

Friday 27 October 2017

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	<b>5908</b>	<b>10</b>	<b>0.2</b>
<b>NZX 50</b>	8095	8	0.1
<b>DJIA Futures</b>	23344	-5	0.0
<b>S&amp;P 500 Futures</b>	2561	0	0.0
<b>NASDAQ Futures</b>	6090	5	0.1

## Local Markets Commentary

The Australian market commences Friday trade ahead of key regional economic indicators, amid another swag of local large-cap AGMs and updates, and on mostly negative key commodities leads.

Regionally today, **Japan** publishes September CPI **10.30am** AEDST.

**China** is expected to release September industrial profits **12.30pm** AEDST.

Locally, the Australian Bureau of Statistics is due to publish September quarter producer prices plus details of FY 2017 national accounts.

The HIA also releases a September new home sales report.

In addition, banking sector results continue, this morning from Macquarie (**MQG**).

A plethora of September quarter reports is also anticipated, as end-of-month nears.

In overnight commodities trade, US **gold** futures fell. WTI and Brent **crude** both rallied. **Iron ore** (China port, 62% Fe) retreated further, but remained above \$US61.0/t. LME **copper** and **nickel** continued lower.

The **\$A** fell below US76.65c after dropping beneath ~US76.85c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>23401</b>	71	<b>0.3</b>
<b>S&amp;P 500</b>	2560	3	0.1
<b>NASDAQ</b>	6557	-7	-0.1
<b>FTSE 100</b>	7487	39	0.5
<b>DAX 30</b>	13133	180	1.4
<b>Shanghai Comp</b>	3408	11	0.3

## Overseas Markets Commentary

Major European and US equities markets were pushed and pulled overnight amid a major session for corporate reports, a \$US rally, and definitive policy and fiscal activity across major economies.

The **European Central Bank** (ECB) halved its monthly allocation for bond purchases to €30B, commencing January, but extended the buying until 30 September 2018.

Regional bonds subsequently rallied and the euro slid.

During a post-policy meeting press conference, ECB president Mario Draghi's comments suggested the move was a measure of confidence, but in an environment requiring careful monitoring.

For his part, earlier in **Japan**, PM Shinzo Abe

**China** – September industrial profits **12.30pm** AEDST

**Japan** – September CPI **10.30am** AEDST

## Today's Stock Watch

### Macquarie Group (MQG) / Macquarie Bank (MBL)

Former Reserve Bank of Australia (RBA) governor Glenn Stevens has been appointed as an independent MBL and MQG director, effective 1 November.

18.86% higher, \$1.248B MQG interim NPAT. 3.43% higher, \$5.397B net operating income.

\$2.05 interim dividend, 92.25c-franked. \$42.19 NTA.

Planning a \$A1B share buy-back

Anticipating 'slight' FY 2018 net profit growth.

Macquarie Capital principal transactions head Alex Harvey has been appointed CFO, taking over from Patrick Upfold who will be chief risk officer when Stephen Allen steps down at year's end.

### MG Unit Trust (MGC)

Proposing to sell Murray Goulburn Co-operative Co operating assets and liabilities to Saputo Dairy Australia for ~\$A1.31B.

Conditions include ACCC and FIRB approvals.

Teleconference scheduled for 3pm AEDST. Access details lodged this morning.

### AMP Ltd (AMP)

Australian wealth management AUM grew \$A211M during the September quarter to \$125.3B. Bank loans rose by \$0.4B to \$19.2B.

### ResMed Inc (RMD)

13% higher, \$US523.7M September quarter revenue. US35c September quarter dividend. Webcast results discussion scheduled for 1.30pm US Pacific Time, 26 October.

### Tabcorp Holdings (TAH)

5.7% higher, \$578.8M September quarter revenue, supported by a 47.8% improvement in gaming services revenue. Wagering and media revenue grew 4.5% to \$481.5M. Detailed product statistics and today's AGM presentation and speeches also lodged.

### Nufarm Ltd (NUF)

Resuming from a trading halt having raised \$A338M in the institutional component of the \$7.50-per-share two-for-nine entitlement offer. The shortfall sold at \$8.50.

The retail offer is scheduled for 1 – 15 November. NUF last traded at ~\$8.507.

### Auckland International Airport (AIA)

Passenger numbers grew 2.7% during September and are 5.5% higher for the financial year-to-date.

### Premier Investments (PMV)

Trading ex-dividend (27c) today. PMV added 30c (2.3%) yesterday, settling at \$13.47. PMV closed out last week at \$13.05.

