

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	5902	-25	<b>-0.4</b>
<b>NZX 50</b>	8924	12	<b>0.1</b>
<b>DJIA Futures</b>	25687	-49	-0.2
<b>S&amp;P 500 Futures</b>	2810	-6	-0.2
<b>NASDAQ Futures</b>	7294	-19	-0.3

## Local Markets Commentary

The Australian market commences today's trade on largely uninspiring overnight international equities and commodities leads, ahead of key domestic and regional data.

In overnight commodities trade, **oil** fell.

US (December) **gold** futures turned modestly lower.

**Iron ore** (China port, 62% Fe) rallied.

LME **copper** settled slightly higher, but almost flat.

**Aluminium** turned lower and **nickel** continued so.

The **\$A** was pushed towards US71.10c, after trading at US71.55c early yesterday evening.

**Locally** today, September **employment** figures, as prepared by the Australian Bureau of Statistics, are due **11.30am** AEDT.

NAB also publishes its September quarter **business survey** report.

Regionally today, **Japan** is expected to release September **trade balance 10.50am** AEDT.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25707	-92	<b>-0.4</b>
<b>S&amp;P 500</b>	2809	-0.7	<b>-0.0</b>
<b>NASDAQ</b>	7643	-3	<b>-0.0</b>
<b>FTSE 100</b>	7055	-5	<b>-0.1</b>
<b>DAX 30</b>	11715	-62	<b>-0.5</b>
<b>Shanghai Comp</b>	2562	15	<b>0.6</b>

## Overseas Markets Commentary

Most major European and US equities markets traded lower early overnight, before chopping through sessions featuring key reports and data releases on both sides of the Atlantic.

The euro and British pound traded 0.6% and 0.5% lower respectively against the \$US.

**US Federal Reserve** September policy meeting minutes confirmed plans for a series of rate rises in order to prevent 'financial excess' and inflation growth risk.

Minutes from the **Bank of England's** September policy meeting also included a warning against corporate lending that posed too great a risk.

**UK** September CPI growth in the meantime fell to 2.4% on an annual basis, from August's 2.7%. Ferry, meat and chocolate prices were mostly cited for the fall.

Producer prices were reported 3.1% higher, against 2.9% in August.

A final September CPI reading for the **euro zone** confirmed 2.1% year-on-year growth. For the

**Australia** – September employment figures **11.30am** AEDT

**Japan** – September trade balance **10.50am** AEDT

## Today's Stock Watch

### Cabcharge Australia (CAB)

The Australian Competition & Consumer Commission will not oppose CAB's planned \$6.6M acquisition of dispatch system provider Mobile Technologies International.

### GrainCorp Ltd (GNC)

Outlaying £51M to expand malting capacity in Scotland.

### Australian Pharmaceutical Industries (API)

8.2% lower, \$48.1M full year NPAT. 0.9% lower, \$4.0B revenue. 4c fully franked final dividend, up 0.5c (14.3%). 46.6c NTA. 23 January AGM.

### Aurizon Holdings (AZJ)

September quarter rail haulage fell 8% year-on-year. Coal volumes fell 5% to 52.2Mt.

Bulk haulage dropped 19% to 11.5Mt, in part due to the expiry of the Cleveland-Cliffs iron ore contract. AGM today.

### Inghams Group (ING)

Former 40North Foods president and founder Jim Leighton has been appointed ING MD and CEO, likely effective late-2018. Today's AGM presentation and speeches lodged.

## Resources

### South32 Ltd (S32)

September quarter alumina production fell 11% year-on-year, and energy coal by 10%, but metallurgical coal rose by 39%. Manganese production rose 8% to 1.4Mt, but manganese alloy output fell 19%.

### Alumina Ltd (AWC)

Alcoa Inc reported in the US overnight, revealing a \$US41M September quarter net loss, mostly attributed to \$US160M worth of costs mostly associated with worker benefit changes. Last year, Alcoa achieved a September quarter \$US113M profit. Alcoa's 2018 September quarter revenue rose 14.4% however, to \$US3.39B.

AWC is in JV with Alcoa in Western Australia.

### Galaxy Resources (GXY)

Produced 31,156t of spodumene concentrate during the September quarter and sold 29,555t. \$US68M cash and liquid assets. Nil debt.

## Energy

### Woodside Petroleum (WPL)

Produced 23.1MMboe during the September quarter. Sales revenue totalled \$1.157B.

### Santos Ltd (STO)

Produced 15MMboe during the September quarter, 6% more than for the June quarter.

Sales revenue totalled \$973, including a record \$405M from LNG.

For the year-to-date, production is down 3% but revenue up 18% on a 42% appreciation in the median realised oil price.

\$1.8B cash and equivalents. \$3.8B debt.

month, CPI rose 0.5%.

