

Thursday 2 March 2017

Markets

SFE 200 Futures (9.30am AEDST)	5733	50	0.9
NZX 50	7183	35	0.5
DJIA Futures	21091	0	0.0
S&P 500 Futures	2394	0	0.0
NASDAQ Futures	5386	54	1.0

Local Markets Commentary

The Australian market commences today's trade on strong overnight international equities leads.

Locally however, several large-cap stocks trade ex-dividend, including **BEN, FMG, LLC, NHF, PGH, WOW** and **WPL**. Please see pp2-3 for a detailed list.

Also locally today, January **trade** figures and building approvals are due **11.30am** AEDST.

The OECD is expected to release the Australia component report from its latest economic survey at ~1pm.

In overnight commodities trade, US **gold** futures and **oil** continued modestly lower. LME **copper** rallied. **Iron ore** (China port, 62% Fe) settled effectively flat.

The **\$A** traded higher after being pushed above ~US76.60c yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21116	303	1.5
S&P 500	2396	33	1.4
NASDAQ	5904	79	1.4
FTSE 100	7383	119	1.6
DAX 30	12067	233	2.0
Shanghai Comp	3247	5	0.2

Overseas Markets Commentary

Major European and US equities markets rallied on opening and were never headed, buoyed by a confluence of factors, including some encouraging manufacturing figures.

In the US, expectations for a March rate rise firmed on a key **Federal Reserve** official's comments, and president Donald Trump placed a \$US1B price tag on infrastructure spending.

Further, the president's immigration policy appeared to have moved towards being more business-friendly

Financial and construction stocks were particularly in favour.

In **US** data releases, ISM's well-regarded manufacturing index came in at a robust 57.7, boosted by a 4.7-point rise in new orders to 65.1.

The Fed's beige book region-by-region economic report revealed ongoing modest-moderate growth and some wages improvement wages in some regions.

January consumer spending rose 0.2%, following a 0.5% improvement in December, and against a 0.4% rise in personal income.

Australia – trade balance **11.30am** AEDST

Today's Stock Watch

Challenger Ltd (CGF)

\$350M notes offer boosted to \$430M, and ~\$450M possible, due to demand. The 4.40% (above 90-day bank bill rate) margin is the lower margin of the indicative range which extended to 4.60%.

Medical Developments International (MVP)

Second Pentrox order in hand for the UK and Ireland. Five of 11 major UK trauma centres have approved Pentrox for use, 38 hospitals and several UK and Ireland ambulance services are using Pentrox, and five ambulance trusts are evaluating the drug. Expecting additional orders within the next few months.

Neurotech International (NTI)

Dengg Medizintechnik contracted to market and distribute NTI's Mente Autism within Austria. First shipment anticipated by June.

Ausdrill Ltd (ASL)

ASL subsidiary BTP Equipment has secured a \$70M, two-year contract extension with Peabody Energy Australia coal projects in the Hunter Valley, NSW and Bowen Basin, Queensland.

Wellard Ltd (WLD)

Heytesbury Pty Ltd, owner of WLD supplier Heytesbury Cattle Co, has acquired 9.57% of WLD.

Resources

Galaxy Resources (GXY)

A second shipment (14,000t) of spodumene from the southern WA Mt Cattlin operation is on its way to China.

Australian Mines (AUZ)

Queensland Sconi scandium-cobalt project mining and processing environmental licences in hand. DFS continuing.

Corazon Mining (CZN)

CZN's \$3M, 3.5c-per-share SPP has closed early and oversubscribed, with directors voluntarily withdrawing their own applications. CZN has traded at 4.4c – 5.4c the past three trading sessions.

Base Resources (BSE)

Kenya Kwale mineral sands project extensional and infill drilling indicates a new deposit and extensions to mineralisation by 950m in one direction and up to 500m in another.

Metalicity Ltd (MCT)

Proposing to broaden an MoU with China New United Shanghai Metal Resources Co to include cobalt projects. The current MoU covers the potential funding, acquisition and development of lithium projects in Australia. MCT is conducting a China road show mid-March.

Energy

Sundance Energy (SEA)

Selling Oklahoma, US, Anadarko Basin assets for \$US18.5M. 10% deposit escrowed and May closure anticipated.

January construction spending fell 1%, defying forecasts of a 0.6% rise.

Weekly mortgage applications rose 5.8%, supported by some lower rates.

A 55.4 **euro zone** February manufacturing PMI represented an almost six-year high.

In the **UK**, the February manufacturing PMI fell 1.3 points to a nonetheless strong 54.6.

Meanwhile, the House of Lords voted for an amendment to planned UK-EU separation legislation, potentially pushing back the commencement of cross-Channel negotiations.

Tonight in the **US**, weekly new unemployment claims and a job cuts report are due.

AB InBev, Autohome, Costco, JD.com, Merlin Entertainments and Spire Healthcare are among companies listed to report earnings today and tonight.

Barclays trades ex-dividend on the FTSE 100.

In overnight corporate news, vehicle manufacturers reported mixed US January sales.

General Motors' rose 4.2%, but **Ford's** fell 4%.

