

Wednesday 4 April 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>5740</b>	<b>19</b>	<b>0.3</b>
<b>NZX 50</b>	8365	35	0.4
<b>DJIA Futures</b>	23956	-28	-0.1
<b>S&amp;P 500 Futures</b>	2611	-3	-0.1
<b>NASDAQ Futures</b>	6462	-7	-0.1

## Local Markets Commentary

The Australian market opens Wednesday trade on mixed overnight international equities and commodities trade leads, ahead of key domestic and regional data.

Locally today, the Australian Bureau of Statistics (ABS) reports February **retail sales** and **building approvals 11.30am** AEST.

Regionally, Caixin publishes its March services and composite PMIs for **China 11.45am** AEST.

A services PMI is expected for **Japan 10.30am**.

In overnight commodities trade, US **gold** futures swung lower. **Oil** turned higher.

**Iron ore** (China port, 62% Fe) reversed direction again and fell.

The LME traded for the first time this week, **copper** and **nickel** rallying.

The **\$A** slipped to ~US76.85c after approaching US77.0c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	24033	389	<b>1.7</b>
<b>S&amp;P 500</b>	2614	33	<b>1.3</b>
<b>NASDAQ</b>	6941	71	<b>1.0</b>
<b>FTSE 100</b>	7030	-26	<b>-0.4</b>
<b>DAX 30</b>	12002	-94	<b>-0.8</b>
<b>Shanghai Comp</b>	3137	-27	<b>-0.8</b>

## Overseas Markets Commentary

Swinging, choppy trade featured across major European and US equities markets overnight, European stocks trading for the first time this week, and key US indices ultimately bouncing from Monday's falls.

Tech stocks in particular gained in late US trade.

Meanwhile, the US administration detailed ~1300 medical, transport and industrial technology imports from China that could attract a 25% tax, ahead of an ~two-month public comment period.

In other US Federal Reserve news, a Federal Reserve governor warned of vulnerability for equities markets and economist John Williams was appointed New York Fed president.

Among economic data releases, **Germany's** February retail sales rose 1.3% year-on-year, following 2.3% in January. For the month, sales fell 0.7%, as for January.

The nation's March manufacturing PMI pulled back to 58.2 from 58.4, but this is still considered robust.

The **euro zone's** manufacturing PMI fell 1.7 to a

**China – Caixin March PMIs 11.45am** AEST

**Settlements – trades executed 29 March settle today**

## Today's Stock Watch

### Australian Agricultural Company (AAC)

Anticipating a \$30M - \$40M FY2018 EBITDA loss, following \$133.2M EBITDA for FY 2017.

A \$12M - \$16M operating EBITDA is expected, against \$45M. Operating cash flow is expected to be -\$38M - -\$42M, against a positive \$29.3M a year earlier.

AAC commenced a teleconference at 9.30am AEST. Access details lodged this morning.

### Bapcor Ltd (BAP)

BAP's chairman Robert McEniry has resigned, due to a 'serious health issue'. BAP non-executive director Andrew Harrison takes over as chairman from today.

## Resources

### Resolute Gold (RSG)

Proposing to acquire 27% of TSX-listed Loncor Resources. RSG will purchase \$C2.6M worth of Loncor shares (26M shares) and will swap \$C2.5M worth of its own shares for 25M additional Loncor shares. RSG traded at \$1.28 - \$1.31 yesterday, and s high as \$1.33 last week.

### Battery Minerals (BAT)

Mozambique Montepuez graphite project Elephant deposit drilling has returned several high-grade intersections from surface and just below. New assays are due soon from Buffalo deposit drilling.

BAT slipped 8.6% yesterday, settling at 7.4c.



### VONEX LIMITED (ASX:VN8)

**State One is Lead Manager for the IPO of Vonex Limited - an innovative Australian telecom company currently generating revenue of +\$A8M.** Please find below a link to the IPO information pack:  
<https://www.stateone.com.au/Vonex-IPO.html>

Application can be made online or by completing the application form which can be found on pp 48-50 of the prospectus.

