

Monday 9 April 2018

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document.

Markets

SFE 200 Futures (9.30am AEDST)	5739	-33	-0.6
NZX 50	8354	-39	-0.5
DJIA Futures	23962	36	0.2
S&P 500 Futures	2611	5	0.2
NASDAQ Futures	6483	8	0.1

Local Markets Commentary

The Australian market commences a new week's trade following another US equities fall overnight Friday.

Since then, **China** has urged **US** industry and commerce, plus the broader 'international business community' to oppose the threatened additional \$US100B worth of US tariffs on Chinese imports, describing the late-Thursday (local time) US move as 'extremely mistaken'.

Also over the weekend, the US president has suggested China is ready to offer concessions.

Meanwhile, **Middle East** tensions escalated, the US president also railing against Syria, Russia and Iran in response to an alleged chemical attack on anti-Syrian government groups and civilians in Ghouta, Syria.

Overnight, an agreement has enabled the commencement of a civilian evacuation.

In overnight Friday commodities trade, US **gold** futures turned higher. **Oil** fell.

LME **copper** and **nickel** swung lower but **aluminium** continued to rally.

The **\$A** was pushed back to ~US76.70c after appreciating to ~US 76.90c early Friday evening.

Locally today, a March construction sector activity index and a weekly capital city residential property price report are due pre-trade.

Over the weekend, **China's** central bank reported March **foreign reserves** had risen \$US9B during the month, to \$US3.14 trillion, following a \$UA27B drop in February. Gold reserves grew to \$US78.42B from \$US78.06B.

China's markets are set to resume today following public holidays Thursday and Friday last week.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	23933	-572	-2.3
S&P 500	2604	-58	-2.2
NASDAQ	6915	-161	-2.3
FTSE 100	7184	-16	-0.2
DAX 30	12241	-64	-0.5
Shanghai Comp	3131	Public	Holiday

Overseas Markets Commentary

Major European and US equities markets mostly opened lower overnight Friday, sentiment generally deteriorating further in second-half trade.

Friday, **China** had lodged a complaint with the World Trade Organisation against the **US**.



VONEX LIMITED (ASX:VN8)

State One is Lead Manager for the IPO of Vonex Limited - an innovative Australian telecom company currently generating revenue of +\$A8M. Please find below a link to the IPO information pack:

<https://www.stateone.com.au/Vonex-IPO.html>

Application can be made online or by completing the application form, which can be found on pp 48-50 of the prospectus.

Vonex, founded in 2009, is a Perth-based telecom company specializing in innovative Voice over Internet Protocol (VoIP) solutions and feature-rich Private Branch Exchange (PBX) technology.

A "once-in-a-lifetime" opportunity: we believe that the rollout of the National Broadband Network (NBN) will require millions of customers having to disconnect from Telstra's copper/landline network and reconnect to the new (government-owned) fibre-optic network; this will act as a catalyst to spread market share more evenly and provide opportunities for nimble technology-driven telco players like Vonex.

Vonex has also developed an innovative telecommunications/social media application - Oper8tor. Management is targeting a soft-launch of the App in Europe in 2018/2019.

For further information, call your State One adviser at 08 9288 3388 or 1300 651 898 or Email: vonex@stateone.com.au

Today's Stock Watch

Elders Ltd (ELD)

Proposing to acquire crop protection specialist Titan Ag. In addition, ELD plans to sell its Indonesian feed and processing assets, with an anticipated 30 June completion. ELD's is expecting its purchase of Kerr & Co Livestock on 1 May.

Macquarie Atlas Roads (MQA) / Macquarie Group (MQG)

MQA CEO James Hooke is opting to remain with MQG once the MQA management internalisation is finalised. Hence a new MQA CEO and management team will be appointed. MQG will continue to manage MQA until 1 May 2019. Additional details lodged this morning.

Stemcell United (SCU)

Resuming from suspended trade with a co-operation agreement with Yunnan Hua Fang Industrial Hemp Co (HFIH). HFIH holds an import-export licence and is intending to apply to Yunnan, China authorities for an industrial hemp licence. SCU is proposing to use, for an indefinite period, HFIH's import-export licence and existing market for the potential distribution of SCU's dendrobium-related products and any TCM beauty products under development consideration.

