41.28M interim NPAT.

2.8% lower, \$1.67B sales revenue. 23c NTA.

Anticipating higher interest and depreciation costs during 2H FY 2019.

A teleconference commenced 9.30am AEDT.

Bubs Australia (BUB)

MoU secured with Beingmate Baby & child Food Co, targeting a JV for the purpose of distributing and promoting BUB baby products in China.

BUB again reached 63c yesterday, after closing at 56c last week.

Immutep Ltd (IMM)

IMM has presented interim data from the proposed melanoma treatment TACTI-mel phase one clinical study to a World Immunotherapy Congress in San Diego overnight.

AusNet Services (AST)

NOK (Norwegian Kroner) 1.5B, 10-year bond issue.

Proceeds, equivalent to ~\$A246M, are earmarked for existing debt refinancing and capital funds.

Zelda Therapeutics (ZLD)

ZLD has secured an ~20-year Australian patent for a new method of predicting breast cancer prognoses.

Mobilcom Ltd (MOB)

Drone manufacturer Yuneec International will potentially use two MOB drone developments under a strategic partnership established to target both government and commercial markets.

Resources

OZ Minerals (OZL)

Heralding results from the Carrapateena block cave expansion scoping study in terms of value optimisation.

Figures lodged include a \$1.0B - \$1.3B pre-production capex.

In addition, OZL has raised 2019 guidance for drilling activity and project studies from \$45M - \$50M to \$75M - \$80M.

Carrapateena resource statement and supporting material lodged this morning.

Blackham Resources (BLK)

Additional 20,000oz of gold hedged, at \$A1836/oz.

Over the next 10 months, BLK is due to deliver 38,124oz of forward-sold gold, at a mean \$A1773/oz.



pleasing data and corporate results plus some assurances out of China, but tempered by China growth concerns.

Earlier, China had pledged corporate tax relief and increased infrastructure spending as it lowered its growth target from ~6.5% to 6.0% - 6.5%.

Among new data releases, the **US** January deficit was reported as a \$US9B surplus, against forecasts of a \$US25B surplus, and following a \$US14B December deficit.

ISM's influential February services sector activity index rose three points to a yet stronger 59.7.

Further, an economic optimism index rose 5.4 points to 55.7.

December new home sales came in 3.7% higher, following a 9.1% November jump.

A final February services PMI for the **euro zone** represented a 1.6-point rise to 52.8.

January retail sales rose 1.3% for the month (*not* the 16% drop quoted in yesterday's *Market Opener*. Apologies.) following a 1.4% December decline. Year-on-year, sales were 2.2% higher.

Germany's February services PMI rose 2.3 points to 55.3

In the **UK**, new data provided some domestic relief.

The February services activity index gained 1.2 points to reach 51.3.

February new motor vehicle sales rose 1.4% after a 1.6% January drop.

Bank of England governor Mark Carney was due to meet with House of Lords economic affairs committee members post-trade, to talk on the bank's view of economic matters, domestic inflation (2.1% growth forecast) and UK-European Union separation scenarios. This could impact some of tonight's British pound and FTSE trade.

In the meantime, **Greece** attracted €11.8B worth of bids for a €2.5B 10-year bond sale.

Tonight in the **US**, December trade figures, the Federal Reserve's district-by-district economic summary (beige book), January factory orders, a February private employment report and weekly mortgage applications are due.

Companies scheduled to report earnings include: Abercrombie & Fitch, American Eagle Outfitters, Dollar Tree, ERG, Legal & General, Luxottica,

In overnight corporate news, **Toyota** and **BMW** warned they would likely eventually cease UK vehicle manufacturing should the UK separate from the European Union without firm arrangements in place.

In reporting news, US retailers **Target** and **Kohl's** surprised on the upside.

General Electric's industrial division outlook disappointed, however.

Anheuser-Busch InBev was in the meantime reported to be deciding on a replacement for the chairman who is viewed as juggling conflicted interests.

Salesforce reported post-Monday US trade, and was pushed lower overnight on a weaker-than-desired outlook.

Pre-Open Announcements

Fisher & Paykel Healthcare (* FPH)

Sydney investor forum presentation lodged this morning. FPH is presenting today.

