

Friday 10 March 2017

Markets

SFE 200 Futures (9.30am AEDST)	5758	7	0.1
NZX 50	7140	-1	-0.0
DJIA Futures	20869	0	0.0
S&P 500 Futures	2366	0	0.0
NASDAQ Futures	5367	0	0.0

Local Markets Commentary

The Australian market commences Friday trade on lacklustre international equities and negative key commodities leads.

In overnight commodities trade, **gold** continued lower. **Oil** slid further. **Copper** and **iron ore** continued to fall.

The **\$A** effectively marked time after dropping below US75.05c yesterday evening.

Locally today, expect some reaction to the March quarter **S&P/ASX indices rebalance**, published pre-trade.

A February housing finance report is also due today from the Australian Bureau of Statistics (ABS).

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	20858	2	0.0
S&P 500	2365	2	0.1
NASDAQ	5839	1	0.0
FTSE 100	7315	-20	-0.3
DAX 30	11978	11	0.1
Shanghai Comp	3217	-24	-0.7

Overseas Markets Commentary

Major European and US equities markets chopped and swung amid Federal Reserve speculation, forecast and policy updates from the European Central Bank, and continued falls for key commodity prices.

The European Central Bank (**ECB**) lifted its 2017 euro zone CPI forecast 0.4% to 1.7% and GDP growth 0.1% to 1.8%.

Notably president Mario Draghi said the bank viewed the need to introduce additional, or extend existing, support as less likely, and that a previous sense of urgency had evaporated.

Rates and bond purchase plans were left unchanged, with the €20B cut to monthly bond purchases set to go ahead in April, but remaining under review, should another change be deemed prudent.

US weekly new unemployment claims rose by 20,000 and the four-week average by 2250.

A February job cuts report reported 19% fewer planned layoffs than in January and 40% fewer than a year ago.

February import and export prices were reported 0.2% and 0.3% higher respectively, import prices up 4.6% year-on-year.

Tonight in the US, the February employment report is due, ahead of next week's Federal Reserve policy

ASX trading as normal Monday.

Public holidays in the ACT, South Australia, Tasmania and Victoria.

S&P/ASX indices - quarterly rebalance revealed pre-trade.

Please see p2 below

Today's Stock Watch

Genworth Mortgage Insurance Australia (GMA)

GMA's second largest customer has given 30 days' notice to terminate an exclusivity agreement for GMA's provision of lenders mortgage insurance (LMI), effective 8 April. GMA says this customer's LMI business represented 14% of GMA gross written premium in 2016. GMA has already forecast 2017 gross written premium to fall 10% - 15% and retains that guidance.

Afterpay Holdings (AFY)

Agreement secured with e-commerce specialist BigCommerce, for BigCommerce to utilise AFY in the company's cores system. This means BigCommerce online retailers will be introduced to the AFY 'buy now, receive now, pay later' service without the need for major, and perhaps any, technical development work. BigCommerce has 5000 active Australian online merchants and globally, 100,000 active online merchants.

Hunter Hall International (HHL) / WH Soul Pattinson (SOL)

HHL is resuming from a trading halt having agreed to a merger with Pengana Holdings. Under a proposal lodged post-trade yesterday, HHL shareholders will own 27% of the merged entity and Pengana shareholders 73%. The combined group will hold ~\$3B FUM. SOL is likely to become a 32% HHL shareholder due to subsidiary WHSP Pengana and SOL's direct HHL holding. HHL last traded at \$2.42. Pengana Holdings was co-founded by Australian PM Malcolm Turnbull in 2003.

Novogen Ltd (NRT)

Chief scientific officer David Brown and NRT head of discovery and North America CEO and president and Andrew Heaton are leaving NRT in favour of an early-stage drug discovery venture. In addition, NRT CFO Cristyn Humphreys has resigned.

Resources

Rio Tinto (RIO)

RIO has confirmed chairman Jan du Plessis will leave the RIO board no later than the 2018 Australian RIO (Ltd) AGM.