Among the retailers, **Best Buy** results disappointed, **Lowe's** sufficed, accompanied by expansion plans, and **Office Depot's** profit increased 400%.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1250	oz	-4	-0.3
Silver (NY) (Mar)	18.4	oz	-0.0	-0.1
Gold (LON)	1240	oz	-15	-1.2
Platinum	1014	oz	-8	-0.8
WTI Crude (Apr)	53.8	bbl	-0.2	-0.3
Brent Crude (Apr)	56.4	bbl	-0.15	-0.3
Iron Ore (China port)	91.3	t	-0.01	-0.0
Copper (LME)	6016	t	82	1.4
Nickel	11030	t	-15	-0.1
Aluminium	1949	t	49	2.6
Lead	2305	t	50	2.2
Zinc	2862	t	56	2.0
Tin	19525	t	570	3.0
CBT Wheat (May)	4.57	bshl	0.13	2.9

Commodities Commentary

Oil – the EIA's US weekly petroleum inventories report estimated crude stocks had risen by 1.5MMbbl to a new record peak.

Nigeria's oil minister Emmanuel Ibe Kachikwu warned OPEC members needed to reduce costs to compete with shale operations.

The Brent April delivery contract expired Tuesday.

Gold – prices were pushed lower, as US rate rise expectations propelled the \$US higher. Futures recovered from session lows, however.

Base metals – China's manufacturing PMIs, reported yesterday, exceeded forecasts. PMIs also pleased in Australia, Japan, the euro zone and the US.

Industrial action at the Escondida copper project, Chile reportedly spawned some violence.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7681	0.0005	0.07
EUR – USD	1.0550	0.0004	0.04

Pre-Open Announcements

Transaction Solutions International (TSI)

Former Accenture Plc Southeast Asia banking strategy MD Jeffrey Lai appointed CEO, effective 20 March.

Alexium International Group (AJX)

Karen Thurman appointed as a non-executive AJX director. Ms Thurman is a former US congresswoman, who served five consecutive terms from 1993.

Resources

Azumah Resources (AZM)

Commencing targeted geochemical sampling and mapping following encouraging rock chip assays from one existing and three new prospects within the recently-acquired Julie West licence.

Peak Resources (PEK)

PEK settled at 12.5c yesterday, after closing out last week at 9.5c. PEK has issued a new barite-inclusive resource estimate for the Ngualla rare earth project, Tanzania. The total resource is now calculated as 214.4Mt @ 2.15% REO & 16.6% barite, for 4.62Mt of REO and 35.6Mt of barite. The resource for a particular zone is estimated to contain 21.3Mt @ 4.75% REO & 37.7% barite.

MetalsTech Ltd (MTC)

Heralding results from surface channel sampling within the Cancet lithium project, Quebec, Canada. Some samples have graded 5.58% Li₂O.

Dragon Mining (DRA)

High-grade drilling results lodged this morning for the Orivesi gold project, Finland.

Trading Halts

Company	Code	Resuming
Graphitecorp Ltd	GRA	2 Mar
Intiger Group	IAM	3 Mar
Classic Minerals	CLZ	6 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 (%)
BBN	Today	2.9	100	4.16
BEN	Today	34	100	5.60
BLX	Today	2.35	100	2.71
BPT	Today	1	100	2.13
BSL	Today	4	100	0.57

**Australian Data Today**

ABS	Trade balance	Jan
ABS	Building approvals	Jan
OECD	Australia economic survey	Mar

US Data Tonight

Initial jobless claims	25 Feb
Challenger job cuts	Feb

Other Overseas Data Today & Tonight

Japan	CPI	Jan
Japan	Workforce (incl unemployment)	Jan
UK	Construction PMI	Feb
Euro zone	CPI (initial)	Feb
Euro zone	PPI	Feb
Euro zone	Unemployment	Feb

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BWX	Today	2.5	100	1.61
FMG	Today	20	100	4.85
FRI	Today	3	100	7.53
GCS	Today	1	100	3.23
KSL	Today	~3.36	0	6.53
LLC	Today	33	0	4.12
MVF	Today	4.3	100	4.60
NHF	Today	8.5	100	3.26
PGH	Today	11.5	65	3.38
PRT	Today	1.7	100	10.97
RCG	Today	3	100	5.17
SKC	Today	~8.03	0	4.53
SXL	Today	3.75	100	5.62
WLL	Today	9.5	100	4.60
WOW	Today	34	100	2.63
WPL	Today	~63.90	100	3.53
ALI	Tomorrow	1	0	2.02
APX	Tomorrow	3	100	1.94
EBG	Tomorrow	2.25	100	6.40
FSI	Tomorrow	3.5	100	4.53
IFM	Tomorrow	1.7	100	3.38
LHC	Tomorrow	6.25	0	6.11
MCP	Tomorrow	6	100	6.15
MGC	Tomorrow	1.7	100	6.38
MVP	Tomorrow	2	100	0.85
PEA	Tomorrow	1	100	3.52
REA	Tomorrow	40	100	1.52
REG	Tomorrow	10.3	100	3.72
SKI	Tomorrow	7.25	0	6.22
TWE	Tomorrow	13	0	2.09
8EC	Mon	1	100	0.00
ABA	Mon	14	100	5.50
AFG	Mon	4.2	100	6.58
CDC	Mon	0.64	0	9.31
CLH	Mon	3.9	100	5.69
CTX	Mon	52	100	3.61
DGH	Mon	2.25	100	5.11
FXJ	Mon	2	70	4.21
HHL	Mon	4	100	7.53
IVC	Mon	25.5	100	3.05
PEP	Mon	5.4	100	3.00
PNI	Mon	2.2	100	1.78
SDA	Mon	2.4	100	1.78
SFR	Mon	5	100	2.18
SUL	Mon	21.5	100	4.13
TTS	Mon	9.5	100	4.31