

Markets

SFE 200 Futures (9.30am AEST)	6493	-120	-1.8
NZX 50	10814	-138	-1.3
DJIA Futures	26071	86	0.3
S&P 500 Futures	2890	9	0.3
NASDAQ Futures	7571	24	0.3

Local Markets Commentary

The Australian market commences today's trade following further overnight falls across international equities markets and ahead of influential domestic data.

In addition late yesterday, **Japan** vowed to protect its territory following the Sea of Japan landing of a missile launched 450km away from **North Korea**.

North Korea has since confirmed it launched two ballistic missiles yesterday.

Locally today, AiG is due to release its September **services sector** activity index pre-trade.

The Australian Bureau of Statistics (ABS) publishes **August trade** statistics **11.30am** AEST.

September vehicle sales are also expected today.

Companies trading **ex-dividend** today include **AIA, SGM** and **VRT**.
Please see pp3-4 for a detailed list.

In overnight commodities trade, **oil** continued to decline.

US **gold** futures (December) swung higher to once again settle above \$US1500/oz.

Iron ore (Nymex CFR China, 62% Fe) gained US10c/t, remaining below \$US92.30/t.

LME **copper** turned to settle slightly higher. **Nickel** continued to rally. **Aluminium** seesawed lower.

The **\$A** appreciated to ~US67.05c after dropping below US66.80c early yesterday evening.

China's markets remain closed due to a week of national holidays.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26079	-494	-1.9
S&P 500	2888	-53	-1.8
NASDAQ	7785	-123	-1.6
FTSE 100	7123	-238	-3.2
DAX 30	11925	-339	-2.8
Shanghai Comp	2905	Public	Holiday

Overseas Markets Commentary

Major European and US equities markets fell overnight, key US indices commencing a weak trend higher in second-half trade, but nonetheless closing near session lows.

Australia – August trade balance – 11.30am AEST

* Mineral exploration listing **1pm** AEST – **TMG** *

Daylight saving commences in the ACT, New South Wales, South Australia, Tasmania and Victoria early Sunday 6 October.

From Monday (7 October), ASX trade consequently **commences local time** in:

Western Australia at 7am;
Queensland at 9am; and the
Northern Territory at 8.30am.

Today's Stock Watch
Webster Ltd (WBA)

WBA's board has agreed a scheme implementation with two (Canada) Public Sector Pension Investment Board subsidiaries, for the subsidiaries to acquire the balance of WBA for \$2.00 cash-per-share.

WBA has traded at \$1.23 - \$1.295 over the past five sessions.

Cleanaway Waste Management (CWY) / Macquarie Group (MQG)

CWY and Macquarie Capital's 'Green Investment Group' are proposing to convert waste into energy sufficient to power as many as 65,000 homes in Western Sydney.

CWY and Macquarie have formed a JV and will co-invest and co-develop the project, which CWY will then operate.

Expecting to release an environmental impact statement (EIS) for public consultation by early 2020.

Wesfarmers Ltd (WES)

WES is hosting a site tour of the group's chemicals, energy and fertilisers business today.

An associated webcast briefing commences 1pm AEST.

Site tour presentation lodged post-trade yesterday.

Resources
Dacian Gold (DCN)

WA Mt Morgans gold project Phoenix Ridge initial resource estimated at 481,000t @ 8.1g/t Au, for 125,000oz of gold.

This has pushed the Mt Morgans overall resource to 55.2Mt @ 2.1g/t Au, for 3.65Moz.

The Phoenix Ridge deposit is located 15km from the Mt Morgans treatment facility.

A Phoenix Ridge initial reserve is anticipated mid-2020.

Trigg Mining (* TMG)

Potash explorer scheduled to list **1pm** AEST, following a \$4.5M IPO at 20c per share. 39M quoted shares. 19.04M quoted options. Mike Ralston non-executive chair; Keren Paterson MD.

Global recession talk was magnified by the release overnight of further disheartening economic indicator reports, and announcements underscoring additional trade burdens on the European Union (EU).

In addition, the **World Trade Organisation (WTO)** announced it had determined the **EU** illegally supported Airbus to the detriment of Boeing, and ought pay recompense to the tune of ~\$US7.5B annually.

This subsequently translated into 25% taxes on aircraft parts, Italian cheese, luxury goods, Scotch whisky and French wine exports from the EU to the US. Other products attracting new tariffs include select biscuits, butter, coffee, knitwear, cold processed meats and yoghurt

In the meantime, the **UK** government revealed the PM had presented a new written proposal to the **EU**, in an attempt to secure agreement on plans governing the UK's planned departure from the EU.