Mr du Plessis is joining the board of British telecoms giant BT Group 1 June 2017. He will be appointed BT chair 1 November.

Capital Mining (CMY)

Resuming from suspended trade with an option agreement to acquire the WA eastern goldfields Scotia cobalt-nickel project. CMY aims to complete due diligence by 21 April. In addition, CMY has raised \$1M in a 0.9c-per-share placement. CMY last traded at 0.8c.

Energy

Buru Energy (BRU)

WA Carnarvon Basin Ungani oilfield restart plan lodged this morning, including a mid-year target date. Transport tender process underway. Commencement depends on CGL returning a tank from diesel service.

meeting.

In overnight corporate news, **AIG's** CEO resigned.

Netherlands-headquartered **Akzo Nobel** revealed it had knocked back a \$US22.1B offer from US company **PPG Industries**, and was instead considering selling a specialty chemicals business.

Royal Dutch Shell said it expected \$US7.25B from the sale of oil sands assets in Canada to **Canadian Natural**.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1203	oz	-6	-0.5
Silver (NY) (Mar)	17.0	oz	-0.3	-1.8
Gold (LON)	1207	oz	-3	-0.2
Platinum	933	oz	-10	-1.1
WTI Crude (Apr)	49.3	bbl	-1.0	-2.0
Brent Crude (Apr)	52.2	bbl	-0.9	-1.8
Iron Ore (CHN port 62%)	86.8	t	-0.4	-0.5
Copper (LME)	5690	t	-76	-1.3
Nickel	10150	t	-50	-0.5
Aluminium	1868	t	-9	-0.5
Lead	2251	t	-0.5	-0.0
Zinc	2682	t	-29	-1.1
Tin	19275	t	-100	-0.5
CBT Wheat (May)	4.44	bshl	-0.03	-0.7

Commodities Commentary

Oil – WTI notably settled below \$US50/bbl. Global production and supply concerns remained.

A US weekly drill rig report is due tonight.

Gold – ECB comments pushed the **€** higher against the **\$US**, making gold less attractive to European traders and investors. Safe-haven demand out of Europe this year has been considered significant.

In general overnight, a weaker **\$US** and continuing lower **oil** prices pushed and pulled sentiment.

Tonight's trade is expected to be influenced mostly by the US February **employment** report, seen as an important pre-cursor to next week's **Federal Reserve** policy meeting.

Base metals – **China's** February CPI and producer prices, reported yesterday, surprised on the downside and upside respectively.

Broad commodities and equities trading mood appeared apprehensive.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7505	0.0000	0.00
EUR – USD	1.0577	-0.0001	-0.01

Australian Data Today

ABS	Housing finance	Feb
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US Data Tonight

Employment report (non-farm payrolls)	Feb
Budget statement	Feb

Other Overseas Data Today & Tonight

UK	Trade balance	Jan
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Pre-Open Announcements

Jiajiafu Modern Agriculture (JJF)

Shandong, China-focused organic vegetable grower completed its ASX listing yesterday following a \$5.1M IPO at 30c per share. Opened at 29c and slipped to 26c where it settled. 56,333 shares changed hands across nine transactions.

Resources

Ardiden Ltd (* ADV)

Assay results pending following diamond drilling within the Manitouwadge graphite project, Ontario, Canada. Near-term drilling plans for the Wisa Lake lithium project also lodged post-trade yesterday.

Metallica Minerals (MLM)

\$2.97M one-for-four rights issue at 5.2c per share. CPS Capital is underwriting the offer to \$2.7M. In addition, \$1.3M worth of 30 June expiry options have also been underwritten. Funds will support Urquhart bauxite project development. MLM traded at 7.4c – 7.6c yesterday.

