

Markets

SFE 200 Futures (9.30am AEDST)	5678	-6	-0.1
NZX 50	7151	-16	-0.2
DJIA Futures	20807	0	0.0
S&P 500 Futures	2363	-6	-0.2
NASDAQ Futures	5332	-15	-0.3

Local Markets Commentary

The Australian market opens a new month's trade ahead of key domestic and regional data, and three hours ahead of the US president's initial address to a joint session of Congress.

Regionally today, **China** is due to publish February PMIs **midday** AEDST.

Caixin releases its manufacturing PMI estimate for China **12.45pm**.

Japan is due to release a PMI **11.30am**.

Locally today, December quarter **GDP** is due **11.30am**.

Pre-trade, AiG will publish its February manufacturing activity index.

February house prices, as calculated by CoreLogic, are also expected today.

Post-trade, the Reserve Bank of Australia releases February commodity prices.

CWN, PPT, PTM and **TLS** are among high-profile stocks trading ex-dividend today. Please see pp4-5 for a detailed list.

In overnight commodities trade, US **gold** futures settled lower. **Oil** traded lower. **Copper** was pushed higher. **Iron ore** turned to fall again.

The **\$A** has dropped below US76.55c after trading at ~US76.80c yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	20812	-25	-0.1
S&P 500	2364	-6	-0.3
NASDAQ	5825	-36	-0.6
FTSE 100	7263	10	0.1
DAX 30	11834	12	0.1
Shanghai Comp	3242	13	0.4

Overseas Markets Commentary

Most major European and US equities markets chopped and/or swung through overnight trade.

An evening presidential address to Congress was cited as one reason for vacillating US sentiment, but key data also came in mixed.

In addition, commentary within an annual statistical report out of **China**, was considered less optimistic than preferred.

A second (of three) **US** December quarter GDP growth estimate was the same as the first, 1.9%, against forecasts of 2.1%.

January wholesale inventories slipped 0.1% and the goods trade deficit grew 7.6% to \$US69.2B.

The Chicago PMI was reported 7.1 points higher for

Australia – GDP 11.30am AEDST

China – NBS PMIs midday AEDST; Caixin PMI manufacturing **12.45pm**

Today's Stock Watch

Transurban Group (TCL)

Virginia, US 395 Express Lanes project financial close anticipated mid-2017. The Virginia Department of Transportation has approved the \$US460M project in time for construction activity to commence this month.

Auckland Airport (AIA)

Passenger numbers grew 10.5% during January, 10.1% for domestic passengers and 10.8% international. For the financial year to date, passenger numbers are 12.1% higher.

Mermaid Offshore (MRM)

\$323.7M interim net loss, following a \$6.5M net profit a year ago. 56% lower, \$119.7M revenue. 87c NTA. \$33M cash and equivalents.

Selling northern WA Dampier and Broome (50%-held) supply base assets to Toll Holdings, with a view to reducing debt. MRM expects to realise \$52.8M from the sales, pending FIRB and ACCC approvals.

Macmahon Holdings (MAH)

HoA agreed with PT Amman Mineral Nusa Tenggara (AMNT) for MAH to potentially acquire some AMNT assets, for AMNT to become a MAH significant shareholder, and for MAH to be awarded a life-of-mine mining services contract for AMNT's copper-gold mine, Indonesia.

Beston Global Food Company (BFC)

RMB120M (~\$A22M) supply agreement secured with meat producer Chongqing Hondo Food Company. Initial purchase order shipments are beginning immediately. \$3.7M interim net loss, following a \$2.6M net loss a year ago. 37.5% lower, \$10.5M revenue. 31c NTA.

Spotless Group (SPO)

Deutsche Bank has placed a sell on SPO.

GrainCorp Ltd (GNC)

Graham Bradley AM will assume the chairman's position 1 May, when current chair Don Taylor retires. As previously flagged, Mr Bradley has been appointed a GNC director, effective today.

FirstWave Cloud Technology (FCT)

FCT has appointed former The Carlyle Group MD Simon Moore as a non-executive director, effective today.

