

Friday 12 August 2016

## Markets

<b>SFE 200 Futures</b> (9.25am AEST)	<b>5498</b>	<b>33</b>	<b>0.6</b>
<b>NZX 50</b>	7368	14	0.2
<b>DJIA Futures</b>	18571	6	0.0
<b>S&amp;P 500 Futures</b>	2182	0	0.0
<b>NASDAQ Futures</b>	4802	2	0.0

## Local Markets Commentary

The Australian market opens Friday's trade on positive international equities leads and an oil price rally.

Regional and local considerations could swing select trade intra-session.

**China** is expected to report July industrial production, retail sales and fixed assets investment **midday** AEST.

Locally today, **SUN** trades ex-dividend amid more corporate financial results. The ABS releases June lending finance 11.30am AEST.

In overnight commodities trade, US **gold** futures settled slightly lower. **Oil** turned decisively higher. **Copper** continued to advance. **Iron ore** pulled back further.

The **\$A** fell towards US77.0c after trading at ~US77.10c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>18614</b>	118	<b>0.6</b>
<b>S&amp;P 500</b>	2186	10	<b>0.5</b>
<b>NASDAQ</b>	5228	24	<b>0.5</b>
<b>FTSE 100</b>	6915	48	<b>0.7</b>
<b>DAX 30</b>	10743	92	<b>0.9</b>
<b>Shanghai Comp</b>	3003	-16	<b>-0.5</b>

## Overseas Markets Commentary

Major European and US equities markets gained overnight, supported by an oil price rally, and particularly in the US, by retailers.

Record highs achieved by the DJIA, S&P 500 and NASDAQ also sustained session optimism.

**US** weekly new unemployment claims fell by 1000, and the four-week moving average rose 3000, both tallies remaining well below the psychologically influential 300,000 mark.

July import prices were reported 0.1% higher, after a 0.6% rise in June, and against \$US-based forecasts of a 0.3% fall.

**Tonight** in the US, July retail sales, producer prices, June business inventories and an influential consumer sentiment index reading are due.

The International Monetary Fund (**IMF**) is due to release a report on China's economy 11pm AEST.

Meanwhile, Tata Steel convenes its AGM in India.

Companies scheduled to report earnings today and tonight include AP Moeller-Maersk, US retailer JC Penney and Toshiba.

Overnight, US retailer **Macy's** rose almost 20% after reporting better-than-feared sales and outlined

**China** - industrial production, retail sales, fixed assets investment expected **midday** AEST.

## Today's Stock Watch

### James Hardie Industries (JHX)

45% higher, \$US87.1M June quarter NPAT. 12% higher, \$US477.7M net sales. US19c EPS. Anticipating \$US264M - \$US302M net operating profit (excluding asbestos) for the full year ending 31 March 2017.

### Baby Bunting (BBN)

38% higher, \$8.3M full-year NPAT. 31.4% higher \$236.8M revenue. 6.3c fully-franked final dividend. 35c NTA. \$7.4M net cash. Teleconference commencing 10.30am AEST. Access details lodged this morning.

### Ausdrill Ltd (ASL) / Perseus Mining (PRU)

ASL's African Mining Services (AMS) has secured a \$US120M, 42-month additional works contract with PRU's Edikan gold mine, Ghana. AMS expects to employ up to 280 people at the project. Mining is scheduled to commence next month.

### Genworth Mortgage Insurance Australia (GMA)

Chairman Richard Grellman is retiring from the GMA board 31 August. Independent non-executive GMA director Ian MacDonald will succeed Mr Grellman. Mr MacDonald is also a director of Arab Bank Australia and the Tasmanian Public Finance Corporation.

In addition, GMA Plans to appoint former Westpac (ASX: WBC) GM retail business Gai McGrath as an independent non-executive director. Ms McGrath is a director of IMB Bank, UrbanGrowth NSW (Landcom) and the Council of the State Library of NSW.

### Suncorp Group (SUN)

Trading ex-dividend (38c) today.

### Carsales.com Ltd (\* CAR)

Full-year results anticipated today.

### National Australia Bank (NAB)

Trading update scheduled for Monday.

