

Thursday 27 September 2018

Markets

SFE 200 Futures (9.30am AEST)	6164	-17	-0.3
NZX 50	9321	-29	-0.3
DJIA Futures	26434	15	0.1
S&P 500 Futures	2914	2	0.1
NASDAQ Futures	7603	13	0.2

Local Markets Commentary

The Australian market commences today's trade on negative overnight US equities and key commodities leads, ahead of new data out of China today and a swag of significant US economic indicators tonight.

In overnight commodities trade, **oil** swung lower.

US (December) **gold** futures also headed lower.

Iron ore (62% Fe, China port) was pushed modestly lower.

LME **copper, nickel** and **aluminium** also declined.

The **\$A** remained within a relative narrow range after trading at ~US72.55c early yesterday evening.

Locally today, the Australian Bureau of Statistics releases August job vacancies 11.30am AEST.

In addition, a plethora of stocks trades companies ex-dividend. *Please see pp3-4 for details.*

Regionally, **China** is scheduled to report August industrial profits **11.30am** AEST.

New Zealand's central bank has this morning retained the official cash rate at its record low 1.75%. Moreover, citing international trade uncertainties, the RBNZ said rates would likely remain at this level for at least all of 2019.

NB: Public holidays are scheduled for Melbourne and most of Victoria's local council regions tomorrow, and for the ACT, New South Wales, Queensland and South Australia Monday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26385	-107	-0.4
S&P 500	2906	-10	-0.3
NASDAQ	7990	-17	-0.2
FTSE 100	7511	4	0.1
DAX 30	12386	11	0.1
Shanghai Comp	2807	26	0.9

Overseas Markets Commentary

US equities markets opened higher and maintained gains until the last half hour of trade which featured a swing lower.

Across the Atlantic, the FTSE 100 chopped markedly and Germany's DAX 30 closed at session highs.

The US indices fall came after the **US Federal Reserve** raised its rates target a further 0.25%, to 2.25%, and signalled it would continue doing so, citing expected ongoing economic growth for as much as three years.

Earlier, **China** had attracted attention with the MSCI announcing it was considering boosting China's weighting within global benchmarks by up to four

China – industrial profits **11.30am** AEST

Today's Stock Watch

Specialty Fashion Group (SFH)

SFH chair Anne McDonald is planning to retire from the SFH board at the 9 November AGM.

Consequently, Lovisa Holdings (ASX: LOV), IMF Bentham (ASX: IMF) and Apply Direct (ASX: AD1) chairman Michael Kay has been appointed to the SFH board as a non-executive director and chairman-elect, effective 1 October.

LOV had previously announced Mr Kay's intention to retire from his LOV chairmanship 31 October.

Mr Kay is also a former McMillan Shakespeare (ASX: MMS) and AAMI CEO.

SFH has also confirmed City Chic GM Phil Ryan's appointment as CEO, effective 1 October. City Chic is the remaining SFH brand. Current SFH CEO and MD Daniel Bracken is remaining in these roles until 30 September. Mr Bracken will then move to his new appointment as CEO of Michael Hill International (ASX: MHJ).

Xero Ltd (XRO)

Initial adverse FY 2019 impacts expected from acquisitions and accounting changes lodged post-trade yesterday.

Meanwhile, conducting a \$US300M five-year guaranteed convertible notes offer.

XRO intends to list the notes on the Singapore Exchange Securities Trading (SGX-ST).

The Food Revolution Group (FOD)

Anticipating an additional \$A5M annual net revenue, with the manufacture of new fresh juice products for Woolworths (ASX: WOW) supermarkets, and a range of juices for independent grocers in Victoria.

Sky & Space Global (SAS)

MoU secured with The Organisation of Eastern Caribbean States (OECS), for the potential provision of SAS network services to the region. Details lodged this morning.

Spicers Ltd (SRS)

Selling the group's Asian operations to Japan Pulp & Paper Co for \$S15M.

In association, SRS is anticipating a deferred payment in the form of net proceeds from the planned sale of the property owned by Spicers Paper (Singapore) in Singapore.

Net cash balances, expected to total \$S7M, will also be paid to SRS. SRS expects to account an ~\$200,000 loss for the sale.

Completion is anticipated by the end of 1H FY 2019.

Collection House (CLH)

CLH has received proposed resolutions from substantial shareholder Ankla for the appointment of two particular directors at the 29 November AGM.

CLH does not, however, consider the requisitioned resolutions represent the best interests of CLH.

Energy

Beach Energy (BPT)

Aiming to boost annual production to 34MMboe – 40MMboe by FY 2023. Forecasting 26MMboe – 28MMboe for FY 2019, following 19.0MMboe during FY 2018.

Investor briefing presentation lodged this morning.

times. China's EM (Emerging Markets) index weighting could almost double, MSCI said.

For its own part, China had announced a 1 November planned reduction in import taxes for goods including construction materials, electrical equipment, machinery, paper products and textiles products.

