

Monday 8 August 2016

## Markets

<b>SFE 200 Futures</b> (9.25am AEST)	<b>5489</b>	<b>31</b>	<b>0.6</b>
<b>NZX 50</b>	7320	12	0.2
<b>DJIA Futures</b>	18476	22	0.1
<b>S&amp;P 500 Futures</b>	2178	1	0.1
<b>NASDAQ Futures</b>	4788	5	0.1

## Local Markets Commentary

The Australian market opens a new week's trade on a mix of positive international equities leads, varied commodities leads and key regional reports.

**China** releases detailed July trade statistics **midday** AEST. FDI figures are also likely.

Yesterday, July foreign reserves were reported to have fallen to \$US3.20 trillion, from \$US3.21 trillion in June, on par with forecasts.

The **Bank of Japan** releases an opinions report pre-ASX trade, simultaneously with the publication of June balance of payments **9.50am** AEST.

In overnight Friday commodities trade, **gold** swung lower. **Oil** settled modestly lower. **Copper** fell further. **Iron ore** turned higher again, to trade at three-month peaks.

The **\$A** fell to ~US76.20c, and has depreciated further this morning, after trading beyond US76.54c early Friday evening.

Locally today, ANZ is due to publish its monthly job advertisements report **11.30am**.

CPI and PPI figures are expected out of China tomorrow.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>18545</b>	191	<b>1.0</b>
<b>S&amp;P 500</b>	2183	19	<b>0.9</b>
<b>NASDAQ</b>	5221	55	<b>1.1</b>
<b>FTSE 100</b>	6793	53	<b>0.8</b>
<b>DAX 30</b>	10367	139	<b>1.4</b>
<b>Shanghai Comp</b>	2977	-6	<b>-0.2</b>

## Overseas Markets Commentary

Major European and US equities markets rallied overnight Friday, sentiment buoyed by strong jobs growth in the US, and stimulus support for the UK as it prepares to go it alone from the European Union.

According to a national monthly employment report, 255,000 jobs were created in the **US** during July, following 292,000 in June. Hourly wages grew by US8c and unemployment remained at 4.9%, against expectations of a slip to 4.8%.

Meanwhile, the national June trade deficit rose to a 10-month peak, partly on higher fuel costs and \$US strength.

**Germany's** June industrial orders surprised on the downside, falling 0.4% against expectations of a 0.6% improvement following a flat May.

In the **UK**, the Halifax house price index fell 1% during July following a 1.3% June rise. For the three months to the end of July, prices gained 8.4%

**China - July trade figures expected midday AEST.**

## Today's Stock Watch

### Bendigo & Adelaide Bank (BEN)

2% lower, \$415.6M full-year NPAT. 0.6% higher, \$1.55B revenue. 34c fully-franked final dividend, up 1c. Cash earnings rose 1.6% to \$439.3M and cash EPS 0.5% to 95.6c. 81.3c diluted, statutory EPS.

Bad and doubtful debts dropped 35.4% to \$68.3M. Provisions and reserves have increased 0.9% to \$2.9M. 8.09% (Basel III common equity) tier 1. \$1.0B cash and equivalents.

Webcast scheduled to commence 10am AEST. Access details lodged this morning. AGM schedule for 25 October, Bendigo.

### Primary Health Care (PRY)

PRY's GM pathology James Bateman has left PRY, after 25 years. Mr Bateman is the son of PRY founder (the late) Edmund Bateman.

### MMA Offshore (MMA)

Expecting \$10M lower FY 2017 EBITDA. A contract for two MMA vessels has been suspended due to changes to the client's drilling program. In addition, a three-vessel contract is expected to be secured at rates significantly lower than initially anticipated. MMA is talking with its banking syndicate regarding current expectations and conditions.

### iSignthis Ltd (ISX) / National Australia Bank (NAB)

ISX will be able to provide full card acquiring and settlement services to customers in Australia and New Zealand from early December, under an agreement secured with NAB. NAB will act as the acquirer for transactions processed by ISX, with NAB and ISX sharing the merchant fee.

### Argo Investments (ARG)

5.2% lower, \$216.3M full-year NPAT. 5.7% lower, \$228.0M revenue. 15.5c (flat) fully-franked final dividend. \$7.11 NTA. 32c (basic) EPS.

