

Tuesday 10 April 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>5793</b>	<b>0</b>	<b>0.0</b>
<b>NZX 50</b>	8440	-14	-0.2
<b>DJIA Futures</b>	23988	-24	-0.1
<b>S&amp;P 500 Futures</b>	2616	-3	-0.1
<b>NASDAQ Futures</b>	6488	-10	-0.2

## Local Markets Commentary

The Australian market opens today's trade following positive overnight settlements across US equities markets, ahead of a speech by **China's** president Xi Jinping at the Boao Forum for Asia later today.

Post-US trade, the US has told the UN it will respond to Syria's alleged chemical attack in Ghouta.

In overnight commodities trade, US **gold** futures settled with another, but modest, gain. **Oil** swung decisively higher.

**Iron ore** (China port, 62% Fe) resumed gains following a China public holiday hiatus. Meanwhile, Baoshan Iron & Steel is scheduled to report full year earnings today.

LME **copper** and **nickel** trade turned positive as **aluminium** continued sharply higher.

The **\$A** appreciated to ~US70.0c after dropping below ~US76.55c mid-yesterday evening.

Locally today, NAB's monthly business survey is due.

A weekly consumer sentiment reading is due pre-trade.

Regionally, China's March lending figures are expected anytime from later today.

March CPI and PPI readings are due tomorrow.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	23979	46	<b>0.2</b>
<b>S&amp;P 500</b>	2613	9	<b>0.3</b>
<b>NASDAQ</b>	6950	35	<b>0.5</b>
<b>FTSE 100</b>	7195	11	<b>0.2</b>
<b>DAX 30</b>	12262	20	<b>0.2</b>
<b>Shanghai Comp</b>	3138	7	<b>0.2</b>

## Overseas Markets Commentary

Major European and US equities markets bounced on opening overnight, but mostly closed at or near session lows.

The tech sector proved notably in favour in the US. Also in the US, the Congressional Budget Office raised its prediction for the 2018 national budget deficit by \$US24B to \$US804B, warning of \$US1 trillion deficits from 2020, and predicting the new tax regime would deliver a short-term benefit only to the US economy.

Meanwhile, the FBI reportedly raided the office of key presidential lawyer Michael Cohen.

Earlier, **Germany's** trade balance surprised on the downside, falling to €19.2B from €21.5B during

**China** – president Xi Jinping is scheduled to deliver the Boao Forum for Asia keynote address, Hainan, China, later today

**Bank of England** – chief economist Andrew Haldane is scheduled to present the David Finch public lecture in Melbourne, ~7pm AEST

## Today's Stock Watch

### Godfreys Group (GFY)

Arcade Finance, a company of GFY co-founder and 28.09% GFY shareholder John Johnston, is intending to launch a 32c-per-share off-market takeover bid for GFY on 24 April. The offer is scheduled to close 24 May.

GFY's board is recommending shareholders sit tight in the meantime, while it seeks the opinion of an independent expert. GFY has traded at 20.5c – 22c over the past five trading sessions.

### RCR Tomlinson (↓ RCR)

\$60M EPC contract in hand for a 30MW expansion of WA utility Synergy's Greenough River solar farm. Work is set to commence immediately and to be completed by 30 June 2019.

## Resources

### Westgold Resources (WGX)

Revising CY 2018 production to 275,000oz, due in part to WA Higginsville gold project equipment repairs, folding at the Meekatharra project and the sale of the South Kalgoorlie operations. WGX is anticipating a return to production growth with the commencement of Big Bell production at the Cue project.



### 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.*

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February, against forecasts of a slip to €21.4B. Exports fell 3.2% for the month and imports 1.3%. An influential **euro zone** sentiment index tumbled to 19.6 from 24.0.

**Tonight** in the US, March producer prices, February wholesale inventories and a small business optimism index are due.

Later today, **China's president Xi Jinping** is due to deliver a keynote address at the Boao Forum for Asia in Hanan, China.

This evening (7pm AEST), **Bank of England** chief economist Andrew (Andy) Haldane is scheduled to speak publicly at an event in Melbourne.

In overnight corporate news, **Novartis** announced an \$US8.7B purchase of gene therapy and neuroscience specialist **AveXis**.

**Bayer** effectively secured US Justice Department approval to acquire **Monsanto**, pending further asset sales.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1340</b>	oz	4	<b>0.3</b>
<b>Silver (NY) (May)</b>	16.5	oz	0.1	<b>0.8</b>
<b>Gold (LON)</b>	1331	oz		
<b>Platinum</b>	931	oz	15	<b>1.6</b>
<b>WTI Crude (May)</b>	<b>63.4</b>	bbl	1.4	<b>2.2</b>
<b>Brent Crude (Jun)</b>	<b>68.7</b>	bbl	1.5	<b>2.3</b>
<b>Iron Ore (CHN port 62%)</b>	<b>64.0</b>	t	0.4	<b>0.6</b>
<b>Copper</b>	<b>6830</b>	t	61	<b>0.9</b>
<b>Nickel</b>	13435	t	165	<b>1.2</b>
<b>Aluminium</b>	2139	t	97	<b>4.8</b>
<b>Lead</b>	2385	t	-8	<b>-0.3</b>
<b>Zinc</b>	3211	t	-21	<b>-0.7</b>
<b>Tin</b>	21180	t	130	<b>0.6</b>
<b>CBT Wheat (May)</b>	<b>4.91</b>	bshl	0.19	<b>3.9</b>

### Commodities Commentary

**Oil** – broader early positive sentiment and a softer \$US supported oil prices overnight.

In the meantime, Iraq announced it would not change its crude export prices for May.

