

**Markets**

<b>SFE 200 Futures</b> (9.30am AEST)	6667	-7	<b>-0.1</b>
<b>NZX 50</b>	10956	92	<b>0.9</b>
<b>DJIA Futures</b>	27126	-92	-0.3
<b>S&amp;P 500 Futures</b>	2995	-12	-0.4
<b>NASDAQ Futures</b>	7837	-49	-0.6

**Local Markets Commentary**

The Australian market opens a new week's trade with a:

- batch of influential data due out of **China** in the middle of the day;
- weekend attack in **Saudi Arabia** that knocked out ~50% of the kingdom's oil production, and has been described by Saudi Arabia as 'terrorist aggression';
- subsequent warning from **Iran** that **US** military bases and vessels are within range of Iranian missiles, in a response to US accusations Iran was responsible for the Saudi oil attack; and
- scheduled meeting tonight of the **UK** PM, European Commission president and the **European Union's** UK-EU separation chief negotiator.

US equities futures fell following news of the Saudi attack, and **oil prices have surged**.

**Regionally** today, China is due to release August **industrial production**, January-August **fixed asset investment** and August **retail sales** figures **midday AEST**.

**Locally**, stocks trading **ex-dividend** today include **AQZ, HUB** and **ORA**. *Please see p4 for a detailed list.*

In overnight Friday commodities trade, **oil** settled lower for a third consecutive session. Much **higher prices** are **anticipated** today, however, with some already surpassing \$US71/bbl.

Locally-listed oil producers are hence expected to benefit today.

US **gold** futures (December) turned moderately lower to settle below \$US1500.0/oz.

**Iron ore** (Nymex CFR China, 62% Fe) extended its current move higher.

LME **copper** continued to rally. **Nickel** swung lower. **Aluminium** turned higher.

The **\$A** changed little after trading at US68.75c early Friday evening, but has appreciated this morning.

*Japan's markets are closed today, due to a public holiday.*

**Overseas Markets**

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	27220	37	<b>0.1</b>
<b>S&amp;P 500</b>	3007	-2	<b>-0.1</b>
<b>NASDAQ</b>	8177	-18	<b>-0.2</b>
<b>FTSE 100</b>	7367	23	<b>0.3</b>
<b>DAX 30</b>	12469	58	<b>0.5</b>

**China** – industrial production, retail sales and fixed asset investment - **midday AEST**

**Today's Stock Watch**
**Bellamy's Australia (BAL)**

BAL has agreed to be acquired by China Mengniu Dairy Company for \$13.25 cash-per-share, including a 60c fully franked dividend, pending BAL shareholder, Australian Foreign Investment Review Board (FIRB) and other approvals.

BAL traded on the ASX at \$8.15 - \$8.92 last week, settling at \$8.32 Friday.

**Sims Metal Management (SGM)**

SGM's 1H FY 2020 results will be adversely impacted by a recent significant drop in demand for scrap purchases by steel mills.

SGM says in general falls in ferrous and non-ferrous prices, and lower demand for aluminium and steel, plus higher freight costs, mean results will be 'materially lower' than for 1H FY 2019.

**Virgin Australia Holdings (VAH)**

Confirming plans to buy back Affinity's 35% interest in Velocity Frequent Flyer for \$700M. The purchase is conditional on Foreign Investment Review Board (FIRB) approval plus completion of documentation and funding.

**Resources**
**Northern Star Resources (NST)**

Proposing to outlay \$US30M to boost Alaska gold project processing capacity from 1Mt/pta to 1.3Mt/pta.

\$US10M will be spent during FY 2020 and the balance during FY 2021.

Goodpaster assays, from drilling 1km from current mining activity, also lodged this morning, together with NST's Denver Gold Forum presentation.

**Energy**
**Strike Energy (STX) / Orica Ltd (ORA) / Warrego Energy (WGO)**

ORA has exercised a 2013 loan agreement right to convert a \$2.5M loan to STX into STX shares. ORA has consequently obtained ~12.11M STX shares at 20.64c each.

