



Market Opener

Friday 7 October 2016

Markets

| | | | |
|-------------------------------|-------------|-----------|------------|
| S&P 200 Futures (9.25am AEST) | 5481 | 14 | 0.3 |
| NZX 50 | 7165 | -32 | -0.5 |
| DJIA Futures | 18188 | -11 | -0.1 |
| S&P 500 Futures | 2155 | -2 | -0.1 |
| NASDAQ Futures | 4870 | -3 | -0.1 |

Local Markets Commentary

The Australian market opens Friday's trade on mostly lacklustre international equities leads.

In overnight commodities trade, **gold** continued to fall and **oil** to rally. **Copper** picked up the pace of its current decline.

The **\$A** effectively marked time after slipping below ~US75.85c early yesterday evening.

Locally pre-trade, AiG and the HIA are due to publish their September construction sector activity index.

China's markets remain closed today, but will be open Monday. September foreign reserves are anticipated anytime from today.

Caixin's final composite and services **PMIs** for China are scheduled for release tomorrow. Official foreign direct investment figures are expected anytime from the weekend, also.

Japan's markets will be closed Monday due to a public holiday.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|--------------|----------------|-------------|
| Dow Jones | 18269 | -13 | -0.1 |
| S&P 500 | 2161 | 1 | 0.1 |
| NASDAQ | 5307 | -9 | -0.2 |
| FTSE 100 | 7000 | -33 | -0.5 |
| DAX 30 | 10569 | -17 | -0.2 |
| Shanghai Comp | 3005 | Public Holiday | |

Overseas Markets Commentary

Major European equities markets chopped and US indices gyrated overnight.

US weekly new unemployment claims fell again, this time by 5000, bolstering expectations for tonight's national workforce statistics and raising the perceived chances of a rate rise before year's end.

A job layoffs report estimated a 38% jump in September, however, a notable number from the retail sector.

European Central Bank (**ECB**) September policy meeting minutes confirmed the committee had not discussed ending or cutting the asset purchases program. A potential shortage of bonds was noted, nonetheless.

Germany's August factory orders cheered, gaining 1% for the month, following a 0.3% improvement in July.

Tonight in the US, national September employment figures are due, together with August consumer credit and final August wholesale inventories.

Today's Stock Watch

Insurance Australia Group (IAG)

IAG's compulsory third party (CTP) business quota share agreement with Munich Re has been extended for a minimum three years. The new deal includes an option to extend for another two years. The agreement covers 30% of the IAG CTP business. An additional deal, with Berkshire Hathaway, accounts for 20% over 10 years from 1 July 2015.

Sirtex Medical (SRX)

Results of two SIR-Spheres trials will be combined in proposed collaborative research to be conducted by Assistance Publique-Hôpitaux de Paris, The Asia-Pacific Hepatocellular Carcinoma Trials Group, National Cancer Centre Singapore and Singapore Clinical Research Institute. Details lodged this morning.

CIMIC Group (CIM) / Chorus Ltd (CNU) / Downer EDI (DOW)

CIM's Visionstream's Ventia is taking over the CNU fibre installations currently performed by DOW. The new work, for an initial four years, is expected to boost Ventia's revenue from CNU work by \$200M to \$390M. CNU announced with the company's 30 August full-year results release that DOW was intending not to re-tender for the work. DOW is continuing with CNU copper network and UFB work. CNU has revised its expected residential fibre connection cost to \$NZ900 - \$NZ1100.

Clean Seas Tuna (CSS)

Proposing to sell fresh fish at a discount to non-core markets, continue to sell select packaged frozen fish into prospective markets, and rebrand Hiramasa Kingfish into Australian Hiramasa. Further proposals, including to bolster management, lodged this morning. The plans come at the completion of the first stage of a strategic review, and are designed to achieve profitability over 18 months.

