

Tuesday 24 April 2018

Markets

SFE 200 Futures (9.30am AEDST)	5874	6	0.1
NZX 50	8303	-1	-0.0
DJIA Futures	24435	21	0.1
S&P 500 Futures	2673	2	0.1
NASDAQ Futures	6666	-2	0.0

Local Markets Commentary

The Australian market opens today's trade ahead of a domestic public holiday tomorrow and key local data today, following decidedly mixed overnight international commodities and equities leads.

The Australian Bureau of Statistics (ABS) is due to release March quarter **CPI** growth **11.30am** AEST.

Earlier, Reserve Bank of Australia (**RBA**) assistant governor Christopher Kent has addressed the central bank's views on interest-only mortgages at a Housing Industry Association breakfast in Sydney.

Also pre-trade, a weekly consumer sentiment reading is due.

In overnight commodities trade, **US gold** futures continued lower. **Oil** gained.

Iron ore (China port, 62% Fe) swung higher. **LME copper** was pushed lower. **Nickel** and **aluminium** dropped.

The **\$A** dropped further, to ~US76.0c, after falling to ~US76.40c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24449	-14	-0.1
S&P 500	2670	0.15	0.0
NASDAQ	7129	-18	-0.3
FTSE 100	7399	31	0.4
DAX 30	12572	32	0.3
Shanghai Comp	3068	-4	-0.1

Overseas Markets Commentary

Vacillating trade featured across major European and US equities markets overnight.

Earnings reports from high-profile stocks continued, as did the mixed reactions. Caution prevailed across the tech sector ahead of key results this week. Financial stocks appeared supported.

Meanwhile, 10-year US government bond yields reached highs not seen in 4.25 years.

Among data releases, **Germany's** initial composite April PMI rose by 0.2 to 55.1.

For the **euro zone**, the manufacturing PMI was estimated 0.6 lower, at 56.0 and the services sector index 0.1 higher at 55.0, producing a flat 55.2.

US March existing home sales rose 1.1%, but the year-on-year figure came in at a 1.2% decline, in part due to relatively low on-market housing stocks.

In the UK, the government suffered another parliamentary defeat on select plans involving the UK's planned separation from the European Union (EU).

Australia – March quarter **CPI 11.30am** AEST

RBA – assistant governor (financial markets) Christopher Kent spoke on *The Limits of Interest-only Lending* at a Housing Industry Association breakfast, Sydney, 7.50am AEST

* Investment fund listing **11am** AEST – **LSF** *

ASX – closed tomorrow due to ANZAC day

Today's trades settle Friday (27 April)
Trades executed yesterday will settle Thursday

Today's Stock Watch

Blackmores Ltd (BKL)

Proposing to outlay \$A43.2M for Catalent Australia Holding Pty Ltd from Catalent Inc.

BKL says the purchase is likely to be wholly debt-funded.

Completion is anticipated by 31 October 2019.

The acquisition gives BKL a 30,000sqm tablet and soft-gel capsule manufacturing facility in Braeside, Victoria.

BKL is also this morning reporting 8.5% higher, \$434M net sales for the nine months to 31 March, and 19.3% higher, \$52M NPAT.

'Meet the Management Team' event scheduled for 23 May.

Vocus Communications (VOC)

Scrapping plans to sell the company's New Zealand business.

Macquarie Atlas Roads (MQA)

March quarter toll revenue rose 5.4% (weighted average) across MQA assets, and traffic by 3.4%.

L1 Long Short Fund (* LSF)

Investment fund scheduled to list **11am** AEST following a \$1.33 trillion IPO at \$2.00 per share.

664.84M shares.

Resources

Fortescue Metals Group (FMG)

Shipped 38.7Mt of iron ore during the March quarter, down 4% for the quarter and 2% against a year earlier. Cash production costs totalled \$US13.14/t (wet), up 9% and 1% respectively. Prices represented 62% of the Platts benchmark.

\$US3.1B net debt. \$US2.6B cash on hand.

Tawana Resources (TAW)

WA eastern goldfields Bald Hill lithium and tantalum JV lithium concentrate is on its way to Esperance port, ahead of two planned shipments in May.

