

Monday 2 October 2017

Markets

SFE 200 Futures (9.30am AEST)	5682	14	0.2
NZX 50	7918	-12	-0.2
DJIA Futures	22386	40	0.2
S&P 500 Futures	2521	5	0.2
NASDAQ Futures	5994	12	0.2

Local Markets Commentary

The Australian market opens December quarter trade following influential data out of China over the weekend.

Trade volumes are expected to prove relatively light, with public holidays in three States and the ACT.

The official September manufacturing **PMI** for **China** was reported at 52.4 on Saturday, 0.7 higher than for August.

Meanwhile, a component PMI for the steel industry fell 3.5 points to 53.7.

For its part, Caixin reported a 51.0 September manufacturing PMI, down 0.6 of a point for the month.

The official PMI represents 3000 enterprises, with a focus on large entities, while the Caixin-sponsored survey includes just 500 manufacturers, with a lower proportion of large businesses.

In other news out of China, the People's Bank of China has eased regulations to enable greater lending to small business.

In overnight Friday commodities trade, US **gold** futures turned modestly lower. **Oil** settled slightly higher. LME **copper** swung lower. **Iron ore** extended Thursday's fall.

The **\$A** slipped further after falling below ~US78.35c early Friday evening, but has traded beyond US78.40c this morning.

Locally today, a September manufacturing activity index and a weekly capital city residential property price report are due, each pre-trade.

The Melbourne Institute and TD Securities also publish their monthly inflation report ahead of the Reserve Bank of Australia's (RBA) policy meeting tomorrow.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	22405	24	0.1
S&P 500	2519	9	0.4
NASDAQ	6496	43	0.7
FTSE 100	7373	50	0.7
DAX 30	12829	124	1.0
Shanghai Comp	3349	9	0.3

Overseas Markets Commentary

Most major European and US equities markets opened at or near session lows, risk sentiment trending higher as trade played out. Part of late-US trade was attributed to 'new record' contagion for the NASDAQ and S&P 500.

Daylight saving commenced in New South Wales, Victoria, South Australia, Tasmania and the ACT early yesterday.

Consequently from **today, ASX trade commences local time in:**

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

ASX – normal trade today.

Public holidays in NSW, Queensland, South Australia and the ACT.

Today's Stock Watch

Commonwealth Bank of Australia (CBA)

CEO and MD of CBA New Zealand subsidiary ASB Bank, Barbara Chapman, is intending to retire Easter 2018.

CIMIC Group (CIM)

CIM's UGL has won a \$133M design and build, operations support and maintenance contract for the initial stage of the Bannerton Solar Park, Robinvale, Victoria. The 110MW facility is expected to be supplying power to the Powercor Australia grid from July 2018.

G Medical Innovations Holdings (GMV)

Prizma (smartphone) mobile medical monitor distribution agreement secured with MEDTL Medical Technologies. The five-year agreement covers Greece and Cyprus and includes \$US500,000 funding for the establishment and operation of a call centre. Any call centre revenue will be shared 50:50 between GMV and MEDTL.

XTEC Ltd (XTE)

\$A1.1M spare parts order received from the Australian Defence Force (ADF), in support of small unmanned aerial systems (SUAS).

In addition, over the past two months, XTE has completed \$500,000 worth of maintenance work.

Nib Holdings (NHF)

Director Harold Bentley has retired after 10 years on the NHF board.

Resources

New Century Resources (NCZ)

Proposing to acquire the balance 30% of the Century zinc mine by purchasing Century Bull Pty Ltd. Consideration comprises 126M NCZ shares and 35M NCZ options. Details lodged this morning. NCZ traded at \$1.06 - \$1.255 last week.

Energy

Beach Energy (BPT) / Seven Group Holdings (SVW) / Origin Energy (ORG)

Resuming from a trading halt having achieved ~98% take-up and raised \$201M in the institutional component of the entitlement offer designed to support the proposed acquisition of Lattice Energy from ORG.

21.8% BPT shareholder SVW took its full share and also acted as sub-underwriter.

The \$100M retail offer is scheduled for 5 - 16 October.

BPT last traded at \$81.18.

In early data releases, the **euro zone's** September CPI growth was estimated at 1.5% year-on-year.

Germany's August retail sales slipped 0.4% following a 1.2% drop for July and against expectations of a 0.5% recovery.

In the **US**, August personal income and spending were reported 0.2% and 0.1% higher, respectively, pushing personal consumption expenditure (PCE) 0.1% lower for the month.

A 65.2 Chicago PMI reading pleased, representing a 6.3-point rise for the month.

The final September consumer sentiment reading from the University of Michigan came in at 95.1, 0.2 lower than for August.

Tonight in the US, ISM's September manufacturing index is due, together with August construction spending and a revised September manufacturing PMI from Markit.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1285	oz	-4	-0.3
Silver (NY) (Sep)	16.7	oz	-0.2	-1.0
Gold (LON)	1283	oz	-0.25	-0.0
Platinum	910	oz	-13	-1.4
WTI Crude (Nov)	51.7	bbl	0.1	0.2
Brent Crude (Nov)	57.5	bbl	0.1	0.2
Iron Ore (CHN port 62%)	61.5	t	-1.4	-1.9
Copper	6481	t	-41	-0.6
Nickel	10500	t	60	0.6
Aluminium	2102	t	-29	-1.4
Lead	2485	t	15	0.6
Zinc	3162	t	15	0.5
Tin	20675	t	75	0.4
CBT Wheat (Dec)	4.48	bshl	-0.07	-1.5

Commodities Commentary

Oil – reports released on Friday provided definitive figures on recent international production.

