

Wednesday 11 January 2017

Markets

SFE 200 Futures (9.30am AEDST)	5742	26	0.5
NZX 50	7044	7	0.1
DJIA Futures	19788	0	0.0
S&P 500 Futures	2264	-1	-0.1
NASDAQ Futures	5031	9	0.2

Local Markets Commentary

The Australian market commences mid-week trade on positive base metals price leads, but mixed and mostly lacklustre overnight equities results.

Overnight, Comex **gold** continued a little higher. **Oil** fell further. **Copper** rallied. **Iron ore** picked up the pace of its current ascent.

The **\$A** was pushed higher after trading at ~US73.55c early yesterday evening.

Locally today, the ABS is due to release job vacancies for the November quarter 11.30am.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	19856	-32	-0.2
S&P 500	2269	0	0.0
NASDAQ	5552	20	0.4
FTSE 100	7275	38	0.5
DAX 30	11583	19	0.2
Shanghai Comp	3162	-10	-0.3

Overseas Markets Commentary

Most major European and US equities markets chopped and/or swung at some time during last night's trade.

Oil continued lower and in the US, the financial sector returned to favour as healthcare sentiment continued positive.

In **US** data releases, a job openings report estimated no change for November, but 1.1% more hiring.

A 105.8 reading for a small business sentiment index represented an ~12-year peak.

Tonight in the US, **president-elect** Donald Trump holds his first media conference since the presidential poll was determined early November 2016. Weekly mortgage applications are also due.

In the UK, November trade balance and industrial output reports are expected to influence FTSE trade, which was supported overnight by a continuing weak British pound and commodities price rallies. In addition, J Sainsbury (UK supermarkets) and Tullow Oil are due to provide trading updates.

In overnight corporate news, **WM Morrison** (UK supermarkets chain) announced its best Christmas season like-for-like sales in seven years.

Competitor **Tesco** revealed plans to close two distribution centres and lay off up to 1000 employees.

In the US, **General Motors** and **Pixelworks** rallied on better-than-anticipated respective full-year and December quarter sales guidance.

* Mobile medical app developer listing **11am AEDST - LSH** *

Today's Stock Watch

Australia & New Zealand Banking Group (ANZ)

ANZ New Zealand is selling subsidiary UDC Finance to financial and logistic services group HNA for ~\$NZ660M.

Mayne Pharma Group (MYX)

Promotion of MYX's Fabior and Sorilux foam products is underway in the US. MYX acquired the skin treatment products from GlaxoSmithKline in August 2016.

Yowie Group (YOW)

Heralding sales achieved in the US States of Illinois and Texas following concerted marketing during October and November 2016.

FirstWave Cloud Technology (FCT)

\$1.14M, 2.5-year contract secured with Qantas (ASX: QAN), for the supply of FCT's web security system. Potential two-year extension.

Spookfish Ltd (SFI)

Flight testing underway in order to demonstrate SFI's camera pod compliance with Australian and US certification requirements.

Templeton Global Growth Fund (TGG)

BT Financial Group senior strategic advisor Chris Freeman has been appointed as an independent TGG non-executive director.

Primary Health Care (PRY)

Credit Suisse has re-rated PRY as underperform, from neutral.

Lifespot Health (* LSH)

Mobile device medical app developer scheduled to list 11am AEDST following an \$8M IPO at 20c per share. Lifespot Capital holds 29.36%; JP Morgan Nominees Australia 4.77%.

Resources

White Cliff Minerals (WCN) / Liantown Resources (LTR)

WCN has secured the grant of a tenement (E63/1793) located adjacent to the one hosting a recently-determined 2km long anomalous lithium trend within the Lake Percy JV (E63/1222). LTR is earning up to 70% of E63/1222.

Tiger Resources (TGS)

Produced 23,119t of copper cathode from the Democratic Republic of Congo Kipoi project during 2016.

De Grey Mining (DEG)

Heralding drilling results from outside the current WA Turner River resource model. Details, including shallow intersections and tow new finds, lodged this morning. DEG plans to release an updated resource before month's end.

Energy

Energy Resources of Australia (ERA) / Rio Tinto (RIO)

ERA is expected to report for the December quarter tomorrow.



