

Markets

SFE 200 Futures (9.30am AEDT)	5932	-17	-0.3
NZX 50	11942	-33	-0.3
DJIA Futures	27634	-66	-0.2
S&P 500 Futures	3344	-10	-0.3
NASDAQ Futures	11247	-27	-0.2

Local Markets Commentary

The Australian market opens mid-week trade with a plethora of commentary and analysis following yesterday evening's domestic budget delivery, new dour domestic data in hand, and a late-session sentiment drop during overnight US equities trade, amid ongoing US presidential campaign developments.

Locally today, the Australian Bureau of Statistics (ABS) reports Covid-19 impacts on jobs and wages for the week to 19 September, 11.30am AEDT.

Pre-trade, AiG has reported a decidedly contractionary **36.2 services sector activity** index for September. This from 42.5 for August.

Post-trade, the Reserve Bank of Australia (RBA) updates cards activity.

Regionally today, **China's** markets remain closed, but are scheduled to resume trade Friday.

In overnight commodities trade, **oil** extended Monday's jump.

US **gold** futures (December) swung to record another fall.

Iron ore (Nymex CFR China, 62% Fe) picked up the pace of Monday's rise.

LME **copper** settled essentially flat. **Nickel** and **aluminium** turned lower.

The **\$A** traded at ~US71.55c early yesterday evening.

This morning, the **\$A** has dropped to ~US71.00c.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	27773	-376	-1.3
S&P 500	3361	-48	-1.4
NASDAQ	11154	-178	-1.6
FTSE 100	5950	19	0.3
DAX 30	12906	78	0.6
Shanghai Comp	3218	Public	Holiday

Overseas Markets Commentary

US equities markets initially headed higher overnight, but dropped ~one hour before close of trade after the US president announced he had called off negotiations towards legislation that would enable further Covid-19 rescue funding, until after the presidential election, when he would be re-elected.

Australia – 36.2 services sector activity index in hand – from 42.5

Today's Stock Watch
McMillan Shakespeare (MMS)

MMS director and Integral Diagnostics (ASX: IDX) chair Helen Kurincic has been appointed to take over from Tim Poole as MMS chair at the conclusion of the 20 October AGM.

Mr Poole plans to remain as an MMS director until October 2021.

Harvest Technology Group (HTG)

International marketing alliance secured for ultra-low bandwidth remote monitoring with Inmarsat Enterprise and Applied Satellite Technology Group. Details lodged.

Weebit Nano (WBT)

Ready to progress potential production plans following the completion of the stabilisation stage for silicon oxide ReRAM.

PYC Therapeutics (PYC)

Heralding indications from five patient-derived models for the proposed retinitis pigmentosa type II treatment VP-001.

Details, including statistics, lodged this morning.

Air New Zealand (AIZ)

August operational statistics lodged this morning, including a 73.6% year-on-year drop in the number of passengers carried. For the financial year-to-date, the passenger tally is down 64.2%.

MGC Pharmaceuticals (MXC)

MXC is launching the CannEpil app, in addition providing medical professionals access to the International Library of Cannabinoids.

Resources
BHP Group (BHP)

Investor Q&A webcast scheduled to commence **midday** AEDT. Additional information is anticipated regarding yesterday's announcement of a \$US505M outlay to acquire an additional 28% of the BHP-operated deepwater Gulf of Mexico Shenzi development.

On completion, BHP will hold 72% of Shenzi, and will boost daily production by ~11,000boe.

De Grey Mining (DEG)

Describing Aquila and Crow extensional and infill drilling results as 'encouraging.'

Assays lodged this morning.

Siren Gold (* SNG)

Gold explorer and project developer scheduled to list on the ASX **midday** AEDT following a \$10M IPO at 25c per share. 58.71M quoted units.

Major European markets had earlier been pulled higher by the early positive US sentiment, in part due to the potential new fiscal aid.

In the meantime, as the US president suggested he had beaten COVID-19, several members of the US Joint Chiefs of Staff (senior military officials who advise the US president) announced they were quarantining following a positive Covid-19 test for the US Coast Guard vice commandant.

Earlier yesterday, China was reported to be talking with the World Health Organisation (WHO) regarding making available domestically-produced Covid-19 vaccines for WHO assessment for emergency use.

