

Friday 19 October 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	5871	-51	<b>-0.9</b>
<b>NZX 50</b>	8831	-80	<b>-0.9</b>
<b>DJIA Futures</b>	25370	-11	0.0
<b>S&amp;P 500 Futures</b>	2773	1	0.0
<b>NASDAQ Futures</b>	7142	4	0.1

## Local Markets Commentary

The Australian market opens Friday trade with new figures and administrative commentary out of China, ahead of a slew of further influential data today, and following negative overnight international equities sentiment.

Speaking in Europe late yesterday, China's premier Li Keqiang predicted September quarter domestic growth would prove within a 'reasonable range', but acknowledged that economic pressures were increasing.

Also post-ASX trade yesterday, **China** reported a 2.9% year-on-year rise in September foreign direct investment (FDI), following a 2.3% August increase.

Indeed today, China is expected to publish September quarter **GDP ~1pm** AEDT.

September **fixed asset investment, industrial production** and **retail sales** are also due at the same time.

Also regionally today, **Japan** is due to report September **CPI 10.30am** AEDT.

Bank of Japan (BoJ) governor Haruhiko Kuroda is scheduled to speak publicly post-ASX trade.

In overnight commodities trade, **oil** continued to fall.

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

**Iron ore** (China port, 62% Fe) recorded a modest extension to Wednesday's rally.

LME **copper** swung lower. **Aluminium** and **nickel** continued to decline.

The **\$A** fell slightly below \$US71.0c after appreciating to ~US 71.45c early yesterday evening.

**Locally** today, **NHC** and **APO** (*suspended trade*) are among companies trading ex-dividend. *Please see p4 for additional stocks and details.*

**New Zealand's** markets will be closed Monday due to a public holiday.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25379	-327	<b>-1.3</b>
<b>S&amp;P 500</b>	2769	-40	<b>-1.4</b>
<b>NASDAQ</b>	7485	-158	<b>-2.1</b>
<b>FTSE 100</b>	7027	-28	<b>-0.4</b>
<b>DAX 30</b>	11589	-126	<b>-1.1</b>
<b>Shanghai Comp</b>	2486	-75	<b>-2.9</b>

**China** - September quarter GDP, September fixed asset investment, industrial production and retail sales **1pm** AEDT

**Japan** - September CPI **10.30am** AEDT

\* Mineral exploration listing **10.30am** AEDT - **QEM** \*

## Today's Stock Watch

### EBOS Group (EBO)

EBO is proposing to acquire for \$50M the remaining Terry White Group shares under a scheme of arrangement, to hold Terry White as a fully-owned subsidiary.

EBO says it holds 'just over 50%' of Terry White Group shares, acquired 31 October 2016, when Terry White merged with EBO's Chemmart.

### Sydney Airport (SYD)

September passenger numbers grew 0.4%, the domestic tally falling by 0.5%, but international numbers increasing by 1.7%. For the year-to-date, passenger numbers are 2.9% higher, supported by a 4.8% boost from international passengers.

SYD says the domestic end-of-term-three school holidays fell later than for 2017, and that this was the major impact on September domestic passenger numbers.

### Fiducian Group (FID)

FID has secured its first managed accounts administration services contract, with a dealer group in Victoria.

### NetComm Wireless (NTC)

Kenneth Boundy is planning to retire from the NTC board at this year's AGM.

## Resources

### Regis Resources (RRL)

Produced 90,879oz of gold during the September quarter at a \$A923/oz AISC, against 92,008oz at \$982/oz for the June quarter. Sold 71,310oz at \$A1660/oz.

\$190M cash and bullion, against \$208.8M.

### Mt Gibson Iron (MGX)

MGX commercial manager Gillian Dobson has been appointed CFO, following the recent appointment of former MGX CFO Peter Kerr as CEO.

In addition, MGX GM operations Scott de Kruijff has been appointed COO.

### BCI Minerals (BCI)

Iron ore resources updated to 596.3Mt and reserves to 229.7Mt. Composite statistics lodged post-trade yesterday.

### QEM Ltd (\* QEM)

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

34.3M quoted securities.

## Energy

### Strike Energy (STX) / Energy World Corporation (EWC)

Southern Copper Basin gas project PEL 96 Jaws-1 gas desorption underway.

STX operator and 66.7%; EWC 33.3%.

## Overseas Markets Commentary

Major European and US equities markets opened lower overnight and largely closed at or near session lows.

