

Friday 6 April 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>5788</b>	<b>18</b>	<b>0.3</b>
<b>NZX 50</b>	8362	-2	-0.0
<b>DJIA Futures</b>	24060	-408	-1.7
<b>S&amp;P 500 Futures</b>	2625	-37	-1.4
<b>NASDAQ Futures</b>	6509	-91	-1.4

## Local Markets Commentary

The Australian market opens Friday trade following further gains across US equities markets, and as several large-cap stocks pay out dividends.

*Notably, US futures have dropped dramatically post-US settlement.*

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

**Iron ore** (China port, 62% Fe) was unchanged during a public holiday in China.

LME **copper** and **nickel** swung higher and rallied. **Aluminium** extended Wednesday's gains.

The **\$A** traded in a relatively narrow range after falling to ~US76.80c early yesterday evening, and has since dropped below US76.60c.

Locally today, **ASB, CTX, CWY, IVC, SPK, TWE, WTC** and **WOW** are among companies scheduled to pay dividends.

**China's** March foreign direct investment and foreign reserves are anticipated over the weekend.

Meanwhile China's **markets** remain **closed** for a second consecutive day, due to a public holiday.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	24505	241	<b>1.0</b>
<b>S&amp;P 500</b>	2663	18	<b>0.7</b>
<b>NASDAQ</b>	7077	34	<b>0.5</b>
<b>FTSE 100</b>	7200	165	<b>2.4</b>
<b>DAX 30</b>	12305	347	<b>2.9</b>
<b>Shanghai Comp</b>	3131	Public	Holiday

## Overseas Markets Commentary

Major European and US equities markets opened and closed higher overnight, but choppy trade featured.

Among **US** data releases, the February trade deficit reached a 9.5-year peak, rising 1.6% to \$US57.6B. Imports and exports each increased by 1.7%.

Weekly new unemployment claims rose by 24,000, nonetheless remaining at historic lows, well below the psychological 300,000 tally.

A March jobs layoff report revealed planned cuts were at an almost two-year high of 60,357, representing a 39% year-on-year increase and ~100% jump for the month. For the quarter, job cuts rose 44%.

**Germany's** February factory orders improved 0.3% following a 3.5% drop in January, but against forecasts of a 1.5% rise.

**Euro zone** February producer prices were reported

\* Copper-focused resources company listing **12.30pm** AEST – **C6C** \*

## Today's Stock Watch

### Austal Ltd (ASB)

The US Department of Defense has determined a \$US10.25M cost-plus-award fee in association with a combat vessel basic ordering agreement.

ASB pays out a 2c unfranked interim dividend today.

### Greencross Ltd (GXL)

GXL has appointed former Opal Aged Care, Woolworths (ASX: WOW), Challenger (ASX: CGF) and LBC Tank Terminals senior finance employee Lucas Barry as CFO. Mr Barry will join GXL early-FY 2019.

### Steadfast Group (SDF)

SDF has appointed former Westpac (ASX: WBC) GM retail banking Gai McGrath as a non-executive director, effective 1 June. Ms McGrath is also a director of Genworth Mortgage Insurance Australia (ASX: GMA), IMB Bank, Landcom, Investa Office Fund's (ASX: Investa Listed Funds Management, and Toyota Finance Australia.

## Resources

### Bisalloy Steel (BIS)

Order in hand to supply 250t of high-performance steel plate to Naval Group Australia. The armour plate has been manufactured for the first time in Australia as part of the SEA1000 Future Submarines project.

### Anson Resources (ASN)

Resuming from a trading halt with Paradox lithium project Cane Creek supersaturated brine artesian flow. ASN last traded at 5c.



### 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)**

0.1% higher for the month, after rising 0.4% in January.

March services and composite PMIs each slipped 0.1% to 54.9 and 55.3 respective readings.