## Resources

### Renascor Resources (RNU)

Visual interpretation indicates South Australia Arno graphite project RC drilling has intersected extensive shallow graphite in the Siviour deposit area. Assays for 2100m completed over 31 holes are anticipated within two-three weeks.

## Energy

### AGL Ltd (AGL)

One of four partners in the Portland, Victoria aluminium smelter is terminating electricity hedging contracts with AGL. AGL expects the other three owners to do likewise. Under the hedging agreements, a 12-month notice period is required. Hence AGL anticipates earnings from electricity supply to the smelter during FY 2017. The hedging contracts were to be effective from November. AGL wrote down the fair value of the hedging by \$187M (post-tax) in FY 2016 accounts.

plans to close 100 outlets. Fellow retailer **Kohl's** was pushed similarly higher on quarterly profit, despite lowering full-year expectations.

**Alibaba** also gained, on a 59% improvement in June quarter revenue.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1350</b>	oz	-1.9	-0.1
<b>Silver (NY) (Sep)</b>	20.0	oz	-0.2	-0.7
<b>Gold (LON)</b>	1355	oz	7	0.5
<b>Platinum</b>	<b>1137</b>	oz	-38	-3.3
<b>WTI Crude (Sep)</b>	<b>43.5</b>	bbl	1.8	4.3
<b>Iron Ore (Tianjin)</b>	<b>59.6</b>	t	-1.1	-1.8
<b>Copper (LME)</b>	<b>484.8</b>	t	27	0.6
<b>Nickel</b>	10735	t	-125	-1.2
<b>Aluminium</b>	1653	t	6	0.4
<b>Lead</b>	1833	t	14	0.8
<b>Zinc</b>	2276	t	-10	-0.4
<b>Tin</b>	18340	t	-210	-1.1
<b>CBT Wheat (Sep)</b>	<b>4.19</b>	bshl	-0.03	-0.7

### Commodities Commentary

*Oil* – an International Energy Agency (**IEA**) monthly oil market report concluded daily global demand will prove to have exceeded output by ~1MMbbl during the (current) September quarter.

On the flip side, the IEA lowered daily 2017 international demand 100,000bbl to 1.2MMbbl due to reduced economic growth expectations.

Market stabilising comments out of Saudi Arabia's energy ministry were quickly dismissed by several industry analysts as benefiting the nation in the short-term, but unlikely to produce any September meeting action, given July's record output.

Brent crude and WTI each traded 5% higher intra-session, Brent settling up 4.5%, at \$US46.04/bbl.

A US weekly petroleum rig count is due tonight.

*Gold* – the \$US turned higher again after a Federal Reserve official, seen aligned with chair Janet Yellen, offered another rate rise was appropriate this year. Equities risk sentiment also detracted from gold trade.

Meanwhile the World Gold Council estimated a 15% year-on-year rise in June quarter gold demand.

*Base metals* – the oil price rally supported *copper* in particular.

Mixed overall results came amid some reported profit-taking ahead of **China's** industrial production, retail sales and fixed assets investment reports, expected today.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7696	-0.0003	-0.03
<b>EUR – USD</b>	1.1138	0.0001	0.01

### Australian Data Today

ABS	Lending finance	Jun
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### US Data Tonight

Retail sales	Jul
PPI	Jul

## Pre-Open Announcements

### Finbar Group (\* FRI)

FRI will develop in JV a three-stage residential project in Perth's Canning Bridge area, with 440 apartments expected to be worth ~\$350M. The land owner, a company controlled by John Rubino, will contribute the land and share profits equally, exclusive of a project management fee to be paid to FRI. Anticipating submitting plans for approval by mid-late October. Targeting Stage 1 commencement early-2017.

### APN Property Group (APD)

Selling the Eagleby, Queensland 7-Eleven for \$4.85M. APD purchased the property in July 2015 for \$4.425M. Settlement is scheduled for November.

### Redflow Ltd (\* RFX)

Two RFX ZBM2s flow batteries are being tested, among other batteries, in a collaborative test program funded by a consortium including Microsoft. The Texas Sustainable Energy Research Institute and Southwest Research Institute are jointly operating the test project, which began ~five months ago.

### Cabcharge Ltd (\* CAB)

Disappointed at a proposed Queensland government-imposed 5% cap on service fees.