Yahoo! gained on expectations the group's co-founder and CEO would each depart their board positions on the completion of the proposed \$US4.8B sale of assets to Verizon Communications.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1186	oz	0.7	0.1
Silver (NY) (Mar)	16.8	oz	0.1	0.9
Gold (LON)	1190	oz	11	0.9
Platinum	977	oz	2	0.2
WTI Crude (Feb)	50.8	bbl	-1.1	-2.2
Brent Crude (Feb)	53.61	bbl	-1.3	-2.4
Iron Ore (China port)	80.1	t	2.4	3.1
Copper (LME)	5758	t	167	3.0
Nickel	10615	t	225	2.2
Aluminium	1749	t	13	0.8
Lead	2189	t	81	3.8
Zinc	2720	t	53	2.0
Tin	21150	t	30	0.1
CBT Wheat (Mar)	4.27	bshl	-0.005	-0.1

Commodities Commentary

Oil – supply considerations again pushed prices lower, in part due to ongoing speculation regarding **Iraq's** production plans, and to reports **Libya** could significantly increase output, after boosting production three-fold over the last six months of 2016.

Meanwhile, the **US** government agency EIA ventured a \$US52.5/bbl 2017 mean price, \$US1.84/bbl higher than its previous forecast. The EIA also said it expected domestic crude production to come in at a daily 9MMbbl, after previously anticipating 8.78MMbbl/d.

Weekly US petroleum inventories are anticipated tonight from the EIA.

Gold – achieved six-week highs during Comex trade, supported early again by a comparatively weaker \$US and lower oil prices..

Base metals – **China's** December CPI (+0.2% for the month; 2.1% y-o-y) and producer prices (+1.6%; 5.5% y-o-y), reported yesterday, helped support overnight gains. Trade figures are expected Friday.

Meanwhile, *copper* LME warehouse tallies were estimated lower.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7366	-0.0005	-0.06
EUR – USD	1.0557	0.0003	0.03

Australian Data Today

ABS	Job vacancies	Nov Q
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US Data Tonight

MBA mortgage applications	6 Jan
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Other Overseas Data Today & Tonight

Japan	International reserves	Dec
Japan	Imported vehicle sales	Dec

Pre-Open Announcements

Regalpoint Resources (RGU) / AssetOwl Ltd (AO1)

Recently re-instated RGU has changed its name, as approved by shareholders in December, to AssetOwl, and will trade under the code AO1 from Monday next week, 16 January.

Costa Group Holdings (CGC)

Planning to lodge interim results 23 February and to host a webcast briefing commencing 11am AEDST that day.

Resources

Greenland Minerals & Energy (GGG)

GGG has responded to an ASX trade query by pointing to increased brokerage coverage and buying by a uranium-focused ETF. GGG recouped 15.4% Monday and a further 25.3% yesterday, settling at 9.4c.

Energy

Transerv Energy (* TSV)

\$9.3M in hand from the Australian Government's R&D tax incentive program, in relation to WA Warro project work.

Senex Energy (SXY) / Cooper Energy (COE)

SXY December drilling report lodged this morning, highlighting Worrior-11 JV activity. COE holds 30%.

State One Analyst Comment

Soul Patts Stands Out

(ASX: **SOL**, **QHL**, **ABX**)

As long term supporters of Washington H Soul Pattinson (WHSP) we were interested to see the investment manager last week negotiate a highly preferential deal with the principal of Hunter Hall.

The recently completed deal to acquire 19.9% of Hunter Hall from founder and majority shareholder Peter Hall for \$1 per share, represented a 67% discount to Hunter Hall's last pre-acquisition close price. The remaining 24.05% held by Peter Hall is also expected to be acquired by WHSP.

The deal highlights the reputation and capability of WHSP, as one of Australia's leading investment managers has entrusted the company to manage the company he founded at a steep discount.

For those who need reminding, WHSP is a majority shareholder in Quickstep Holdings (ASX: QHL) and Australian Bauxite (ASX: ABX), both of which have been supported by State One since listing and which we continue to recommend as attractive long term investment opportunities.

State One analyst Daniel Chiew

Trading Halts

Company	Code	Resuming
Brainchip Holdings	BRN	11 Jan
Niuminco Group	NIU	12 Jan



Japan (4pm)	Business conditions (prelim)	Nov
UK	Trade balance	Nov
UK	Industrial production	Nov
UK	Construction output	Nov

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Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au.

Skyland Petroleum Group SKP 12 Jan

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
TGH	Tomorrow	~3.32	0	2.55
AGD	17 Jan	0.9	0	0.00
CUP	18 Jan	2	100	9.36

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