

Wednesday 12 September 2018

Markets

SFE 200 Futures (9.30am AEST)	6162	-14	-0.2
NZX 50	9214	-11	-0.1
DJIA Futures	26017	15	0.1
S&P 500 Futures	2891	2	0.1
NASDAQ Futures	7518	6	0.1

Local Markets Commentary

The Australian market commences mid-week trade following overnight gains across US equities markets, but mixed international commodities sentiment, as domestic ex-dividend season continues.

Locally today, the Melbourne Institute and Westpac publish a monthly **consumer confidence** report 10.30am AEST.

A monthly leading indicator of employment is expected this afternoon, ahead of August employment statistics tomorrow.

Post-ASX trade, the Reserve Bank of Australia (RBA) reports July card transactions.

Stocks trading **ex-dividend** today include **CIM, LOV, PPT, SEK** and **SHL**. Please see p3 for additional stocks and details.

Regionally, China's August foreign direct investment is anticipated anytime from today.

In overnight commodities trade, WTI **crude** swung higher, joining a Brent rally.

US (December) **gold** futures turned to settle a little higher.

Iron ore (China port, 62% Fe) slipped a little further, following Monday's turn lower.

LME **base metals** fell.

The **\$A** appreciated to ~US71.15c after falling to ~US71.0c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25971	114	0.4
S&P 500	2888	11	0.4
NASDAQ	7972	48	0.6
FTSE 100	7274	-6	-0.1
DAX 30	11970	-16	-0.1
Shanghai Comp	2665	-5	-0.2

Overseas Markets Commentary

US equities markets trended higher early overnight amid no new major geopolitical news. Major European indices swung and chopped markedly.

Among **US** data releases, a job openings report estimated opportunities had risen to 6.9M during July, but that the job openings growth rate remained at 4.4%.

The hiring growth rate also remained static, at 3.8%.

The resignation rate grew to 2.4% from 2.3%.

The NFIB's business optimism index report also included an estimate of small business job openings

* Thermal energy storage listing **11am AEST - 14D** *

Today's Stock Watch

APA Group (APA)

The Australian Competition & Consumer Commission (ACCC) has accepted a WA gas storage and transport assets divestment pledge from a CKI consortium.

Consequently, the ACCC will not oppose the consortium's proposed acquisition of APA.

The consortium is required to sell the Goldfields, Parmelia and Kalgoorlie-Kambalda gas pipelines, in addition to the Mondarra gas storage facility.

Commonwealth Bank of Australia (CBA)

CBA has appointed former BlueScope Steel (ASX: BSL) CEO and MD Paul O'Malley as an independent non-executive director, effective 1 January.

Myer Holdings (MYR)

\$486M full year net loss, following an \$11.94M profit a year ago. 3.16% lower, \$3.1B sales. Sales fell 2.7% on a comparable store basis. Nil final dividend. \$107M net debt, against \$113M.

Brickworks Ltd (BKW) / Santos Ltd (STO)

BKW has secured five-years' worth of gas supply from STO, effective 1 January 2020.

HT&E Ltd (HT1)

HT1 interim chair Robert Kaye has resigned, effective immediately.

Bega Cheese (BGA)

Chasing \$A250M via a \$200M \$7.20-per-share institutional placement and \$50M \$7.10-per-share SPP.

Funds are earmarked for debt reduction.

Presentation lodged post-trade yesterday.

BGA traded at \$7.45 - \$7.90 last week before calling a trading halt pre-trade Monday.

Skyfii Ltd (SKF)

Three-year data analytics products and services contract secured with Brazil-headquartered medical services provider Dasa Group.

Dragontail Systems (DTS)

Pizza Hut Company Canada has contracted DTS to supply Algo system to all stores by 31 March 2019.

Bio-Gene Technology (BGT)

BGT's flavocide has shown under field testing to be effective in controlling Silverleaf whitefly and Cotton aphid in cotton crops, Redbanded shield bug and Brown mirid in soybean crops, and Two-spotted mite and Green peach aphid in watermelon crops.

BGT is continuing talks with potential commercial collaborators.

1414 Degrees (* 14D)

Thermal energy storage system specialist scheduled to list on the ASX **11am AEST** following a \$16.3M IPO at 35c per share.

~132.23M quoted shares. ~11.65M quoted options.

Resources

Lithium Australia (LIT)

Sileach pilot plant stage two trials produced lithium phosphate within 16 hours of start-up.

which represented a 5-year peak.

July wholesale inventories were estimated to have risen 0.6%.

Earlier, ZEW reported its economic sentiment index for **Germany** had improved from -13.7 to -10.6. The current conditions index defied forecasts of a slight fall, rising 3.4 to 76.0.

In the **UK**, the government negotiated an ~six-month longer term for Bank of England governor Mark Carney, through to January 2020, to provide some 'continuity' through the period immediately following the UK's expected official departure from the European Union.