Resources

CleanTeq Holdings (CLQ)

Pengxin International Mining is subscribing for \$81M worth of CLQ shares at 88c each, in support of the Syerston nickel-cobalt-scandium project. Pengxin will also help secure project debt-financing. Pengxin will hold 16.2% of CLQ. CLQ has traded at 85c – 94.5c over the past two trading sessions.

Beadell Resources (BDR)

\$22.4M full-year NPAT, following a \$44.3M net loss for 2015. 26% higher, \$239.8M revenue. 20c NTA.

Energy

Woodside Petroleum (WPL)

Annual report lodged this morning.

February, at 57.4, surpassing expectations.

Conference Board's consumer confidence index was estimated 3.2 points higher for the month, at 114.8, a 15-year peak.

A December house price index rose 5.8%, to a 2.5-year high.

In the **UK**, a GfK consumer confidence index fell to -6 from -5.

Tonight in the **US**, ISM's manufacturing index, the Federal Reserve's region-by-region economic summary beige book, personal income and spending, construction spending, a Markit PMI update and weekly mortgage applications are due.

Best Buy, ITV, Lowe's, Man Group and Mylan are among companies listed to report earnings.

In overnight corporate news, **Target** was pushed lower after issuing disappointing earnings and guidance.

Priceline and **Domino's Pizza** each fared better, however.

Comcast revealed it would outlay \$US2.3B for the balance of **Universal Studios** in Japan.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1254	oz	-5	-0.4
Silver (NY) (Mar)	18.4	oz	-0.1	-0.4
Gold (LON)	1256	oz	-2	-0.1
Platinum	1022	oz	-4	-0.4
WTI Crude (Apr)	54.0	bbl	-0.04	-0.1
Brent Crude (Apr)	55.6	bbl	-0.3	-0.6
Iron Ore (China port)	91.3	t	-1.0	-1.1
Copper (LME)	5973	t	39	0.7
Nickel	10980	t	-65	-0.6
Aluminium	1924	t	24	1.3
Lead	2257	t	2	0.1
Zinc	2825	t	19	0.7
Tin	19225	t	270	1.4
CBT Wheat (Mar)	4.25	bshl	0.06	1.2

Commodities Commentary

Oil – prices slipped despite a softer \$US, but WTI was notably pushed from session lows during the last trading session of the month.

The EIA's US weekly petroleum inventories report is due tonight.

The Brent April delivery contract expired overnight.

Gold – profit-taking reported at month's end and in cautious trade across several markets.

A revised reading for December quarter US GDP growth disappointed, spawning some reviews of the likely timing of the next interest rate rise and pushing the \$US lower.

Base metals – an annual report from **China's** National Statistics Bureau cited international uncertainties and excess capacity as risks, but traders remained optimistic on infrastructure spending.

China's PMIs are expected to influence tonight's trade. PMIs are also due from Japan, the UK, euro zone, the US and Australia today and tonight.

Japan's January industrial output, reported yesterday, surprise on the downside, 1.1% below forecasts at -0.8%.

Pre-Open Announcements

DongFang Modern Agriculture (DFM)

7.3% higher \$81.6M full-year NPAT. 9.8% higher, \$194.2M revenue. 5c final dividend. 20.8c (basic) EPS.

Henry Morgan (HML)

\$1.4M interim NPAT, following a \$114,000 net loss a year ago. \$3.7M revenue. \$1.15 NTA.

MMJ Phytotech (MMJ)

\$4.5M interim net loss. 4.63c NTA. \$3.2M cash and equivalents.

Eden Innovations (EDE)

\$3.3M net loss, following a \$1.4M net loss a year ago. 36% higher, \$468,000 revenue. 1.86c NTA.

Carnegie Clean Energy (CCE)

\$7.8M interim net loss, following a \$12.0M net loss a year ago. \$1.3M revenue. 0.19c NTA. \$6.5M cash and equivalents.

Emefcy Ltd (EMC)

\$US9.06M full-year net loss, against a \$US9.08M net loss for 2015. \$US811,658 revenue, against \$US1,179 for 2015. US9c NTA.

Cre8tek Ltd (CR8)

\$9.5M interim net loss, following a \$901,161 net loss a year ago. 38% lower, \$253,306 revenue. 0.4c NTA.

