

Wednesday 11 April 2018

## Markets

|                                       |             |          |            |
|---------------------------------------|-------------|----------|------------|
| <b>SFE 200 Futures</b> (9.30am AEDST) | <b>5841</b> | <b>2</b> | <b>0.0</b> |
| <b>NZX 50</b>                         | 8484        | 14       | 0.2        |
| <b>DJIA Futures</b>                   | 24354       | 3        | 0.0        |
| <b>S&amp;P 500 Futures</b>            | 2653        | -2       | -0.1       |
| <b>NASDAQ Futures</b>                 | 6620        | -4       | -0.1       |

## Local Markets Commentary

The Australian market commences mid-week trade on positive overnight international equities and key commodities leads, ahead of influential data out of China today and the US tonight, and public speeches by the governor of the Reserve Bank of Australia (RBA) and chair of the Australian Securities and Investments Commission (ASIC) today.

**China** is due to report March CPI and PPI ~**11.30am** AEST.

**ASIC** chair James Shipton is scheduled to speak at a regulatory forum in Sydney **9.35am** AEST.

**RBA** governor Philip Lowe is scheduled to speak publicly at **3pm** AEST, at an event in Perth.

In overnight commodities trade, **US gold** futures continued their latest positive run, albeit quite modestly. **Oil** was propelled higher.

**Iron ore** (China port, 62% Fe) extended Monday's gain.

LME **copper, nickel** and **aluminium** continued to rally.

The **\$A** was pushed higher after trading at US77.25c early yesterday evening.

Local economic publications and data releases due today include the Westpac and the Melbourne Institute publish monthly consumer sentiment report, and December quarter construction activity from the Australian Bureau of Statistics (ABS).

## Overseas Markets

| INDEX                | CLOSE | +/- | %          |
|----------------------|-------|-----|------------|
| <b>Dow Jones</b>     | 24408 | 429 | <b>1.8</b> |
| <b>S&amp;P 500</b>   | 2657  | 44  | <b>1.7</b> |
| <b>NASDAQ</b>        | 7094  | 144 | <b>2.1</b> |
| <b>FTSE 100</b>      | 7267  | 72  | <b>1.0</b> |
| <b>DAX 30</b>        | 12397 | 136 | <b>1.1</b> |
| <b>Shanghai Comp</b> | 3190  | 52  | <b>1.7</b> |

## Overseas Markets Commentary

Major European and US equities markets bounced decisively on open overnight and largely maintained gains.

Yesterday, China's president Xi Jinping declared plans were underway for the previously promised opening up of China business to foreign companies, ventured that car import tariffs would be lowered and IP protections improved, and decried 'cold war' behaviour.

This helped push vehicle manufacturers and the tech sector higher in US equities trade.

In addition, the US **Federal Reserve** opened up for

**China** – March CPI expected ~**11.30am** AEST

**RBA** – governor Philip Lowe is guest speaker at an Australia-Israel Chamber of Commerce event **3pm** AEST, Perth

**ASIC** – chair James Shipton is scheduled to speak at a regulatory summit **9.35am** AEST Sydney

\* Data centre specialist listing **11am** AEST – **DXN** \*

## Today's Stock Watch

### QBE Insurance Group (QBE)

CFO Michal Ford is leaving QBE. QBE Australia & New Zealand CFO Inder Singh has been appointed to take over from Mr Ford. In addition, former Swiss Re reinsurance chief risk officer (CRO) Peter Grewal has been appointed QBE CRO. Interim QBE CRO Liam Buckley has been appointed culture and talent head. Barclays chief technology information security officer has been appointed QBE chief information officer, effective late-2018. Acting internal audit head Anders Land has been appointed permanently to this position.

### Insurance Australia Group (IAG)

Today's investor day presentation lodged this morning. A webcast commenced 8.55am AEST.

## Resources

### South32 Ltd (↑ S32)

Appealing allegations of Colombia Cerro Matoso project health and environmental breaches, but unable to provide potential financial or operational impacts while assessing Constitutional Court of Colombia orders.

S32 appreciated 5.1% yesterday, settling at \$3.48.



## 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](mailto:vonex@stateone.com.au)**

stakeholder comment, proposals including enabling select larger financial institutions to reduce required capital reserves.

In US data releases, March producer prices were reported to have risen 0.3% higher for the month, to be 3.0% higher year-on-year, against respective 0.2% and 2.8% calculations for February.

February wholesale inventories increased 1.0% for the month, following a 1.1% rise in January.

A small business optimism index fell 2.9 points to 104.7.

**Tonight** in the US, March CPI, Federal Reserve policy meeting minutes and monthly budget figures are due, together with weekly mortgage applications.

Elsewhere, **European Central Bank** (ECB) president Mario Draghi is expected to speak publicly.

Companies scheduled to report earnings include: online retailer ASOS, Bed Bath & Beyond and UK major supermarket chain Tesco.

In overnight corporate news, high-profile investor Carl Icahn was reported to be offloading car parts manufacturer **Federal-Mogul** for ~\$US2.4B.

