

Monday 12 March 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>6020</b>	<b>57</b>	<b>1.0</b>
<b>NZX 50</b>	8439	49	0.6
<b>DJIA Futures</b>	25398	63	0.3
<b>S&amp;P 500 Futures</b>	2789	5	0.2
<b>NASDAQ Futures</b>	7110	12	0.2

## Local Markets Commentary

The Australian market opens a new week's trade following strong gains for US equities markets overnight Friday.

Over the weekend, **China** revealed 839.3B yuan worth of net new lending during February, against an expected 900B, and a reported 2.9 trillion in January.

Meanwhile, the National People's Congress, which continues this week, approved indefinite terms of office for presidents.

Locally today, a weekly capital city residential property price report is due pre-trade.

Companies trading **ex-dividend** today include **APO**, **CTX** and **LOV**. Please see **p3** for detailed information.

In overnight Friday mixed commodities trade, **oil** swung higher. US **gold** futures settled a little higher.

LME **copper** and **nickel** rallied.

**Iron ore** (China port, 62% Fe) dropped further.

The **\$A** was pushed to ~US78.50c after trading at ~US78.05c early Friday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25336	441	<b>1.8</b>
<b>S&amp;P 500</b>	2787	48	<b>1.7</b>
<b>NASDAQ</b>	7561	133	<b>1.8</b>
<b>FTSE 100</b>	7225	21	<b>0.3</b>
<b>DAX 30</b>	12347	-9	<b>-0.1</b>
<b>Shanghai Comp</b>	3307	19	<b>0.6</b>

## Overseas Markets Commentary

US equities markets headed higher from open overnight Friday, but major European equities indices chopped and swung.

Traders digested mixed data releases, and assessed US aluminium and steel tariff developments and likely outcomes from the newly-announced proposed meeting between the leaders of North Korea and the US.

Well before US markets opened, the US February employment report revealed 313,000 new jobs were created, but that wages growth pulled back to 2.6% year-on-year.

For the month, wages rose just 0.1%, half the expected rate, while only 200,000 new jobs had been anticipated.

Earlier, **Germany's** January industrial production had disappointed, slipping 0.1% for the month

**Public holidays - ACT, South Australia, Tasmania and Victoria**

## Today's Stock Watch

### Commonwealth Bank of Australia (CBA)

The margin for CBA's latest capital notes offer has been set at 3.40% pa. Allocations under the broker firm offer totalled \$A1.25B.

### QBE Insurance Group (QBE)

Buying back \$US300M worth of fixed-rate notes with a 2023 expiry. QBE will acquire the notes for cash from today through Monday next week.

### Immutep Ltd (IMM)

Clinical trial collaboration and supply agreement secured with a Merck & Co (trading as MSD outside the US and Canada) subsidiary.

A Phase II clinical trial is envisaged, to assess the safety and efficacy of using IMM's immunotherapy product IMP321 with Merck's anti-PD-1 therapy Keytruda (pembrolizumab) in patients with lung, head, neck or ovarian cancer.

In addition, IMM has raised \$A6.85M in an institutional placement at 2.1c per share. An SPP will follow.

IMM traded at 2.2c - 2.6c last week.

### HT&E Ltd (HT1)

HT1's Sydney trains contract has been extended by Adshel for 'multiple' years past the previous end-2018 expiry.

### Stockland (SGP)

SGP has created a new executive position, chief technology & innovation officer, and has appointed former Fairfax Media (ASX: FXJ) CIO Robyn Elliott commence in this role.

Ms Elliott is also a former Foxtel long-term CIO.

### McGrath Ltd (MEA)

Anticipating \$1.0M - \$1.5M FY 2018 EBITDA, incorporating \$4M in one-off cash costs.

### Inghams Group (ING)

UBS has cancelled ING buy advice and assigned a neutral rating.

## Resources

### Newcrest Mining (NCM)

All NSW Cadia project mining and processing has been suspended from yesterday, following wall failure on Friday, this one in a tailings dam embankment.

The outage will adversely impact FY 2018 guidance and updates are promised. NCM has detected no environmental damage.