*Vonex, founded in 2009, is a Perth-based telecom company specializing in innovative Voice over Internet Protocol (VoIP) solutions and feature-rich Private Branch Exchange (PBX) technology.*

*A "once-in-a-lifetime" opportunity: we believe that the rollout of the National Broadband Network (NBN) will require millions of customers having to disconnect from Telstra's copper/landline network and reconnect to the new (government-owned) fibre-optic network; this will act as a catalyst to spread market share more evenly and provide opportunities for nimble technology-driven telco players like Vonex.*

*Vonex has also developed an innovative telecommunications/social media application – Oper8tor. Management is targeting a soft-launch of the App in Europe in 2018/2019.*

**For further information, call your State One adviser at 08 9288 3388 or 1300 651 898 or Email: [vonex@stateone.com.au](mailto:vonex@stateone.com.au)**

nonetheless strong 57.1.

The manufacturing PMI for the **UK** came in at 55.1, against 55.2 for February.

In the **US**, the ISM New York business activity index slipped 0.5 to 54.0.

**Tonight** in the US, ISM's services sector activity index is due, together with Markit's final reading, a private sector employment report for March, February factory orders and weekly mortgage applications.

In overnight corporate news, **Spotify** completed a NYSE direct listing, opening at a \$US29.55B valuation, ~26% higher than the reference price, and settled ~13% higher for the session.

**Tesla** gained almost 6% on a positive March quarter production report.

**Ford Motor** and **General Motors** also rose, on improved March sales.

**Sky** appreciated after **21<sup>st</sup> Century Fox** revealed a legal separation of Sky News was possible. This was investigated in response to UK regulators' independence concerns should 21<sup>st</sup> Century Fox be successful in gaining Sky. **Walt Disney** in the meantime offered to purchase Sky News.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1337</b>	oz	-10	-0.7
<b>Silver (NY) (May)</b>	16.4	oz	-0.2	-1.7
<b>Gold (LON)</b>	1324	oz		
<b>Platinum</b>	923	oz	-9	-1.0
<b>WTI Crude (May)</b>	<b>63.5</b>	bbl	0.5	0.8
<b>Brent Crude (Jun)</b>	<b>68.1</b>	bbl	0.5	0.7
<b>Iron Ore</b> (CHN port 62%)	<b>63.8</b>	t	-2.0	-3.1
<b>Copper</b>	<b>6796</b>	t	82	1.2
<b>Nickel</b>	13465	t	165	1.2
<b>Aluminium</b>	1978	t	-26	-1.3
<b>Lead</b>	2392	t	-3	-0.1
<b>Zinc</b>	3280	t	6	0.2
<b>Tin</b>	21200	t	100	0.5
<b>CBT Wheat (May)</b>	<b>4.58</b>	bshl	0.12	2.5

### Commodities Commentary

**Oil** – cautious trade reported overnight, ahead of a weekly US petroleum inventories report, due tonight.

**Gold** – the \$US appreciated and US equities gained favour in late trade, the combination hurting gold interest.

An initial indication of monthly jobs figures, to come Friday, will come tonight in the form of ADP's private sector report.

**Base metals** – China's official PMIs (a rise for both manufacturing and services), released over the weekend, supported key LME trade.

Caixin's China services PMI for March is due today. The Caixin manufacturing PMI, released Monday, slipped 0.6 to 51.0, against expectations of a slight rise to 51.7.

Final manufacturing PMIs reported overnight for the euro zone remained strong despite declines.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7683	-0.0002	-0.03

## Pre-Open Announcements

### Blue Sky Alternative Investments (\* BLA) / Blue Sky Alternatives Access Fund (\* BAF)

BLA has hosted a teleconference from 9am AEST regarding the opinions expressed by Glaucus last week.

BLA lodged a comprehensive response post-trade yesterday.

BLA and BAF are returning from suspended trade at market open.

BLA last traded at \$10.40 and BAF at \$1.085.

### Alliance Aviation Services (AQZ)

AQZ has secured a WA Pilbara air charter services contract extension until next year with BHP Billiton (ASX: BHP).

### GWA Group (\* GWA)

Morgans has removed GWA from its 'add' list, in favour of a hold recommendation.