The proposal includes Northern Ireland operating under EU agriculture, food and manufactured goods regulations during a transition period, while essentially otherwise remaining within UK customs jurisdiction.

The PM proposes the Northern Ireland Executive and Assembly vote on this plan in the near-term, and if the vote is positive, every four years thereafter.

In an initial response the European Commission president repeated the EU preferred agreed arrangements, rather than a 'no-deal' separation, and welcomed the 'positive advances'.

For his part, Ireland's PM promised careful consideration and consultation while also offering the plan fell short of 'agreed objectives'.

In overnight data releases, a **UK** construction sector activity fell further into contraction mode, the September construction PMI estimated at 43.3 from 45 for August.

In the **US**, a private sector September employment report undershot expectations, with 135,000 new jobs created, against 157,000 in August and following forecasts of up to ~150,000.

The ISM's September New York business activity index slid to a contractionary 42.8 from August's 50.3.

Weekly mortgage applications jumped 8.1% following a 10.1% slump the previous week, activity reinvigorated by a fall in the mean 30-year rate to 3.99% from 4.02%.

Tonight in the **US**, a job cuts report and weekly new unemployment claims are due, ahead of national September employment statistics tomorrow night.

The ISM's influential September services sector activity index and August factory orders are also due.

Elsewhere, the **UK** PM is expected to comment on any further responses from **European Union (EU)** leaders to his new proposal for arrangements governing the UK's planned 31 October separation from the EU.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1507.9	oz	18.9	1.3
Silver (NY) (Dec)	17.683	oz	0.381	2.2

Pre-Open Announcements

Kathmandu Holdings (** KMD)

KMD has raised an initial gross ~\$NZ96M in the institutional component of a \$NZ145M, \$NZ2.55-per-share (\$A2.37) entitlement offer in support of the proposed acquisition of Rip Curl.

A book-build for the fully-underwritten institutional offer will be completed today.

KMD is expecting to resume from a trading halt **tomorrow** after last trading on the ASX at \$2.79.

9 Spokes International (* 9SP)

Microsoft has recognised 9SP's recent Bank of America contract, accrediting this as a success under Microsoft's *One Commercial Partner* co-sell program.

Alexium International (* AJX)

Live webcast teleconference scheduled for 10am AEDST 15 October, following a commercial update lodged this morning, highlighting developments over the past six months that could deliver ~\$US45Mpa.

AGM scheduled for 29 October.

Titomic Ltd (* TTT)

Agreement secured with Queensland-based Gilmour Space Technologies to develop and promote the use of TTT's metal additive technology in manufacturing aerospace components.

SRG Global (* SRG)

Executive director Enzo Gullotti has resigned from the SRG board, effective yesterday, in favour of other business interests. Mr Gullotti has been credited for being instrumental in building Global Construction Services into SRG Global and the business that it currently represents.

Victory Offices (VOL)

The VOL brand will be used for a serviced office and co-working location in Hong Kong.

An associated licensing agreement follows a private Hong Kong investment by VOL CEO and MD Dan Baxter.

VOL decided against expanding into Hong Kong due to rental considerations and current political instability.

The licensing agreement does not preclude a future expansion, however.

Vysarn Ltd (VYS)

VYS has revealed the services contract secured by subsidiary Pentium Hydro and announced 27 September (Friday last week) is estimated to be worth \$541,000.

Work is expected to be completed by mid-December.

Resources

De Grey Mining (* DEG)

Diamond and RC drilling within the WA Pilbara Toweranna deposit, beyond the existing resource, has delivered several



Gold (LON)	1473	oz		
Platinum	886	oz	11	1.3
WTI Crude (Nov)	52.64	bbl	-0.98	-1.8
Brent Crude (Dec)	57.69	bbl	-1.20	-2.0
Iron Ore (NYMEX,CHN,62%)	92.26	t	0.10	0.1
Copper (LME,3mth,PM)	5693	t	9	0.2
Nickel	17515	t	170	1.0
Aluminium	1712	t	-29	-1.7
Lead	2095	t	-5	-0.3
Zinc	2303	t	-2	-0.1
Tin	16550	t	210	1.3

Commodities Commentary

Oil – a weekly US petroleum **stockpiles** report, published overnight by government agency the EIA, included a 3.1MMbbl rise in stored crude, almost double forecasts, and against a 5.9MMbbl draw estimated in an industry report released the previous night.