The agreement provides for SCU to use the potential HFIH industrial hemp licence, on an exclusive 10-year basis, to research TCM beauty products utilising SCU's stem cell technology. Pending the licence grant, SCU holds the exclusive right to acquire 51% of HFIH via an ~A760,000 investment. An initial ~\$A400,000 payment will secure for SCU all rights specified in the agreement. SCU last traded at 3.5c, after appreciating 25% across three trading sessions.

Later Friday, the US government announced significant sanctions against **Russian** business personnel and enterprises, following enabling legislation approved by Congress in 2017.

In addition, US **Federal Reserve** chair Jerome Powell offered it was too early to determine if the US economy would be damaged by trade tensions, but confirmed the bank would likely need to keep raising rates to control inflation.

Among US data releases, wages were reported 2.7% higher, year-on-year for March.

However, the number of jobs created in March came in at 103,000 against 326,000 in February and following forecasts of ~195,000.

February consumer credit rose by the least in five months, to \$US10.6B against expectations of \$US15.5B.

In the meantime, a European Central Bank (ECB) official Benoît Coeuré ventured trade argy-bargy between the US and China was already affecting money raising activity.

In regional data releases, **Germany's** February industrial production was revealed 1.6% lower, following a 0.1% rise in January.

A euro zone retail PMI for March fell 2.2 to 50.1.

Tonight, a US consumer inflation expectations report and Germany's February trade figures are due.

Commodities				
COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1336	oz	6	0.6
Silver (NY) (May)	16.4	oz	0.0	0.0
Gold (LON)	1331	oz	4	0.3
Platinum	916	oz	6	0.7
WTI Crude (May)	62.1	bbl	-1.5	-2.3
Brent Crude (Jun)	67.1	bbl	-1.2	-1.8
Iron Ore (CHN port 62%)	63.6	t		
Copper	6769	t	-47	-0.7
Nickel	13270	t	-55	-0.4
Aluminium	2042	t	33	1.6
Lead	2393	t	12	0.5
Zinc	3232	t	-5	-0.2
Tin	21050	t	0	0.0
CBT Wheat (May)	4.72	bshl	0.07	1.6

Commodities Commentary

Oil – WTI crude ended the week 4.4% lower and Brent down 3.2%.

Libya reported ~1.05MMbbl daily output, even as the El Feel field remains shut in.

Also overnight Friday, a weekly US petroleum drill rig count revealed 11 additional oil rigs in operation.

Gold – a majority of industry watchers are predicting volatility during the coming week, due to the trade spat between China and the US, but also ultimate gains for gold.

Plenty of scenarios supported safe-haven buying interest overnight Friday.

Base metals – China's markets remained closed for a second consecutive day, impacting trade volumes and exaggerating directional change.

Copper trade appeared impacted by commentary suggesting China's demand could be impacted by any hiatus in trade negotiations.

Pre-Open Announcements

Suncorp Group (* SUN)

SUN has appointed Sylvia Falzon as a non-executive director, effective 1 September.

Ms Falzon is a director of Perpetual (ASX: PPT), Premier Investments (ASX: PMV) Regis Healthcare (ASX: REG) and Cabrini Health, and chairs the Cabrini Foundation board. Her previous executive positions include with Aviva Investors Australia and National Mutual Funds Management.

CropLogic Ltd (CLI)

CLI has appointed Andrew Whitehead as a non-executive director, effective 6 April.

Dr Whitehead's professional experience has included working for Chinese state-owned enterprises.

Billabong International (BBG)

BBG ASX trade will be suspended at the end of the day, as all conditions are in hand for Boardriders Inc to acquire BBG.

Resources

Salt Lake Potash (* SO4)

MoU secured with Mitsubishi covering potential Mitsubishi sale and offtake rights for up to 50% of sulphate of potash production from the Goldfields Salt Lakes demonstration facility.

BlueScope Steel (* BSL)

BSL's CEO strategy and optimisation Sanjay Dayal is leaving 30 June after nine years with BSL.

In addition, BSL has appointed Aluminium Smelters CEO Gretta Stephens as CEO New Zealand & Pacific Islands, effective June. Aluminium Smelters is a Pacific Aluminium-Sumitomo Chemical Company JV, headquartered in New Zealand.

Millennium Minerals (* MOY)

Produced 20,323oz of WA Nullagine project gold during the March quarter.

Holds \$23.3M worth of cash and bullion. Nil debt.

Blackham Resources (* BLK)

Produced a record 20,631oz of gold during the March quarter, 38% more than for the December quarter 2017, supported by mill grades, which averaged 1.5g/t following 1.1g/t for the December quarter.