NetLinkz Ltd (NET)

Confirming China Telecom Co Wuxi senior president Mr Zhang has been appointed as a China-based NET non-executive director.

NET is planning to finalise a China product strategy over the next three months.

NET settled at 3c yesterday, after closing out last week at 2.7c.

Speedcast International (SDA)

SDA CEO Pierre-Jean Beylier is preparing to host a Q&A session and participate in a satellite panel at a Deutsche Bank Media, Internet & Telecom conference in Palm Beach, Florida, Tuesday next week.

Resources

Millennium Minerals (* MOY)

WA Pilbara Nullagine gold project Golden Gate centre drilling results lodged this morning, including several significant-width, high-grade assays.

MOY plans to begin mine development by 30 June.

Musgrave Minerals (MGV)

Option secured to acquire non-alluvial gold rights for the WA Murchison Mainland project, located within MGV's Cue gold project.

Energy

White Energy Company (* WEC)

Proposing to issue 20M shares at 7c each to a professional investor.

WEC has traded at 6.9c – 7c for the week to date.

Leigh Creek Energy (LCK)

31% (1010) of LCK eligible shareholders participated in the recent rights offer and 276 of these applied for shortfall shares. The shortfall was oversubscribed and will be scaled back.

Quickstep Holdings Limited (ASX: QHL)

Share price: 9.1c Target price: 15c Target upside: 65%

Quickstep Holdings (QHL) - Australia's leading independent manufacturer of advanced carbon fibre composite components – recently reported its maiden interim NPAT (\$A0.9M) and is guiding the market to expect positive NPAT and operating cash flow for the full year (that is, to end June 2019).

**Commodities**

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1284.7	oz	-2.8	-0.2
Silver (NY) (May)	15.15	oz	0.04	0.3
Gold (LON)	1285	oz	-27	-2.0
Platinum	835	oz	1	0.1
WTI Crude (Apr)	56.34	bbbl	-0.25	-0.4
Brent Crude (May)	65.57	bbbl	-0.10	-0.2
Iron Ore (CHN port 62%)	87.03	t	-0.66	-0.8
Copper (LME,3mth,PM)	6480	t	71	1.1
Nickel	13655	t	380	2.9
Aluminium	1874	t	2	0.1
Lead	2104	t	-3	-0.2
Zinc	2782	t	40	1.4
Tin	21565	t	115	0.5
CBT Wheat (May)	4.62	bshl	0.07	1.5

Commodities Commentary

Oil – overnight trade was influenced by several factors.

Libya was reported to have recommenced production from the 300,000bbl/d El Sharara oil field, with output expected to reach usual levels by late week.

In addition, China officially lowered its annual growth target, ahead of trade figures later this week.

Meanwhile, Chevron and ExxonMobil have each forecast increased US Permian Basin production through the next six years. A US weekly petroleum inventories report is due tonight from the EIA.

Gold – China's reduced growth target and further disappointing data, revealed yesterday, damaged overnight gold sentiment.

In addition, the \$US gained on some positive domestic data.

Base metals – China growth support pledges and inventories appeared to exert the most influence on overnight trade.

A 51.1 Caixin **China** services PMI, reported yesterday, represented a 2.5-point fall for the month.

China's trade figures are keenly anticipated at the end of the week.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7083	-0.0001	-0.01
EUR – USD	1.1306	-0.0002	-0.01

Australian Data Today

ABS	GDP	Dec Q

US Data Tonight

Fed beige book	Feb
ADP private employment	Feb

This is despite a key machine failing in the December 2018 quarter which is impacting current quarter operating performance.

In addition, management indicates that the group will report new material contracts before the end of the financial year.

It has been a long path to arrive at this point, but we suggest that the market is starting to see light at the end of the tunnel. The share price has appreciated on the back of the interim results, and at current share price levels of 9.1c has recovered strongly from December 2018 lows of 6.8c.

Traded volumes are also up (see chart below), and with the group on the verge of posting +ve EPS, we suggest that QHL could be coming onto the radar screen of institutional investors.