None of the week's major geopolitical scenarios had appeared to progress favourably, some corporate reporting and guidance disappointed, and economic data releases came in mixed.

**China's** premier Li Keqiang confirmed growing economic pressure from **US** trade relations, and the German chancellor warned against rigidity in **European Union – UK** separation talks.

In addition, as anticipated, the European Commission robustly criticised **Italy's** proposed budget, pushing the euro to this week's lows against the \$US, and propelling Italian sovereign bond yields higher.

Further, the US resurrected a threat to close the border with **Mexico**.

**UK** September retail sales were calculated 0.8% lower for the month, following a 0.4% August increase. Year-on-year, sales came in 3% higher, against 3.4% in August.

In the **US** overnight data releases, weekly new unemployment claims declined by 5000, 2000 more than forecast.

The closely-watched Philadelphia region manufacturing index slipped by 0.7 to 22.2.

Conference Board reported its leading economic index 0.5% higher for the month, following a 0.4% increase in August.

**Tonight** in the US, September existing home sales are due.

In addition, **Bank of England** (BoE) governor Mark Carney is scheduled to speak publicly in New York.

Companies expected to reveal earnings or provide updates later today or tonight include: Daimler, Honeywell, Intercontinental Hotels, Procter & Gamble, and Schlumberger.

In overnight corporate news, Germany's software major **SAP** raised its full year guidance after revealing a 41% quarterly increase in cloud-based revenue.

Earlier, **Taiwan Semiconductor's** quarterly sales had beaten expectations, but not forward sales guidance.

**Novartis** confirmed a \$US2.1B deal to purchase cancer treatment specialist **Endocyte**.

**American Express** (21.7% higher, \$US1.65B profit) and **PayPal** reported post-US trade, at the same time announcing an expanded strategic partnership, and will likely influence select trade tonight.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1230</b>	oz	2.7	0.2
<b>Silver (NY) (Dec)</b>	14.6	oz	-0.1	-0.5
<b>Gold (LON)</b>	1231	oz		
<b>Platinum</b>	825	oz	-5	-0.6
<b>WTI Crude (Nov)</b>	<b>68.7</b>	bbf	-1.1	-1.6
<b>Brent Crude (Dec)</b>	<b>79.3</b>	bbf	-0.8	-0.9
<b>Iron Ore</b> (CHN port 62%)	73.6	t	0.2	0.3
<b>Copper</b> (LME, 3mth, PM)	<b>6157</b>	t	-62	-1.0
<b>Nickel</b>	12350	t	-25	-0.2

## Pre-Open Announcements

### IMF Bentham (IMF)

Invested and committed capital update lodged post-trade yesterday.

### Quantify Technology Holdings (QFY)

Post-trade yesterday, QFY retracted Wednesday's post-trade announcement of a partnership deal with Powerhouse Home Automation Group, due to a revenue target statement. QFY appreciated 23.08% yesterday, settling at 1.6c.

### Straker Translations (\* STG)

Translation services specialist scheduled to list midday AEDT Monday following a \$21.2M IPO at \$1.51 per share. 52.59M quoted shares.

## Resources

### European Cobalt (\* EUC)

Joremeny high-grade copper-nickel drilling intersections lodged this morning.

### Alkane Resources (\* ALK)

Tomingley gold project regional drilling has delivered high-grade intersections, which ALK has lodged this morning.

### Sheffield Resources (SFX)

Northern WA Thunderbird mineral sands project update lodged this morning.

SFX is targeting international zircon and titanium dioxide markets.

### TNG Ltd (\* TNG)

Extending the company's SPP closing date from 23 October until 6 November.

### Anson Resources (ASN)

ASN MD Bruce Richardson has been appointed CEO and also executive chairman.

Former ASN CFO and company secretary Michael van Uffelen has been appointed as a non-executive director.

### Ramelius Resources (RMS) / Explaurum Ltd (EXU)

RMS has extended by ~one month the offer period for its proposed EXU takeover.

The offer is now scheduled to close 5pm WST 23 November.

RMS has accused EXU of delaying the release of key information beyond the initial 25 October offer closure date.

## Energy

### Tap Oil (TAP)

Board and management appointments lodged this morning, in relation to the Risco Energy Investments bid which delivered Risco a 44.1% TAP holding.

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>ARB</b>	AGM
	<b>EVT</b>	AGM
	<b>PWH</b>	AGM
	<b>RRL</b>	Sep Q
	<b>SKC</b>	AGM
	<b>SYD</b>	Sep
<b>Mon</b>	FLT	AGM



<b>Aluminium</b>	2013	t	-9	-0.5
<b>Lead</b>	2002	t	-45	-2.2
<b>Zinc</b>	2684	t	18	0.7
<b>Tin</b>	19025	t	-55	-0.3
<b>CBT Wheat (Dec)</b>	<b>5.13</b>	bshl	-0.05	-0.9

### Commodities Commentary

**Oil** – supply and demand speculation, pending Iranian petroleum sanction uncertainties and \$US strength appeared to toy with overnight prices.

~20MMbbl of Iranian crude were reported to have headed towards Dalian, China during October and/or for first-week November delivery. The usual monthly volume to Dalian over the past ~four years has been estimated at 1MMbbl- 3MMbbl.

Meanwhile, 23-hour operational CME Group revealed 10% - 20% of WTI crude trade volumes occurred during Asian and European trading sessions.

A weekly US petroleum rig count is due tonight.

**Gold** – safe-haven demand was noted overnight, prices rising in the face of \$US appreciation.

**Base metals** – post-ASX trade yesterday, **China** reported 2.9% year-on-year growth in foreign direct investment (FDI), but China's premier told a European audience late yesterday of expectations of September quarter domestic growth coming in within a 'reasonable range', and that economic pressures were increasing.

Meanwhile, a stronger \$US, combined with a wait for major economic indicators out of China today, bruised overnight trade sentiment.

China's September quarter **GDP**, January – September **fixed asset investment**, and September **industrial production** and **retail sales**, due today, will influence tonight's trade.

China's September residential property prices are expected over the weekend.

Yesterday, **Japan** revealed an ~\$US1.2B September trade surplus, against an ~\$US3.9B August deficit. Exports fell 1.2% year-on-year (the first fall in 22 months) and imports rose 7.0%, following respective 6.6% and 15.3% August increases.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7096	-0.0003	-0.05
<b>EUR – USD</b>	1.1454	0.0003	0.03

### US Data Tonight

Existing home sales Sep

### Other Overseas Data Today & Tonight

<b>China</b>	GDP	Sep Q
China	Fixed asset investment	Sep
China	Industrial production	Sep
China	Retail sales	Sep
<b>Japan</b>	CPI	Sep
<b>UK</b>	Public sector finances	Sep

<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
	SBM	AGM
	SXY	SepQ
	SSM	AGM
	SGP	AGM
	SUL	AGM

<b>Thu</b>	APA	AGM
	BKL	AGM; SepQ
	CWY	AGM
	EPW	AGM
	FMG	SepQ
	GPT	SepQ
	GUD	AGM
	JBH	AGM
	LYC	SepQ
	NST	SepQ
	OGC	SepQ
	QAN	SepQ
	REH	AGM
	REG	AGM
	S32	AGM
	WHC	AGM

### Trading Halts

Company	Code	Resuming
Duxton Water	D2O	19 Oct
Avenira Ltd	AEV	22 Oct
Bounty Mining	B2Y	22 Oct
Gateway Mining	GML	22 Oct
Locality Planning Energy	LPE	22 Oct
OtherLevels Holdings	OLV	22 Oct

### Suspensions (select)

Company	Code	Since
AVZ Minerals	AVZ	9 Oct
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
MMJ Phytotech	MMJ	8 Oct
PLC Financial Solutions	PLC	5 Oct

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Plukka Ltd	PKA	2 Oct
Updater Inc	UPD	9 Oct

**Ex-Dividends**

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>APL</b>	Today	<b>5</b>	50	4.41
<b>APLN</b>	Today	<b>5</b>	50	0.00
<b>APO</b>	Today	<b>30</b>	100	2.91
<b>NHC</b>	Today	<b>8</b>	100	3.87
KPG	Mon	1.1	100	3.24
TRA	Mon	3.65	0	3.72
SNC	Tue	3.5	100	7.07
ACQ	Wed	3.5	100	5.12
BOQ	Wed	38	100	7.20
IS3	Wed	0.4	0	1.82
REX	Wed	8	100	7.14
FLK	Thu	3.6	100	2.17
RIC	Thu	2.75	100	3.04
PMV	Fri	33	100	3.49