This would then potentially also make these available internationally.

Meanwhile, US secretary of state Mike Pompeo publicly accused China's governing party of 'exploitation, corruption and coercion', while meeting in Tokyo with similar government representatives from Australia, India and Japan.

For its part, China's foreign ministry promoted activity that would foster 'regional peace, stability and development, not the other way around'.

Also overnight, **Federal Reserve** chair Jerome Powell again reiterated the need for additional government stimulus.

He told the National Association for Business Economics US economic recovery had begun at a more rapid pace than anticipated but that it was moderating and full recovery could ultimately take longer than initially expected.

European Central Bank (ECB) president Christine Lagarde pledged additional ECB stimulus if needed, including lowering the main interest rate from -0.5%

Among overnight data releases, the **euro zone** September construction sector activity index slipped to 47.5 from 47.8, against expectations of an improvement to 49.8.

In **Germany**, August factory orders pleased, rising 4.4% for the month, following a 3.3% July increase and expectations of a new 2.3% gain.

The September construction PMI fell further into contraction mode however, to 45.5, from 48.0, following forecasts of a rise to 50.0.

In the **UK**, the September construction PMI came in at a decidedly expansionary 56.8, from 54.6 and following expectations of a dip to 53.7.

Across the Atlantic, the **US** August trade deficit was reported at \$US68.1B, from \$US63.4B for July and against expectations of \$US66.5B.

A US September job openings report estimated 6.493M opportunities following 6.697M for July.

Yesterday afternoon, a 30-year bond auction in Japan had delivered a 0.638% yield, from 0.611%.

Tonight in the **US**, **Federal Reserve** policy meeting minutes are keenly anticipated.

September consumer credit and weekly mortgage applications are also due.

In addition, the two candidates to be US vice president following this year's election will take part in a public debate.

Pre-Open Announcements

AGL Energy (* AGL)

Industry update and Australian government plans commentary anticipated at today's AGM.

Dough Ltd (DOU)

The former ZipTel recommenced ASX trade yesterday, following a \$6M fundraiser at 3c per share.

Opened at 5c and traded at 4.8c – 7.1c before settling at 6.8%. 200.375M shares changed hands across 3525 transactions.

The Digital Bakery held 31.89% on open.

304.85M quoted shares.

Resources

Tombador Iron (* TI1)

The former RESA Group recommenced ASX trade yesterday after raising \$15M at 2.5c per share.

Opened at 2.6c and traded at 2.3c – 3.1c before settling at 2.8c.

90.955M shares changed hands across 622 transactions.

Colomi Singapore held 50.75% on open.

753.25M quoted shares.

Energy

Key Petroleum (* KEY) / Pilot Energy (PGY)

KEY has executed the sale of its 40% holding in WA-481-P to PGY for ~4.277 PGY shares to be paid by the end of the week, and an additional 16.723M PGY shares once all conditions, including PGY shareholder approval, are fulfilled.

KEY plans to focus on Cooper-Eromanga Basin and WA Perth Basin onshore interests.

Trading Halts

Company	Code	Resuming
CresoPharma Ltd	CPH	7 Oct
Estrella Resources	ESR	7 Oct
Dreadnought Resources	DRE	8 Oct
Simple Solutions	SIS	8 Oct
Twenty Seven Co	TSC	8 Oct
Wide Open Agriculture	WOA	8 Oct
DGR Global	DGR	12 Oct

Suspensions *(select)*

Company	Code	Since
The Agency Group Australia	AU1	5 Oct
East Energy Resources	EER	18 Sep
FAR Ltd	FAR	14 Sep
Fatfish Group	FFG	2 Oct
Funtastic Ltd	FUN	5 Oct



A 10-year US bond auction is also scheduled.

Elsewhere, Germany releases an industrial production update and hosts a 10-year bond auction.

In overnight corporate news, **Premier Oil** and **Chrysaor** revealed plans to merge, Chrysaor effectively executing a reverse takeover of Premier.

