

Tuesday 11 July 2017

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	<b>5676</b>	<b>-1</b>	<b>-0.0</b>
<b>NZX 50</b>	7608	25	0.3
<b>DJIA Futures</b>	21358	-1	0.0
<b>S&amp;P 500 Futures</b>	2424	0	0.0
<b>NASDAQ Futures</b>	5694	0	0.0

## Local Markets Commentary

The Australian market commences today's trade on relatively benign international equities but mostly more supportive major commodities leads.

In overnight commodities trade, US **gold** futures and **oil** turned modestly higher. LME **copper** settled almost flat. **Iron ore** (China port, 62% Fe) rallied for a second consecutive session.

The **\$A** was pushed above US76.05c after slipping below US75.95c yesterday evening.

Locally pre-trade, a weekly consumer sentiment reading is due.

NAB also publishes its monthly business survey today, and the ABS housing finance.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>21409</b>	-6	<b>-0.0</b>
<b>S&amp;P 500</b>	2427	2	0.1
<b>NASDAQ</b>	6176	23	0.4
<b>FTSE 100</b>	7370	19	0.3
<b>DAX 30</b>	12446	57	0.5
<b>Shanghai Comp</b>	3213	-5	<b>-0.2</b>

## Overseas Markets Commentary

Major European and US equities markets mostly settled higher overnight, but trade vacillated across several indices.

Oil swung higher and tech stocks continued their recovery in the US.

Among data releases, **Germany's** May trade surplus rose €0.6B to €20.3B.

A 28.3 investor sentiment index for the **eurozone** exceeded forecasts by 0.1 of a point but represented a 0.1 slip from June.

**US** May consumer credit jumped \$US5.48B to \$US18.41B.

**Tonight** in the US, a monthly job openings, small business optimism report and May wholesale inventories are due.

PepsiCo is among companies listed to report June quarter earnings. UK department store Marks & Spencer is scheduled to release a quarterly trading update.

## Commodities

COMMODITY	CLOSE	\$/US/	+/-	%
<b>Gold (NY) (Aug)</b>	<b>1213</b>	oz	3.5	0.3
<b>Silver (NY) (Jul)</b>	15.6	oz	0.2	1.3
<b>Gold (LON)</b>	1212	oz	-4	<b>-0.3</b>
<b>Platinum</b>	899	oz	-7	<b>-0.8</b>

## Today's Stock Watch

### Metcash Ltd (MTS)

MTS has chosen former Tesco executive Jeff Adams to succeed Ian Morrice as CEO.

Mr Morrice recently revealed his plan to retire next year. He will hand over to Mr Adams in December and will remain as an MTS adviser until June 2018.

Mr Adams will commence with MTS 4 September. He has been consulting in the UK, mainland Europe and the US since 2015.

### The Hydroponics Company (THC)

Medicinal cannabis research licence in hand via THC Bundaberg-based subsidiary Canndeo. THC is resuming from a trading halt having last traded at 31.5c.

### AusCann Group Holdings (AC8)

AC8 exclusive strategic partner Tasmanian Alkaloids has secured an Australian medicinal cannabis licence, plus a research and development licence.

### TPI Enterprises (TPE)

Second contract secured to manufacture and sell codeine phosphate to an opioid pharmaceuticals distributor in the UK. Details lodged this morning.

### Nearmap Ltd (NEA)

NEA's new camera system, which can deliver high-resolution oblique imagery and produce 3D composites, has provided imaging and mapping for 10 US cities since April. Details lodged this morning.

### Cogstate Ltd (CGS)

Anticipating a \$A1.0M FY 2017 pre-tax net loss.

CGS achieved sales contracts totalling \$US29.5M during FY 2017, representing a 4% improvement on FY 2016.

Recognised revenue totalled \$A35M, representing 28% growth. \$A7.3M worth of revenue was recognised for the June quarter, underscoring slower revenue growth for the second half of FY 2017.

As at 30 June, 'backlogged' contracted revenue totalled \$US28.7M. This will be accounted for during FY 2018 and later.

CGS held \$A9.3M cash as at 30 June.

Planning to release audited full-year results 22 August.

### Gazal Corporation (GZL) / Orotongroup Ltd (ORL)

GZL has acquired 7.35% of ORL at \$1.00 per share. GZL is not making any proposals but may consider potential opportunities. ORL traded at 98c - \$1.04 last week, and yesterday at \$1.04 - \$1.09.

### The A2 Milk Company (A2M)

Deutsche Bank has placed a 'buy' on A2M, replacing previous hold advice. The bank has also raised A2M's target price 52% to \$NZ5.00. A2M traded on the ASX at \$3.65 - \$3.71 yesterday.

## Resources

### Talga Resources (TLG)

MoU secured with Heidelberg Cement, covering potential collaborative assessment of business opportunities associated with TLG's graphite and grapheme materials in concrete applications

TLG lodged a Malaysia graphene conference presentation post-trade yesterday.