## Resources

### Iluka Resources (ILU)

Produced 293,800t of mineral sands during the September quarter, pushing the year-to-date total to 975,000t, 23.8% higher than a year ago.

Net debt fell from \$305M to \$212M during the quarter.

promoted general private sector wage increases of up to 3% in support of economic growth.

In the meantime, **China** was reported to have raised \$US2B in a bond sale offering comparatively low rates.

In the **US**, a bluster of amendment debate headed a House of Representatives vote on a budget plan approved Thursday last week by the US Senate. The plan was viewed as essential to the progress of proposed tax changes. The vote succeeded and further detail on proposed tax legislation is promised for next week.

Among US data releases, the September trade deficit grew 1.3% to \$US64.1B.

Wholesale inventories were reported 1% lower.

Weekly new unemployment claims rose 10,000 to 233,000 and the four-week average fell by 9000 to 239,500.

September pending home sales barely moved, following a 2.8% fall for August.

The Kansas City Fed regional manufacturing index rose to 23, a 10-year peak that surprised following forecasts of ~17.

A GfK consumer confidence index for **Germany** came in at 10.7, against 10.8 last month and expectations of status quo.

**Tonight** in the US, an initial September quarter GDP estimate is due, together with September pending home sales and a University of Michigan consumer sentiment update.

Air China, Chevron, China Merchants Bank, Colgate-Palmolive, Exxon Mobil, Hyundai Steel, Kia Motors, Komatsu, Merck, Mitsubishi Steel, Royal Bank of Scotland (RBS), Sharp, Shire, Volkswagen and Yunnan Copper are among companies scheduled to report earnings later today or tonight.

In overnight corporate news, large-caps across most major sectors largely exceeded expectations in reporting results.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1270</b>	oz	-9	-0.7
<b>Silver (NY) (Sep)</b>	16.8	oz	-0.2	-0.8
<b>Gold (LON)</b>	1274	oz	-1	-0.1
<b>Platinum</b>	915	oz	-7	-0.8
<b>WTI Crude (Nov)</b>	<b>52.6</b>	bbl	0.46	0.9
<b>Brent Crude (Nov)</b>	<b>59.3</b>	bbl	0.9	1.5
<b>Iron Ore</b> (CHN port 62%)	<b>61.5</b>	t	-0.7	-1.2
<b>Copper</b>	<b>6896</b>	t	-24	-0.3
<b>Nickel</b>	11750	t	-115	-1.0
<b>Aluminium</b>	2190	t	4	0.2
<b>Lead</b>	2482	t	-6	-0.2
<b>Zinc</b>	3225	t	34	1.1
<b>Tin</b>	19850	t	-40	-0.2
<b>CBT Wheat (Dec)</b>	<b>4.32</b>	bshl	-0.04	-0.9

### Commodities Commentary

**Oil** – Saudi Arabia confirmed international sovereign power and investor interest in Aramco as a private entity, sufficient to declare an IPO and listing not the only option under consideration.

This week's Saudi repeat commitment to market balance was viewed as the major influence on Brent trade.

A weekly US petroleum drill rig count is due tonight.

**Gold** – a rallying \$US (to three-month peaks) was

## Pre-Open Announcements

### APA Group (\* APA)

Today's AGM presentation lodged.

### Wattle Health Australia (\* WHA)

September quarter gross sales totalled \$557,213, equivalent to 60% of total FY 2017 sales.

\$11.2M cash. Nil debt.

### John Lyng Group (\* JLG)

Building and restoration services provider completed a successful ASX listing yesterday following a \$95.77M IPO at \$1.00 per share.

Opened at \$1.115 and was pushed to \$1.215 before settling at \$1.20. 6.18M shares were traded across 747 transactions.

## Resources

### OceanaGold Corporation (\* OGC)

Produced 408,394oz of gold and 14,664t of copper in the nine months to 30 September, boosted by 136,030oz of gold and 4387t of copper during the September quarter.

For the nine months OGC achieved a \$US644/oz AISC. For the September quarter the AISC is estimated at \$US748/oz.

Revenue totalled \$US478.3M for the nine months and \$US144.8M for the September quarter.

Holding \$US61.2M cash.

A webcast teleconference was scheduled to commence 8am AEDST.

### BC Iron (BCI)

Shipped 1.5Mt of iron ore during the September quarter. \$23.6M cash. Nil debt.