### Atlas Iron (AGO)

Planning to export WA Pilbara manganese from April under a deal with Horseshoe Manganese.

AGO proposes to purchase up to 100,000t of crushed manganese ore from Horseshoe over four months.

The ore will be exported together with AGO's iron ore exports, from the company's Utah Point facilities.

### Regis Resources (RRL)

WA Rosemont gold deposit maiden underground resource estimated at 1.4Mt @ 5.1g/t Au, for 230,000oz of gold.

Ongoing mining studies.

RRL is targeting a development decision by 30 June.

RRL traded at \$4.415 - \$4.63 last week.

following expectations of a 0.7% rise, and after falling 0.5% in December.

In the **UK**, January industrial output improved 1.3% for the month, after falling at that rate in December.

**Tonight** in the US, an economic optimism index and monthly national budget statement are due.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1322</b>	oz	2	0.2
<b>Silver (NY) (Mar)</b>	16.6	oz	0.1	0.7
<b>Gold (LON)</b>	1321	oz		
<b>Platinum</b>	964	oz	13	1.4
<b>WTI Crude (Apr)</b>	<b>62.0</b>	bbl	1.9	3.2
<b>Brent Crude (Apr)</b>	<b>65.5</b>	bbl	1.9	3.0
<b>Iron Ore</b> (CHN port 62%)	<b>70.1</b>	t	-3.1	-4.3
<b>Copper</b>	<b>6962</b>	t	129	1.9
<b>Nickel</b>	13860	t	590	4.5
<b>Aluminium</b>	2120	t	14	0.7
<b>Lead</b>	2376	t	39	1.7
<b>Zinc</b>	3277	t	47	1.5
<b>Tin</b>	21400	t	-145	-0.7
<b>CBT Wheat (Mar)</b>	<b>4.89</b>	bshl	-0.10	-1.2

### Commodities Commentary

**Oil** – Iran’s oil minister Bijan Zanganeh has ventured that **OPEC** output limits will be eased next year, and that agreement on this could be secured as early as June this year.

A weekly US petroleum drill rig count revealed four fewer oil rigs in operation.

**Gold** – prices swung intra-session Friday, in line with \$US moves.

The US February employment report, published Friday, supported a rate rise out of next week’s Federal Reserve policy meeting, but less buoyant wages growth tempered expectations for inflation and further improvements in economic conditions.

A US CPI update, due tomorrow night, is one of several key indicator reports expected to maintain currency swings this week.

**Base metals** – appeared to mostly benefit overnight Friday from positive data out of the US and China, and geopolitical developments.

**China**’s February CPI and producer prices, released Friday, came in at 2.9% and 3.7% year-on-year growth respectively, following 1.5% and 4.3% for January.

China’s CPI rose 1.2% for the month, against forecasts of 0.8% and January’s 0.6% rise.

Industrial production, retail sales and fixed asset investment are anticipated tomorrow.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7852	0.0003	0.03
<b>EUR – USD</b>	1.2310	-0.0002	-0.02

### Australian Data Today

CLgc	Capital city resdntl property prices	9Jan
RBA	Card transactions	Feb

## Pre-Open Announcements

### Spark Infrastructure (SKI)

Investor presentation lodged post-trade Friday. SKI is presenting in the UK Monday through Thursday.

### OzForex Group (OFX)

Trading update anticipated tomorrow.

## Resources

### Geopacific Resources (\* GPR) / Kula Gold (KGD)

PNG Woodlark gold project pre-feasibility results published this morning, including a \$A180M capex, 2.2-year post-tax payback and 33% post-tax IRR.

GPR has boosted its JV interest to 93% with completion of the PFS.

### Liontown Resources (\* LTR)

WA Buldania lithium project Anna prospect drilling has delivered encouraging assays from the first two holes drilled.

LTR is continuing the RC program which will drill 3000m – 3500m in total.

Assays are due from another 16 completed holes. Between 10 and 15 additional holes will be drilled.

### Artemis Resources (\* ARV)

Heralding outcomes from a pit optimisation study for the WA Pilbara Weerianna gold project, located 35km from ARV’s Radio Hill processing facility.

