

Wednesday 19 September 2018

Markets

SFE 200 Futures (9.30am AEST)	6195	28	0.5
NZX 50	9314	-2	-0.0
DJIA Futures	26304	30	0.1
S&P 500 Futures	2909	3	0.1
NASDAQ Futures	7507	12	0.2

Local Markets Commentary

The Australian market commences midweek trade following positive overnight US equities trade and price gains for a range of commodities, ahead of some key regional reports and data.

In overnight commodities trade, **oil** swung higher and rallied.

US (December) **gold** futures turned to settle slightly lower.

Iron ore (62% Fe, China port) reportedly rose.

LME **copper**, **nickel** and **aluminium** turned higher, although aluminium settled only slightly so.

The **\$A** has appreciated to approach US72.30c after trading at US72.05c early yesterday evening.

Regionally today, the **Bank of Japan** reveals outcomes following the conclusion of a policy meeting **1pm** AEST.

August trade figures for Japan are expected **9.50am**.

The leaders of **South Korea** and **North Korea** in the meantime will continue their joint meetings in North Korea through to the end of the week.

Locally today, a **Reserve Bank of Australia** (RBA) assistant governor speaks publicly on money creation at **11.30am** AEST.

Westpac and the Melbourne Institute publish their monthly leading index report **10.30am**.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26247	185	0.7
S&P 500	2904	16	0.5
NASDAQ	7956	60	0.8
FTSE 100	7300	-2	-0.0
DAX 30	12158	61	0.5
Shanghai Comp	2700	48	1.8

Overseas Markets Commentary

US equities markets opened higher and mostly continued to trend so overnight.

Major European equities indices diverged, the FTSE 100 swinging and chopping markedly.

New **US** import taxes on goods from **China** from next week were revealed to contain more exceptions than anticipated, indicating submissions from businesses and economists were noted.

Exceptions to new tariffs included for rare earths, natural graphite and some tungsten.

In return, China pledged to increase import taxes on a relatively constrained \$US60B worth of US goods, including LNG, chemicals, agriculture products and

Japan - **BoJ** policy statement **1pm** AEST;
trade balance **9.50am**

Australia - **RBA** assistant governor (financial markets)
Christopher Kent speaks on *Money - Born of Credit?* at an RBA event, Sydney, **11.30am**

Today's Stock Watch

Invocare Ltd (IVC)

Proposing to acquire Ballarat, Victoria-based Harrison Funerals. IVC is quoting Harrison annual revenue at \$1M.

Synlait Milk (SM1)

88.9% higher, \$NZ74.6M full year NPAT. 15.8% higher, \$NZ879M revenue.

In addition, SM1 is proposing to acquire some assets, including equipment and customer relationships, from Talbot Forest Cheese.

Bod Australia (BDA)

Distribution agreement secured with Priceline Pharmacy for BDA's Mamacare powder-form pregnancy supplement.

BDA recouped 5.7% Monday and 4.5% yesterday, settling at 58.5c.

Ingham's Group (ING)

ING New Zealand MD Adrian Revell plans to step down in March 2019. ING Australia sales and marketing director Jonathan Gray will take over from Mr Revell.

In addition, ING intends to appoint two independent non-executive directors. Once these appointments are executive, Joel Thickins intends to retire from the ING board.

Austal Ltd (ASB)

The US Navy has decided to proceed with the ASB construction of two additional Littoral combat ships, ASB estimating the combined income as \$A1.6B.

Costa Group (CGC)

UBS is recommending CGC as a 'buy', erasing a previous neutral rating.

Japara Healthcare (JHC) / Estia Health (EHE)

Macquarie has re-rated JHC as underperform, from neutral, and EHE as neutral, from outperform.

Webjet Ltd (WEB)

Trading ex-dividend (12c) today. WEB has traded at \$15.96 - \$16.79 over the past five trading sessions.

Please see p3 for additional ex-dividend stocks and details.

Resources

Sheffield Resources (SFX)

The Northern Australia Infrastructure Facility is offering \$A95M worth of long-term debt facilities to SFX, in support of the development of the WA Kimberley region Thunderbird mineral sands project.

The funds will be used in part to establish on-site LNG-based power generation. SFX traded as high as \$1.07 yesterday.

Energy

Byron Energy (BYE)

Proved and probable (2P) reserves and resources updated to 29,348MMboe.

computing equipment.

In addition, the new tariffs were lowered, and in some cases more than halved, than previously threatened.

Further, a key economic advisor in China proffered that China's administration still would prefer to negotiate with the US.

European Central Bank (ECB) president Mario Draghi publicly addressed ongoing regional banking sector concerns, advocating co-operation between euro zone governments when regulating financial institution requirements, including those ensuring liquidity.

Tonight in the US, August housing starts and building permits are due, together with weekly mortgage applications.

Elsewhere, the **Bank of England's** chief economist Andy Haldane speaks publicly.