**Gold** – the \$US weakened early, supporting a further rise for gold, but prices swung.

Positive equities trade appeared to ultimately outweigh most gold interest ahead of key economic indicators to come this week.

CPI readings for the US and China mid-week, are expected to influence currency, and hence, gold trade.

**Base metals** – US sanctions against major producer Rusal benefited *aluminium* overnight.

A weaker \$US and new stockpile figures influenced other trade.

China's latest trade figures are anticipated Friday.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7697	-0.0004	<b>-0.06</b>
<b>EUR – USD</b>	1.2323	0.0002	<b>0.02</b>

## Pre-Open Announcements

### Flamingo AI (FGO)

FGO has appointed former Virgin Australia (ASX: VAH) acting head of digital and GraysOnline founder Mark Kehoe as chief commercial officer and as an executive director. In addition, former Distra COO Peter Lloyd has been appointed as a non-executive director. Mr Lloyd is also a director of Integrated Research (ASX: IRI).

### Smartgroup Corporation (\* SIQ)

Ord Minnett is recommending SIQ as a buy, following accumulate advice.

### Xero Ltd (\* XRO)

RBC Capital Markets has initiated XRO coverage with an outperform rating.

### Speedcast International (\* SDA)

SDA has appointed former Nuplex Industries (ASX: NPX) CFO Clive Cuthell as CFO, effective yesterday. SDA appreciated 2.7% yesterday, after adding 2.6% Friday.

### MMA Offshore (MRM) / NRW Holdings (NWH)

Conference presentations lodged this morning. MRM and NWH are presenting today.

### Family Zone Cyber Safety (FZO)

FZO has achieved 15,000 paying subscribers generating a minimum \$100,000 revenue per month over three consecutive months.

### LiveTiles Ltd (LVT)

Annualised subscription revenue reached \$11.2M during the March quarter, against \$6.9M for the December quarter and \$2.7M a year ago. Additional March quarter details lodged this morning.

### Platinum Asset Management (PTM)

FUM totalled \$27.25M as at 31 March, against \$27.73M on 28 February.

### Insurance Australia Group (IAG)

Investor day scheduled for tomorrow.

## Resources

### Sayona Mining (\* SYA)

Anticipating resource and reserve boosts for the Authier lithium project, Quebec, following receipt of diamond drilling assays. Details lodged this morning.

SYA lost 7.1% yesterday and 3.5% Friday.

### Renacor Resources (RNU)

Heralding aeromagnetic surveying which has identified new Olary project cobalt targets, South Australia.

### Pantoro Ltd (PNR)

March quarter gold production totalled 13,385oz, against 13,841oz for the December quarter 2017.

Holding \$16.6M cash and gold.

Subsequent to 31 March, PNR has become debt-free.

### Intermin Resources (\* IRC)

Project portfolio and loyalty updates lodged this morning.

### Battery Minerals (BAT)

Investor presentation lodged this morning, highlighting Montepuez and Balama projects progress.

### BCI Minerals (BCI)

London conference presentation, highlighting BCI's Mardie salt project, lodged post-trade yesterday.

**Australian Data Today**

ANZ/RyMgn	Consumer confidence	8 Apr
NAB	Business survey	Mar

**US Data Tonight**

PPI		Mar
Wholesale inventories		Feb
NFIB small business optimism		Mar

**Other Overseas Data Today & Tonight**

<b>China</b>	<i>New lending</i>	Mar
<b>Japan</b>	Machine tool orders (prelim)	Mar
<b>UK</b>	BRC sales	Mar

**Need More Information?**

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au).

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**Perseus Mining (PRU)**

Planning to lodge the company's March quarter report pre-trade 16 March (Monday next week) and to host a teleconference that day commencing 4.15pm AEST.

**Reports & Events**

(selected scheduled)

When	Company	Report/Event
<b>Tomorrow</b>	ERA	AGM; Mar Q
	IAG	Investor day
<b>Fri</b>	CIM	AGM

**Trading Halts**

Company	Code	Resuming
Castillo Copper	CCZ	10 Apr
Cervantes Corporation	CVS	10 Apr
MetalsTech Ltd	MTC	10 Apr
Respiri Ltd	RSH	10 Apr
AuMake International	AU8	11 Apr
Ausmex Mining Group	AMG	11 Apr
Avanco Resources	AVB	11 Apr
CFOAM Ltd	CFO	11 Apr
EHR Resources	EHX	11 Apr
Kin Mining	KIN	11 Apr
Mayur Resources	MRL	11 Apr
MGC Pharmaceuticals	MXC	11 Apr
MRG Metals	MRQ	11 Apr
Phylogica Ltd	PYC	11 Apr
Powerhouse Ventures	PVL	13 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
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 (%)
<b>CIE</b>	Today	<b>1.6</b>	50	6.91
<b>GOW</b>	Today	<b>6</b>	100	3.82
FGX	Thu	2.2	100	3.73
PIA	Thu	3.5	100	5.93
WAA	Thu	2.85	100	4.87
WAM	Thu	7.75	100	6.12
WAX	Thu	4.75	100	5.93
WLE	Thu	2.5	100	3.95
WMI	Thu	2	100	1.44
TRA	Fri	3.61	0	2.75