

Thursday 4 May 2017

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document.

Markets

| | | | |
|---------------------------------------|-------------|-----------|-------------|
| SFE 200 Futures (9.30am AEDST) | 5871 | -6 | -0.1 |
| NZX 50 | 7393 | -13 | -0.2 |
| DJIA Futures | 20891 | 12 | 0.1 |
| S&P 500 Futures | 2384 | 1 | 0.0 |
| NASDAQ Futures | 5617 | 4 | 0.1 |

Local Markets Commentary

The Australian market commences today's trade on uninspiring overnight international equities and largely negative commodities leads.

In overnight commodities trade, US **gold** futures fell. **Oil** turned to settle higher. **Copper** swung lower and dropped. **Iron ore** (China port, 62% Fe) traded almost steady.

The **\$A** is significantly lower after trading at ~US74.85c early yesterday evening.

Locally today, March **trade** figures will be published **11.30am** AEST.

The HIA releases March new home sales.

A 1.10pm speech focusing on household debt and residential property prices by Reserve Bank of Australia (**RBA**) governor Philip Lowe is also keenly anticipated.

Regionally, Caixin releases its final April services PMI reading for **China** 11.45am.

Japan's markets will remain closed today and tomorrow due to public holidays.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|--------------|-----|-------------|
| Dow Jones | 20958 | 8 | 0.0 |
| S&P 500 | 2388 | -3 | -0.1 |
| NASDAQ | 6073 | -23 | -0.4 |
| FTSE 100 | 7235 | -16 | -0.2 |
| DAX 30 | 12528 | 20 | 0.2 |
| Shanghai Comp | 3135 | -8 | -0.3 |

Overseas Markets Commentary

Major European and US equities markets headed lower on opening overnight.

Later, the **US Federal Reserve** gave little indication of the timing of the next rates move, or any adjustment to assets, but described the weak March quarter GDP as 'likely transitory'.

In **US** data releases, ISM's April services sector activity index rose 2.3 to 57.5, a significant result given this sector comprises ~80% of GDP calculations.

A private sector employment report estimated 177,000 new jobs for April.

In the meantime, the US House of Representatives approved legislation enabling \$US1.2 trillion worth of government spending through to 30 September.

The Senate is expected to also pass the legislation prior to the Friday midnight expiry of a current one-week funding arrangement.

Earlier, the **euro zone's** 0.5% March quarter GDP

RBA – governor Philip Lowe is speaking on household debt, housing prices and resilience at an Economic Society lunch, Brisbane, **1.10pm** AEST.

* IT listing **10.45am** AEST – **MPW** *

* Medicinal cannabis listing **11.15am** AEST – **CAN** *

* Medicinal cannabis listing **midday** AEST – **THC** *

Today's Stock Watch

National Australia Bank (NAB)

\$2.55B interim NPAT, following a \$1.74B loss a year ago. 2.3% higher, \$2.39B cash profit. 99c flat fully-franked interim dividend. Bad and doubtful debts rose 5.1% to \$394M. 10.1% CET1, up 0.34% since 30 September 2016.

Orica Ltd (ORI)

Private US \$A398M (equiv) 10-year fixed-rate notes placement. ORI had initially targeted \$US150M, but received orders for \$US1.6B worth of notes.

APN Outdoor Group (APO) / oOhmedia Ltd (OML)

The ACCC has published concerns regarding the proposed APO-OML merger. A final decision is slated for ~6 July.

Fairfax Media (FXJ)

6% lower revenue over the past four months. Conference presentation lodged.

Super Retail Group (SUL)

For the FY-to-29 April, auto sales have grown 4.5%, leisure fallen 2% and sports risen 8%. Conference presentation lodged.

Corporate Travel Management (CTD)

Anticipating minimum \$97M FY 2017 underlying EBITDA, representing 40.6% growth, against previous \$92M - \$97M guidance. Conference presentation lodged.

Kathmandu Holdings (KMD)

11.9% (constant forex) sales growth for the April quarter, and 9.3% growth on actual exchange.

MSL Solutions (* MPW)

Sport, leisure and hospitality-focused hosted software provider scheduled to list **10.45am** AEST following a \$15M IPO at 25c per share. Merrill Lynch (Australia) Nominees 7.62%; Ellerton Capital 6.02%; BNP Paribas Nominees 4.66%.

Cann Group (* CAN)

Medicinal and research cannabis grower and product developer scheduled to list **11.15am** AEST following a \$13.5M IPO at 30c per share. Aurora Cannabis 19.90%.

The Hydroponics Company (* THC)

Medicinal cannabis and production equipment scheduled to list **midday** AEST following an \$8M IPO at 20c per share.

Resources

Rio Tinto (RIO)

Today's AGM presentation and addresses lodged.

