STATE ONE STOCKBROKING LTD
Participant of ASX Group
AFSL 247 100
ABN 95 092 989 083

Market Opener

Thursday 3 November 2016

Need more information?

Contact your State One advisor on 1300 651 898 or advice@stateone.com.au

Markets

SFE 200 Futures (9.25am AEST)	**5168**	**-16**	**-0.3**
NZX 50	6757	-96	-1.4
DJIA Futures	17876	-5	0.0
S&P 500 Futures	2089	-3	-0.2
NASDAQ Futures	4698	-19	-0.4

Local Markets Commentary

Major international equities markets continued to fall overnight, suggesting another early decline for the Australian market.

In overnight commodities trade, **oil** dropped and **gold** continued higher. Iron ore steadied. LME **copper** also settled flat.

The **$A** gained after trading at ~US76.35c yesterday evening.

Locally today, September **trade** figures are due **11.30am** AEDST. A services sector activity index will be released pre-trade. **ANZ** and **BTT** results are also in.

Regionally, Caixin will release final October services and composite PMIs for **China 12.45pm** AEDST.

Japan's markets are closed today, due to a public holiday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	**17960**	-77	**-0.4**
S&P 500	2098	-14	-0.7
NASDAQ	5106	-48	-0.9
FTSE 100	6845	-72	-1.0
DAX 30	10371	-155	-1.5
Shanghai Comp	3103	-20	-0.6

Overseas Markets Commentary

Major European and US equities markets fell on opening overnight and never looked like recovering.

In the US, 1.5B more shares were traded than the average for the past 20 sessions.

The US **Federal Reserve** concluded its second last policy meeting of the year, releasing a statement indicating a possible short-term interest rate increase out of the 14 December meeting, due to a yet stronger case.

In the meantime, a US private sector employment report estimated 147,000 jobs had been added in October, following forecasts of 130,000 – 190,000.

Weekly mortgage applications fell a further 1.2%.

Tonight in the **US**, a job layoffs report is anticipated, ahead of tomorrow night's monthly national employment figures. ISM's services sector activity index and September factory orders are also due.

Across the Atlantic, the **Bank of England** holds a policy meeting, after which a statement will be released.

Coca-Cola HBC, Credit Suisse, Glencore, Kraft Heinz, Lenovo, Morrison (UK supermarkets) and

Australia – September trade figures **11.30am** AEDST.

China – Caixin services, composite PMIs (final) **12.45pm** AEDST.

Today's Stock Watch

Australia & New Zealand Banking Group (ANZ)

24% lower, $5.7B full-year NPAT. 18% lower, $5.9B cash profit. 3% lower, $20.5B operating income. 80c fully-franked final dividend. $1.893 EPS. Considering further restructuring, including potential life insurance, superannuation and investment division sales. CEO and CFO discussion video available at www.bluenotes.anz.com.

BT Investment Management (BTT)

12% higher, $142.0M full-year NPAT. 14% higher, $50.1M revenue and income. 24c, 35%-franked final dividend. 76.7c NTA. 53.8c EPS.

Tabcorp Holdings (TAH) / Intecq Ltd (ITQ) / Tatts Group (TTS)

The Australian Competition & Consumer Commission (ACCC) has no objection to TAH's proposed ITQ purchase. The ACCC's review of the planned TAH-TTS merger is yet to commence.

Xero Ltd (XRO)

$NZ43.9M interim net loss. 48.1% higher, $NZ137.2M revenue. NZ94c NTA.

Scentre Group (SCG)

Anticipating 2.7% - 3.0% higher net operating income for the year to 31 December. For the year to 30 September, comparable specialty sales have grown 3.4%.

Fairfax Ltd (FXJ)

Revenue has fallen 6% - 7% for FY 2017 year-to-date. Domain revenue is up 2%. Today's AGM presentation lodged.

Credit Corp (CCP) / Boral Ltd (BLD)

AGMs today. Presentations and addresses lodged.

Cromwell Property Group (CMW)

€205M worth of seed funding commitments secured for the purchase of three office and plaza assets, one each in Amsterdam, The Hague and Rotterdam, for the Cromwell European Cities Income Fund. CMW is targeting €2B worth of assets. Details lodged post-trade yesterday.