TAW's JV partner is Singapore-listed Alliance Mineral Assets.

Resolute Gold (RSG)

Full-year guidance revised lower to 280,000oz of gold at a \$A1360/oz AISC. Produced 66,685oz of gold at a \$A1332/oz AISC during the March quarter. Sold 70,159oz at \$A1714/oz. \$A153M cash, bullion and listed investments.

Energy

Beach Energy (BPT)

Produced a record 6.6MMboe and sold 6.8MMboe during the March quarter. Sales revenue totalled \$393M. The headline figures represent 150%, 143% and 89% Q-on-Q increases.

Tonight in the US, March new home sales, two house price indices, a Richmond Fed manufacturing activity update and consumer confidence index are due.

Anglo American, Caterpillar, Coca-Cola, Eli Lilly, Freeport-McMoRan, Lockheed Martin, POSCO, SAP and Verizon are among companies scheduled to report earnings or provide updates.

In overnight corporate news, toy and game maker **Hasbro** undershot quarterly expectations with a 16% sales drop, but was pushed 4% higher.

Kimberly-Clark exceeded expectations and raised full-year sales guidance, and declined 1.5%.

Post-US trade, Google parent Alphabet prices have chopped, after the group reported ~\$US31B quarterly revenue, a little above forecasts, plus 73% higher profit, and issued a disappointing growth forecast. Potential increased regulatory concerns also appeared to weigh.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1327	oz	-11	-0.9
Silver (NY) (May)	16.7	oz	-0.06	-3.2
Gold (LON)	1337	oz		
Platinum	920	oz	-5	-0.5
WTI Crude (May)	68.6	bbl	0.24	0.4
Brent Crude (Jun)	74.7	bbl	0.65	0.9
Iron Ore (CHN port 62%)	67.7	t	0.6	0.9
Copper	6944	t	-48	-0.7
Nickel	14265	t	-565	-3.8
Aluminium	2295	t	-174	-7.1
Lead	2320	t	-45	-1.9
Zinc	3229	t	-4	-0.1
Tin	21050	t	-675	-3.1
CBT Wheat (May)	4.615	bshl	-0.01	-0.4

Commodities Commentary

Oil – ultimate overnight prices were in part attributed to uncertainty regarding the US's ultimate position next month on retaining the 2015 multi-national agreement to lift sanctions against **Iran**.

Prices dropped early after Iran claimed the **OPEC**-headed output constraint agreement need not be extended past year's end, pending prices.

A weekly Genscape report estimated stockpiles had declined last week at the **Cushing**, Oklahoma centre.

Gold – the \$US kept on higher overnight, through three-month peaks, in part in association with rising sovereign bond yields.

Base metals – the US administration yesterday extended the period by which **Rusal** customers in the US can organise compliance with recently announced sanctions against the major Russian *aluminium* producer.

This impacted both *nickel* and aluminium trade, on speculation sanctions against Russian nickel production may be eased or lifted.

Ongoing **\$US** strength detracted from base metals sentiment in general.

Japan's initial 53.3 April manufacturing PMI, released yesterday, was supported by domestic demand rather than export orders. March's final reading came in at 53.1.

Pre-Open Announcements

G8 Education (* GEM)

General counsel and company secretary Sarah Zeljko has resigned, effective today, in favour of non-executive directorships.

GEM has consequently appointed Billabong International (ASX: BBG) general counsel and company secretary Tracey Wood to replace Ms Zeljko.

GEM CFO Sharyn Williams will take on the company secretary role in the interim.

Recce Pharmaceuticals (* RCE)

RCE has appointed NYSE-listed Palatin Technologies co-founder and chairman John Prendergast as an independent non-executive director.

Resources

Iluka Resources (* ILU) / OZ Minerals (* OZL)

Hosting AGMs today.

Bauxite Resources (* BAU)

WA Ceres bauxite deposit resource updated under JORC 2012 standards to 21.9Mt @ 31.4% (low-temp-available) alumina & 3.2% reactive silica.

BAU is owner and operator, but HD Mining & Investments can earn a resource and feasibility-related 40% participating interest. An additional 20% is possible following completion of feasibility and a decision to mine.

