

Friday 9 March 2018

Markets

SFE 200 Futures (9.30am AEDST)	5953	14	0.2
NZX 50	8358	0	0.0
DJIA Futures	24886	-6	0.0
S&P 500 Futures	2739	0	0.0
NASDAQ Futures	6974	0	0.0

Local Markets Commentary

The Australian market commences Friday trade for a second consecutive session on negative key commodities leads, ahead of much-anticipated regional reports, and following confirmation of US aluminium and steel import tariffs.

The **US** president has ordered the new 25% steel and 10% aluminium trade taxes to be implemented within 15 days, but said he was open to negotiation on both magnitude and exemptions in the meantime.

Regionally today, **China** is scheduled to release February **CPI** and producer prices **12.30pm** AEDST.

The Bank of **Japan** is due to announce outcomes from its policy meeting **2pm** AEDST.

Select ASX trade is also likely to be influenced today by this morning's release of the S&P/ASX March quarter indices rebalance.

Meanwhile, natural events are testing closer regional nerves.

Earlier this morning, a large earthquake hit **PNG's** New Britain, east of Rabaul.

In addition, a major South Pacific tropical cyclone between New Caledonia and Vanuatu is expected to affect New Zealand by late-weekend - early week.

In overnight commodities trade, **US gold** futures and **oil** continued lower. **LME copper** and **nickel** dropped.

Iron ore (China port, 62% Fe) slid, during a fifth consecutive session of falling prices.

The **\$A** fell to ~US77.90c after slipping below ~US78.10c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24895	94	0.4
S&P 500	2739	12	0.5
NASDAQ	7428	31	0.4
FTSE 100	7203	45	0.6
DAX 30	12356	110	0.9
Shanghai Comp	3288	17	0.5

Overseas Markets Commentary

Major European and US equities markets settled at or near session highs overnight, following choppy, swinging trade amid mixed reports and data releases, while waiting for a definitive imports tariffs announcement from the US president.

Some media reports repeated suggestions that all nations would be able to negotiate US aluminium and steel import tax levels once implemented per the president's plan, and this appeared to soothe

S&P/ASX March quarter indices rebalance revealed this morning.

Please see **pp2-3** for details

China - February CPI **12.30pm** AEDST

Japan - BoJ policy statement **2pm** AEDST

* Mineral exploration listing **2pm** AEDST - **STN** *

Today's Stock Watch

Japara Healthcare (📉 JHC)

Anticipating a 14% - 19% fall in FY 2018 EBITDA due to a decision to refund certain deductions paid by residents since 2015.

JHC will refund 'capital refurbishment' fees plus any interest to residents after an adverse legal finding in an asset replacement charge case brought against another aged care provider.

JHC says it had received \$1.84M worth of capital refurbishment revenue in the eight months to 28 February and a total \$2.82M in other financial years.

Trade Me Group (TME)

The New Zealand Commerce Commission has declined to approve TME's proposed acquisition of vehicle dealer management specialist Limelight Software, trading as Motorcentral.

TME is considering whether to appeal.

Fonterra Shareholders' Fund (FSF)

Fonterra Co-operative January milk collections grew 32% in Australia year-on-year, to 14M kgMS. New Zealand collections fell 8% to 158M kgMS.

Comprehensive statistics for the financial year-to-date lodged this morning.

Stockland (SGP)

Nora Scheinkestel has resigned as an SGP director, effective 20 March, due to a new board appointment (for Dr Scheinkestel).

Resources

Clean TeQ Holdings (📈 CLQ)

Resuming from a trading halt having completed an oversubscribed underwritten \$A150M at \$1.15 per share, in support of bringing forward Sunrise project cobalt production by ~one year. An SPP will open 16 March (Friday next week).

CLQ last traded at \$1.225.

OZ Minerals (OZL)

Trading ex-dividend (\$1.48) today.

Detailed power strategy, including renewable energy transmission and storage options, lodged this morning, in order to ensure 'reliable, secure and affordable power' for the company's South Australian operations.

Saturn Metals (* STN)

Explorer scheduled to list **2pm** AEDST today following a \$7M IPO at 20c per share.

Peel Mining (ASX: PEX) holds 36.36%; Hampton Hill Mining (ASX: HHM) 2.27%; Washington H Soul Pattinson (ASX: SOL) 2.00%. 35M shares.

related equities trade jitters.

The \$US appreciated and US government bond prices rose for a second consecutive session.