Genworth Mortgage Insurance Australia (GMA) / Commonwealth Bank of Australia (CBA)

CBA has renewed a contract for GMA to provide lenders mortgage insurance for three years from 1 January 2017. GMA says the CBA contract delivered 43% of 1H FY 2016 gross written premium.

Virgin Australia Holdings (VAH)

UBS has placed a 'sell' on VAH.

Mantra Group (MTR)

MTR has appointed consultant and former Virgin Australia Holdings (ASX: VAH) executive commercial Elizabeth Savage as a non-executive director, effective 18 November.

Energy

South32 Ltd (S32)

Outlaying $US200M for Peabody Energy's Metropolitan colliery and associated 16.7% holding in the Port Kembla coal terminal.

Singapore Airlines are scheduled to report earnings and/or provide trading updates today and tonight.

GlaxoSmithKline trades ex-dividend on the FTSE100.

Overnight, **Ford Motor** reported a 12% drop in October US sales.

Commodities

COMMODITY	CLOSE	$US/	+/-	%
Gold (NY) (Dec)	**1298**	oz	10	0.8
Silver (NY) (Dec)	18.5	oz	0.1	0.4
Gold (LON)	1304	oz	15	1.2
Platinum	988	oz	-2	-0.2
WTI Crude (Dec)	**45.3**	bbl	-1.3	-2.9
Brent Crude (Jan)	**46.9**	bbl	-1.3	-2.7
Iron Ore (Tianjin)	**64.4**	t	0.0	0.0
Copper (LME)	**4920**	t	0	0.0
Nickel	10320	t	-85	-0.8
Aluminium	1727	t	-9	-0.5
Lead	2054	t	-16	-0.8
Zinc	2426	t	-39	-1.6
Tin	20775	t	-75	-0.4
CBT Wheat (Dec)	**4.18**	bshl	0.04	0.8

Commodities Commentary

Oil – prices dropped on a record 14.4MMbbl rise in stored US crude, according to a weekly US petroleum inventories report from government agency EIA.

Intra-session, WTI traded as low as $US44.96/bbl.

Gold – a price pullback during late trade was attributed mostly to profit-takers.

Base metals – no-risk trade featured overnight.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7659	-0.0002	-0.02
EUR – USD	1.1099	0.0001	0.01

Australian Data Today

ABS	Trade balance	Sep
AiG	PSI	Oct

US Data Tonight

Initial jobless claims	29 Oct
Challenger job layoffs	Oct
ISM non-manufacturing	Oct
Markit services PMI (final)	Oct
Factory orders	Sep

Other Overseas Data Today & Tonight

China	Caixin PMIs services, composite	Oct
UK	BoE policy statement	Nov
UK	BoE inflation report	Nov
UK	Markit services PMI (final)	Oct
Germany	Markit services PMI (final)	Oct
Euro zone	ECB economic bulletin	Nov
Euro zone	Unemployment	Sep
Euro zone	Markit services PMI (final)	Oct

Pre-Open Announcements

Adairs Ltd (* ADH)

Anticipating 15% lower FY 2-17 EBIT. Sales will likely tally $265M - $275M, against $275M - $285M previous guidance.

July – October trade has been disappointing, like-for-like sales coming in flat, mostly impacted by an apparent shift in bed-linen preferences and the introduction of a new digital system affecting online trade marketing.

A New Zealand store opening and associated website, the digital work and a point-of-sale (POS) rollout through this time mean $650,000 worth of one-off costs will be included in 1H FY 2017 accounts.

Service Stream (* SSM)

In response to an ASX trade query, SSM has confirmed it more-or-less concurs with a research report that included a $40.8M FY 2017 EBITDA estimate.

SSM traded at 92c - $1.025 yesterday after closing out last week at $1.165 and the previous week at $1.225. SSM slipped 6.3% Monday this week, 6.9% Tuesday and a further 1.9% yesterday. Yesterday's trade volumes were twice that of Tuesday's.

NRW Holdings (* NWH)

Today's AGM presentation and address lodged.