We are pleased to see that Mark Burgess (MD & CEO) is also buying into the recovery story. On 27 December 2018 Mark Burgess acquired 412,376 shares @ 10.1cps (consideration of \$A41650).

**Investment case gaining traction**

Our NPV/EPS -derived target price for QHL is 15cps.

Recommendation: **Buy**

For further information, call your State One adviser at 08 9288 3388 or 1300 651 898

State One executive chairman Alan Hill

Trading Halts

Company	Code	Resuming
Galan Lithium	GLN	6 Mar
American Patriot Oil & Gas	AOW	7 Mar
Ardiden Ltd	ADV	7 Mar
Emu NL	EMU	7 Mar



Trade balance Dec
Factory orders Jan

Other Overseas Data Today & Tonight

Germany	Construction PMI	Feb
Euro zone	Services PMI (final)	Feb
International	OECD outlook report	Feb
Germany	Construction PMI	Feb

Need More Information?

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

Suspensions *(select)*

Company	Code	Since
Elk Petroleum	ELK	1 Mar
LandMark White	LMW	19 Feb
Niuminco Group	NIU	21 Feb
Reva Medical	RVA	20 Feb
Serpentine Technologies	S3R	6 Mar
Shree Minerals	SHH	20 Feb
Siburan Resources	SBU	22 Feb
Sinetech Ltd	STC	19 Feb

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
ARA	Today	0.7	100	2.62
AUB	Today	13.5	100	3.51
AX1	Today	4.5	100	5.29
BXB	Today	14.5	65	2.45
EAI	Today	1	100	2.99
ECL	Today	3	100	4.32
EGI	Today	1.5	100	3.11
EVT	Today	21	100	4.08
FXL	Today	3.85	100	4.84
HSN	Today	3	100	1.95
KME	Today	1.5	100	3.47
MLD	Today	2	100	5.76
MNF	Today	2.1	100	1.57
OGC	Today	1.05	0	0.71
PAC	Today	10	100	5.64
PGF	Today	1.8	100	3.12
PPT	Today	125	100	6.37
QUB	Today	2.8	100	2.04
RHC	Today	60	100	2.30
SRV	Today	13	40	8.33
SSM	Today	3.5	100	3.74
APL	Tomorrow	2	50	6.70
ASX	Tomorrow	114.4	100	3.21
BAF	Tomorrow	1	65	5.85
BFG	Tomorrow	4.25	100	7.69
BHP	Tomorrow	77.32	100	4.45
CTD	Tomorrow	18	100	1.49
DCG	Tomorrow	1	100	1.13
DGH	Tomorrow	2.25	100	3.33
FSA	Tomorrow	2	100	5.26
GLB	Tomorrow	6	0	6.96
IEL	Tomorrow	12	50	1.28
ILU	Tomorrow	19	100	3.21
JIN	Tomorrow	15	100	2.30
LIC	Tomorrow	2.5	100	0.95

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MMS	Tomorrow	34	100	5.86
MND	Tomorrow	25	100	3.24
MRC	Tomorrow	0.7	15	6.50
MVF	Tomorrow	3	100	5.16
MVP	Tomorrow	2	100	0.99
PME	Tomorrow	3.5	100	0.39
PNI	Tomorrow	6.1	100	2.58
QBE	Tomorrow	28	60	4.06
RIO	Tomorrow	589.59	100	4.41
RWC	Tomorrow	4	100	1.52
S32	Tomorrow	9.53	100	4.05
SDA	Tomorrow	4.8	0	1.89
SDG	Tomorrow	4	100	6.60
SFC	Tomorrow	30	100	4.24
SHJ	Tomorrow	1.25	0	5.43
SKT	Tomorrow	7.21	0	10.18
SNZ	Tomorrow	5.85	0	1.67
TWE	Tomorrow	18	100	2.29
VEE	Tomorrow	0.15	100	0.73
RYD	Fri	1	100	2.33
SHL	Fri	33	20	3.38
TWD	Fri	33	100	13.17
VGL	Fri	1.71	0	0.65
WTC	Fri	1.5	100	0.15
YAL	Fri	28.55	0	6.31