**Facebook** appreciated 4.5% as CEO Mark Zuckerberg explained reactions and response plans to personal data compromises while being quizzed by members of Congress.

### Commodities

| COMMODITY                      | CLOSE       | \$US/ | +/-  | %    |
|--------------------------------|-------------|-------|------|------|
| <b>Gold (NY) (Jun)</b>         | <b>1343</b> | oz    | 3    | 0.2  |
| <b>Silver (NY) (May)</b>       | 16.6        | oz    | 0.04 | 0.3  |
| <b>Gold (LON)</b>              | 1332        | oz    | 1    | 0.1  |
| <b>Platinum</b>                | 928         | oz    | -3   | -0.3 |
| <b>WTI Crude (May)</b>         | <b>65.5</b> | bbl   | 2.1  | 3.3  |
| <b>Brent Crude (Jun)</b>       | <b>71.0</b> | bbl   | 2.4  | 3.5  |
| <b>Iron Ore</b> (CHN port 62%) | <b>65.3</b> | t     | 1.3  | 2.1  |
| <b>Copper</b>                  | <b>6945</b> | t     | 115  | 1.7  |
| <b>Nickel</b>                  | 13695       | t     | 260  | 1.9  |
| <b>Aluminium</b>               | 2201        | t     | 62   | 2.9  |
| <b>Lead</b>                    | 2392        | t     | 7    | 0.3  |
| <b>Zinc</b>                    | 3243        | t     | 32   | 1.0  |
| <b>Tin</b>                     | 20875       | t     | -305 | -1.4 |
| <b>CBT Wheat (May)</b>         | <b>4.92</b> | bshl  | 0.01 | 0.3  |

### Commodities Commentary

**Oil** – relative international trade optimism, Saudi Arabia, the US and UK seemingly in concert with their comments against Syria, and a \$US pullback helped propel overnight prices higher.

Post-settlement, Brent traded at an ~3.3-year high of \$US71.34/bbl

Saudi Arabia revealed plans to retain daily exports below 7MMbbl and to hence support domestic inventories to average levels.

A weekly US petroleum stockpiles report by US government agency EIA is due tonight.

Overnight, the EIA forecast 2019 US daily production to increase by 750,000bbl to 11.44MMbbl/d.

**Gold** – equities sentiment firmed, but gold interest remained.

The **\$US** weakened and the US repeated its intention to respond to **Syria's** alleged chemical attack against Syrian citizens.

## Pre-Open Announcements

### The Data Exchange Network (\* DXN)

Data centre designer and operator scheduled to list **11am** AEST following a \$16M IPO at 20c per share.

Merrill Lynch, HSBC, JP Morgan, Citicorp and National nominee groups are among DXN's top-12 shareholders. 106.83M shares.

### Pushpay Holdings (\* PPH)

Revenue (unaudited) rose 100% to \$US70M during PPH's fiscal year ending 31 March. Additional details lodged this morning.

### Speedcast International (\* SDA)

SDA has appointed Waterloo Investment Holdings chairman and CEO Caroline van Scheltinga as an independent non-executive director, effective immediately.

### 8IP Emerging Companies (\* 8EC) / WAM Capital (WAM)

8EC has appointed WAM group and founder Geoff Wilson AO as a non-executive director.

WAM is an 8EC strategic shareholder.

### MMJ Phytotech (MMJ)

Research and development VP for MMJ subsidiary Phyto Tech Therapeutics Hagit Sacks has resigned, effective July.

### Alexium International Group (AJX)

AJX has appointed Susan Thomas as AJX chair, to succeed Gavin Rezos, effective 8 May.

Ms Thomas is a director of several Westpac (ASX: WBC) and Pexa subsidiary boards. She is also a director of Temple & Webster (ASX: TPW), Fitzroy River Holdings (ASX: FZR) and Royalco Resources (ASX: RCO).

Brigadier General Stephen Cheney has been appointed deputy chair.

Mr Rezos announced in November last year that he would step down from the chairman's role in May.

## Resources

### Birimian Ltd (\* BGS)

Heralding resource extension and definition drilling results for the Mali Goulamina lithium project. Assays lodged this morning.

### Black Rock Mining (\* BKT)

Mahenge graphite project metallurgical testing has produced a 95% concentrate. Resulting product is being shipped to potential customers and project partners.

### St George Mining (SGQ) / Western Areas (WSA)

Confirming WA goldfields Mt Alexander project diamond drilling has intersected nickel-copper sulphides, within four intervals from 56m to 73m down one hole. Initial indications were lodged last week.

Assays for this hole are pending.

### European Metals Holdings (EMH)

EMH has appointed former Karara Mining COO Neil Meadows as COO. Mr Meadows was also GM of the former Minara Resources' WA Murrin Murrin nickel laterite operations for ~five years.

### Rio Tinto (\* RIO)

Due to hold its London AGM today.

### OceanaGold Corporation (OGC)

Planning to release March quarter reports before Canada's markets open 26 April and to host a webcast teleconference

A **CPI** update for the **US** tonight, could swing the \$US and hence influence some of tonight's trade.

**Base metals** – contagious optimism, attributed in part to assurances yesterday from China's president Xi Jinping, supported overnight sentiment, as did value-buying in a softer \$US environment.