Further, a record 7419oz of gold produced during March, represented 11% more output than for February.

Quarterly AISC came in at \$A1092/oz, against a realised \$A1669/oz for sales.

BLK has 27,400oz of gold hedged at \$A1724/oz from 1 April through the end of 2018.

Holding \$29.2M in cash and bullion.

Nagambie Resources (NAG)

Nagambie project IP surveying has indicated four strong underground sulphide targets within a 2.7km length. Details lodged this morning.

Appreciated from 19c to 26.c over the past three sessions.

Hazer Group (HZR)

MD Geoff Pocock has resigned for personal reasons.

In addition, Terry Walsh is relinquishing his role as an HZR non-executive director, but will remain with HZR, working part-time on business development.

HZR COO Mark Edwards has been appointed interim HZR CEO.

Sundance Resources (SDL)

SDL has appointed Blina Minerals (ASXL (BDI) chairman Brett

**Exchange Rates**

CURRENCIES	LAST	+/-	%
AUD – USD	0.7678	-0.0003	-0.04
EUR – USD	1.2266	-0.0021	-0.17

Australian Data Today

CLgc	Capl city resdntl propty prices	6 Apr
AiG	PCI	Mar
RBA	Official reserve assets (4.30pm)	Mar

US Data Tonight

Consumer inflation expectations	Mar
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Other Overseas Data Today & Tonight

Japan	Consumer confidence (3pm AEST)	Mar
Germany	Trade balance	Feb
Euro zone	Sentix investor confidence	Apr

Need More Information?

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Fraser as a non-executive director, effective tomorrow.

Copper Mountain Mining Corporation (C6C)

The merged entity of Altona Mining (formerly ASX: AOH) and Copper Mountain Mining Corporation completed its ASX listing Friday.

Trading commenced on a deferred settlement basis. Normal (T+2) trade is expected to commence 19 April. 53.55M CDIs/shares.

Energy**AWE Ltd (* AWE)**

New Zealand PEP 55768 farm-out lodged this morning. AWE will remain operator with 12.5% (from 51%) and Mitsui will hold 37.5% (from 49%).

TerraCom Ltd (TER)

Mongolia BNU coking coal project output has recently been trucked on a 3Mtpa basis.

In addition, a Blair Athol project dedicated train loadout facility has been successfully commissioned, with the train loaded with 9700t of thermal coal for customers in Asia. Toll Group is operating the facility.

Trading Halts

Company	Code	Resuming
Fertoz Ltd	FTZ	9 Apr
Lucapa Diamond Company	LOM	9 Apr
Mineral Resources	MIN	9 Apr
Tawana Resources	TAW	9 Apr
Ausmon Resources	AOA	10 Apr
Castillo Copper	CCZ	10 Apr
Cervantes Corporation	CVS	10 Apr
MetalsTech Ltd	MTC	10 Apr
Respiri Ltd	RSH	10 Apr

Suspensions (selected)

Company	Code	Since
Buddy Platform	BUD	26 Mar
Chapmans Ltd	CHP	26 Mar
Clancy Exploration	CLY	13 Mar
Connected IO	CIO	15 Mar
Cudeco Ltd	CDU	15 Mar
DigitalX Ltd	DCC	4 Apr
eSense-Lab Ltd	ESE	23 Mar
JV Global	JVG	21 Mar
Ookami Ltd	OOK	6 Apr
Poseidon Nickel	POS	22 Mar
Syntonic Ltd	SYT	6 Apr
Tikforce Ltd	TKF	21 Mar
Wattle Health Australia	WHA	6 Apr

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
ADH	Today	5.5	100	5.26
BKW	Today	18	100	3.37
CDM	Today	4	100	5.99
CLV	Today	0.5	100	1.36
CLX	Today	2	100	3.39
GVF	Today	3.15	50	5.73
WMK	Today	1	100	4.12



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CIE	Tomorrow	1.6	50	6.91
GOW	Tomorrow	6	100	3.82
FGX	Thu	2.2	100	3.71
PIA	Thu	3.5	100	5.93
WAA	Thu	2.85	100	4.96
WAM	Thu	7.75	100	6.12
WAX	Thu	4.75	100	5.91
WLE	Thu	2.5	100	3.91
WMI	Thu	2	100	1.41
TRA	Fri	3.61	0	2.75