**Tonight** in the **US**, March **employment** figures are keenly anticipated. February consumer credit is also due.

Elsewhere, **Bank of England** governor Mark Carney is scheduled to speak publicly.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1330</b>	oz	-10	<b>-0.8</b>
<b>Silver (NY) (May)</b>	16.4	oz	0.1	<b>0.7</b>
<b>Gold (LON)</b>	1337	oz	4	<b>0.3</b>
<b>Platinum</b>	910	oz	-5	<b>-0.5</b>
<b>WTI Crude (May)</b>	<b>63.5</b>	bbl	0.2	<b>0.3</b>
<b>Brent Crude (Jun)</b>	<b>68.3</b>	bbl	0.3	<b>0.5</b>
<b>Iron Ore</b> <small>(CHN port 62%)</small>	<b>63.6</b>	t		
<b>Copper</b>	<b>6816</b>	t	92	<b>1.4</b>
<b>Nickel</b>	13325	t	175	<b>1.3</b>
<b>Aluminium</b>	2009	t	18	<b>0.9</b>
<b>Lead</b>	2381	t	9	<b>0.4</b>
<b>Zinc</b>	3237	t	-21	<b>-0.6</b>
<b>Tin</b>	21050	t	150	<b>0.7</b>
<b>CBT Wheat (May)</b>	<b>4.65</b>	bshl	0.09	<b>2.0</b>

### Commodities Commentary

**Oil** – Saudi Arabia surprised overnight, increasing May prices, indicating market-share confidence.

Meanwhile, crude pipeline networks in Texas have been reported as 'pressured' due to increased production.

A weekly US petroleum drill rig count is due tonight.

**Gold** – relative \$US strength (as much as 0.7% against the yen) and positive equities sentiment hurt overnight gold appetite.

Tonight's monthly US jobs figures could swing the \$US and hence gold trade.

**Base metals** – general risk appetite returned, attributed in part to perceptions the US and China will not implement new import tariffs against each other, in favour of a possible six-month negotiation period.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7658	-0.0009	<b>-0.12</b>
<b>EUR – USD</b>	1.2251	0.0007	<b>0.06</b>

### US Data Tonight

Employment (incl jobs, wages)	Mar
Consumer credit	Feb

### Other Overseas Data Today & Tonight

<b>Japan</b>	Household spending (9.30am AEST)	Feb
Japan	Cash earnings (10am AEST)	Feb
Japan	Leading eco index (3pm AEST)	Feb
<b>Germany</b>	Industrial production	Feb
Germany	Construction PMI	Mar
<b>Euro zone</b>	Retail PMI	Mar

## Pre-Open Announcements

### Scentre Group (SCG)

Issuing €500M worth of 10-year, 1.75% guaranteed notes, in favour of repaying debt and to boost funds for general corporate activity.

### Djerriwarrh Investments (\* DJW)

Top 20 investments, as at 31 March, lodged this morning. The top five were CBA (8.2% of DJW's portfolio), WBC (7.6%), BHP (7.5%), NAB (5.2%), ANZ (4.8%) and CSL (4.3%). Cash accounted for just 0.5% of DJW's portfolio. Post-tax NTA fell to \$3.15 from \$3.23 during March.

### Wattle Health Australia (\* WHA)

March gross sales totalling \$804,379 represent 121% of total sales recorded for the six months to 31 December 2017.

### Creso Pharma (CPH)

CPH's proposed acquisition of Kunna Canada and Colombian subsidiary Kunna SAS (formerly Cannalivio) has been pushed back to 31 May under a HoA which includes several as yet unsatisfied conditions.

Kunna SAS holds a licence to manufacture, and export cannabis derivatives and products.

### Novatti Group (NOV)

Chinese residents, students and tourists can now use Australian BPAY for bill payments using NOV's Alipay on chinapayments.com.

NOV will reserve a fee for each transaction.

### MMJ Phytotech (MMJ)

MMJ's Harvest One holding has been reduced to 34.4% due to Harvest One boosting total common shares (to ~154.95M) by converting debentures.

### ASX Ltd (ASX)

March activities report lodged post-trade yesterday, including eight new listings against 12 for March 2017.

### QBE Insurance Group (QBE)

Investor day Monday.