US department store **Macy's** revealed it was investing an undisclosed amount in **Klarna**, a 'buy now, pay later' (BNPL) online group headquartered in Sweden.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1908.8	oz	-11.3	-0.6
Silver (NY) (Dec)	23.921	oz	-0.64	-2.6
Gold (LON) (5 Oct)	1910	oz		
Platinum	845	oz	-46	-5.2
WTI Crude (NYMEX Nov)	40.67	bbl	1.45	3.7
Brent Crude (ICE EUR Dec)	42.65	bbl	1.36	3.3
Iron Ore (NYMEX,CHN,62%)	121.84	t	0.81	0.7
Copper (LME,3mth Ind,PM)	6533	t	2	0.0
Nickel	14525	t	-35	-0.2
Aluminium	1773	t	-7	-0.4
Lead	1781	t	23	1.3
Zinc	2363	t	32	1.4
Tin	18100	t	30	0.2

Commodities Commentary

Oil – A hurricane approaching the Gulf of Mexico coast was described as 'extremely dangerous' overnight, amid reports producers had already shut in 29.9% of regional crude output.

Production scenarios remained in focus elsewhere also, with industrial action within Norway's petroleum sector reported to be likely broadening from the weekend.

In the meantime, US government agency the EIA released an outlook report overnight, reducing the forecast WTI 2020 price by 0.6% from the previous prediction to \$US38.76/bbl, and prices for 2021 by 0.8% to \$US44.72/bbl.

The EIA cut its Brent 2020 and 2021 price forecasts by 1.7% and 4.1% respectively, to \$US41.19/bbl and \$US47.07/bbl.

US crude production was anticipated 0.6% higher than the previous forecast, at 11.45MMbbl/d. A 11.09MMbbl/d 2021 prediction was retained.

A US petroleum inventories report prepared by the EIA is due tonight.

Overnight, post-US trade, a US petroleum industry weekly report estimated crude stocks had grown by 951,000bbl during the week to 2 October.

Gold – overnight public statements from the US Federal Reserve chair and European Central Bank (ECB) president heightened international economic progress concerns, but each came with promises of further support.

US Federal Reserve September policy meeting minutes are due tonight.

In the meantime, US August trade figures disappointed overnight.

Kaiser Reef	KAU	17 Sep
Lincoln Minerals	LML	21 Sep
Metalicity Ltd	MCT	2 Oct
Phoslock Environmental Technologies	PET	21 Sep
Quantum Graphite	QGL	2 Oct
Riedel Resources	RIE	22 Sep

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
ICS	Today	4.5	0	2.65
SXE	Today	3	100	0.00
ARB	Tomorrow	39.5	100	0.00
CAM	Tomorrow	1.13	100	4.44
GNG	Tomorrow	4	0	3.45
PIA	Tomorrow	2.5	100	5.08
DGH	Fri	2.25	0	4.20
HVN	Fri	18	100	4.52
MFF	Fri	3	100	1.73
TRA	Fri	3.64	85	6.54
FGG	12 Oct	2	100	1.12
WAX	12 Oct	4.9	100	3.20
WMI	12 Oct	6	100	1.84

Reports & Events

(selected; all times AEDT)

When	Company	Report/Event
Today	AGL	AGM
	BHP	Q&A webcast (midday)
Tomorrow	AMH	AGM
	BXB	AGM
	DJW	AGM
	TCL	AGM
13 Oct	CBA	AGM
	SKT	AGM
	ST1	AGM
	TLS	AGM



Base metals – concerns at timeframes for economic recovery from the impacts of Covid-19 were among factors influencing overnight LME trade, following further comments from the heads of the US and euro zone central banks.

Meanwhile, potential industrial action at Lundin Mining's Candelaria *copper* operation in Chile reportedly firmed further during contract negotiations.

China's markets remain closed for 'Golden Week' but are scheduled to reopen Friday.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7107	-0.0076	-1.05
EUR – USD	1.1737	-0.0046	-0.39

Australian Data Today

AiG	PSI	Sep
ABS	Covid-19 impacts on jobs and wages	19 Sep
RBA	Card transactions	Sep

US Data Tonight

Federal Reserve policy meeting minutes	15 – 16 Sep
MBA mortgage applications	2 Oct
Consumer credit	Sep

Other Overseas Data Today & Tonight

Japan	Leading economic index (prelim; 4pm AEDT)	Aug
Germany	Industrial production	Aug

Need More Information?

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

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This market opener and its contents always 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.