Energy

Caltex Ltd (CTX)

The ACCC is not opposing CTX's proposed \$95M acquisition of Milemaker Petroleum's retail fuel operations. Completion is anticipated next week. AGM today.

growth pleased, the 1.7% year-on-year rise also indicating a possible 1.8% advance for 2017. In addition, December quarter 2016 GDP growth was revised 0.1% higher to 0.5%.

Producer prices fell 0.3% in March however, sliding 3.9% year-on-year.

France completes a final vote for a new president this coming Sunday. An overnight TV debate between the two candidates featured national security argy-bargy and personal barbs.

The **UK** reported a 53.1 construction PMI, 0.9 above March's reading and at a four-month high. The figure was seen as a significant statistic ahead of the Bank of England's policy meeting next week.

Tonight in the US, weekly new unemployment claims, a job cuts report, March trade balance, productivity and factory orders are due, ahead of tomorrow night's monthly national employment report.

Across the Atlantic, European Central Bank (**ECB**) president Mario Draghi is scheduled to speak publicly.

Adidas, A-B InBev, HSBC, Kellogg, Royal Dutch Shell, Siemens and Viacom are among companies due to report earnings or provide a trading update.

In overnight corporate news, **Facebook** quarterly profit soared more than 75%, but **Tesla's** loss doubled, due to vehicle and energy division outlays.

ITV revealed its CEO had resigned, effective June.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|---|-------------|-------|------|------|
| Gold (NY) (Jun) | 1249 | oz | -8 | -0.7 |
| Silver (NY) (Jun) | 16.5 | oz | -0.4 | -2.1 |
| Gold (LON) | 1250 | oz | -5 | -0.4 |
| Platinum | 896 | oz | -28 | -2.8 |
| WTI Crude (Jun) | 47.8 | bbl | 0.16 | 0.3 |
| Brent Crude (Jul) | 50.8 | bbl | 0.3 | 0.7 |
| Iron Ore <small>(CHN port 62%)</small> | 68.7 | t | -0.0 | -0.1 |
| Copper | 5600 | t | -202 | -3.5 |
| Nickel | 9230 | t | -285 | -3.0 |
| Aluminium | 1924 | t | -6 | -0.3 |
| Lead | 2202 | t | -46 | -2.1 |
| Zinc | 2575 | t | -80 | -3.0 |
| Tin | 19895 | t | -65 | -0.3 |
| CBT Wheat (May) | 4.43 | bshl | 0.02 | 0.4 |

Commodities Commentary

Oil – prices swung higher early, due to encouraging figures within the API's (US industry) weekly petroleum inventory report, published late-Tuesday.

Prices soon fell on the EIA (US government) report, which again revealed weak petrol demand, and a fall (930,000bbl) in crude supplies which was not even half the forecast amount.

Gold – turned lower again. The US Federal Reserve statement, post-Comex settlement, pushed the \$US higher but appeared to have little influence on gold interest.

Base metals – a vote yesterday on a Philippines environment official favoured *nickel* production and exports.

LME inventories swayed *copper* sentiment.

Pre-Open Announcements

Eclixp Group (* ECX) / Grays eCommerce Group (*GEG)

ECX is planning to acquire GEG under a recommended scheme proposal.

23.4% higher, \$28.4M interim NPAT. 17.9% higher, \$282.7M revenue. ECX 7.5c fully-franked interim dividend, up 11%. 10.67c EPS. 40.45c NTA.

Aconex Ltd (* ACX) / Japara Healthcare (JHC) / Speedcast International (SDA) / Invocare Ltd (IVC)

Today's Sydney conference presentations lodged.

Cochlear Ltd (* COH) / Transurban Ltd (* TCL)

Investor days. TCL presentation lodged.

APN News & Media (* APN)

Today's AGM presentation lodged. APN has traded lower or flat the past eight trading sessions.

Admedus Ltd (* AHZ)

Primary safety endpoint achieved with a positive immune response in a Phase II1 clinical study of AHZ's HSV-2 vaccine. The study was not focused on efficacy.

Adacel Technologies (** ADA)

Lowering expected FY 2017 pre-tax profit to \$7.0M - \$7.5M due to contract award delays. For the same reason systems division revenue is expected to fall 35% - 40% from a year earlier.

Planning a one-year on-market share buyback, commencing 17 May. ADA's three top shareholders, accounting for ~48% of ADA, have told the company they do not intend to participate in the buyback.

ASX Ltd (ASX)

April operating statistics lodged post-trade yesterday.

Australian Foundation Investment Company (* AFI)

Top-25 investments, as at 30 April, lodged post-trade yesterday.

Morphic Ethical Equities Fund (MEC)

Investment company completed its ASX listing yesterday following a \$48.9M IPO at \$1.10 per share. Opened at \$1.08 and slipped to its settlement price of \$1.065. 50,380 shares changed hands across 19 trades.