March quarter S&P/ASX indices re-balance

The following changes will be effective from the opening of trade **20 March**:

S&P/ASX 50:

Out: CCL, SEK

In: ALL, FMG

S&P/ASX 100

Out: BKL, SRX

In: EVN, MQA

S&P/ASX 300

Out: ADH, AJX, CCV, DNA, EQT, EWC, FSF, KMD, PDN

In: ASL, ING, MHJ, MYS, PLG, SCO, SLC, SLR, SOL, SRV

S&P/ASX All Ordinaries

Out: 1PG, 8IH, ACR, AHZ, APZ, BOC, CAJ, CAQ, CUP, CVN, CVT, CZA, DME, DVN, DYE, FFT, HZN, ICQ, KAM, LAU, LHC, MBE, MEZ, MIG, MIL, MRM, NEU, NWF, NZM, ORL, PAC, PHG, PPG, PRO, PRR, PRT, RHP, SEN, SFH, SGH, SIO, SIT, SLM, SMA, SMX, SRF, TGS, TNG, TOE, TTC, UBN, WLD, WLF

In: 88E, ADJ, AGO, AJL, AJM, ALK, AOF, APX, ASG, ASL, ATL, ATU, AVG, AXP, BKY, BLK, BSA, BSE, BVS, CAT, CBL, CDV, CGS, CIA, CLQ, CLW, CMP, CNI, COE, DXF, EDE, EGS, ELX, EMC, ERF, FIG, FND, GCY, GTN, HOM, IIL, IMD, ING, KDR, KGN, KSL, LOM, MHJ, MOY, MTO, MWY, NBL, NMT, NWH, ONE, PLG, PNR, QIP, RAP, RBL, RFX, RND, RXP, SCO, SMN, SMR, UPD, WAF

S&P/ASX All Australian 50

Out: CCL

In: FMG

S&P/ASX All Australian 200

Out: A2M

In: OFX



UK	Industrial production	Jan
UK	NIESR GDP estimate	Feb
Germany	CPI (final)	Feb
Germany	Trade balance	Jan

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Trading Halts

Company	Code	Resuming
1-Page Ltd	1PG	10 Mar
Orion Gold	ORN	10 Mar
Central Petroleum	CTP	13 Mar
Cradle Resources	CXX	13 Mar
Ephraim Resources	EPA	13 Mar
Paladin Energy	PDN	13 Mar
Sky & Space Global	SAS	13 Mar
Apollo Minerals	AON	14 Mar

Suspensions (selected)

Company	Code	Since
Classic Minerals	CLZ	6 Mar
Cott Oil & Gas	CMT	3 Mar
Gateway Mining	GML	10 Feb
Mobilarm Ltd	MBO	15 Feb
Onterran Ltd	OTR	14 Feb
Pixie Group	PEG	22 Feb
Tiger Resources	TGS	22 Feb

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
GTN	Today	5.6	100	2.01
WTC	Today	1	100	0.19
ACQ	Mon	1.5	100	3.00
AHX	Mon	0.8	100	0.70
ALU	Mon	11	0	2.79
CBL	Mon	1.87	0	1.57
EGI	Mon	1	100	2.04
EQT	Mon	35	100	3.63
GNG	Mon	5	100	6.33
GZL	Mon	6	100	5.65
IGL	Mon	6.3	100	6.14
LOV	Mon	10	100	3.33
MEA	Mon	1	100	6.72
SGM	Mon	20	100	2.55
SRG	Mon	3	100	4.67
AMA	Tue	0.5	100	2.04
ASB	Tue	2	100	2.33
CAF	Tue	2.25	100	5.15
CCP	Tue	27	100	3.21
CDA	Tue	6	100	3.11
CTE	Tue	0.5	0	5.26
GRR	Tue	0.5	100	5.41
INM	Tue	~49.92	0	4.19
MCY	Tue	5.42	0	4.59
MNY	Tue	2.5	100	2.96
NWS	Tue	9.18	0	1.08
NWSLV	Tue	9.18	0	1.11
NZK	Tue	1.87	0	1.50
PSQ	Tue	2.2	100	2.81
SIQ	Tue	15	100	3.74
SSG	Tue	1.6	100	2.76
TGR	Tue	7.5	100	3.38
TNK	Tue	5	100	3.64

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