The **European Central Bank** (ECB), as expected, cut the usual reference in its post-policy meeting statement to increasing bond purchases if needed.

Germany's January factory orders tumbled 3.9% against forecasts of a 1.8% drop and following a 3.0% rise in December.

In the **US**, a monthly jobs layoff report revealed employers planned 20% fewer job cuts in February than for January. Total January-February planned layoffs were estimated at the least since 1995.

Weekly new unemployment claims rose by 21,000, 10,000 more than broadly anticipated by economists. The four-week moving average increased 2000.

Tonight in the US, February job figures and wages are due, together with January wholesale inventories.

In overnight corporate news, US health insurance specialist Cigna revealed a \$US67B proposal to acquire pharmacy benefits manager Express Scripts.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1320	oz	-8	-0.5
Silver (NY) (Mar)	16.5	oz	0.01	0.1
Gold (LON)	1321	oz	-8	-0.6
Platinum	951	oz	0	0.0
WTI Crude (Apr)	60.3	bbl	-1.0	-1.7
Brent Crude (Apr)	63.6	bbl	-0.7	-1.1
Iron Ore (CHN port 62%)	73.2	t	-2.6	-3.4
Copper	6833	t	-117	-1.7
Nickel	13270	t	-320	-2.4
Aluminium	2106	t	9	0.4
Lead	2337	t	-38	-1.6
Zinc	3230	t	-30	-0.9
Tin	21545	t	170	0.8
CBT Wheat (May)	4.97	bshl	-0.02	-0.1

Commodities Commentary

Oil – a decisive \$US appreciation pushed prices lower again overnight.

China's February crude imports were yesterday reported ~20% lower for the month, due to Lunar New Year season, but January-February imports represented a 10.8% year-on-year increase.

Meanwhile, the US Department of Energy announced it would sell 7MMbbl of 'strategic reserve' crude, for first-half May delivery, under legislation designed to support national administrative funds.

A weekly US petroleum drill rig count is due tonight.

Gold – a much higher \$US index detracted from overnight gold interest.

The US February employment report is expected to influence \$US moves during tonight's trade.

The **European Central Bank** post-policy meeting statement sent the euro higher, following disappointing factory orders for Germany.

Base metals – pushed and pulled overnight by trade tariff speculation, currency swings, and generally positive trade and growth statistics out of Japan, Australia and China yesterday.

China's February trade figures revealed a 6.3% rise

Pre-Open Announcements

Argo Investments (ARG)

Chasing ~\$200M in an SPP scheduled to commence today and to continue through 28 March. The price will be determined on 22 – 28 March ARG trading prices. Details lodged this morning. ARG has traded at \$8.09 - \$8.18 for the week to date.

MyFiziq Ltd (MYQ)

Binding term sheet secured with WellteQ Ltd to enable digital tracking capability throughout expanded markets.

MYQ will integrate its platform with those of other corporations (including Global Fortune 500 companies) who use WellteQ analytics.

Details, including revenue proposals, lodged this morning.

Resources

Magnis Resources (** MNS)

Tanzania Nachu graphite project plans agreed with the Government of Tanzania.

Castillo Copper (CCZ)

Encouraging Cangai project drilling assays lodged this morning, some including high-grade copper, silver and/or zinc.

Additional assays anticipated this quarter.

March quarter S&P/ASX indices re-balance

The following changes will be effective from the opening of trade **19 March**:

S&P/ASX 20:

Out: QBE

In: S32

S&P/ASX 100

Out: FXJ, VOC

In: CWY, XRO

S&P/ASX 200

Out: AAC, HT1, MYR

In: ASL, BAL, SIQ, XRO

S&P/ASX 300

Out: AQG, BBN, CAB, GBT, HFR, NTC, SIV, SLR, TGA, VTG

In: AJM, BVS, EHL, GSC, IRI, KDR, LOV, MLB, NCZ, NWH, PME, UPD

S&P/ASX All Ordinaries

Out: ADJ, AFA, AHX, AJX, APD, ATU, AVG, BBG, BFC, BLK, CBL, CDU, CGS, CMP, CSV, DRM, DXF, EGH, EGS, ELX, FIG, FSF, GBT, GZL, IIL, KSL, LOM, MEA, MOY, MUA, OBJ, ONE, PEN, RAP, RCT, RFX, RXP, SEA, SHJ, SMN, SMR, TGA, TRS, WTP, XIP, YOW

