

Tuesday 9 August 2016

Markets

SFE 200 Futures (9.25am AEST)	5494	11	0.2
NZX 50	7349	0.4	0.0
DJIA Futures	18456	-4	-0.0
S&P 500 Futures	2175	-1	-0.0
NASDAQ Futures	4778	-1	-0.0

Local Markets Commentary

The Australian market opens on mostly lacklustre international equities leads but some positive overnight commodities trade.

Regionally today, **China** is expected to publish July CPI figures **11.30am** AEST.

In overnight trade, **gold** futures continued a little lower, but **oil** swung decisively higher. **Copper** also turned and settled higher. **Iron ore** extended Friday's gains.

The **\$A** rose to ~US76.50c, after trading at ~US76.30c early yesterday evening.

Locally today, a weekly consumer sentiment reading is due pre-trade. NAB publishes its monthly business survey report 11.30am AEST.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	18529	-14	-0.1
S&P 500	2181	-2	-0.1
NASDAQ	5213	-8	-0.2
FTSE 100	6809	16	0.2
DAX 30	10432	65	0.6
Shanghai Comp	3004	28	0.9

Overseas Markets Commentary

Major European equities markets traded higher from the start overnight. Key US indices fell in early trade and struggled to recover on relatively light volume trade.

Oil turned higher and rallied, supporting the energy sector but US healthcare and biotech stocks suffered.

In **Germany**, June industrial output rallied 0.8% following a 1.3% drop in May.

The **euro zone** Sentix August economic sentiment index came in at 4.2 representing a 3.5 gain for the month.

Switzerland remained in deflation mode in July, CPI declining 0.2% year-on-year, but the magnitude of June's fall had been 0.4% and a further 0.3% pull back had been forecast for July.

Tonight in the US, June wholesale inventories, a small business optimism report, a June quarter productivity update and economic optimism index are due.

India's central bank is due to release a post-policy meeting statement.

Companies scheduled to report earnings include: Valeant Pharmaceuticals, Walt Disney, Bridgestone, Mitsui Mining & Smelting and Daikin.

Overnight, **Allergan** cut full-year revenue guidance

China – CPI and PPI expected 11.30am AEST.

*** Biotech/pharmaceutical listing 11am AEST – NOX ***

Today's Stock Watch

Australia & New Zealand Banking Group (ANZ)

\$4.3B NPAT for the nine months to 30 June. Adjusted cash profit fell 3% to \$5.2B. \$1.4B provisions. 9.7% APRA Level 2 CET1.

Cochlear Ltd (COH)

\$1.20 fully-franked final dividend, up 20%. 30% higher, \$188.9M full-year NPAT. 23% higher, \$A1.16B sales revenue. \$3.31 (basic) EPS. 10% - 20% higher NPAT (\$210M - \$225M) anticipated for FY 2017.

Transurban Ltd (TCL)

\$22M full-year NPAT (ordinary activities), against a \$373M net loss a year ago. \$99M NPAT (stapled group), against a \$182M net loss. 18.8% higher, \$2.2B revenue. 19.5c final distribution; 3.5c final dividend. \$834M cash and equivalents.

REA Group (REA)

20% higher, \$253.3M full-year NPAT. 21% higher, \$670.6M revenue and income. 45.5c fully-franked final dividend, up 5c.

IOOF Holdings (IFL)

42% higher, \$A196.8M full-year NPAT. Flat, \$907.9M revenue. 26c fully-franked final dividend, down 2c. 14.6c NTA. 65.4c EPS.

News Corporation (NWS)

Full-year EBITDA dropped ~28% and full-year revenue slipped 4%, to \$US8.3B. Proposing to pay a US10c final dividend. \$US89M June quarter NPAT, following a \$US379M loss a year ago, supported by book publishing and real estate divisions, plus a favourable legal settlement. 5% higher, \$US2.2B revenue.

Mesoblast Ltd (MSB)

MPC-200-IV has been demonstrated as well-tolerated and able to improve clinical symptoms in a Phase 2 trial with patients suffering rheumatoid arthritis.