STX traded at 22c – 28.5c last week, and is now finance debt-free.

ORA trades ex-dividend (6.5c) today.

In addition, STX has lodged a Perth Basin JV West Erregulla-2 update, outlining completion plans this morning. STX 50% and operator; WGO 50%.



Shanghai Comp

3031

Public

Holiday

**Overseas Markets Commentary**

Major European equities markets settled near session highs overnight Friday, but not so US key indices, amid a batch of economic indicator releases and plenty of geopolitical chatter.

Earlier Friday, China broadened its US goods import tax concessions to include agricultural products such as soybeans and pork.

In the **UK**, speculation abounded surrounding the potential implications of a pending **UK Supreme Court decision**.

The court is scheduled later today to hear an appeal of a High Court rejection of a challenge to the current government suspension, for which royal approval was secured by the recently-installed UK PM.

In addition, commentary was plentiful regarding a planned meeting later today and tonight between the UK PM and key EU officials, the UK PM insisting he would not be discussing any delay beyond 31 October for the planned UK-EU separation.

Among overnight Friday data releases, the **euro zone's** July trade surplus surprised on the upside, rising to €24.8B from €20.3B.

In the **US**, August retail sales were calculated 0.4% higher for the month, following a 0.8% July rise. Sales were 4.1% higher than for August 2018.

Import and export prices fell 0.5% and 0.6% respectively for the month, and 2% and 1.4% year-on-year.

July business inventories came in 0.4% higher for the month following a static June estimate.

A University of Michigan preliminary September consumer sentiment reading came in 2.2 points higher than the final August reading, at 92.0.

**Tonight** in the US, the New York Fed's Empire State manufacturing index is due.

Elsewhere, the **UK** prime minister Boris Johnson is scheduled to meet with European Commission (EC) president Claude Juncker and the **European Union's** (EU) chief negotiator for the UK's planned withdrawal from the EU.

Meanwhile, the **UK Supreme Court** is scheduled to hear an appeal against a High Court decision to reject action against the government's five-week suspension.

**Commodities**

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1499.5</b>	oz	-7.9	<b>-0.5</b>
<b>Silver (NY) (Dec)</b>	17.569	oz	0.608	<b>-3.3</b>
<b>Gold (LON)</b>	1503	oz	-12	<b>-0.8</b>
<b>Platinum</b>	946	oz	-3	<b>-0.3</b>
<b>WTI Crude (Oct)</b>	<b>54.85</b>	bbbl	-0.24	<b>-0.4</b>
<b>Brent Crude (Nov)</b>	<b>60.22</b>	bbbl	-0.16	<b>-0.3</b>
<b>Iron Ore (NYMEX,CHN,62%)</b>	94.77	t	0.63	<b>0.7</b>
<b>Copper (LME,3mth,PM)</b>	<b>5972</b>	t	114	<b>1.9</b>
<b>Nickel</b>	17740	t	-240	<b>-1.3</b>
<b>Aluminium</b>	1808	t	13	<b>0.7</b>
<b>Lead</b>	2110	t	24	<b>1.2</b>

**Pre-Open Announcements****AppsVillage Australia (\* APV)**

Facebook has selected APV as a participant in its *Playground Program*, enabling APV an opportunity to learn from Facebook commercial and technical personnel.

**Pacific Energy (PEA)**

PEA has received a new offer from QIC that matches the proposal put to PEA by the OPTrust/ICG consortium earlier this week.

QIC is now offering \$1.085 per share, including a 15c final dividend and \$1.07-per-share.

In addition, QIC is indicating it will pay an additional 0.5c per share to PEA shareholders should PEA not pay a \$2.5M break fee to the OPTrust/ICG consortium, and has appealed to the Takeovers Panel.

PEA traded at 97c - \$1.11 last week, adding 13.9% Tuesday, the day the OPTrust/ICG consortium was announced.