**China's** March CPI and PPI figures, due today, are likely to influence at least some of tonight's trade.

### Exchange Rates

| CURRENCIES       | LAST   | +/-    | %    |
|------------------|--------|--------|------|
| <b>AUD – USD</b> | 0.7766 | 0.0004 | 0.05 |
| <b>EUR – USD</b> | 1.2361 | 0.0005 | 0.04 |

### Australian Data Today

|          |                    |      |
|----------|--------------------|------|
| Wstpc/MI | Consumer sentiment | Apr  |
| ABS      | Building activity  | DecQ |

### US Data Tonight

|  |       |
|--|-------|
| CPI                                    | Mar   |
| Federal Reserve policy meeting minutes | Mar   |
| Budget statement                       | Mar   |
| MBA mortgage applications              | 6 Apr |

### Other Overseas Data Today & Tonight

|              |                       |     |
|--------------|-----------------------|-----|
| <b>China</b> | CPI                   | Mar |
| China        | PPI                   | Mar |
| <b>Japan</b> | Machinery orders      | Feb |
| Japan        | Bank lending          | Mar |
| <b>UK</b>    | Trade balance         | Feb |
| UK           | Industrial production | Feb |
| UK           | Construction output   | Feb |
| UK           | NIESR GDP estimate    | 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).

7.30am AEST 27 April.

Access details lodged post-trade yesterday.

## Energy

### Energy Resources of Australia (ERA) / Rio Tinto (RIO)

ERA March quarter uranium oxide production totalled 442t, down 26% from a year ago and 28% on the December quarter 2017 tally.

### Central Petroleum (\* CTP)

Planning to resume Palm Valley field operations following a positive potential production review.

In association, CTP is anticipating being able to feed a daily 15TJ – 20TJ of gas into the local system by the time the Northern Gas Pipeline is operational, likely December this year.

In total, CTP is targeting daily sales gas production totalling 54TJ by 1 December.

Currently the company produced 17TJ/d.

### Aspire Mining (AKM)

AKM has appointed Alex Passmore as a non-executive director.

## Reports & Events

(selected scheduled)

| When         | Company    | Report/Event |
|--------------|------------|--------------|
| <b>Today</b> | <b>ERA</b> | AGM; Mar Q   |
|              | <b>IAG</b> | Investor day |
| <b>Fri</b>   | CIM        | AGM          |
| <b>Mon</b>   | LYC        | Mar Q        |
|              | PRU        | Mar Q        |
| <b>Tue</b>   | BOQ        | Interim      |
|              | WHC        | Mar Q        |

## Trading Halts

| Company                  | Code | Resuming |
|--------------------------|------|----------|
| AuMake International     | AU8  | 11 Apr   |
| Ausmex Mining Group      | AMG  | 11 Apr   |
| CFOAM Ltd                | CFO  | 11 Apr   |
| EHR Resources            | EHX  | 11 Apr   |
| Mayur Resources          | MRL  | 11 Apr   |
| MGC Pharmaceuticals      | MXC  | 11 Apr   |
| Phylogica Ltd            | PYC  | 11 Apr   |
| Boadicea Resources       | BOA  | 12 Apr   |
| Crater Gold Mining       | CGN  | 12 Apr   |
| G Medical Innovations    | GMV  | 12 Apr   |
| Latitude Consolidated    | LCD  | 12 Apr   |
| Oklo Resources           | OKU  | 12 Apr   |
| Resources & Energy Group | REZ  | 12 Apr   |
| Alloy Resources          | AYR  | 13 Apr   |
| Powerhouse Ventures      | PVL  | 13 Apr   |

## Suspensions (selected)

| Company         | Code | Since  |
|-----------------|------|--------|
| Buddy Platform  | BUD  | 26 Mar |
| Castillo Copper | CCZ  | 10 Apr |
| Chapmans Ltd    | CHP  | 26 Mar |
| eSense-Lab Ltd  | ESE  | 23 Mar |
| JV Global       | JVG  | 21 Mar |

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|                         |     |        |
|-------------------------|-----|--------|
| MetalsTech Ltd          | MTC | 10 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 (%) |
|------|----------|---------|--------|-----------|
| FGX  | Tomorrow | 2.2     | 100    | 3.73      |
| PIA  | Tomorrow | 3.5     | 100    | 5.96      |
| WAA  | Tomorrow | 2.85    | 100    | 4.87      |
| WAM  | Tomorrow | 7.75    | 100    | 6.08      |
| WAX  | Tomorrow | 4.75    | 100    | 5.85      |
| WLE  | Tomorrow | 2.5     | 100    | 3.91      |
| WMI  | Tomorrow | 2       | 100    | 1.43      |
| TRA  | Fri      | 3.61    | 0      | 2.75      |
| NHC  | 16 Apr   | 6       | 100    | 5.66      |
| TPM  | 16 Apr   | 2       | 100    | 0.73      |
| GZL  | 17 Apr   | 8       | 100    | 6.72      |
| NZM  | 17 Apr   | 5.6     | 0      | 10.56     |