Sprintex Ltd (SIX)

$US610,000 secured for two months from Modern Times Holdings. Paying 9% pa interest.

Resources

Mineral Resources (* MIN)

MIN has appointed former Multiplex executive Tim Roberts as a non-executive director, effective 17 November.

Clean TeQ Holdings (* CLQ)

Resuming from a trading halt with an agreement to place $13M worth of shares at 39c each. Funds are earmarked for the Syerston nickel-cobalt project BFS. CLQ last traded at 43c, appreciating 8.9% immediately prior to calling the trading halt.

Rift Valley Resources (RVY)

Former Mirabaud Securities Australia MD Stephen Dobson has been appointed to the RVY board as non-executive chairman. RVY traded as high as 2.6c yesterday, and settled at 2.4c, 14.3% higher for the session. RVY last traded at 2.6c 29 September.

Elemental Minerals (ELM) / Kore Potash (K2P)

ELM has changed its name to Kore Potash and will commence trading under the code K2P tomorrow.

Davenport Resources

Davenport Resources is a multi-mineral exploration company seeking to list on the ASX in mid-December.

The company is conducting a $5M - $6M IPO at 20c per share.

Once the IPO is completed, Davenport will hold two exploration licences in a potash production region in central Germany.

Based on exploration records for the licences, Davenport anticipates proving a JORC-compliant potash resource within three years.

Need More Information?

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

Davenport knows the licences and their potential well. They are held mostly by Potash West, whose MD Patrick McManus is Davenport Resources' non-executive chairman. Davenport's MD will be Potash West director Christopher Bain.

Due to its recent history as an Arunta Resources subsidiary, Davenport Resources also holds the Southern Cross Bore copper-gold project in the Arunta province, Northern Territory.

State One holds firm stock in the Davenport Resources offer.

For further information, please contact your advisor, or email davenport @amscot.com.au.

Trading Halts

Company	Code	Resuming
Estrella Resources	ESR	3 Nov
Eve Investments	EVE	3 Nov
MMJ PhytoTech	MMJ	3 Nov
OtherLevels Holdings	OLV	3 Nov
Cardinal Resources	CDV	4 Nov
Contango Income Generator	CIE	4 Nov
Contango Microcap	CTN	4 Nov
Finders Resources	FND	4 Nov
Latitude Consolidated	LCD	4 Nov
SpeedCast International	SDA	4 Nov
Teranga Gold Corporation	TGZ	4 Nov
Xstate Resources	XST	4 Nov

Suspensions (selected)

Company	Code	Since
Atrum Coal	ATU	31 Oct
Cabral Resources	CBS	19 Oct
Enerji Ltd	ERJ	20 Oct
Nkwe Platinum	NKP	18 Oct
Nuheara Ltd	NUH	27 Oct
Omni Market Tide	OMT	19 Oct
Orinoco Gold	OGX	12 Oct
RNI NI	RNI	31 Oct
Target Energy	TEX	13 Oct
Transerv Energy	TSV	25 Oct
TV2U International	TV2	2 Nov
TW Holdings	TWH	31 Oct
Volta Mining	VTM	17 Oct

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
API	Today	**3.5**	100	3.23
GLH	Today	**1**	0	0.00
LGD	Today	**0.6**	100	5.71
SFL	Today	**1**	100	4.76
NAB	Tomorrow	99	100	7.20
BIS	Mon	2.5	100	5.26
IPE	Tue	2.2	100	33.13
MQG	Tue	190	45	5.53
BKW	Wed	32	100	3.62
RMD	Wed	3.3	0	1.58

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	**ANZ**	Full-year
	BLD	AGM
	BTT	Full-year
	CCP	AGM
	DOW	AGM
	FXJ	AGM
	PPT	AGM
	REA	Sep Q
Tomorrow	GMA	Sep Q
	HIL	AGM
	ORI	Full-year
	SKB	AGM
	SGH	AGM
	SPK	AGM
Mon	BD1	AGM
	DMP	AGM
	GMG	Sep Q
	UGL	AGM
	WBC	Full-year
Tue	CBA	Sep Q
	DLX	Full-year
	IPL	Full-year
	NCM	AGM
	NWS	Sep Q
	REA	AGM