Exploration projects activity also lodged post-trade yesterday.

### Blackham Resources (BLK)

Produced 15,619oz of gold during the September quarter, following 15,702oz for the June quarter.

Sold 15,850oz at \$A1601/oz.

28,569oz hedged at \$A1651/oz.

\$10M cash and bullion.

## Energy

### Bathurst Resources (BRL)

Total BRL resources, as at 1 September, have grown from 108Mt to 194Mt, supported by three maiden resources.

Total reserves have risen 19Mt to 39.9Mt.

Details lodged post-trade yesterday.

## Trading Halts

Company	Code	Resuming
Orion Minerals	ORN	27 Oct
Predictive Discovery	PDI	27 Oct
Stonewall Resources	SWJ	27 Oct
Buddy Platform	BUD	30 Oct
Caeneus Minerals	CAD	30 Oct
Galilee Energy	GLL	30 Oct
Incremental Oil & Gas	IOG	30 Oct
Liontown Resources	LTR	30 Oct
Piedmont Lithium	PLL	30 Oct
Sunstone Metals	STM	30 Oct

cited as the major influence on overnight trade, during which prices were pushed to three-week lows.

Tonight's initial US September quarter GDP estimate is expected to influence trade heading into the weekend.

**Base metals** – \$US strength largely evaporated overnight support ahead of key data releases.

**China's** September industrial profits, Japan's September CPI growth, and US September quarter GDP, due today and tonight, are expected to influence tonight's trade.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7662	0.0004	0.06
<b>EUR – USD</b>	1.1652	0.0005	0.05

### Australian Data Today

ABS	Producer prices	Sep Q
ABS	Current account (further detail)	FY2017
HIA	New home sales	Sep

### US Data Tonight

GDP (1 <sup>st</sup> of three readings)	Sep Q
Pending home sales	Sep
Uni of Michigan consumer sentiment (2 <sup>nd</sup> )	Oct

### Other Overseas Data Today & Tonight

<b>China</b>	Industrial profits	Sep
<b>Japan</b>	CPI	Sep
<b>Germany</b>	Import & export prices	Sep

### Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au).

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### Suspensions (selected)

Company	Code	Since
Altech Chemicals	ATC	25 Oct
Arrowhead Resources	AR1	9 Oct
Fremont Petroleum Corp	FPL	25 Oct
Haoma Mining	HAO	18 Oct
Kinetiko Energy	KKO	5 Oct
Lantern Hotel Group	LTN	2 Oct
Neurotech International	NTI	13 Oct
SIV Asset Management	SAM	10 Oct
Soon Mining	SMG	23 Oct
Stargroup Ltd	STL	19 Oct
XPD Soccer Gear Group	XPD	11 Oct

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>CLV</b>	Today	<b>0.75</b>	100	1.92
<b>KAT</b>	Today	<b>0.5</b>	100	2.67
<b>PMV</b>	Today	<b>27</b>	100	3.93
AOD	Mon	0.33	100	7.86
JYC	Mon	6	100	4.14
CLX	Tue	1.75	100	3.18
HVN	Tue	12	100	6.65
D2O	Wed	2.3	75	2.19
FNP	Wed	2.25	100	0.95
BOQ	Thu	46	100	5.72
BPS	Fri (3 Nov)	2.25	100	5.59

### Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>AMP</b>	Sep Q
	<b>APA</b>	AGM
	<b>ASB</b>	AGM
	<b>CAR</b>	AGM
	<b>GWA</b>	AGM
	<b>JHC</b>	AGM
	<b>MQG</b>	Interim
	<b>QAN</b>	AGM
	<b>REG</b>	AGM
	<b>RMD</b>	Sep Q
	<b>TAH</b>	AGM
	<b>WOR</b>	AGM
<b>Mon</b>	AWE	Sep Q
	RWC	AGM
<b>Tue</b>	AQG	Sep Q
	BPT	Sep Q
	BDR	Sep Q
	BEN	AGM
	CQR	AGM
	GPT	Sep Q
	IFN	Sep Q
	ING	AGM
	ISU	AGM
	ORG	Sep Q
	SYR	Sep Q
	WOW	Sep Q



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<b>Wed</b>	AMC	AGM
	CSR	Full-year
	MYR	Investor day
	NHF	AGM
<b>Thu</b>	BLD	AGM
	CCP	AGM
	DOW	AGM
	FXJ	AGM
	NAB	Full-year
	PPT	AGM
	SWM	AGM
	TLS	Investor day