## Resources

### Neometals Ltd (\* NMT)

Proposing to pay a 2c unfranked dividend. NMT says it holds \$74M in unrestricted cash and that its net assets position has been estimated at \$89.6M as at 30 June. NMT will trade ex-dividend 16 August (Tuesday next week).

### Platypus Minerals (PLP)

Former PanAust GM corporate development Julian 'Joe' Walsh appointed PLP CEO, effective 7 November.

### Talga Resources (TLG)

Former Iluka Resources (ASX: ILU) commercial manager Martin Phillips has been appointed TLG projects manager for Europe.

## Energy

### Hawkley Oil & Gas (\* HOG)

Resuming from a trading halt with the scrapping of the sale of the company's Ukraine assets. HOG said the potential buyer Tomeas Assets failed to meet payment obligations. HOG will retain a \$100,000 deposit. HOG last traded at 0.5c.

### Trading Halts

Company	Code	Resuming
BPS Technology	BPS	12 Aug
Rox Resources	RXL	12 Aug
Bluechiip Ltd	BCT	15 Aug
Breaker Resources	BRB	15 Aug
Indiana Resources	IDA	15 Aug
Latin Resources	LRS	15 Aug
St George Mining	SGQ	15 Aug
Wingara AG	WNR	15 Aug



Business inventories	Jun
Uni of Michigan consumer sentiment (prelim)	Aug

### Other Overseas Data Today & Tonight

<b>China</b>	Industrial production	Jul
China	Retail sales	Jul
China	Fixed assets investment	Jul
<b>UK</b>	Construction output	Jun
<b>Germany</b>	CPI (final)	Jul
Germany	GDP (provisional)	Jun Q
<b>Euro zone</b>	GDP (provisional)	Jun Q
Euro zone	Industrial production	Jun

### Need More Information?

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### Suspensions (selected)

Company	Code	Since
Agenix Ltd	AGX	29 Jul
ATC Alloys	ATA	28 Jul
Bass Metals	BSM	29 Jul
G8 Communications	G8C	10 Aug
Gleneagle Gold	GLN	25 Jul
Gulf Manganese Corporation	GMC	9 Aug
Indus Energy	IND	5 Aug
MinQuest Ltd	MNQ	18 Jul
Mount Magnet South	MUM	27 Jul
Namibian Copper	NCO	16 Jul
Nickelore Ltd	NIO	22 Jul
Odin Energy	ODN	21 Jul
Parmelia Resources	PML	13 Jul
Regalpoint Resources	RGU	14 Jul
Wellard Ltd	WLD	9 Aug

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>MGP</b>	Today	<b>0.2</b>	0	2.16
<b>SCG</b>	Today	<b>10.65</b>	0	4.11
<b>SUN</b>	Today	<b>38</b>	100	4.96
8IH	Mon	0.5	0	1.90
ASW	Mon	2.25	100	6.07
KAM	Mon	0.5	100	3.66
KAT	Mon	1.5	50	7.79
CPU	Tue	17	20	3.36
GMA	Tue	26.5	100	8.67
IBC	Tue	0.95	100	4.48
NMT	Tue	2	0	tbc
RKN	Tue	2	0	3.29
CBA	Wed	222	100	5.53
DOW	Wed	12	100	4.69
RMD	Wed	~3.07	0	1.29
GUD	Thu	23	100	4.28
FXJ	Fri	2	70	4.12

### Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>BBN</b>	Full-year
	<b>CAR</b>	Full-year
	<b>JHX</b>	1Q FY2017
	<b>SSM</b>	Full-year
<b>Mon</b>	ANN	Full-year
	AZJ	Full-year
	IMD	Full-year
	JBH	Full-year
	NAB	Trading update
	NCM	Full-year
<b>Tue</b>	ORA	Full-year
	BHP	Full-year
	CGF	Full-year
	DMP	Full-year
	IVC	Interim
MGR	Full-year	

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**Wed**

SCP	Full-year
SGF	Full-year
ARB	Full-year
ARI	Full-year
AOG	Full-year
CWN	Full-year
CSL	Full-year
DXS	Full-year
FBU	Full-year
PRY	Full-year
QBE	Interim
SHL	Full-year
SGP	Full-year
VCX	Full-year