### News Corporation (NWS)

Due to report for the June quarter in the US ~6.30am AEST tomorrow.

## Resources

### Kibaran Resources (↓ KNL)

Resuming from a trading halt with an exclusive agreement with Sojitz Corporation for the supply of at least 14,000t of graphite each year from KNL's Epanko project, Tanzania. KNL last traded at 24c.

### Gulf Manganese Corporation (GMC)

GMC appreciated 150% Friday, settling at 1.5c following very high turnover. This morning, the company has announced it has finalised an agreement for the \$US1M acquisition and relocation of two ferro-manganese smelting furnaces with Transalloys. Under the deal, GMC will supply up to 30,000 of high-grade manganese to Transalloys each year for three years. GMC is relocating the smelters from South Africa to Kupang, Indonesia.

### Rio Tinto (RIO)

Group company secretary Eleanor Evans is leaving RIO 19 August. Deputy company secretary Victoria Hames will become RIO Plc company secretary and RIO Ltd joint company secretary. Tim Paine remains joint RIO Ltd company secretary. Ms Evans had been with RIO ~three years.

year-on-year.

**Tonight** in the US, a Federal Reserve employment market conditions report is due.

Companies scheduled to report earnings include: Allergan, News Corporation, Hertz and Tyson Foods (McDonald's, KFC supplier).

Overnight Friday, the **Royal Bank of Scotland** reported a £2B interim loss.

**Kraft Heinz** appreciated 4% on better-than-anticipated profit.

**Microsoft** confirmed it was acquiring **LinkedIn**, for \$US26.2B.

Later in the weekend, **Berkshire Hathaway** revealed 25% higher quarterly profit.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1341</b>	oz	-26	<b>-1.9</b>
<b>Silver (NY) (Jul)</b>	19.7	oz	-0.7	<b>-3.5</b>
<b>Gold (LON)</b>	1340	oz	-22	<b>-1.6</b>
<b>Platinum</b>	<b>1144</b>	oz	-12	<b>-1.0</b>
<b>WTI Crude (Sep)</b>	<b>41.8</b>	bbl	-0.13	<b>-0.3</b>
<b>Iron Ore (Tianjin)</b>	<b>60.9</b>	t	2.0	<b>3.4</b>
<b>Copper (LME)</b>	<b>4789</b>	t	-42	<b>-0.9</b>
<b>Nickel</b>	10715	t	110	<b>1.0</b>
<b>Aluminium</b>	1645	t	23	<b>1.4</b>
<b>Lead</b>	1786	t	-10	<b>-0.6</b>
<b>Zinc</b>	2266	t	11	<b>0.5</b>
<b>Tin</b>	18350	t	355	<b>2.0</b>
<b>CBT Wheat (Sep)</b>	<b>4.16</b>	bshl	0.13	<b>3.2</b>

### Commodities Commentary

*Oil* – prices swung overnight Friday, mainly due to a \$US jump after the national jobs report and then a pullback.

In addition, some short-covering was reported in late trade on \$US40/bbl level speculation and ahead of China's July trade figures, due today.

In weekly US drill rig count, seven more oil rigs were reported operational.

*Gold* – equities returned to favour and the \$US appreciated overnight Friday, on the US July jobs report, minimising gold's appeal.

*Base metals* – a significant \$US appreciation hurt LME copper trade overnight Friday.

Operational and export cutbacks continued to support most other metals, but more mixed results are anticipated tonight, following the release of **China's** July trade figures today.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7612	-0.0006	<b>-0.08</b>
<b>EUR – USD</b>	1.1091	0.0009	<b>0.08</b>

### Australian Data Today

ANZ	Job advertisements	Jul
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### US Data Tonight

	Fed labour market conditions index	Jul
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## Pre-Open Announcements

### DEXUS Property Group (DXS)

Selling two properties, one in North Terrace, Adelaide for \$86.5M gross and another in Southgate, Melbourne for \$578M net.

### WAM Research (\* WAX)

34.4% higher, \$26.2M full-year NPAT. 40.4% higher, \$47.6M revenue. 4.25c fully-franked final dividend. \$1.20 NTA.

### iCar Asia (\* ICQ)

Anticipating a \$A14.5M - \$15.5M FY 2016 EBITDA loss. Revenue is expected to come in up to 23% higher for the year, at \$6.75M - \$7.75M.