### G8 Education (GEM)

Morgan Stanley has re-rated GEM as equal-weight from overweight.

### Lovisa Holdings (LVH)

CEO Steve Doyle has resigned in favour of other interests, effective 20 April.

MD and LVH founder Shane Fallscheer will continue in the MD role.

LVH sales grew 20.3% during the 13 weeks to 31 December 2017. Comparable store sales rose 7.6%.

LVH continues with 320 stores, after closing four but opening five since 30 September 2017.

## Resources

### Bass Metals (\*\* BSM)

Madagascar Graphmada graphite project process plant wet commissioning complete yesterday.

### Malachite Resources (\* MAR)

Initial Queensland Lorena project gold pour achieved.

In addition, the Lorena JV partners are awaiting the results of 2400m of RC drilling recently completed in and around the existing open pit.

MAR 55%; Cloncurry Gold Recovery Management 30%; Ore Processing Services 15%.

### Alloy Resources (\* AYR)

Resuming from suspended trade with encouraging NSW Ophara cobalt-gold soil sampling assays.

One anomaly has been extended from 700m to 3km.

Five additional anomalies, 2km – 3km long, have been identified.

AYR is planning near-term infill and extension sampling.

AYR last traded at 1.2c, 23 March, but reached as high as 1.35c intra-session that day.

## Energy

### Carnarvon Petroleum (\* CVN)

Phoenix South-3 drilling is expected to commence within a week. The rig is onsite. CVN 20%; Quadrant Energy 80% and operator.

### Trading Halts

Company	Code	Resuming
Stemcell United	SCU	4 Apr



**EUR – USD** 1.2272 -0.0000 **-0.00**

### Australian Data Today

ANZ/RyMgn	Consumer sentiment	1 Apr
ABS	Retail sales	Feb
ABS	Building approvals	Feb

### US Data Tonight

ADP employment change	Mar
ISM non-manufacturing	Mar
Markit PMIs services, composite (final)	Mar
Factory orders	Feb
MBA mortgage applications	29 Mar

### Other Overseas Data Today & Tonight

<b>China</b>	Caixin PMI services (final)	Mar
<b>Japan</b>	PMI services	Mar
<b>UK</b>	Construction PMI	Mar
<b>Euro zone</b>	CPI (initial)	Mar
Euro zone	Unemployment	Feb

### Need More Information?

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Alderan Resources	AL8	5 Apr
Krakatoa Resources	KTA	5 Apr
Magnetic Resources	MAU	5 Apr
Roto-Gro International	RGI	5 Apr
Schrole Group	SCL	5 Apr
Syntonic Ltd	SYT	6 Apr

### Suspensions *(selected)*

Company	Code	Since
Apollo Minerals	AON	3 Apr
AssetOwl Ltd	AO1	29 Mar
AVZ Minerals	AVZ	3 Apr
Buddy Platform	BUD	26 Mar
Chapmans Ltd	CHP	26 Mar
Clancy Exploration	CLY	13 Mar
Connected IO	CIO	15 Mar
Cudoco Ltd	CDU	15 Mar
DigitalX Ltd	DCC	4 Apr
eSense-Lab Ltd	ESE	23 Mar
JV Global	JVG	21 Mar
Matador Mining	MZZ	28 Mar
Poseidon Nickel	POS	22 Mar
Silver Mines	SVL	26 Mar
Tikforce Ltd	TKF	21 Mar

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
ARB	Tomorrow	17.5	100	1.81
AUB	Tomorrow	13.5	100	3.15
FSF	Tomorrow	7.97	0	4.24
GNE	Tomorrow	7.49	0	6.70
HVN	Tomorrow	12	100	6.43
MLB	Tomorrow	7.5	100	3.21
MQA	Tomorrow	12	0	3.87
NUF	Tomorrow	5	0	1.53
SIG	Tomorrow	2.5	100	6.33
SIV	Tomorrow	10	100	9.29
SLK	Tomorrow	6.5	100	3.61
ALR	Fri	1.25	100	4.27
CYC	Fri	0.5	0	0.84