In addition, the new figure represented a third consecutive week of rising US crude inventories.

Together with further disappointing data releases on both sides of the Atlantic, and a claim by Iran's oil minister that the international oil market was slightly oversupplied despite last month's attack on Saudi oil facilities, this pushed overnight prices to ~two-month lows.

US petrol stocks fell by 228,000bbl last week however, according to EIA calculations.

Further, the increase in crude stockpiles was in part attributed to seasonal refinery maintenance.

Among other statistics revealed in the EIA report, US crude output fell a daily 100,000bbl and net crude imports rose by 29,000bbl/d.

In the meantime, **freight** costs for shipping oil from the US to Asia have hit record peaks this week, due to the US sanctions placed last month on China's COSCO.

This has prompted speculation some Asian buyers will seek alternative supplies, for example from the Middle East and Asia Pacific.

Gold – international economic growth fears pushed gold prices higher overnight, Comex futures regaining a post-\$US500/oz settlement.

Additional influential data is yet to be reported this week in the US and euro zone, meaning sentiment could swing through to the end of the week.

Base metals – LME trade was pushed and pulled overnight by a slightly weaker \$US, economic indicators, geopolitical news and select metals inventories.

Some moves were again considered 'exaggerated' by thinner volume trade, due to China's markets remaining closed for a string of holidays through to Monday (inclusive) next week.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6709	0.0002	0.03
EUR – USD	1.0960	0.0001	0.01

significant with and/or high-grade intersections.

Assays lodged this morning

DEG has settled higher the past four sessions, yesterday closing at 6.2c.

Strategic Elements (SOR)

Regulatory approvals in hand, enabling multiple deep holes to be drilled into a potential meteorite impact structure in the Gibson Desert.

Trading Halts

Company	Code	Resuming
4DS Memory	4DS	3 Oct
ADX Energy	ADX	3 Oct
Azure Minerals	AZS	3 Oct
Mesoblast Ltd	MSB	3 Oct
PharmAust Ltd	PAA	3 Oct
Reward Minerals	RWD	3 Oct
Kalium Lakes	KLL	4 Oct
Kathmandu Holdings	KMD	4 Oct
Otto Energy	OEL	4 Oct
PS&C Ltd	PSZ	4 Oct
Tesserent Ltd	TNT	4 Oct

Suspensions (select)

Company	Code	Since
AMA Group	AMA	2 Oct
Ark Mines	AHK	25 Sep
AuKing Mining	AKN	30 Sep
Bounty Mining	B2Y	2 Oct
Creso Pharma	CPH	18 Sep
Dampier Gold	DAU	24 Sep
European Cobalt	EUC	24 Sep
EVE Investments	EVE	30 Sep
Family Insights Group	FAM	1 Oct
G Medical Innovations Holdings	GMV	10 Sep
Hexagon Resources	HXG	25 Sep
iSignthis Ltd	ISX	2 Oct
Syntonic Ltd	SYT	10 Sep
Thred Ltd	THD	26 Sep
Torian Resources	TNR	24 Sep
Transcendence Technologies	TTL	24 Sep
Wattle Health Australia	WHA	2 Oct

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
AIA	Today	10.64	0	2.38
ARB	Today	21	100	1.97
CAM	Today	1.25	100	5.32

**Australian Data Today**

AiG	PSI	Sep
ABS	Trade balance	Aug
FCAI	Vehicle sales	Sep

US Data Tonight

ISM non-manufacturing	Sep
Initial jobless claims	28 Sep
Challenger job cuts	Sep
Factory orders	Aug
Markit services PMI (final)	Sep

Other Overseas Data Today & Tonight

Japan	Services PMI (final)	Sep
UK	Services PMI	Sep
Germany	Services PMI (final)	Sep
Euro zone	Services PMI (final)	Sep
Euro zone	Retail sales	Aug
Euro zone	Producer prices	Aug

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EOL	Today	3	0	0.00
SGM	Today	19	100	5.30
VRT	Today	12	100	2.77
XRF	Today	1	100	1.18
WAA	Tomorrow	2.95	100	5.16
WAX	Tomorrow	4.85	100	6.30
WMI	Tomorrow	4.5	100	2.95
NCC	Mon	3.5	100	6.71
NCK	Mon	20	100	6.74
ASL	Tue	3.5	100	2.27
REH	Tue	14.25	100	1.88
RHP	Tue	2	100	0.72
SSG	Tue	2.5	80	7.10

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