## Resources

### Copper Mountain Mining Corporation (\* C6C)

The merged entity of Altona Mining (formerly ASX: AOH) and Copper Mountain Mining Corporation is scheduled to list 12.30pm AEST.

Trading will commence on a deferred settlement basis. Normal (T+2) trade is expected to commence 19 April. 53.55M CDIs/shares.

### Silver Lake Resources (\* SLR)

Raising FY 2018 sales guidance to 145,000oz – 150,000oz.

Record March quarter gold production totalled 49,000oz.

Sold 45,200oz of gold, 31% more than for the December quarter 2017.

\$A87.3M cash and bullion, cash having grown by \$A20.6M during the quarter.

Nil debt.

### Archer Exploration (\* AXE)

Heralding positive technical analysis of Campoona project graphite, undertaken at the University of Sydney's Australian Centre for Microscopy & Microanalysis.

Details lodged this morning.

### Core Exploration (\* CXO)

Northern Territory Grants lithium project RC and diamond

**Need More Information?**

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au).

drilling has delivered high-grade intersections, sufficient to potentially significantly boost the indicated resource.

Resource update calculations are underway. The update will herald the near-term completion of pre-feasibility.

**Korab Resources (KOR)**

KOR has terminated, without penalty, a November 2015 HoA to supply 50,000t of phosphate rock each year for five years.

**TNG Ltd (TNG)**

Strong demand has prompted TNG to raise its 14.5c-per-share Australian institutional placement to \$3.9M.

TNG has traded at 16c – 17.5c for the week to date. Last week the Northern Territory Mount Peake vanadium-titanium-iron project developer traded at 16.5c – 19c.

**Nexus Minerals (NXM) / Saracen Mineral Holdings (SAR)**

NXM has completed its 1.49M-share acquisition of the WA Wallbrook gold project from SAR.

SAR holds the right to purchase any Wallbrook ore for processing at the Carosue Dam project facility.

**Energy****88 Energy (88E)**

Alaska operations update lodged this morning, including confirmation Icewine #2 is due for re-opening this month or May, pending warming temperatures.

**Trading Halts**

Company	Code	Resuming
Brookside Energy	BRK	6 Apr
Syntonic Ltd	SYT	6 Apr
A-Cap Resources	ACB	9 Apr
Atlas Iron	AGO	9 Apr
Fertoz Ltd	FTZ	9 Apr
Lucapa Diamond Company	LOM	9 Apr
Mineral Resources	MIN	9 Apr
SRG Ltd	SRG	9 Apr
Tawana Resources	TAW	9 Apr
Cervantes Corporation	CVS	10 Apr

**Suspensions (selected)**

Company	Code	Since
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
Cudeco Ltd	CDU	15 Mar
DigitalX Ltd	DCC	4 Apr
eSense-Lab Ltd	ESE	23 Mar
JV Global	JVG	21 Mar
Ookami Ltd	OOK	6 Apr
Poseidon Nickel	POS	22 Mar
Stemcell United	SCU	4 Apr
Tikforce Ltd	TKF	21 Mar

**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>ALR</b>	Today	<b>1.25</b>	100	4.27
<b>CYC</b>	Today	<b>0.5</b>	0	0.85

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This morning note and its contents at all times remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.

ADH	Mon	5.5	100	5.26
BKW	Mon	18	100	3.35
CDM	Mon	4	100	6.06
CLV	Mon	0.5	100	1.33
CLX	Mon	2	100	3.38
GVF	Mon	3.15	50	5.75
WMK	Mon	1	100	4.12
CIE	Tue	1.6	50	6.98
GOW	Tue	6	100	3.82
FGX	Thu	2.2	100	3.73
PIA	Thu	3.5	100	5.98
WAA	Thu	2.85	100	4.89
WAM	Thu	7.75	100	6.05
WAX	Thu	4.75	100	5.91
WLE	Thu	2.5	100	3.90
WMI	Thu	2	100	1.41
TRA	Fri	3.61	0	2.75