ResApp Health (RAP)

\$7.55M interim net loss. 102% higher, \$66,547 revenue. 1.74c NTA. \$12.2M cash and equivalents.

Aconex Ltd (ACX)

As previously flagged ACX joint company secretary Steve Recht has retired from ACX, effective yesterday.

PharmAust Ltd (* PAA)

Former Phylogica (ASX: PYC) CEO and PYC co-founder Richard Hopkins has been appointed PAA CEO.

Tianmei Beverage Group Corporation (* TB8)

China Guangdong province grocery distributor completed a successful ASX listing yesterday following a \$10M IPO at 20c per share. Opened at 26c and traded as low as 19c before settling at 23.5c. 3.2M shares changed hands across 156 trades.

Eildon Capital (EDC) / CVC Ltd (CVC)

CVC-founded investment fund completed a successful ASX listing yesterday following a \$10M IPO at \$1.06 per share. Opened at \$1.06 and was pushed to \$1.08 where it settled. 127,040 shares were traded across 18 transactions.

Resources

BC Iron (* BCI) / Kalium Lakes (* KLL)

BCI is proposing to earn up to 50% of KLL's Carnegie potash project. Details lodged this morning.

Hazer Group (* HZR)

Lithium-ion battery testing indicates HZR's graphite can produce equivalent performance to commercial synthetic graphite, in 50- and 100-cycle applications.

Pilbara Minerals (* PLS)

Heralding heavy media separation test work results using WA Pilgangoora lithium-tantalum project ore.

Tiger Resources (* TGS)

At risk of a default event under a senior financing facility

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7654	-0.0003	-0.04
EUR – USD	1.0572	-0.0005	-0.05

Australian Data Today

AiG	PMI	Feb
ABS	GDP	DecQ
CoreLogic	House prices	Feb
RBA	Commodity price index	Feb

US Data Tonight

MBA mortgage applications	24 Feb
Personal income & spending	Jan
ISM manufacturing	Feb
Construction spending	Jan
Fed beige book	Jan
Markit PMI manufacturing (final)	Feb

Other Overseas Data Today & Tonight

China	NBS/CFLP PMIs	Feb
China	Caixin PMI manufacturing	Feb
Japan	Nikkei PMI manufacturing	Feb
Japan	Vehicle sales	Feb
UK	Markit PMI manufacturing (final)	Feb
UK	Mortgage approvals	Jan
Germany	CPI (initial)	Feb
Germany	Markit PMI manufacturing (final)	Feb
Germany	Unemployment	Feb
Euro zone	Markit PMI manufacturing (final)	Feb

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agreement, but has secured an extension for the initial \$US1.625M payment until 3 April.

Doray Minerals (* DRM)

\$35.2M interim net loss, following a \$14.5M net profit a year ago. 4% lower, \$70.2M revenue. 47c NTA.

Medusa Mining (* MML)

\$US40.8M interim net loss, following a \$US31.4M net profit a year ago. 28% lower, \$US50.1M revenue. \$US12.9M cash and gold bullion.

Troy Resources (* TRY)

\$76.9M interim net loss, following a \$6.7M net loss a year ago. 33% lower, \$44.3M revenue. 32c NTA. \$20.5M cash and equivalents.

Lucapa Diamond Company (* LOM)

New 10-year mining licence in hand for the Kingdom of Lesotho Mothae kimberlite project, of which LOM will hold 70% when it completes its 70% acquisition of Mothae Diamonds. The licence represented one of the acquisition conditions. Meanwhile, the Lesotho Ministry of Mining is defending a legal challenge against the award of the Mothae Diamonds tender.

Energy

Senex Energy (SXY) / Beach Energy (BPT)

February drilling update lodged this morning.

State One Analyst Comment

Quickstep Holdings (QHL)

Quickstep fighter to strike Avalon

Australian Joint Strike Fighter supplier Quickstep Holdings Ltd (ASX: QHL) is expecting its biggest ever lift in profile at the Australian International Airshow, Avalon, Victoria.

The Joint Strike Fighter (JSF) will surely be the star of the show, being its first ever visit to Australia, after it reported big wins in highly scrutinised combat games held in the USA.