HD Mining is funding exploration activities, but BAU will retain 100% of minerals other than alumina.

AVZ Minerals (AVZ)

Resuming from suspended trade after clarifying company comments regarding the DRC Manono lithium project, made in a paid advertising feature for a national Australian newspaper. AVZ has explained the comments in a response to an ASX compliance query, and also in a separate company announcement lodged post-trade yesterday.

Gold Road Resources (GOR)

WA far-eastern goldfields Gruyere gold JV construction update lodged post-trade yesterday. GOR and Gold Fields each hold 50%.

Energy

Santos Ltd (* STO)

Agreement reached for the commencement of front-end engineering and design (FEED) for Barossa gas field development, covering NT/RL5 and NT/RL6.

The JV partners are targeting a FID by the end of 2019.

The project is expected to prolong the operating life of the Darwin LNG project for ~20 years.

STO 25%; ConocoPhillips 35% and operator.

Cue Energy (CUE)

Chairman Grant Worner is retiring from the CUE board, effective immediately.

CUE has consequently appointed OG Oil & Gas CEO, and Omni Offshore Terminals CEO Alastair McGregor as chairman.

In addition, Peter Hood has been appointed CUE lead independent director.

Mr Mc Gregor is also a New Zealand Oil & Gas (ASX: NZO) director.

Aspire Mining (AKM)

AKM has told ASX compliance personnel it cannot explain

**Exchange Rates**

CURRENCIES	LAST	+/-	%
AUD – USD	0.7602	-0.0002	-0.03
EUR – USD	1.2209	0.0002	0.02

Australian Data Today

ANZ/RyMgn	Consumer sentiment	22 Apr
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US Data Tonight

New home sales	Mar
Richmond Fed manufacturing	Apr
Case-Shiller house price index	Feb
FHFA house prices	Feb
Conf Board consumer confidence	Apr

Other Overseas Data Today & Tonight

UK	Public sector finances	Mar
UK	CBI industrial trends	Apr
Germany	IFO business climate	Apr

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yesterday's trade which featured 260 transactions, a 20% higher settlement (1.2c) for the session and 0.9c – 1.25c prices.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	BPT	Mar Q
	BKL	Mar Q
	FMG	Mar Q
	ILU	AGM
	MQA	Mar Q
	OZL	AGM
	RSG	Mar Q
Thu	BCI	Mar Q
	BXB	Mar Q
	NCM	Mar Q
	OGC (conf call post-trade)	Mar Q
	SXY	Mar Q
	WES	Mar Q
Fri	AIA	Mar
	SFR	Mar Q
	SDA	AGM
Mon (30 Apr)	SYR	Mar Q

Trading Halts

Company	Code	Resuming
Aspermont Ltd	ASP	24 Apr
Cazaly Resources	CAZ	24 Apr
Peak Resources	PEK	24 Apr
Sabre Resources	SBR	24 Apr
The Hydroponics Company	THC	24 Apr
Variscan Mines	VAR	24 Apr
Australian Dairy Farms Group	AHF	26 Apr
Jacka Resources	JKA	26 Apr
Redflow Ltd	RDF	26 Apr
Titomic Ltd	TTT	26 Apr
YPB Group	YPB	26 Apr

Suspensions (selected)

Company	Code	Since
Astro Resources	ARO	17 Apr
Authorised Investment Fund	AIY	23 Apr
BPH Energy	BPH	13 Apr
Carnavale Resources	CAV	19 Apr
Ensurance Ltd	ENA	23 Apr
iCandy Interactive	ICI	23 Apr
Resources & Energy Group	REZ	12 Apr
Rision Ltd	RNL	17 Apr
Samson Oil & Gas	SSN	16 Apr
Skin Elements	SKN	17 Apr
Wangle Technologies	WGL	13 Apr
Wattle Health Australia	WHA	6 Apr

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Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
EGI	Today	2.5	100	2.70
BOQ	Thu	38	100	7.22
AMA	Fri	0.5	100	2.50
MFF	Fri	1.5	100	1.07
SST	Fri	13.59	0	2.00
PMV	Mon (30 Apr)	29	100	3.56