Noxopharm Ltd (* NOX)

Cancer treatment-focused biotech scheduled to list **11am** AEST following a \$6M IPO at 20c per share. Developing NOX66 towards clinical trials. Milligene 32.1%; JP Morgan Nominees 3.70%.

Resources

Evolution Mining (EVN)

Offers in hand for the Pajingo gold mine. Any subsequent transaction would likely represent a \$70M - \$80M carrying value loss. Otherwise, full-year accounts will include a similar write-down. Planning to lodge FY 2016 results 17 August (Wednesday next week).

Millennium Minerals (MOY)

WA Pilbara Nullagine gold project Little Wonder deposit drilling has returned high-grade and significant-width assays. In-fill and follow-up drilling planned ahead of a reserves update expected in October. Details lodged this morning.

after quarterly revenue undershot forecasts. Following disappointing drug study news from Bristol-Myers Friday, and a subsequent rating downgrade, this appeared sufficient to bruise general healthcare and biotech sentiment.

Walmart revealed a proposed ~\$US3B outlay for online retailer Jet.com.

Netflix dropped when Alibaba denied reports of a possible deal.

News Corporation reported post-US trade. This included a June quarter swing to profit from a year ago, but falls for full-year EBITDA and revenue.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1341	oz	-3	-0.2
Silver (NY) (Sep)	19.8	oz	-0.0	-0.1
Gold (LON)	1337	oz	-4	-0.3
Platinum	1148	oz	4	0.4
WTI Crude (Sep)	43.0	bbl	1.2	2.9
Iron Ore (Tianjin)	61.4	t	0.5	0.8
Copper (LME)	4810	t	21	0.4
Nickel	10770	t	55	0.5
Aluminium	1643	t	-2	-0.1
Lead	1791	t	6	0.3
Zinc	2278	t	12	0.5
Tin	18300	t	-50	-0.3
CBT Wheat (Sep)	4.17	bshl	0.01	0.2

Commodities Commentary

Oil – pushed higher overnight despite a stronger \$US.

An informal OPEC meeting during the Algeria energy forum in September was touted on the weekend, and although Russia (non-OPEC) denied any invitation to participate in possible production cap talks, speculation grew yesterday on reports some OPEC members were agitating again for limits.

Brent crude settled 2.5% higher, at \$US45.39/bbl.

The EIA is due to release a short-term energy outlook report tonight.

Gold – the \$US continued stronger, pushing prices to two-week lows.

Base metals – overnight trade pushed and pulled by \$US strength, speculation of market deficits and China demand interpretations.

China's July trade figures included a 4.4% year-on-year overall fall in exports and 12.5% drop for imports. CPI is due today.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7654	0.0004	0.05
EUR – USD	1.1084	-0.0003	-0.03

Australian Data Today

ANZ/RoyMgn	Consumer sentiment	7 Aug
NAB	Business survey	Jul

US Data Tonight

Wholesale inventories	Jun
Productivity	Jun Q
NFIB small business optimism	Jul

Pre-Open Announcements

Scentre Group (SCG)

Scentre Group and Cbus Property are purchasing the Market St, Sydney David Jones site for a total \$360M. SCG will pay \$182.5M and Cbus the balance. David Jones is leasing the site until late 2019, from when SCG and Cbus propose to commence redevelopment. Plans include luxury retail, residential and office space.

SpeedCast International (* SDA)

Resuming from a trading halt having completed a \$A61.2M placement at \$3.54 per share. SDA last traded at \$3.67.

Carsales.com Ltd (* CAR)

19.5c fully-franked final dividend, against a 17.7c final and 1.4c special dividend a year ago. 6% higher, \$A109.2M full-year NPAT. 10% higher, \$344.0M revenue. 27.6c NTA.

Reckon Ltd (* RKN)

30% drop in interim NPAT to \$6.2M. 6% higher, \$57.0M revenue. EBITDA down 8% to \$18.5M. 2c interim dividend, following 4.25c a year ago.