### Michael Hill International (MHJ)

CEO Mike Parsell is standing down after 16 years in this role. MHJ CFO Phil Taylor will be acting CEO. Mr Taylor has been with MHJ since 1987.

### PolyNovo Ltd (PNV)

Anticipating a \$3.25M - \$3.36M FY 2016 net loss, following a \$1.41M loss a year ago. \$3.25M cash and equivalents and \$7.5M term deposits. Last year's result benefited from the Metabolic sale and this year's includes increased R&D and clinical trial expenses.

### Propertylink Group (PGL)

Asset manager completed its ASX listing Friday after raising ~\$500M at 89c per stapled security. Opened at 82c and traded at 81c – 87c before settling at 86c. ~85.2M stapled securities changed hands across 4763 transactions. Trading commenced on a conditional and deferred settlement basis. Normal (T+2) trade is expected to commence 17 August.

## Resources

### Legend Mining (\* LEG) / Independence Group (\* IGO)

LEG has sold 990,000 IGO shares for a total \$4.06M, over 5 July – 3 August. LEG no longer holds any IGO shares, but has \$8.5M cash, \$600,000 in liquid investments and \$3M worth of receivables.

### Predictive Discovery (PDI)

High-grade assays lodged this morning from RC drilling with the Nyangboue prospect, Boundiali gold project, Côte D'Ivoire. Assays pending for 57 holes.

## Trading Halts

Company	Code	Resuming
Dart Mining	DTM	9 Aug
Global Geoscience	GSC	9 Aug
Medibio Ltd	MEB	9 Aug
Oil Basins	OBL	9 Aug
Syndicated Metals	SMD	9 Aug
Wellard Ltd	WLD	9 Aug

## Suspensions (selected)

Company	Code	Since
Agenix Ltd	AGX	29 Jul
ATC Alloys	ATA	28 Jul

**Other Overseas Data Today & Tonight**

<b>China</b>	Trade balance	Jul
China	Foreign direct investment (FDI)	Jul
<b>Japan</b>	BoJ summary of opinions	Aug
Japan	Current account	Jun
Japan	Bank lending	Jul
Japan	Corporate insolvencies	Jul
Japan	Eco watchers survey	Jul
<b>Germany</b>	Industrial production	Jun
<b>Euro zone</b>	Sentix investor confidence	Aug

**Need More Information?**

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Bass Metals	BSM	29 Jul
Genesis Minerals	GMD	5 Aug
Gleneagle Gold	GLN	25 Jul
Indus Energy	IND	5 Aug
Kasbah Resources	KAS	21 Jul
MHM Metals	MHM	14 Jul
MinQuest Ltd	MNQ	18 Jul
Montezuma Mining Company	MZM	4 Aug
Mount Magnet South	MUM	27 Jul
Namibian Copper	NCO	16 Jul
Nickelore Ltd	NIO	22 Jul
Odin Energy	ODN	21 Jul
Parmelia Resources	PML	13 Jul
Regalpoint Resources	RGU	14 Jul

**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>AMH</b>	Today	<b>3.5</b>	100	3.43
<b>OZG</b>	Today	<b>0.25</b>	100	3.23
<b>WIC</b>	Today	<b>3</b>	100	6.52
AFI	Tomorrow	14	100	4.07
TAH	Wed	12	100	4.75
FRI	Thu	4	100	8.19
MLT	Thu	9.9	100	4.21
RIO	Thu	59.13	100	4.26
MGP	Fri	0.2	0	2.22
SUN	Fri	38	100	5.04

**Reports & Events**

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>BEN</b>	Full-year
<b>Tomorrow</b>	ANZ	Trading update
	IFL	Full-year
	NWS	Q4
	REA	Full-year
	TCL	Full-year
<b>Wed</b>	ACR	Full-year
	AGL	Full-year
	CBA	Full-year
	CPU	Full-year
	FXJ	Full-year
	MRN	Full-year
	OZL	Interim
<b>Thu</b>	GMG	Full-year
	JHX	AGM
	MFG	Full-year
	SLK	Full-year
	TLS	Full-year
<b>Fri</b>	BBN	Full-year
	CAR	Full-year
	JHX	1Q FY2017