An EIA (US government) publication estimated US July crude production at 9.24MMbbl, 141,000bbl/d higher than for June.

A shipping-based survey of OPEC producers put OPEC September output ~50,000bbl/d higher than for August, at 32.72MMbbl/d.

Meanwhile, Iraq closed the northern region Kurdish airspace following last month's independence vote, adding to tensions regarding the safe export of significant quantities of oil from Kurdish territory.

A US weekly petroleum rig count calculated six additional oil rigs in operation.

Gold – gold prices are being called every which way this week, on: central bank statements and official commentary; any further marked currencies divergence; potential breakouts for several international security and geopolitical scenarios; and some influential data releases, including US jobs figures.

Base metals – a relatively flat \$US appeared to exert little influence over Friday's end-of-quarter trade.

China PMIs were reported over the weekend, and will likely influence some of tonight's trade.

Japan's August core CPI was reported 0.5% higher for the month on Friday, and household spending rose just 0.2%, boosting expectations of no near-term policy tightening.

Pre-Open Announcements

Funtastic Ltd (FUN)

Full-year loss and 37% revenue drop revealed this morning.

Resources

Inca Minerals (* ICG)

Peru Riqueza project underground sampling has returned high-grade zinc, silver and lead. Details lodged this morning.

Lithium Australia (LIT)

LIT has extended the due diligence period ahead of the potential acquisition of Very Small Particle Company, in order to complete a list of planned tasks.

Meanwhile, LIT has secured a \$1.5M loan facility with Innovative Technology Funding. \$1.2M is immediately accessible.

Doray Minerals (DRM)

Gold resources updated to 10.17Mt @ 4.3g/t Au, for 1.411Moz of gold.

Gold reserves as at 30 June are calculated at 1.7Mt @ 4.8g/t Au, for 260,000oz of gold.

Copper resources are estimated at 2.827Mt @ 0.7% Cu, for 18,400t of copper.

Copper reserves measure 1.6Mt @ 0.6% Cu, for 9,200t of copper.

Antipa Minerals (AZY) / Rio Tinto (RIO)

Initial surveying results lodged this morning for the Citadel project, for which exploration is currently funded by RIO. Drilling programs also underway.

Peak Resources (PEK)

Technical Dave Hammond has resigned.

Consequently, PEK development GM Lucas Stanfield has been appointed responsible for all Tanzania operations.

Energy

Dorimus Resources (* DOR)

UK-headquartered oil and gas explorer and producer completed a successful ASX listing Friday following a \$3.5M IPO at 26c per share/CDI.

Opened at 50c and traded at 49c – 52.5c before settling at 50c. 361,547 shares were traded across 40 transactions.

~14.5M shares issued.

Liquefied Natural Gas (LNG)

North American Gas Forum presentation lodged this morning. LNG is presenting tonight.

Trading Halts

Company	Code	Resuming
Cougar Metals	CGM	2 Oct
De Grey Mining	DEG	2 Oct
Ensurance Ltd	ENA	2 Oct
Kin Mining	KIN	2 Oct
Qantify Technology Holdings	QFY	2 Oct
Rumble Resources	RTR	2 Oct
Caeneus Minerals	CAD	3 Oct
Force Commodities	4CE	3 Oct
Hazer Group	HZR	3 Oct
Real Energy Corporation	RLE	3 Oct
Tungsten Mining	TGN	3 Oct

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7842	0.0000	0.00
EUR – USD	1.1809	0.0014	0.12

Australian Data Today

AiG	PMI	Sep
TDSec/MI	Inflation gauge	Sep
CLogic	Capital city residential prices	30 Sep

US Data Tonight

ISM manufacturing	Sep
Markit manufacturing PMI (final)	Sep
Construction spending	Aug

Other Overseas Data Today & Tonight

Japan	Tankan (manufacturing; services)	Sep
Japan	Nikkei manufacturing PMI (final)	Sep
Japan	Vehicle sales	Sep
UK	Manufacturing PMI	Sep
Germany	Manufacturing PMI (final)	Sep
Euro zone	Manufacturing PMI (final)	Sep
Euro zone	Unemployment	Aug

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Suspensions *(selected)*

Company	Code	Since
Brierty Ltd	BYL	8 Sep
Cudeco Ltd	CDU	28 Sep
East Energy Resources	EER	2 Oct
Eve Investments	EVE	27 Sep
iCandy Interactive	ICI	25 Sep
Intra Energy Corporation	IEC	28 Sep
Intrepid Mines	IAU	18 Sep
Lantern Hotel Group	LTN	2 Oct
Manalto Ltd	MTL	18 Sep
Silver Mines	SVL	28 Sep
SMS Management & Technology	SMX	8 Sep
Veriluma Ltd	VRI	20 Sep

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
CWP	Today	18	100	5.30
MCP	Today	2	100	5.37
QVE	Today	2	100	3.13
UNV	Today	1	0	5.13
USR	Today	2	0	4.40
ASL	Tomorrow	2	100	1.99
CAM	Tomorrow	1.25	100	5.63
CTN	Tomorrow	3.9	50	6.84
MYO	Tomorrow	5.75	0	3.34
NCK	Tomorrow	20	100	5.26
APZ	Wed	5	0	4.30
CLH	Wed	3.9	100	5.80
RDH	Wed	2	100	1.16
WMK	Wed	2.5	100	5.88