Bingo Industries (BIN)

Waste management and bin services specialist company completed its ASX listing yesterday following an ~\$439.5M IPO at \$1.80 per share. Opened at \$1.82 and slipped to \$1.76 where it settled. 11.99M shares were traded across 134 transactions. Trade commenced on a conditional and deferred settlement basis. Normal (T+2) trade is expected to commence 11 May (Thursday next week).

2 May conference presentation lodged post-trade yesterday.

Resources

Newcrest Mining (* NCM)

Sydney conference presentation lodged. Presenting today.

Bligh Resources (BGH) / Saracen Mineral Holdings (* SAR) / Zeta Resources (ZER)

BGH is recommending ZER's 3.8c-per-share offer in the absence of a superior proposal. The Bundarra gold project is remaining with BGH – that is, not being sold to SAR. Details lodged post-trade yesterday. BGH is resuming from suspended trade,

**Exchange Rates**

| CURRENCIES | LAST | +/- | % |
|------------------|--------|--------|------|
| AUD – USD | 0.7426 | 0.0003 | 0.05 |
| EUR – USD | 1.0888 | 0.0003 | 0.03 |

Australian Data Today

| | | |
|-----|---------------|-----|
| ABS | Trade balance | Mar |
|-----|---------------|-----|

US Data Tonight

| | |
|------------------------|--------|
| Initial jobless claims | 29 Apr |
| Trade balance | Mar |
| Factory orders | Mar |
| Productivity | MarQ |
| Challenger job cuts | Apr |

Other Overseas Data Today & Tonight

| | | |
|------------------|---------------------------------|-----|
| China | Caixin PMI services, composite | Apr |
| UK | PMI services, composite (final) | Apr |
| UK | Mortgage approvals | Mar |
| Germany | PMI services, composite (final) | Apr |
| Euro zone | PMI services, composite (final) | Apr |
| Euro zone | Retail sales | Mar |

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having last traded at 3.6c.

Danakali Ltd (* DNK)

FEED optimisation results lodged post-trade yesterday for DNK's Colluli potash project, Eritrea. Figures include a potential additional 47,000tpa of potash production.

Red 5 (RED)

A vote denying the extension of a Philippines environment official's appointment will likely influence minerals production and export policy.

Energy**Santos Ltd (** STO)**

Gas supply policy discussion expected at today's AGM.

Trading Halts

| Company | Code | Resuming |
|---------------------------|------|----------|
| Hill End Gold | HEG | 4 May |
| Intiger Group | IAM | 4 May |
| Phoslock Water Solutions | PHK | 4 May |
| Cycliq Group | CYQ | 5 May |
| Ingenia Communities Group | INA | 5 May |

Suspensions (selected)

| Company | Code | Since |
|-----------------------------|------|--------|
| Activistic Ltd | ACU | 26 Apr |
| Aurora Funds Management | AOD | 27 Apr |
| Birimian Ltd | BGS | 1 May |
| Brierty Ltd | BYL | 20 Apr |
| Department 13 International | D13 | 3 May |
| Magnum Gas & Power | MPE | 13 Apr |
| Tasmania Mines | TMM | 10 Apr |
| Triton Minerals | TON | 26 Apr |
| Unilife Corporation | UNS | 13 Apr |
| Zeta Petroleum | ZTA | 21 Apr |

Ex-Dividends

| Code | Ex-Div | Div (c) | Fr (%) | Yield (%) |
|------|--------------|---------|--------|-----------|
| API | Tomorrow | 3.5 | 100 | 3.04 |
| DUE | Tomorrow | 3 | 0 | 6.04 |
| HGG | Tomorrow | 11 | 0 | 3.71 |
| WAT | Tomorrow | 2 | 100 | 2.98 |
| ANZ | Mon | 80 | 100 | 5.10 |
| RMD | Wed | 3.3 | 0 | 1.31 |
| MGP | Fri (12 May) | 0.2 | 0 | 2.67 |
| TWD | Fri | 11 | 100 | 6.48 |

Reports & Events

(selected scheduled)

| When | Company | Report/Event |
|--------------|------------|--------------|
| Today | APN | AGM |
| | CTX | AGM |
| | COH | Investor Day |
| | IRE | AGM |
| | MDL | AGM |
| | NAB | Interim |



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| | | |
|-----------------|------------|-----------------|
| | QAN | Mar Q |
| | RIO | AGM (LON) |
| | STO | AGM |
| | TCL | Investor Day |
| Tomorrow | MQG | Full-year |
| | QAN | Investor Day |
| | WPL | AGM |
| Mon | WBC | Interim |
| Tue | CBA | Mar Q |
| | IPL | Interim |
| | NWS | Mar Q (NY time) |