In the meantime, a European Council meeting considering the UK's proposals covering its 2019 scheduled separation from the **European Union** (EU) commenced with claims of 'goodwill and determination'.

Among **US** overnight data releases, September housing starts fell 5.3%, this attributed mostly to hurricane impacts, with the year-on-year rate representing a 3.7% increase.

Building permits fell 0.6% for the month, and 1.0% year-on-year, to an ~18-month low.

Weekly mortgage applications fell to a 20-month low, as 30-year mortgage rates continued close to 5%.

**Tonight** in the US, weekly new unemployment claims, a Philadelphia region manufacturing index, and a Conference Board leading economic index report are due.

Companies scheduled to reveal earnings or provide updates later today or tonight include: American Express, Bank of New York Mellon, Blackstone, Ericsson, E\*Trade, Novartis, PayPal, SAP, Taiwan Semiconductor and Unilever.

BAE Systems trades ex-dividend on the FTSE 100.

In overnight corporate news, **Royal Dutch Shell** followed up a recent Norway assets sale with plans to offload upstream assets in Denmark for almost \$US1.2B, to Norwegian company **Noreco**.

Disappointing **IBM** quarterly revenue (-2.1%), reported post-US trade Tuesday, hurt the stock overnight by more than 7.5%.

**Netflix** also reported late-Tuesday, and as expected, gained (more than 3%) overnight on forecast-beating subscriber growth.

**Auto manufacturers** suffered during European trade after a Goldman Sachs warning of slowing demand in China. This followed China's report late last week of falling vehicle sales during September.

US new home affordability was brought into question by Credit Suisse, pushing specialist retailer **Home Depot** lower by greater than 4%.

## Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1227</b>	oz	-3.6	-0.3
<b>Silver (NY) (Dec)</b>	14.6	oz	-0.1	-0.5
<b>Gold (LON)</b>	1231	oz		
<b>Platinum</b>	830	oz	-9	-1.1
<b>WTI Crude (Nov)</b>	<b>69.8</b>	bbbl	-2.2	-3.0
<b>Brent Crude (Dec)</b>	<b>80.1</b>	bbbl	-1.4	-1.7
<b>Iron Ore</b> <small>(CHN port 62%)</small>	73.4	t	1.9	2.6
<b>Copper</b> <small>(LME, 3mth, PM)</small>	<b>6219</b>	t	4	0.1
<b>Nickel</b>	12375	t	-220	-1.8
<b>Aluminium</b>	2022	t	-12	-0.6
<b>Lead</b>	2047	t	-19	-0.9
<b>Zinc</b>	2665	t	59	2.3
<b>Tin</b>	19080	t	-120	-0.6
<b>CBT Wheat (Dec)</b>	<b>5.18</b>	bshl	-0.06	-1.2

## Commodities Commentary

**Oil** – relatively high-volume US crude futures trade was reported overnight, as the US president replaced his 'severe punishment' Saudi warning with claims the kingdom was being prematurely treated as guilty, without evidence.

## Pre-Open Announcements

### Avita Medical (\*\* AVH)

First RECELL commercial US sales orders in hand.

### Fluence Corporation (\*\* FLC)

\$US7.6M Nirobox desalination plant order in hand, for deployment on Egypt's Mediterranean coast.

### Blue Sky Alternative Investments (\* BLA)

CFO Matthew Whyte has resigned after six years as BLA's CFO. Naomi Rule, who has worked in a BLA contract role since July, will be acting CFO.

### Weebit Nano (\* WBT)

Heralding data retention results.

### iSignthis Ltd (\* ISX)

JCB card acquiring service operationally live. Details lodged this morning.

### identitii Ltd (\* ID8)

Financial technology specialist completed a successful ASX listing yesterday, following an \$11M IPO at 75c per share. Opened at 95c and slipped to settle at its session low of 84.5c. 1.67M shares changed hands across 333 transactions. 31.77M quoted securities.

## Resources

### BHP Billiton (\* BHP)

Yesterday's post-ASX trade BHP Plc London AGM speeches and presentation lodged. BHP Ltd's Australian AGM is scheduled for 8 November, in Adelaide.

### Perseus Mining (\* PRU)

Produced 72,477oz of gold at a \$US950/oz AISC during the September quarter. \$A93.8M cash and bullion.

### QEM Ltd (\* QEM)

Explorer (formerly Queensland Energy & Minerals) scheduled to list 10.30am AEDT tomorrow following a \$5M IPO at 20c per share. 34.3M quoted securities.

## Energy

### Berkeley Energy (\* BKY)

Seeking to clarify with Spain's government and Nuclear Safety Council media reports that BKY could be denied Salamanca project permits.

### Yancoal Australia (YAL)

YAL pre-paid \$US100M worth of debt yesterday, bringing total pre-payments since 1 September 2017 to \$US900M.