In UK data releases, July average earnings were reported 2.6% higher, following a 2.4% increase in June.

August new unemployment claims totalled 8700, against 10,200 for July.

Tonight in the US, July producer prices and the Federal Reserves detailed economic report for each of its 12 districts (known as the beige book) keenly anticipated, together with weekly mortgage applications.

In overnight corporate news, Japan's **Renesas Electronics**, a chip manufacturer, announced a \$US6.7B purchase of California-headquartered **Integrated Device Technology**, which specialises in smartcar devices.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1202	oz	2.4	0.2
Silver (NY) (Sep)	14.2	oz	-0.01	-0.1
Gold (LON)	1190	oz	-7	-0.6
Platinum	790	oz	5	0.6
WTI Crude (Oct)	69.25	bbl	1.7	2.5
Brent Crude (Nov)	79.1	bbl	1.7	2.2
Iron Ore <small>(CHN port 62%)</small>	67.7	t	-0.1	-0.2
Copper <small>(LME,3mth,PM)</small>	5859	t	-51	-0.9
Nickel	12230	t	-180	-1.5
Aluminium	2044	t	-51	-2.4
Lead	1965	t	-63	-3.1
Zinc	2311	t	-70	-2.9
Tin	19045	t	40	0.2
CBT Wheat (Oct)	5.19	bshl	-0.10	-1.8

Commodities Commentary

Oil – reports emerged overnight that **Asian** buyers were purchasing more crude from Saudi Arabia for October, due to price reductions.

In addition, US crude exports to Japan and South Korea were reported likely to come in at record daily 134,000bbl and 230,000bbl peaks, respectively, also due in part to competitive pricing.

Meanwhile, Russia confirmed major OPEC and non-OPEC producers were considering a longer-term co-operation agreement regarding production and could finalise an initial deal before year's end.

In a monthly report, the US government agency, the EIA, forecast 11.5MMbbl daily domestic production for 2019, against the previously anticipated 11.7MMbbl.

A weekly US petroleum inventories report is due from the EIA tonight.

Gold – early \$US strength and renewed US equities sentiment failed to dampen some overnight buying interest, which proved sufficient to push select US

Pre-Open Announcements

Austal Ltd (* ASB)

High-speed 300-passenger catamaran successfully commissioned and delivered to VS Grand Ferries, following a \$5.5M contract awarded in August 2017.

Eagle Health Holdings (* EHH)

Confirming the China Food & Drug Administration (CFDA) has restricted promotion of Hutang 1 during the registration process as a 'food for special medical purpose'.

EHH says this is impacting sales of Hutang 1 as a 'functional food product' via EHH's 'Education & Experience' stores.

Hutang1 is a pre-meal shake designed for people diagnosed with Type 2 diabetes, or deemed to be pre-Type 2.

Primary Health Care (* PRY)

\$94M raised in the \$2.50-per-share retail entitlement offer, which followed the \$157M institutional entitlement offer.

A 9M share retail offer shortfall goes to underwriters.

PRY has traded at \$2.84 - \$2.95.5 for the week to date.

Sydney Airport (* SYD)

Lauding the approval given to the 'Sydney Gateway' project, which is designed to improve road and rail access to Botany Bay, and in particular, Sydney Airport.

The project is funded by the national and NSW governments.

Bingo Industries (* BIN)

BIN's \$2.54-per-share retail entitlement offer achieved 86% take-up, but 95% including oversubscriptions, raising \$73M.

Together with the earlier institutional offer, BIN is now ~\$425M better off.

BIN has traded at \$3.03 - \$3.185 for the week to date.

Volt Power Group (* VPR) / BHP Billiton (BHP)

BHP has ended a crusher repair services contract with VPR subsidiary Wescone Distribution.

VPR says this was unexpected.

Emeco Holdings (* EHL)

Standard & Poor's has raised its EHL issuer credit and senior secured notes ratings to B, from B-.

Healthia Ltd (* HLA)

Physiotherapy and podiatry services provider completed a successful ASX listing yesterday following a \$26.8M IPO at \$1.00 per share.

Opened at \$1.20 and traded at \$1.18 - \$1.25 before settling at \$1.195.

1.734M shares changed hands across 238 transactions.

~63M quoted securities.

Resources

Venturex Resources (VRX) / Northern Star Resources (NST)

Major BRX shareholder NST will provide a \$A2M unsecured loan to VRX, so that VRX can completed the WA Sulphur Springs VMS copper-zinc project DFS.

Anson Resources (ASN)

Mourning the death of non-executive chairman, ASN founding director and foundation shareholder Bruce McLeod.

Aldoro Resources (ARN)

Minerals explorer scheduled to list on the ASX 12.30pm AEST tomorrow following a \$5M IPO at 20c per share.