This is the first ever victory by the JSF in such games, and a stark reversal from previous outcomes.

Australian enthusiasts will see the (JSF) F35 flying for the first time Friday when two of the aircraft fly into the [Airshow](#).

An acceleration in the JSF manufacturing schedule is important to Quickstep's revenue profile.

We forecast sales from the production of (JSF) F35 central fuselage and vertical tail fin carbon-fibre panels increasing from \$A26M in FY17E to \$A77M in FY21E.

In addition, further contractual success is reckoned to be not far away, following extensive and long-running negotiations regarding both aerospace and auto parts.

Hyundai, Tesla and an unknown Chinese motor company are but a few of the numerous auto 'suspects' whom we believe are in discussions with Quickstep.

Our target price for Quickstep currently stands at 20cps.

Quickstep will enjoy high exposure at the Airshow through both the JSF and Deakin University.

Open to the public 3 March (Friday) - 5 March



Professionals admitted 28 February - 5 March
<https://www.airshow.com.au/airshow2017/index.asp>

State One Executive Chairman Alan Hill

Trading Halts

Company	Code	Resuming
Axiom Mining	AVQ	1 Mar
Dart Mining	DTM	1 Mar
MacPhersons Resources	MRP	1 Mar
Middle Island Resources	MDI	1 Mar
Redstone Resources	RDS	1 Mar
Southern Cross Electrical	SXE	1 Mar
Tanga Resources	TRL	1 Mar
Graphitecorp Ltd	GRA	2 Mar
Intiger Group	IAM	2 Mar
Spring FG	SFL	2 Mar
Strategic Minerals Corporation	SMC	2 Mar
QV Equities	QVE	2 Mar

Suspensions (selected)

Company	Code	Since
Frontier Capital Group	FCG	15 Feb
Gateway Mining	GML	10 Feb
Manalto Ltd	MTL	6 Feb
migme Ltd	MIG	7 Feb
Mobilarm Ltd	MBO	15 Feb
Onterran Ltd	OTR	14 Feb
Pixie Group	PEG	22 Feb
Tiger Resources	TGS	22 Feb

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AWC	Today	~4.03	100	4.27
AWQ	Today	2	0	6.59
BAF	Today	1	100	5.18
CWN	Today	113	60	5.49
EVT	Today	20	100	4.06
FSA	Today	3	100	4.83
GLH	Today	1	0	0.00
HLO	Today	6	100	1.97
MNF	Today	3.75	100	1.53
PPT	Today	130	100	5.02
PTM	Today	15	100	5.96
TLS	Today	15.5	100	6.43
BBN	Tomorrow	2.9	100	4.28
BEN	Tomorrow	34	100	5.56
BLX	Tomorrow	2.35	100	2.78
BPT	Tomorrow	1	100	2.13
BSL	Tomorrow	4	100	0.57
BWX	Tomorrow	2.5	100	1.57
FMG	Tomorrow	20	100	4.83
FRI	Tomorrow	3	100	7.61
GCS	Tomorrow	1	100	3.31
KSL	Tomorrow	~3.36	0	6.50



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LLC	Tomorrow	33	0	4.14
MVF	Tomorrow	4.3	100	4.66
NHF	Tomorrow	8.5	100	3.28
PGH	Tomorrow	11.5	65	3.37
PRT	Tomorrow	1.7	100	10.97
RCG	Tomorrow	3	100	5.29
SKC	Tomorrow	~8.03	0	4.52
SXL	Tomorrow	3.75	100	5.60
WLL	Tomorrow	9.5	100	4.60
WOW	Tomorrow	34	100	2.60
WPL	Tomorrow	~63.90	100	3.47
ALI	Fri	1	0	2.08
FSI	Fri	3.5	100	4.59
IFM	Fri	1.7	100	3.35
LHC	Fri	6.25	0	6.06
MCP	Fri	6	100	6.18
MGC	Fri	1.7	100	6.38
MVP	Fri	2	100	0.86
PEA	Fri	1	100	3.55
REA	Fri	40	100	1.51
REG	Fri	10.3	100	3.80
SKI	Fri	7.25	0	6.25
TWE	Fri	13	0	2.10