### 88 Energy (88E)

ConocoPhillips' go-ahead for a second project within Alaska's North Slope region could boost 88E sentiment.

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>ANN</b>	AGM
	<b>AZJ</b>	AGM; Sep Q
	<b>API</b>	Full year



A weekly US petroleum inventories report, published overnight by government agency EIA, included a 6.5MMbbl rise in stored crude.

This against industry forecasts of a 1.9MMbbl increase, plus a 300,000bbl/d production decline (to 10.9MMbbl/d), and exports which fell to a daily 1.8MMbbl.

WTI and Brent crude settled at their least since 17 and 21 September respectively.

**Gold** – an appreciating \$US index associated with US Federal Reserve policy meeting minutes which confirmed a likely series of rate rises, pushed overnight gold prices lower.

**Base metals** – an external report estimating local government debt in China, published late Tuesday, appeared to impact some overnight trade.

A stronger \$US also pushed sentiment lower.

Cautious trade is likely tonight, given **China's** September quarter **GDP**, January – September **fixed asset investment**, and September **industrial production** and **retail sales** are scheduled for release tomorrow.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7108	-0.0001	-0.01
<b>EUR – USD</b>	1.1501	0.0001	0.01

### Australian Data Today

ABS	Employment	Sep
NAB	Business conditions, sentiment	Sep Q

### US Data Tonight

Initial jobless claims	13 Oct
Philadelphia Fed manufacturing	Oct
Conf Board leading economic index	Sep

### Other Overseas Data Today & Tonight

<b>Japan</b>	Trade balance	Sep
<b>UK</b>	Retail sales	Sep

### 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).

<b>GXY</b>	Sep Q
<b>ING</b>	AGM
<b>PRU</b>	Sep Q
<b>STO</b>	Sep Q
<b>SKT</b>	AGM
<b>S32</b>	Sep Q
<b>SDF</b>	AGM
<b>TWE</b>	AGM
<b>WPL</b>	Sep Q

<b>Tomorrow</b>	ARB	AGM
	EVT	AGM
	RRL	Sep Q
	SKC	AGM
	SYD	Sep
<b>Mon</b>	FLT	AGM
<b>Tue</b>	ALX	Sep Q
	BGA	AGM
	BXB	AGM; Sep Q
	CIM	Sep Q
	IEL	AGM
	MMS	AGM
	NCK	AGM
	SGF	AGM
	SXL	AGM
WOR	AGM	
<b>Wed</b>	AIA	Sep
	BAL	AGM
	CDD	AGM
	DXS	AGM
	MHJ	AGM
	NCM	SepQ; Inv day
	SXY	SepQ
	SSM	AGM
	SBM	AGM
	SGP	AGM
	SUL	AGM

### Trading Halts

Company	Code	Resuming
eSense-Lab Ltd	ESE	18 Oct
Oilex Ltd	OEX	18 Oct
Blue Sky Alternatives Access Fund	BAF	19 Oct
Charter Hall Long WALE REIT	CLW	19 Oct
Duxton Water	D2O	19 Oct
Over the Wire Holdings	OTW	19 Oct

### Suspensions (select)

Company	Code	Since
AVZ Minerals	AVZ	9 Oct
Black Star Petroleum	BSP	21 Sep
buyMyplace.com.au Ltd	BMP	24 Sep
Classic Minerals	CLZ	28 Sep
Crusader Resources	CAS	1 Oct
GBM Gold	GBM	11 Oct
Gulf Manganese Corporation	GMC	19 Oct
Kazia Therapeutics	KZA	17 Oct

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This morning note and its contents at all times remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.

MMJ Phytotech	MMJ	8 Oct
MSM Corporation International	MSM	25 Sep
PLC Financial Solutions	PLC	5 Oct
Plukka Ltd	PKA	2 Oct
Updater Inc	UPD	9 Oct

**Ex-Dividends**

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>AVG</b>	Today	<b>1.5</b>	100	2.54
<b>KSC</b>	Today	<b>2</b>	100	2.43
<b>PIC</b>	Today	<b>3.3</b>	100	5.51
APL	Tomorrow	5	50	4.39
APLN	Tomorrow	5	50	0.00
APO	Tomorrow	30	100	2.91
NHC	Tomorrow	8	100	3.86
FLK	Mon	3.6	100	2.17
KPG	Mon	1.1	100	3.39
TRA	Mon	3.65	0	3.72
SNC	Tue	3.5	100	7.11
ACQ	Wed	3.5	100	5.12
BOQ	Wed	38	100	7.27
IS3	Wed	0.4	0	1.82
REX	Wed	8	100	7.29
RIC	Thu	2.75	100	3.05
PMV	Fri	33	100	3.47