26.475 quoted securities.



futures back above \$US1200/oz.

Base metals – weak sentiment prevailed across LME overnight trade.

Post-ASX trade yesterday, **China** revealed a 3.8% drop in August vehicle sales, following a 4% decline in July.

In addition, China's complaints to the World Trade Organisation (WTO) against US behaviour received greater media attention, due to possible action next week.

China's steel futures tumbled ~4% ahead of air quality-based winter production curbs, helping push *nickel* prices to eight-month lows.

Growing inventories also exacerbated *zinc's* tumble. Earlier yesterday, **Japan** reported August machine tool orders had risen 5.3% year-on-year, following a 13.1% jump in July. A July tertiary industry index rose 0.1% following a 0.6% fall in June.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7118	-0.0004	-0.05
EUR – USD	1.1600	-0.0005	-0.04

Australian Data Today

Wstpc/MI	Consumer confidence	Sep
DeptofJobs	Employment indicator	Sep
RBA	Card transactions	Jul

US Data Tonight

Producer prices	Jul
Fed beige book	Aug
MBA mortgage applications	Aug

Other Overseas Data Today & Tonight

China	Foreign Direct Investment (FDI)	Aug
Japan	BSI large manufacturing index	SepQ
Euro zone	Industrial production	Jul
Euro zone	Workforce (incl unemployment)	Jul

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Trading Halts

Company	Code	Resuming
Bega Cheese	BGA	12 Sep
Funtastic Ltd	FUN	12 Sep
K2fly Ltd	K2F	12 Sep
Korab Resources	KOR	12 Sep
National Veterinary Care	NVL	12 Sep
OpenDNA Ltd	OPN	12 Sep
Allegiance Coal	AHQ	13 Sep
Kairos Minerals	KAI	13 Sep
MetalsTech Ltd	MTC	13 Sep
Moreton Resources	MRV	13 Sep
Oilex Ltd	OEX	13 Sep
Suda Pharmaceuticals	SUD	13 Sep

Suspensions (select)

Company	Code	Since
AFT Corporation	AFT	11 Sep
Alice Queen	AQX	10 Sep
Antilles Oil & Gas	AVD	24 Aug
AustSino Resources Group	ANS	6 Sep
Hardey Resources	HDY	10 Sep
Nex Metals Exploration	NME	7 Sep
Phylogica Ltd	PYC	11 Sep
Sundance Resources	SDL	10 Sep
Syngas Ltd	SYS	6 Sep
Victory Mines	VIC	11 Sep

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
ADA	Today	7.5	0	2.79
AX1	Today	3.75	100	4.14
CGC	Today	8.5	100	1.98
CIM	Today	70	100	2.88
FSA	Today	4	100	4.91
LOV	Today	14	100	2.67
MCY	Today	8.25	0	4.39
NTD	Today	2.3	100	2.76
PAF	Today	2	100	3.83
PPT	Today	140	100	6.41
RRL	Today	8	100	3.94
SEK	Today	22	100	2.14
SHL	Today	49	30	3.14
SSM	Today	4.5	100	4.23
VGL	Today	1.25	0	0.70
AMA	Tomorrow	2	100	2.14
APE	Tomorrow	14	100	4.56
BRG	Tomorrow	16.5	60	2.47
CGO	Tomorrow	0.25	100	1.14
CGR	Tomorrow	0.75	100	2.83
DTL	Tomorrow	6.6	100	5.34
FLT	Tomorrow	107	100	2.95
GEM	Tomorrow	4.5	100	7.11
HUO	Tomorrow	5	50	2.23
IGO	Tomorrow	2	100	0.75
LAU	Tomorrow	1	100	5.07
LBL	Tomorrow	0.4	100	3.53
MEQ	Tomorrow	5.24	0	0.00
MHJ	Tomorrow	2.5	0	5.85
MMS	Tomorrow	40	100	4.06

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MND	Tomorrow	32	100	4.33
PCG	Tomorrow	6.5	100	3.81
PL8	Tomorrow	0.5	100	5.45
RXP	Tomorrow	2	100	7.00
S32	Tomorrow	8.43	100	3.84
SIQ	Tomorrow	20.5	100	3.12
SNL	Tomorrow	8	100	3.29
SVW	Tomorrow	21	100	2.03
URB	Tomorrow	1	100	1.48
VRT	Tomorrow	12	100	4.55
VTG	Tomorrow	4.4	100	8.05
WOW	Tomorrow	60	100	3.26
WSA	Tomorrow	2	100	0.85
ASB	Fri	3	0	2.67
AVJ	Fri	3	100	6.94
EPW	Fri	4	100	4.44
EXP	Fri	1	100	2.70
MA1	Fri	1	100	1.13
MPX	Fri	0.25	0	0.78
NBL	Fri	4	100	3.70
PGC	Fri	2	100	4.19