

Friday 12 May 2017

Markets

SFE 200 Futures (9.30am AEDST)	5856	-9	-0.2
NZX 50	7483	-7	-0.1
DJIA Futures	20863	-7	0.0
S&P 500 Futures	2391	0	0.0
NASDAQ Futures	5670	0	0.0

Local Markets Commentary

The Australian market opens Friday trade on mostly negative international equities and largely positive key commodities leads.

In overnight commodities trade, **oil** extended Wednesday's gains. US **gold** futures also continued higher. LME **copper** swung higher. **Iron ore** (China port, 62% Fe) turned lower.

The **\$A** was pushed higher after trading at ~US73.70c yesterday evening.

Meanwhile, G7 finance ministers and central bankers meet in Bari, Italy today and tomorrow, ahead of a 26 – 27 May G7 leaders' summit.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	20919	-24	-0.1
S&P 500	2394	-5	-0.2
NASDAQ	6116	-13	-0.2
FTSE 100	7387	1	0.0
DAX 30	12711	-46	-0.4
Shanghai Comp	3062	9	0.3

Overseas Markets Commentary

US equities indices fell at open overnight, dragging major mainland European markets lower.

Sentiment appeared mostly pushed and pulled by mixed corporate reports and data, plus central bank pronouncements.

In **US** data releases, weekly new unemployment claims fell by 2000.

The April PPI was estimated 0.5% higher for the month, up 2.5% year-on-year.

Meanwhile, a Federal Reserve official warned US trade policy could damage the national economy in the longer term.

Across the Atlantic, the **Bank of England** maintained rates and policy during a policy meeting.

The bank's inflation report suggested rates would remain intact, and predicted wages growth would remain weaker than inflation for up to two years, as CPI grew to 2.8% this year. This represented a 0.4% increase in the bank's previous inflation forecast.

Moreover, consumer spending would be constrained for the remainder of 2017, and GDP growth would likely come in at 1.9% rather than the previously predicted 2.0%.

March industrial production fell 0.5% after a 0.8% drop in February and following forecasts of a further 0.4% decline.

* Investment company listing **11am AEST – BHD ***

Today's Stock Watch

Slater & Gordon (SGH)

Planning to commence High Court of England and Wales action against Watchstone Group.

SGH will claim ~£600M in relation to Watchstone's professional services division sale to SGH.

Monash IVF Group (MVF)

MD and CEO James Thiedeman has resigned, in favour of a new executive position. Mr Thiedeman will remain with MVF for six months.

Prescient Therapeutics (PTX)

European patent in hand covering platform technology for PTX's tricibine phosphate PTX-200 clinical compound, designed for reduced-toxicity cancer treatment.

Phase 1b/2 clinical studies are underway in the US for PTX-200 use in treating leukaemia plus breast and ovarian cancers.

Vita Group (VTG)

Morgans has cancelled a VTG add recommendation, in favour of hold advice.

BT Investment Management (BTT) / GrainCorp Ltd (GNC)

Macquarie has re-rated BTT and GNC as neutral, from outperform.

Xero Ltd (XRO)

Credit Suisse has re-assessed XRO as neutral, from outperform.

Benjamin Hornigold (* BHD)

Investment company scheduled to list **11am AEST** following a \$20M IPO at \$1.00 per share. HSBC Custody Nominees (Australia) 8.44%; BNP Paribas Nominees 8.29%.

Resources

Newcrest Mining (NCM)

NSW Cadia East underground gold-copper operation rehabilitation and upgrade work is expected to cost a total \$25M.

September quarter production will be down, but overall NCM FY 2018 gold output is expected to come in at 650,000oz – 750,000oz.

Previous guidance was for 730,000oz – 820,000oz.

Meanwhile, the processing facility is being supplied with lower-grade stockpiled ore from the Cadia Hill site, and is operating at a 6Mt/quarter run rate. A further 20Mt of ore has been determined to be economically viable, and suitable for, processing.

Cadia was impacted by an earthquake in April.

Pilbara Minerals (PLS)

Heralding WA Pilgangoora lithium-tantalum project pilot flotation and metallurgical test work results. Details, including potential identified savings, lodged this morning.

OceanaGold Corporation (OGC)

UBS has cancelled OGC sell advice, replacing this with a neutral rating.

The national goods plus services deficit came in at £4.9B, against £2.6B for February.

Tonight in the US, April CPI and retail, March business inventories, and an initial University of Michigan May consumer sentiment estimate are due.