<b>WTI Crude (Aug)</b>	<b>44.4</b>	bbl	0.2	0.4
<b>Brent Crude (Aug)</b>	<b>46.9</b>	bbl	0.2	0.4
<b>Iron Ore (CHN port 62%)</b>	<b>64.1</b>	t	1.3	2.0
<b>Copper</b>	<b>5824</b>	t	-4	-0.1
<b>Nickel</b>	9000	t	80	0.9
<b>Aluminium</b>	1897	t	-33	-1.7
<b>Lead</b>	2320	t	24	1.1
<b>Zinc</b>	2781	t	-13	-0.5
<b>Tin</b>	19880	t	315	1.6
<b>CBT Wheat (Sep)</b>	<b>5.50</b>	bshl	0.15	2.8

### Commodities Commentary

**Oil** – reports emerged suggesting two OPEC members previously exempt from production cut agreements, Nigeria and Libya, could choose to participate as from a 24 July meeting between six signatories to the current agreement in St Petersburg, Russia.

In addition, in the week to last Friday, stored crude at the Cushing, Oklahoma (US) centre reportedly fell by 2.1MMbbl.

**Gold** – some bargain-buying and short-covering reported in overnight trade.

Not a few market watchers claim most interest this week will initially centre on the US Federal Reserve chair's testimony to parliamentary committees over two nights (AEST) from tomorrow night.

**Base metals** – zinc trade was impacted by reports of increasing production.

**Copper** notably failed to follow oil prices higher.

**China's** June CPI and PPI, reported yesterday, respectively rose 1.5% and 5.5% for the year, each on par with expectations. On a monthly basis, the CPI retracted 0.2%.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7606	-0.0001	-0.01
<b>EUR – USD</b>	1.1397	-0.0002	-0.02

### Australian Data Today

ANZ/RyMgn	Consumer sentiment	9 Jul
NAB	Business survey	Jun
ABS	Housing finance	May

### US Data Tonight

NFIB small business optimism	Jun
Wholesale inventories	May
JOLTS job openings	May

### Other Overseas Data Today & Tonight

<b>Japan</b>	Machine tool orders (prelim)	Jun
<b>UK</b>	BoE policy update (2 x official speeches)	Jul

### Need More Information?

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### Pre-Open Announcements

#### IDP Education (\* IEL)

Morgan Stanley has commenced IEL research coverage, assigning an outperform rating and \$A5.75 target price. IEL traded at \$4.94 - \$5.10 yesterday.

#### Velpic Ltd (\* VPC)

Strategic partnership secured with North American-based authorised e-learning firm MyCloudCure.

#### ResApp Health (RAP)

Investor presentation lodged this morning. RAP recouped 6.7% yesterday, settling at 32c.

#### Xero Ltd (XRO)

AGM tomorrow.

#### Beacon Lighting Group (BLX)

Planning to release full-year results 24 August and to host a teleconference that day, commencing 11am AEST. Access details lodged post-trade yesterday.

### Resources

#### CuDeco Ltd (\* CDU)

\$HK40M (~\$US5M) secured loan facility agreed in order to replace and repay a \$US4.8M short-term loan due for repayment yesterday.

A \$US10M secured loan facility is also under negotiation with a view to using this facility to help repay a \$HK80M (~\$US10.2M) loan due for repayment 21 July (Friday next week).

CDU is discussing longer-term restructured finance with 'a number of parties'.

#### Galaxy Resources (\* GXY)

GXY has appointed John Sanders as company secretary and general counsel.

Simon Robertson is stepping down from his GXY company secretary role.

#### Cardinal Resources (CDV)

CDV has appointed former Andina Minerals CFO Derrick Weyrauch as CDV's CFO in Canada. In addition, Canadian-based Robert Schafer has been appointed as a CDV non-executive director.

CDV has also appointed an investor relations officer and a company secretary for Canada.

Details lodged this morning.

### Energy

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

ERA June quarter activity report anticipated tomorrow.

### Trading Halts

Company	Code	Resuming
Bellamy's Australia	BAL	11 Jul
Premiere Eastern Energy	PEZ	11 Jul
Coventry Resources	CYY	12 Jul
Equus Mining	EQE	12 Jul
Kairos Metals	KAI	12 Jul
Lithium Power International	LPI	12 Jul
Magnum Gas & Power	MPE	12 Jul
MetalsTech Ltd	MTC	12 Jul
MSM Corporation International	MSM	12 Jul

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New Talisman Gold Mines	NTL	12 Jul
Novita Healthcare	NHL	12 Jul
Slater & Gordon	SGH	12 Jul

**Suspensions** *(selected)*

Company	Code	Since
Baralaba Coal Company	BCL	10 Jul
Black Rock Mining	BKT	5 Jul
European Lithium	EUR	7 Jul
Fremont Petroleum Corp	FPL	10 Jul
Image Resources	IMA	10 Jul
Kibaran Resources	KNL	5 Jul
Magnis Resources	MNS	5 Jul
Novo Latio	NLI	26 Jun
Peak Resources	PEK	6 Jul
Wattle Health Australia	WHA	7 Jul

**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>RGWB</b>	Today	<b>33</b>	100	0.00
TGH	Tomorrow	~3.94	0	5.89