### Saturn Metals (STN)

Explorer completed a successful ASX listing Friday following a \$7M IPO at 20c per share.

Opened at 23c and slipped to 21c before closing at 21.5c.

~290,000 shares were traded across 23 transactions. 35M shares on issue.

Peel Mining (ASX: PEX) held 36.36% on listing; Hampton Hill Mining (ASX: HHM) 2.27%; Washington H Soul Pattinson (ASX: SOL) 2.00%.

## Energy

### Strike Energy (STX) / Energy World Corporation (EWC)

PEL96 Cooper Basin Jaws-1 sampling update and assessment and follow-up timetable lodged this morning.

STX 66.7% and operator; EWC 33.3).

### Trading Halts

Company	Code	Resuming
Race Oncology	RAC	12 Mar
St George Mining	SGQ	12 Mar
Alto Metals	AME	13 Mar
Central Petroleum	CTP	13 Mar
Pacifico Minerals	PMY	13 Mar
Sky and Space Global	SAS	13 Mar
Technology Metals Australia	TMT	13 Mar
TV2U International	TV2	13 Mar
Veris Ltd	VRS	13 Mar

### Suspensions (selected)

Company	Code	Since
Austex Oil	AOK	19 Feb

**US Data Tonight**

Budget statement	Feb
NFIB small business optimism	Feb

**Other Overseas Data Today & Tonight**

<b>Japan</b>	BSI large manufacturing	DecQ
--------------	-------------------------	------

**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).

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This morning note and its contents at all times remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.

BidEnergy Ltd	BID	9 Mar
Big Un	BIG	21 Feb
Department 13 International	D13	5 Mar
Greatcell Solar	GSL	1 Mar
Netlinkz Ltd	NET	1 Mar
Raven Energy	REL	7 Mar
Tianmei Beverage Group	TB8	21 Feb
Total Face Group	TFG	19 Feb
Zyber Holdings	ZYB	16 Feb

**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>APO</b>	Today	<b>12.5</b>	100	4.30
<b>CTX</b>	Today	<b>61</b>	100	3.62
<b>ICS</b>	Today	<b>2.5</b>	0	4.64
<b>IGO</b>	Today	<b>1</b>	100	0.41
<b>LOV</b>	Today	<b>13</b>	100	2.26
<b>NCC</b>	Today	<b>3.75</b>	100	5.07
AHX	Tomorrow	0.8	100	1.96
CAF	Tomorrow	1.2	100	4.90
CWY	Tomorrow	1.1	100	1.49
D2O	Tomorrow	2.4	60	4.35
EQT	Tomorrow	40	100	3.62
GNG	Tomorrow	6	100	3.87
GRR	Tomorrow	1	100	5.00
NSC	Tomorrow	2.5	100	6.96
NTD	Tomorrow	1	100	0.81
NSW	Tomorrow	8.96	0	0.84
NSWLV	Tomorrow	8.96	0	0.86
PSI	Tomorrow	2.7	100	2.34
REG	Tomorrow	9.28	100	4.89
SGM	Tomorrow	23	100	2.69
SRG	Tomorrow	2	100	3.51
SSG	Tomorrow	1.8	100	8.75
ASB	Wed	2	0	2.22
CDA	Wed	4	100	3.31
CGC	Wed	5	100	1.62
CSL	Wed	100.5	0	1.17
DTL	Wed	1.6	100	3.95
IGL	Wed	8	100	6.46
INM	Wed	51.84	0	4.78
LMW	Wed	2.6	100	7.95
MCY	Wed	5.59	0	4.47
MEQ	Wed	2.57	0	0.00
MHJ	Wed	2.5	0	4.39
MTO	Wed	5.5	100	2.92
NZK	Wed	1.86	0	1.96
PAF	Wed	2.5	100	3.72
PL8	Wed	0.45	100	2.57
RCR	Wed	2.5	0	2.01
SIQ	Wed	18.5	100	3.21
SKT	Wed	6.96	0	8.39
SSM	Wed	3	100	3.67
TGR	Wed	8	100	3.96
TOP	Wed	0.6	100	1.81