In new overnight data releases, US August new home sales were reported 3.5% higher for the month, and 12.7% from a year earlier. This followed downward revisions for July and June.

Tonight in the **US**, a third and final June quarter GDP growth reading is due.

August durable goods orders, wholesale inventories, pending home sales, a regional manufacturing index and weekly new unemployment claims are also anticipated.

US **Federal Reserve** chair Jerome Powell is again scheduled to speak publicly.

Elsewhere, **European Central Bank** president Mario Draghi, and **Bank of England** (BoE) governor Mark Carney plus BoE chief economist Andy Haldane are also scheduled to speak.

Earnings or trading updates are expected from Accenture, ConAgra Brands and TUI.

In overnight corporate news, **Twenty-First Century Fox** and **Walt Disney** revealed they would sell their **Sky** Plc holdings to **Comcast**, effectively enabling Comcast to achieve full Sky control.

Deutsche Bank was reported to have discussed potential mergers with both **UBS** and **Commerzbank**.

Meanwhile, **Ford Motor's** CEO claimed the company had lost \$US1B worth of profit due to steel and aluminium import taxes.

Honda Motor conceded costs had risen by 'hundreds of millions of dollars' due to higher US steel prices.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1199	oz	-7	-0.6
Silver (NY) (Sep)	14.4	oz	-0.14	-1.0
Gold (LON)	1194	oz	-8	-0.6
Platinum	820	oz	-1	-0.1
WTI Crude (Nov)	71.6	bbl	-0.7	-1.0
Brent Crude (Nov)	81.3	bbl	-0.5	-0.7
Iron Ore (CHN port 62%)	69.0	t	-0.24	-0.4
Copper (LME,3mth,PM)	6282	t	-36	-0.6
Nickel	12820	t	-130	-1.0
Aluminium	2065	t	-6	-0.3
Lead	1985	t	-25	-1.2
Zinc	2540	t	33	1.3
Tin	18875	t	-25	-0.1
CBT Wheat (Oct)	5.18	bshl	-0.03	-0.6

Commodities Commentary

Oil – a US weekly domestic petroleum inventories report, published overnight, unexpectedly included a rise in stored crude, by 1.9MMbbl.

Overnight, Iran's oil minister and president each bemoaned US strategy in different forums. The oil minister ventured that crude price rises had occurred due to US policy, and that reducing Iran's exports would not ensure lower prices. The president claimed sanctions, including on Iran's oil,

Pre-Open Announcements

Emerge Gaming (EM1)

Heralding operational statistics achieved since the launch of ELeague 30 days ago.

Invion Ltd (IVX)

Contract research specialist R&G Pharma will lead the development of IVX's COPD treatment nadolol in China.

Speedcast International (SDA)

\$US175M incremental term loan add-on terms and conditions finalised. Details lodged this morning.

NB Global Corporate Income Trust (* NBI)

Completed its ASX listing yesterday following a \$413.98M IPO at \$2.00 per unit.

Opened at \$2.02 and traded at \$2.01 - \$2.05 before settling at \$2.04.

~627,000 units changed hands across 50 transactions.

206.99M quoted securities.

Resources

Danakali Ltd (DNK)

Colluli potash project EPCM preferred contractor confirmed as DRA Global.

Battery Minerals (BAT)

Mozambique Montepuez graphite project construction milestones update lodged this morning.

Metro Mining (MMI)

Non-executive MMI director George Lloyd has resigned due to a potential conflict of interest.

This is due to Mr Lloyd being a director of Melior Resources, which is proposing to merge with Metallica Minerals (ASX: MLM).



The 2018 RIU Resources Investor Roadshow will continue at the **Grand Hyatt Hotel Melbourne today**, following a successful day one in Sydney yesterday.

Address: **123 Collins St, Melbourne**

Free morning tea and lunch is provided for all registered delegates. To register to for your complimentary pass, and for event information, please click on the link [here](https://resourcesinvestorroadshow.riu.com.au/).

(<https://resourcesinvestorroadshow.riu.com.au/>)

Remember to fill in the details as prompted.

You are also welcome to just turn up.

This event is the third of its type run by Vertical Events for the resources industry and follows the success of its Techknow Investor Roadshows run in the technology sector over the past year.

The event features presentations from 21 companies.

The companies presenting offer insights into a broad range of commodities including **base metals** - copper, nickel, lead, zinc;

would fail.

A state oil industry official from Nigeria assured OPEC still favoured market balance, but warned producers were not sitting on infinite spare capacity. The US energy secretary also commented on market balance yesterday, stating the US would not use US emergency oil stockpiles (known as the Strategic Petroleum Reserve) to make up for sanction-related reduced production from Iran, in favour of leaving this up to large international producers.

France's Total, in the meantime, confirmed **North Sea** workers had accepted a pay and conditions offer, ending industrial action.

Saudi Arabia's Aramco was reported to have agreed to supply crude to Zhejiang Rongheng over the long-term, for a new refining operation in Eastern **China**, set to commence production by year's end. Zhejiang had been awarded a 5Mt oil import quota for the year in August.