The Food Revolution Group (FOD)

An audit has raised FY 2016 EBITDA 24% to \$933,000. In addition, FOD is planning to add nine products to The Juice Lab range sold by Coles and Woolworths. The additions will include larger packs and reduced-sugar offerings.

ALS Ltd (ALQ)

Macquarie has re-rated ALQ as outperform, from underperform.

Resources

Talisman Mining (TLM) / Sandfire Resources (SFR)

TLM's Sinclair nickel project Delphi North prospect RC drilling has produced several significant-width and grade intersections. DHEM surveying planned to commence before month's end. Assays pending for Delphi North diamond drilling and also Schmitz Well South RC drilling.

Orinoco Gold (OGX)

First Brazil Cascavel gold mine gold is on its way to a refinery. Details lodged this morning.

Energy

Boss Resources (BOE)

Settled at 6.8c yesterday after closing out last week at 5.3c. Attributing recent gains and higher trade volumes to Honeymoon uranium project expansion study outcomes and exploration plans.

Samsung Electronics is due to update guidance, and Sakata Seed to publish earnings. Meanwhile, the International Monetary Fund (IMF) and World Bank commence their three-day AGM in Washington.

Sovereign rating updates are scheduled for the US, Saudi Arabia, Norway, Switzerland, Spain and Italy.

Overnight, **Twitter** slid 20% as the list of companies speculated not to be interested in buying the company grew.

Deutsche Bank revealed the loss of a further 1000 jobs in Germany, after a 3000-strong cut in June.

ICU Medical revealed it would outlay ~\$US1B in cash and scrip for the **Pfizer**'s infusions business.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|--------------------------|-------------|-------|-------|-------------|
| Gold (NY) (Dec) | 1253 | oz | -16 | -1.2 |
| Silver (NY) (Dec) | 17.4 | oz | -0.3 | -1.7 |
| Gold (LON) | 1255 | oz | -15 | -1.2 |
| Platinum | 961 | oz | -14 | -1.5 |
| WTI Crude (Nov) | 50.4 | bbl | 0.6 | 1.2 |
| Iron Ore (Tianjin) | 54.5 | t | | |
| Copper (LME) | 4756 | t | -44 | -0.9 |
| Nickel | 10255 | t | 175 | 1.7 |
| Aluminium | 1677 | t | 2 | 0.1 |
| Lead | 2055 | t | 10 | 0.5 |
| Zinc | 2323 | t | -20 | -0.9 |
| Tin | 20095 | t | 195 | 1.0 |
| CBT Wheat (Dec) | 4.00 | bshl | -0.05 | -2.3 |

Commodities Commentary

Oil – Hurricane Matthew approached the southern US Atlantic coast overnight, helping WTI crude to settle above \$US50/bbl.

In addition, **OPEC** and major **non-OPEC** producers are due to discuss potential curbs, from 8 (**tomorrow**) – 13 October, in Istanbul.

In early US trade however, crude pulled back on a Genscape report estimating an ~1MMbbl increase in Cushing, Oklahoma storage for the week ending October 4.

Brent crude settled at \$US52.51/bbl, 1.3% higher for the session, after trading intra-day at \$US52.65/bbl.

A weekly US petroleum drill rig count is due tonight.

Gold – a buoyant \$US further hurt gold trade overnight. Some began to speculate on someone liquidating.

Base metals – copper's further fall was mostly attributed to \$US strength. All moves were said to be exaggerated by reduced trading volumes due to China's absence from markets this week.

Exchange Rates

| CURRENCIES | LAST | +/- | % |
|------------------|--------|---------|--------------|
| AUD – USD | 0.7583 | -0.0002 | -0.03 |
| EUR – USD | 1.1143 | -0.0010 | -0.09 |

Australian Data Today

AiG/HIA PCI Sep

Pre-Open Announcements

Spark Infrastructure (SKI)

October newsletter lodged this morning.

Avita Medical (AVH)

Cell and gene forum presentation lodged this morning.

Alcidion Group (ALC)

Proposing to present at a New Zealand health informatics conference 1 – 3 November.