GR Engineering Services (** GNG)

Revising FY 2016 pre-tax profit to \$24.5M - \$25.5M, from \$21.0M. EBITDA is expected to come in at \$25.5M - \$26.5M, from previous \$21.6M guidance.

Resources

Oz Minerals (** OZL)

UBS has placed a 'sell' on OZL, cancelling a neutral rating.

Carbine Resources (CRB)

Queensland Mount Morgan gold-copper project resource revised upwards to 10.2Mt @ 1.2g/t Au, for 394,000oz gold. Supporting Red Oxide updates lodged this morning.

Peninsula Mines (PSM)

Former Red Mountain Mining MD Lawrence Jonathon (Jon) Dugdale appointed PSM CEO, effective Monday next week.

Explaurum Ltd (EXU)

Non-executive EXU director and 1.66% EXU shareholder Mark Calderwood has resigned from the company board in favour of other business interests.

Trading Halts

Company	Code	Resuming
Dart Mining	DTM	9 Aug
Global Geoscience	GSC	9 Aug
Oil Basins	OBL	9 Aug
Syndicated Metals	SMD	9 Aug
Wellard Ltd	WLD	9 Aug
G8 Communications	G8C	10 Aug
Rox Resources	RXL	10 Aug
Transaction Solutions International	TSN	10 Aug
Xref Ltd	XF1	10 Aug
Anova Metals	AWV	11 Aug
West African Resources	WAF	11 Aug

Suspensions (selected)

Company	Code	Since
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IBD/TIPP economic optimism Aug

Other Overseas Data Today & Tonight

China	CPI	Jul
China	PPI	Jul
Japan	Machine tool orders (prelim)	Jul
UK	Trade balance	Jun
UK	Industrial production	Jun
UK	NIESR GDP estimate	Jul
Germany	Trade balance	Jun

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Agenix Ltd	AGX	29 Jul
ATC Alloys	ATA	28 Jul
Bass Metals	BSM	29 Jul
Genesis Minerals	GMD	5 Aug
Gleneagle Gold	GLN	25 Jul
Indus Energy	IND	5 Aug
Kasbah Resources	KAS	21 Jul
MHM Metals	MHM	14 Jul
MinQuest Ltd	MNQ	18 Jul
Mount Magnet South	MUM	27 Jul
Namibian Copper	NCO	16 Jul
Nickelore Ltd	NIO	22 Jul
Odin Energy	ODN	21 Jul
Parmelia Resources	PML	13 Jul
Regalpoint Resources	RGU	14 Jul

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AFI	Today	14	100	4.07
TAH	Tomorrow	12	100	4.67
FRI	Thu	4	100	8.14
MLT	Thu	9.9	100	4.19
RIO	Thu	59.13	100	4.21
MGP	Fri	0.2	0	2.22
SUN	Fri	38	100	4.96
8IH	15 Aug	0.5	0	1.87

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	ANZ	Trading update
	COH	Full-year
	IFL	Full-year
	NWS	Q4
	REA	Full-year
	TCL	Full-year
Tomorrow	ACR	Full-year
	AGL	Full-year
	CBA	Full-year
	CPU	Full-year
	FXJ	Full-year
	MRN	Full-year
	OZL	Interim
Thu	GMG	Full-year
	JHX	AGM
	MFG	Full-year
	SLK	Full-year
	TLS	Full-year
Fri	BBN	Full-year
	CAR	Full-year
	JHX	1Q FY2017
Mon	ANN	Full-year
	AZJ	Full-year
	IMD	Full-year
	NAB	Trading update
	NCM	Full-year

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	ORA	Full-year
16 Aug	BHP	Full-year
	CGF	Full-year
	DMP	Full-year
	IVC	Interim
	MGR	Full-year
	SCP	Full-year
	SGF	Full-year
17 Aug	ARB	Full-year
	ARI	Full-year
	AOG	Full-year
	CWN	Full-year
	CSL	Full-year
	DXS	Full-year
	FBU	Full-year
	PRY	Full-year
	QBE	Interim
	SHL	Full-year
	SGP	Full-year
	VCX	Full-year