Reports also emerged that Royal Dutch Shell and Gazprom Neft were negotiating a deal whereby Shell would acquire a holding in a Gazprom onshore oil and gas project in Russia's Yamal region.

Gold – a swinging \$US index was cited as influential overnight.

Nonetheless, gold prices had pulled back relatively early.

A final US June quarter GDP growth reading, due tonight, is now on watch.

Base metals – overnight trade appeared largely unsettled, in part due to lower import tariffs announced by China to bolster its economy, and also ahead of key announcements, including the US Federal Reserve policy statement (overnight), and key data tonight.

China's August industrial profits are due today.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7258	-0.0001	-0.01
EUR – USD	1.1748	0.0006	0.05

Australian Data Today

ABS Skilled job vacancies Aug

US Data Tonight

GDP (3 rd & final)	JunQ
Durable goods orders	Aug
Wholesale inventories	Aug
Pending home sales	Aug
Initial jobless claims	22Sep
Kansas Fed manufacturing	Sep

Other Overseas Data Today & Tonight

China	Industrial profits	Aug
UK	Nationwide house prices	Sep
Germany	CPI (prelim)	Sep
Germany	GfK consumer confidence	Oct
Euro zone	Business, economic confidence	Sep

precious metals – gold; **green technology plays** – graphite, lithium, cobalt; **industrial materials** – mineral sands, kaolin (HPA), iron ore, potash; and **energy plays** – gas and wave energy. No suppliers will be at the event, making it a very high-powered investment event.

State One Stockbroking is a co-sponsor of the event.

As valued clients of State One/amscot, it would be great to see you attend.

Trading Halts

Company	Code	Resuming
Equus Mining	EQE	27 Sep
Inca Minerals	ICG	27 Sep
Janison Education Group	JAN	27 Sep
Lindian Resources	LIN	27 Sep
Simavita Ltd	SVA	27 Sep
Smart Marine Systems	SM8	27 Sep
Tech Mpire	TMP	27 Sep
Alderan Resources	AL8	28 Sep
BOD Australia	BDA	28 Sep
Classic Minerals	CLZ	28 Sep
Coventry Group	CYG	28 Sep
Technology Metals Australia	TMT	28 Sep
Weebit Nano	WBT	28 Sep
Elixinol Global	EXL	1 Oct
Nufarm Ltd	NUF	1 Oct

Suspensions (select)

Company	Code	Since
AFT Corporation	AFT	11 Sep
Aurora Dividend Income Trust	AOD	21 Sep
Aksesstoday Ltd	AXL	14 Sep
Black Star Petroleum	BSP	21 Sep
buyMyplace.com.au Ltd	BMP	24 Sep
Hardey Resources	HDY	10 Sep
Jacka Resources	JKA	21 Sep
MSM Corporation International	MSM	25 Sep
Reffind Ltd	RFN	26 Sep
Sundance Resources	SDL	10 Sep
Tawana Resources	TAW	24 Sep
Victory Mines	VIC	11 Sep

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
ABW	Today	0.19	0	4.95
ACF	Today	0.5	0	0.92
AIB	Today	0.13	0	12.36
AJD	Today	2	0	6.37
AOD	Today	0.29	0	6.66
AOF	Today	3.95	0	5.86
ARF	Today	3.38	0	5.41
AUP	Today	3.45	0	9.89
AVN	Today	4.09	0	7.41
AYF	Today	8.75	49	5.85
BSA	Today	0.5	100	1.79
BWF	Today	2.1	100	3.81
CAB	Today	4	100	3.46
CI1	Today	0.12	0	6.67
CIP	Today	4.6	0	6.70
CLW	Today	6.4	0	6.10

**Need More Information?**

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au.

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CMA	Today	4.53	0	7.07
CMW	Today	1.81	0	7.37
CRR	Today	5.22	0	7.18
CUP	Today	1	100	1.49
EBO	Today	28.7	95.77	2.78
EOL	Today	2	0	2.00
FET	Today	4	0	5.36
GBT	Today	2.5	100	2.60
GCI	Today	0.74	0	1.15
GCM	Today	1	0	4.05
GDF	Today	2.25	0	7.00
IDR	Today	4.25	0	6.01
JHC	Today	3.75	50	5.62
KLA	Today	2.55	0	0.29
LGD	Today	0.75	100	3.82
LYL	Today	18	100	6.54
MAQ	Today	25	100	2.07
MEZ	Today	9.89	0	3.97
PFG	Today	0.45	100	7.50
PNC	Today	7.71	100	4.21
RFF	Today	2.61	0	4.54
RFP	Today	2.51	100	0.00
TGP	Today	1	0	27.73
TOT	Today	3	0	7.74
TRS	Today	11	100	7.16
WDE	Today	2	100	4.21
CII	Tomorrow	5	100	4.85
GVF	Tomorrow	3.15	70	5.65
MXT	Tomorrow	0.7	0	4.66