**Dragontail Systems (\* DTS)**

Collaboration agreement secured with US food delivery specialist Postmates. DTS will thereby further expand its AI-based food order-delivery automation system use within the 'quick service restaurant' (QSR) industry.

**Roots Sustainable Agricultural Technologies (\* ROO)**

ROO's temperature optimisation cooling technology has boosted basil harvest yields by 30% during testing in the Arava desert Israel.

Details lodged this morning.

**FBR Ltd (\* FBR) / Brickworks Ltd (BKW)**

Building pilot program agreement secured with Western Australian builder Archistruct Builders & Designers.

Initially, Archistruct will assess FBR's 'Wall as a Service' (Waas) in house structures on FBR premises using a range of Archistruct-supplied designs.

Pending success, a display home phase will commence using FBR's blocklaying services, and again, pending success, the program will progress to a builder's project stage.

**LBT Innovations (\* LBT)**

LBT has completed CE Mark self-certification for the APAS (automated {culture} plate assessment system) Independence, enabling sales of the system throughout the European Union.

**Auckland International Airport (AIA)**

Overall July passenger numbers grew 0.6% year-on-year.

The international passenger tally fell 1.2% but domestic passenger numbers rose 1.6%.

AIA says Easter and April school holiday timing this year drew holiday travel from July to the Easter-school holiday period.

In addition, Hong Kong Airlines stopped services to Auckland in May. July Hong Kong arrivals dropped 21.8% against those for July 2018.



Zinc	2392	t	45	1.9
Tin	16650	t	-495	-2.9

### Commodities Commentary

**Oil** – weekend attacks on a key oil processing facility and oil field in **Saudi Arabia**, disrupted ~50% of Saudi Arabia's production and increased broader Middle East tensions.

**Yemen's** Houthis, who are regarded by the United Nations (UN) and Saudi western allies as backed by **Iran**, claimed responsibility for the attacks as retribution for Saudi-led attacks in Yemen over recent years.

The **US** administration directly blamed Iran for the attacks.

Saudi Arabia has subsequently claimed production will be restored to a daily 9.8MMbbl by later today. 5.7MMbbl were reported to be adversely impacted by the attacks, but stockpiles expected to offset some of the reduced supply.

In addition, the Houthi's claim suggesting the attack utilised drones alone has been questioned, with Saudi Arabia has claiming some evidence has indicated cruise missiles were used.

The **International Energy Agency** (IEA) maintained international commercial stocks were more than adequate for the near term.

The IEA assured it was monitoring the situation with Saudi Arabia, other major producing countries and large consumers, as un-named sources were reported to be indicating the resumption of regular Saudi Arabia output could be weeks away.

In the meantime, a weekly US petroleum drill rig count report, published overnight Friday, included a fourth consecutive fall in the number of active oil rigs, this time by five, to 733.

Apart from Middle East developments, a batch key August economic indicators due today from **China**, could also influence oil trade today and tonight.

**Gold** – Comex futures rose early overnight Friday, but turned lower on some better-than-anticipated US data.

This week, the **US Federal Reserve's** post-policy meeting announcement and subsequent commentary will be influential.

**Bank of Japan** and **Bank of England** policy meeting decisions, due Thursday and overnight Thursday respectively, are also expected to affect some of this week's currency trade and hence gold interest.

**Base metals** – China's August industrial production, August retail sales and January – August fixed asset investment are due today and will influence at least some of tonight's trade.

Overnight Friday, trade volumes were reported lower than normal, this attributed to a public holiday in China. Generally positive sentiment was attributed to an official China new agency report that China was broadening its import tax concessions for US goods.

In metals-specific news, Freeport McMoran was reported to have received approval from Indonesia's energy minister to boost *copper* concentrate exports to 700,000t until March 2020.

**Nickel** prices suffered from reports Vale had secured Supreme Court approval to resume processing at the Onca Puma project, Brazil, following an ~three-month suspension.

### Resources

#### Lepidico Ltd (\* LPD)

LPD's L-Max pilot plant has produced lithium carbonate boasting 99.9% purity.