Resources

Avanco Resources (* AVB)

Proposing to acquire the Gurupi gold project, Brazil from TSX-listed Jaguar Mining. Details lodged this morning. AVB is resuming from a trading halt having last traded at 6.2c.

Zinc of Ireland (ZMI)

Cortona Resources (Now part of Unity Mining) founder and former Globe Uranium director Peter van der Borgh has been appointed ZMI MD. In addition, Zinc Mines of Ireland founder (now part of ZMI) Thomas Corr has been appointed as a non-executive director. Steve Bamford has resigned as a director, effective immediately.

Geopacific Resources (GPR) / Kula Gold (KGD)

GPR is proceeding with the second stage of its earn-in to KGD's Woodlark Island gold project and will hence spend an additional \$8M on exploration.

Energy

Bathurst Resources (BRL)

BRL says involvement in Solid Energy New Zealand due diligence and the bidding process could have pushed BRL's price from 3.3c at close of trade last week to yesterday's 4.3c settlement, on higher than normal trade volumes.

Trading Halts

| Company | Code | Resuming |
|-------------------|------|----------|
| Barra Resources | BAR | 10 Oct |
| Dragon Energy | DLE | 10 Oct |
| Global Geoscience | GSC | 10 Oct |

Suspensions (selected)

| Company | Code | Since |
|--------------------------|------|--------|
| Cleveland Mining Company | CDG | 3 Oct |
| Cudeco Ltd | CDU | 30 Sep |
| Drake Resources | DRK | 23 Sep |
| Freshtel Holdings | FRE | 6 Oct |
| Oakajee Corporation | OKJ | 12 Sep |
| Realm Resources | RRP | 13 Sep |
| Unilife Corporation | UNS | 30 Sep |
| Wolf Minerals | WLF | 30 Sep |
| Zamia Metals | ZGM | 3 Oct |
| Zyber Holdings | ZYB | 6 Oct |

Ex-Dividends

| Code | Ex-Div | Div (c) | Fr (%) | Yield (%) |
|------------|--------|----------|--------|-----------|
| ALR | Today | 1 | 100 | 4.59 |



US Data Tonight

| | |
|--------------------------------|-----|
| Employment (non-farm payrolls) | Sep |
| Consumer credit | Aug |
| Wholesale inventories (final) | Aug |

Other Overseas Data Today & Tonight

| | | |
|----------------|----------------------------------|-----|
| China | Foreign reserves | Sep |
| Japan | Leading indices | Aug |
| Japan | Employment, incl earnings (prov) | Aug |
| Japan | Trade 1 st 20 days | Sep |
| Japan | International reserves & forex | Sep |
| UK | Industrial production | Aug |
| UK | Trade balance | Aug |
| UK | NIESR GDP | Sep |
| UK | House prices | Sep |
| Germany | Industrial production | Aug |

Need More Information?

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|------------|-------|-----------|-----|------|
| AUB | Today | 28 | 100 | 3.64 |
| TFC | Today | 3 | 100 | 1.89 |
| ALF | Mon | 5 | 100 | 6.49 |
| BCN | Mon | 0.25 | 0 | 0.00 |
| FGX | Mon | 2 | 100 | 3.46 |
| REH | Mon | 65 | 100 | 2.02 |
| ORL | Tue | 3 | 100 | 3.83 |
| UOS | Tue | 0.5 | 0 | 5.13 |
| KKT | Wed | 0.5 | 100 | 1.00 |
| CCV | Thu | 1 | 100 | 8.96 |
| MFF | Thu | 1 | 100 | 1.14 |
| NUF | Thu | 7 | 0 | 1.16 |
| NZM | Thu | ~2.85 | 0 | 4.05 |
| SMX | Thu | 3 | 100 | 5.96 |
| VELCP | Thu | 0.5 | 100 | 0.05 |
| VELIN | Thu | 5.5 | 100 | 7.43 |