ECB governor Mario Draghi is scheduled to speak publicly for a second consecutive day.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1203	oz	-2.9	-0.2
Silver (NY) (Sep)	14.2	oz	-0.04	-0.3
Gold (LON)	1200	oz	-2	-0.1
Platinum	812	oz	14	1.8
WTI Crude (Oct)	69.85	bbl	0.9	1.4
Brent Crude (Nov)	79.03	bbl	1.0	1.3
Iron Ore (CHN port 62%)	69.8	t		
Copper (LME,3mth,PM)	6086	t	141	2.4
Nickel	12400	t	160	1.3
Aluminium	2035	t	3	0.2
Lead	2075	t	4	0.2
Zinc	2349	t	29	1.3
Tin	18975	t	-50	-0.3
CBT Wheat (Oct)	5.11	bshl	0.04	0.8

Commodities Commentary

Oil – major influences on overnight traders were considered to be the new US and China import taxes which appeared tamer than anticipated, and a media report which suggested key producer Saudi Arabia was open to prices pushing past \$US80/bbl, above the comfort range reports had previously suggested.

Heightened geopolitical tensions regarding Syria were cited by some as also under consideration by oil traders.

Meanwhile, an OPEC-led production agreement compliance committee meeting, scheduled for this coming weekend, would primarily address the current agreement, according to comments from OPEC general secretary Mohammad Barkindo, seemingly contrasting with recent commentary from others indicating that new scenarios would feature.

Iran announced its oil minister would be absent from the meeting in Algiers.

In other OPEC news, Venezuela announced it was hoping a deal with a Chinese oil company would support \$US5B worth of joint investment designed to lift Venezuela's crude production. As part of the agreement, China will secure 49% of a Venezuelan oil JV.

Tonight in the US, the EIA is due to publish its weekly domestic petroleum inventories report tonight.

Pre-Open Announcements

Elmo Software (* ELO)

Non-executive chairman James McKerlie has resigned from the ELO board, effective today, due to a potential conflict of interest with Bambu Digital, of which Mr McKerlie is executive chairman and a major shareholder.

ELO independent non-executive director Kate Hill has been appointed to take over as interim ELO chair.

Midway Ltd (MWY)

Resuming from a trading halt having raised \$33.7M in an oversubscribed \$3.00-per-share institutional placement.

A SPP will follow.

MWY traded at \$3.05 - \$3.28 the five sessions previous to the trading halt.

Resources

AVZ Minerals (* AVZ)

Democratic Republic of Congo Manon lithium project Roche Dure extensional drilling has delivered high-grade lithium and tin intersections.

Details lodged this morning.

Lynas Corporation (* LYC) / Orocobre Ltd (* ORE)

May be reassessed, along with other similar producers, in relation to revelations the US decided not to increase import taxes on rare earths and select other minerals from China.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Tomorrow	BKW	Full year
	PMV	Full year
	SOL	Full year
	SUN	AGM
	SYD	August stats
	TLS	Sh/hldr meeting
Fri	TLS	Sh/hldr meeting

Trading Halts

Company	Code	Resuming
The Agency Group Australia	AU1	19 Sep
Liontown Resources	LTR	19 Sep
Marenica Energy	MEY	19 Sep
ResApp Health	RAP	19 Sep
Axiom Mining	AVQ	20 Sep
Gascoyne Resources	GCY	20 Sep
Myanmar Metals	MYL	20 Sep
Trek Metals	TKM	20 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
Axesstoday Ltd	AXL	14 Sep



Post-overnight settlement, oil prices have slipped following a US industry report estimating an unexpected build in crude stocks.

Gold – early \$US weakness followed by a recovery, played out in overnight gold sentiment. In addition, US equities sentiment rebounded from opening trade.

Base metals – some metals exemptions in new US import taxes on goods from China, and a softening of China's proposed rate of import tariff increases on US goods, helped support overnight sentiment.

A softer \$US in early LME trade also benefited some trade.

Japan's trade figures, and any comments accompanying Bank of Japan policy meeting outcomes, today are expected to wield broader influence than usual.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7229	0.0010	0.14
EUR – USD	1.1680	0.0011	0.09

Australian Data Today

Wstpc/MI	Economic activity indices	Aug
DeptofJobs	Skilled vacancies	Aug

US Data Tonight

Housing starts	Aug
Building permits	Aug
MBA mortgage applications	14Sep

Other Overseas Data Today & Tonight

Japan	Trade balance	Aug
Japan	BoJ policy statement	Sep
UK	CPI	Aug
UK	Producer prices	Aug
Euro zone	Construction output	Jul
Euro zone	Economic outlook	Sep

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Hardey Resources	HDY	10 Sep
Imagion Biosystems	IBX	17 Sep
Impression Healthcare	IHL	18 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 (%)
AHX	Today	0.8	100	2.86
AXL	Today	2.9	100	3.57
CIW	Today	1.5	100	5.61
HOM	Today	0.9	100	2.95
JLG	Today	1.9	100	2.02
KKT	Today	1	100	3.23
PSQ	Today	3.8	100	4.21
WEB	Today	12	100	1.20
AHG	Tomorrow	6.8	100	7.18
CLT	Tomorrow	1.25	0	2.40
CWN	Tomorrow	30	60	4.42
EGL	Tomorrow	0.06	100	1.13
KBC	Tomorrow	0.5	100	11.63
PIA	Tomorrow	3.5	100	5.86
PNI	Tomorrow	7	100	1.59
PPC	Tomorrow	3	100	4.22
QMS	Tomorrow	1.2	100	2.24
SLK	Tomorrow	8	100	3.38
SPK	Tomorrow	10.96	0	5.22
XIP	Tomorrow	4.5	100	4.97
BRI	Fri	3.5	100	3.57
CUV	Fri	2	0	0.11
EGG	Fri	2.5	100	3.15

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