Details lodged this morning.

#### Castillo Copper (\* CCZ)

CCZ's proposed Zambia Luanshya copper project will now cover 117.6sq km, 60% more than originally anticipated.

CCZ is again keen to point out regional success by other groups, including China Nonferrous Mining Corp (CNMC) and Moxico Resources

#### Anson Resources (\* ASN)

Planning to establish a Utah, US Paradox Brine project bromine processing plant for early cash flow that will support the ultimate production of lithium carbonate and lithium hydroxide.

#### Coronado Global Resources (CRN)

Today's investor day presentation lodged pre-trade.

#### Newcrest Mining (NCM) / Evolution Mining (EVN)

Denver Gold Forum presentations lodged this morning.

The forum is being hosted over three days from tonight (US time).

NCM is presenting tonight.

### Energy

#### Cooper Energy (\* COE)

VIC/P44 Otway gas update lodged this morning, highlighting a drill rig equipment-related delay in plugging Annie-1, and a subsequent, associated pushing back of Elanora-1 drilling.

#### Z Energy (ZEL)

Hosting a teleconference **midday** AEST, to explain ZEL's submission to the NZ Commerce Commission in response to the commission's retail fuels market draft report.

Teleconference access details lodged pre-trade.

### Trading Halts

Company	Code	Resuming
Agrimin Ltd	AMN	16 Sep
Candy Club Holdings	CLB	16 Sep
Kalina Power	KPO	16 Sep
OpenDNA Ltd	OPN	16 Sep
Warrego Energy	WGO	16 Sep
Cynata Therapeutics	CYP	18 Sep

### Suspensions *(select)*

Company	Code	Since
G Medical Innovations Holdings	GMV	10 Sep
iBuyNew Group	IBN	9 Sep
Kollakorn Corporation	KKL	2 Sep

**Exchange Rates**

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.6883	0.0017	<b>0.24</b>
<b>EUR – USD</b>	1.1085	0.0011	<b>0.10</b>

**US Data Tonight**

New York Fed Empire State manufacturing	Sep
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**Other Overseas Data Today & Tonight**

<b>China</b>	Industrial production	Aug
China	Retail sales	Aug
China	Fixed asset investment	Jan-Aug

**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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Latin Resources	LRSDA	9 Sep
Okapi Resources	OKR	10 Sep
Pioneer Credit	PNC	28 Aug
Syntonic Ltd	SYT	10 Sep

**Ex-Dividends**

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>AQZ</b>	Today	<b>8.8</b>	100	5.16
<b>BWR</b>	Today	<b>3.5</b>	0	7.60
<b>FFI</b>	Today	<b>12</b>	100	4.24
<b>HUB</b>	Today	<b>2.6</b>	0	0.16
<b>ORA</b>	Today	<b>6.5</b>	30	2.26
<b>RHL</b>	Today	<b>84</b>	100	3.64
BWF	Tomorrow	2.1	100	4.10
IGL	Tomorrow	7.7	100	7.45
ING	Tomorrow	10.5	100	2.74
PSI	Tomorrow	5.2	100	1.12
QUB	Tomorrow	2.9	100	1.70
SSM	Tomorrow	5.5	100	1.38
KKT	Wed	1	100	3.57
PEA	Wed	1.5	100	0.90
PPC	Wed	3	100	4.24
PSQ	Wed	3.5	100	3.86
SGF	Wed	9.52	100	7.34
WEB	Wed	13.5	100	1.69
5GN	Thu	1	100	0.00
AHX	Thu	0.8	100	3.02
CIW	Thu	1.5	100	4.41
COH	Thu	175	100	1.49
CWN	Thu	30	25	4.86
EMB	Thu	20	100	5.10
PNI	Thu	9.3	100	2.78
QMS	Thu	1.2	100	2.47
SIG	Thu	1	100	5.26
SPK	Thu	11.39	0	4.74
SWK	Thu	0.6	100	0.00