Allianz, ArcelorMittal, Hitachi, Inpex, Isuzu, JC Penney, Lotte, Toshiba and Suzuki Motor are among companies scheduled to report earnings or provide an update today and tonight.

In overnight corporate news, US retailers **Macy's** and **Kohl's** appeared to impact general retail sentiment on worse-than-anticipated quarterly results, their stocks dropping ~17% and ~8% respectively.

Snap continued to drop on the previous session's quarterly release.

Britain's **BT** Group announced 4000 job cuts.

Noble Group traded up to 33% lower on a record quarterly loss.

Merck appreciated on US FDA approval of a drug developed to treat lung cancer.

In the meantime, BP, GlaxoSmithKline, Glencore, Merlin Entertainments and Sainsbury turned ex-dividend on the FTSE 100.

Commodities

COMMODITY	CLOSE	\$/US/	+/-	%
Gold (NY) (Jun)	1224	oz	5	0.5
Silver (NY) (Jun)	16.3	oz	0.06	0.4
Gold (LON)	1223	oz		
Platinum	916	oz	6	0.7
WTI Crude (Jun)	47.8	bbl	0.5	1.1
Brent Crude (Jul)	50.8	bbl	0.6	1.1
Iron Ore (CHN port 62%)	60.4	t	-0.4	-0.6
Copper	5543	t	43	0.8
Nickel	9315	t	195	2.1
Aluminium	1875	t	10	0.5
Lead	2177	t	-13	-0.6
Zinc	2591	t	-9	-0.4
Tin	19865	t	190	1.0
CBT Wheat (May)	4.26	bshl	2	0.5

Commodities Commentary

Oil – OPEC lifted its non-OPEC daily production prediction for 2017 by 370,000bbl, to 950,000bbl/d.

April OPEC output fell a daily 18,000bbl to 31.73MMbbl/d. Saudi Arabia's rose ~50,000bb/d.

A US weekly petroleum rig count is due tonight.

Gold – benefited overnight from short-covering and weaker equities sentiment.

Base metals – April FDI and lending reports expected out of China 5pm AEST could influence tonight's trade.

Some caution could also be demonstrated ahead of industrial production and retail sales figures, due Monday.

Meanwhile, Eurofer predicted excess **steel** production out of China would continue in the medium-term, despite efforts to curb output.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7374	-0.0006	-0.08
EUR – USD	1.0867	0.0006	0.06

Pre-Open Announcements

Elders Ltd (ELD)

Interim results webcast teleconference scheduled to commence 10am AEST Monday. Access details lodged post-trade yesterday.

Tamawood Ltd (TWD)

Profits are likely to be lower than anticipated, due to job starts delayed by Cyclone Debbie. Anticipating paying a 16c fully-franked FY 2017 final dividend, up 2c.

TWD trades ex-dividend (11c) today.

Resources

Millennium Minerals (MOY)

Anglo American mining & technical services head Dean Will has been appointed MOY COO. In addition, MOY has appointed former MOY Nullagine project mining manager Asareh Mansoori as GM operations.

Saracen Mineral Holdings (* SAR)

Macquarie has re-assessed SAR as outperform, from neutral.

Queensland Bauxite (QBL)

Anticipating positive responses from Queensland government authorities following meetings regarding South Johnstone project DSO exports from Mourilyan Port.

Continuing to assess opportunities, in addition to the Medical Cannabis investment.

Energy

Greenpower Energy (GPP)

Exclusive licence agreement in hand, enabling GPP to use an oxidative hydrothermal dissolution (OHD) process within Australia and New Zealand. GPP is proposing to establish an OHD plant in Victoria, Australia.

Pan Asia Corporation (PZC)

HoA secured to potentially secured \$US6M net from the sale of PZC's 75% holding in the TCM project, by selling PZC subsidiary West Mantewe Pte Ltd.

Trading Halts

Company	Code	Resuming
SportsHero Ltd	SHO	12 May
Buxton Resources	BUX	15 May
European Lithium	EUR	15 May
Tech Mpire	TMP	16 May

Suspensions (selected)

Company	Code	Since
Activistic Ltd	ACU	26 Apr
Algae.Tec Ltd	AEB	11 May
Aurora Funds Management	AOD	27 Apr
Birimian Ltd	BGS	1 May
Blaze International	BLZ	10 May
Brierty Ltd	BYL	20 Apr
Hawkey Oil & Gas	HOG	12 May
Knosys Ltd	KNO	11 May

**US Data Tonight**

CPI	Apr
Retail sales	Apr
Business inventories	Mar
Uni of Michigan consumer sentiment (prelim)	May

Other Overseas Data Today & