

Thursday 21 September 2017

Markets

SFE 200 Futures (9.30am AEST)	5715	3	0.1
NZX 50	7812	-7	-0.1
DJIA Futures	22380	4	0.0
S&P 500 Futures	2505	0	0.0
NASDAQ Futures	5978	0	0.0

Local Markets Commentary

The Australian market opens today's trade on lacklustre international equities, but mostly positive commodities, leads.

In overnight commodities trade, **oil** turned and rallied. US **gold** futures settled moderately higher. **Iron ore** swung higher. LME **copper** slipped, but **nickel** and **aluminium** rallied.

The **\$A** fell but approached US80.35c earlier this morning, after appreciating to US80.45c early yesterday evening.

Locally today, a **Reserve Bank of Australia** (RBA) quarterly lending-focused bulletin plus forex transactions and assets figures are anticipated.

RBA governor Philip Lowe is also speaking at a business briefing in Perth, **3.10pm** AEST.

Stocks trading ex-dividend today include: **AHG**, **CAR**, **CWN**, **FBU**, **SLK** and **SPK**. Please see p3 for a detailed list.

Regionally, the **Bank of Japan** announces outcomes from its monetary policy meeting ~1pm. The BoJ governor is expected to speak post-ASX trade.

This morning, **New Zealand** has reported revised June quarter **GDP** growth of 0.6% for the three months.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	22413	42	0.2
S&P 500	2508	2	0.1
NASDAQ	6456	-5	-0.1
FTSE 100	7272	-3	-0.1
DAX 30	12569	7	0.1
Shanghai Comp	3366	9	0.3

Overseas Markets Commentary

Major European and US equities markets chopped and swung some before settling little changed.

The **US Federal Reserve** maintained its 1% - 1.25% target rate range, but revealed it would start reducing the ~\$US4.5 trillion bond portfolio in October, initially by up to \$US10B per month.

Some suggested the post-policy meeting statement and media conference by chair Janet Yellen was sufficiently positive to raise the chances of an interest rate increase by year's end. In fact, 75% of the FOMC were noted in the statement as anticipating another rise this year.

In the meantime, the **OECD** updated its economic growth forecasts, predicting a 3.5% rise globally for 2017, with 2.1% gains for both the US and euro

* Manufacturing sector listing **11am** AEST – **TTT** *

* Minerals exploration listing **11.30am** AEST – **MRL** *

RBA – governor Philip Lowe is speaking on *The Next Chapter* at an American Chamber of Commerce event, Perth, **3.10pm** AEST

Early **volatility** possible, as ASX24 SPI 200 **futures contracts** **expire** today.

Group **opening times** will be **extended** as follows:

Group 1 (A – B) 10.00 am +/- 15 secs

Group 2 (C – F) 10.04 am +/- 15s

Group 3 (G – M) 10.08 am +/- 15s

Group 4 (N – R) 10.12 am +/- 15s

Group 5 (S – Z) 10.16 am +/- 15s

Today's Stock Watch

Commonwealth Bank of Australia (CBA)

Reviewing options, including a possible listing, for the Colonial First State global asset management business, aka First State Investments.

In addition, CBA is selling its Australian and New Zealand life insurance operations to AIA Group for a combined \$A3.8B. CBA is anticipating a \$A300M post-tax loss from the sale, but a 7% lift to common equity tier 1 capital. Under the deal, AIA will offer life insurance to customers for 20 years.

In association with the proposals, CBA wealth management head Annabel Spring will leave the bank in December.

Medibank Private (MPL)

MPL will continue to defend Australian Competition & Consumer Commission (ACCC) claims leading the ACCC to appeal a Federal Court determination that MPL did not engage in misleading or deceptive conduct when changing provider arrangements.

Genworth Mortgage Insurance Australia (GMA) / National Australia Bank (NAB)

GMA has secured a one-year extension of its contract to provide NAB's broker business with lenders' mortgage insurance.

Fletcher Building (FBU)

Chief people & communications officer Kate Daly has resigned, in favour of a Bank of New Zealand appointment as people & communications director. Ms Daly has been with FBU since June 2011.

Fonterra Shareholders' Fund (FSF)

Roche pharmaceuticals division Switzerland CFO Marc Rivers has been appointed FSF CFO, effective 1 March 2018.

Titomic Ltd (* TTT)

Multi- manufacturing sector additive specialist scheduled to list **11am** AEST, following a \$6.5M IPO at 20c per share.

Resources

Mayur Resources (* MRL)

PNG and region-focused minerals and energy exploration and development company scheduled to list **11.30am** AEST, following a \$15.5M IPO at 40c per CDI/share.

zone.

In the **UK**, August retail sales were reported 2.4% higher year-on-year, following a 1.4% rise for July and forecasts of 1.1%.

Among US data releases, August existing home sales fell 1.7% to the least in a year. Hurricane Harvey was cited as one reason, in addition to relatively tight supply.

Tonight in the US, weekly new unemployment claims, a leading indicators report, Philadelphia region manufacturing index and July house prices are due.

Elsewhere, European Central Bank (ECB) president Mario Draghi is speaking publicly in his role as European Systemic Risk Board chairman.

In overnight corporate news, **Apple** soured some after conceding connectivity problems with its newly-launched smartwatch.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1316	oz	5	0.4
Silver (NY) (Sep)	17.2	oz	-0.1	-0.4
Gold (LON)	1310	oz		
Platinum	942	oz	-9	-1.0
WTI Crude (Oct)	50.4	bbl	0.9	1.9
Brent Crude (Nov)	56.3	bbl	1.2	2.1
Iron Ore (CHN port 62%)	69.7	t	0.8	1.2
Copper	6526	t	-13	-0.2
Nickel	11380	t	240	2.2
Aluminium	2177	t	52	2.5
Lead	2460	t	39	1.6
Zinc	3132	t	26	0.8
Tin	20625	t	-25	-0.1
CBT Wheat (Dec)	4.50	bshl	0.07	1.5

Commodities Commentary

Oil – WTI crude settled at a four-month peak. The October delivery contract expired, the November one gaining 1.6% to settle at \$US50.7/bbl.

Ahead of tomorrow's meeting between agreement participants, Iraq's oil minister reportedly remained confident of a possible increase to the current production curb, in addition to potentially extending it past March 2018.

A weekly US petroleum inventories report estimated crude stockpiles had grown by 4.6MMbbl.

US refinery utilisation was calculated to have recovered to 83.2%, although Hurricane Maria significantly damaged Puerto Rico, and remains on watch as a potential threat to the US coast.

Gold – a \$US rally following the release of US Federal Reserve's policy meeting statement have sent prices lower in after-settlement trade.

Base metals – mixed trade, mostly buoyed by a mix of international growth expectations and select temporary production and/or export curbs.

Japan's August trade figures, published yesterday, pleased, supported by an ~18% rise in exports.

New PMI updates are anticipated tomorrow night.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.8022	-0.0009	-0.12
EUR – USD	1.1877	-0.0019	-0.16

Pre-Open Announcements

Suncorp Group (* SUN)

Today's AGM addresses, including a market update, lodged pre-trade.

Sirtex Medical (* SRX)

Choosing to move on and preserve cash and energy buy paying an ASIC infringement penalty but denying ASIC's allegation and admitting no liability.

Washington H Soul Pattinson & Co (* SOL)

123.3% higher, \$333.6M full-year NPAT. 55.9% higher, \$967.6M revenue. 32c fully-franked final dividend, up 1c. \$12.91 NTA. \$1.3936 EPS.

Brickworks Ltd (* BKW)

138.2% higher, \$186.2M full-year NPAT. 12.1% higher \$841.8M revenue. 34c fully-franked final dividend, up 2c. 11.77c NTA. \$293.4M net debt.

Air New Zealand (AIZ)

August passenger numbers rose 4.5% and revenue passenger kilometres by 2.7%. Additional statistics lodged this morning.

Avita Medical (* AVH)

Expecting \$US24.3M from a contract expansion option secured with the Biomedical Advanced Research & Development Authority (BARDA), which will set up funding for clinical and health economics research into the care of child burns patients.

Compumedics Ltd (* CMP)

\$A1M contract secured to supply neurological monitoring systems to Bethel Epilepsy Centre, Bielefeld-Bethel, Germany.

Chorus Ltd (* CNU)

Fixed-line connections have trended lower since 30 June, but broadband connections appear mostly stable. Statistics lodged this morning, ahead of a September quarter update early next month.

SRG Ltd (* SRG)

50:50 JV agreement secured with Taylor Bros Inc to pursue dam strengthening opportunities.

RCR Tomlinson (RCR)

\$17.6M raised in the SPP which followed a \$75M August placement. RCR said the SPP was oversubscribed.

Murray River Organics (MRG)

\$7.1M raised and 60% take-up achieved in the entitlement offer which followed a \$5M placement. Underwriters will receive the balance of the entitlement offer.

Resources

Northern Cobalt (* N27)

Minerals explorer scheduled to list 11am AEST tomorrow following a \$4.2M IPO at 20c per share. ~21M shares and ~10.5M quoted options.

Trading Halts

Company	Code	Resuming
MainstreamBPO Ltd	MAI	21 Sep
NTM Gold	NTM	21 Sep
Syrah Resources	SYR	21 Sep

**Australian Data Today**

RBA	Bulletin (lending; qrtly)	Sep
RBA	Assets; forex transactions	Aug

US Data Tonight

Initial jobless claims	16 Sep
FHFA house prices	Jul
Philadelphia Fed manufacturing index	Sep
Conf Board leading index	Aug

Other Overseas Data Today & Tonight

Japan	BoJ monetary policy statement	Sep
Japan	All-industry activity index	Jul
Japan	Steel production	Aug
UK	Public sector finances	Aug
UK	BBA mortgages	Aug
Euro zone	Consumer confidence	Sep
Euro zone	ECB economic bulletin	Sep

Need More Information?

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Thred Ltd	THD	21 Sep
Weebit Nano	WBT	21 Sep
Ahalife Holdings	AHL	22 Sep
Bass Metals	BSM	22 Sep
Longford Resources	LFR	22 Sep
Magnis Resources	MNS	22 Sep
Strike Energy	STX	22 Sep
A-Cap Resources	ACB	25 Sep
Seven Group Holdings	SVW	25 Sep

Suspensions (selected)

Company	Code	Since
AnaeCo Ltd	ANQ	31 Aug
BBX Minerals	BBX	23 Aug
Brierty Ltd	BYL	8 Sep
Empire Oil & Gas	EGO	30 Aug
Intrepid Mines	IAU	18 Sep
Manalto Ltd	MTL	18 Sep
NMG Corporation	NMG	28 Aug
SMS Management & Technology	SMX	8 Sep
Veriluma Ltd	VRI	20 Sep

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AHG	Today	9.5	100	5.34
GBP	Today	~6.77	0	1.78
CAR	Today	21.5	100	2.93
CWN	Today	30	60	5.09
FBU	Today	~17.61	0	4.85
HHV	Today	3.5	100	5.93
HUO	Today	5	50	1.07
OEQ	Today	0.9	100	0.00
PNI	Today	4.8	100	2.19
PPC	Today	3	100	3.86
SLK	Today	8	100	3.25
SPK	Today	~11.48	0	5.72
VLS	Today	1.5	100	3.75
XIP	Today	3.4	100	2.86
CAF	Tomorrow	8.21	100	4.93
GAP	Tomorrow	1	0	5.19
IGL	Tomorrow	6.4	100	6.13
CIE	Mon	3.5	50	6.50
CIW	Mon	1.5	100	5.45
CNU	Mon	~11.41	0	5.27
IMF	Mon	4	100	3.37
SGF	Mon	~9.27	100	4.16
SWM	Mon	2	100	5.52
WPP	Mon	2.1	100	5.58