In: AGY, AMI, AQZ, ARV, ATS, AUZ, AVZ, BLY, BRL, BRN, BUB, BUL, CAJ, CAN, CRD, CRR, DNK, EHL, EOS, ESV, FBR, FDM, FID, FMS, FWD, GCS, GDF, GSC, GSW, HAS, HRR, JIN, JLG, LVH, LYL, MDC, MDL, MMI, MOE, MRM, NCZ, NEU, NEW, NVL, NWL, NZM, OMH, PAC, PAN, PCG, PFP, PNC, PPG, PPH, REX, RUL, SGH, SXE, TAW, TTM, WGN, XAM, YOJ, Z1P, 1AL, 88E



in imports, against 36.9% in January, and 44.5% jump in exports, against 11.1%. All figures were viewed in relation to Lunar New Year/Spring festival season and in light of some higher commodity prices.

China's February CPI and producer prices are expected today.

Japan's final December quarter GDP readings, also released yesterday, surprised on the upside with 0.4% quarterly and 1.6% annual growth, against the initial 0.1% rise estimated for the three months.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7790	0.0004	0.05
EUR – USD	1.2313	0.0001	0.01

US Data Tonight

Employment; jobs created; wages	Feb
Wholesale inventories	Jan

Other Overseas Data Today & Tonight

China	CPI	Feb
China	PPI	Feb
Japan	BoJ policy statement	Mar
UK	Trade balance	Jan
UK	Industrial production	Jan
UK	NIESR GDP estimate	FebQ
UK	Construction output	Jan
Germany	Trade balance	Jan
Germany	Industrial production	Jan

Need More Information?

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S&P/ASX All Australian 200

Out: FXL, ISD, SHV

In: ASL, BAL, SIQ, XRO

Trading Halts

Company	Code	Resuming
Bid Energy	BID	9 Mar
5G Networks	5GN	12 Mar
Race Oncology	RAC	12 Mar
St George Mining	SGQ	12 Mar
Veris Ltd	VRS	13 Mar

Suspensions (selected)

Company	Code	Since
Austex Oil	AOK	19 Feb
Big Un	BIG	21 Feb
Department 13 International	D13	5 Mar
Greatcell Solar	GSL	1 Mar
Netlinkz Ltd	NET	1 Mar
Raven Energy	REL	7 Mar
Tianmei Beverage Group	TB8	21 Feb
Total Face Group	TFG	19 Feb
Zyber Holdings	ZYB	16 Feb

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
OZL	Today	148	100	2.07
VGL	Today	1.37	0	0.91
WTC	Today	1.05	100	0.21
APO	Mon	12.5	100	4.36
CTX	Mon	61	100	3.63
ICS	Mon	2.5	0	4.64
IGO	Mon	1	100	0.40
LOV	Mon	13	100	2.28
NCC	Mon	3.75	100	5.18
AHX	Tue	0.8	100	1.96
CAF	Tue	1.2	100	4.90
CWY	Tue	1.1	100	1.47
D2O	Tue	2.4	60	4.27
EQT	Tue	40	100	3.70
GNG	Tue	6	100	3.87
GRR	Tue	1	100	5.13
NSC	Tue	2.5	100	6.96
NTD	Tue	1	100	0.81
NSW	Tue	8.96	0	0.84
NSWLV	Tue	8.96	0	0.86
PSI	Tue	2.7	100	2.28
REG	Tue	9.28	100	4.87
SGM	Tue	23	100	2.72
SRG	Tue	2	100	3.53
SSG	Tue	1.8	100	8.75
ASB	Wed	2	0	2.22
CDA	Wed	4	100	3.31
CGC	Wed	5	100	1.63
CSL	Wed	100.5	0	1.17
DTL	Wed	1.6	100	4.23
IGL	Wed	8	100	6.40
INM	Wed	51.84	0	4.84
LMW	Wed	2.6	100	7.82



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MCY	Wed	5.59	0	4.42
MEQ	Wed	2.57	0	0.00
MHJ	Wed	2.5	0	4.31
MTO	Wed	5.5	100	2.89
NZK	Wed	1.86	0	1.96
PAF	Wed	2.5	100	3.70
PL8	Wed	0.45	100	2.55
RCR	Wed	2.5	0	2.05
SIQ	Wed	18.5	100	3.20
SKT	Wed	6.96	0	8.55
SSM	Wed	3	100	3.70
TGR	Wed	8	100	3.96
TOP	Wed	0.6	100	1.77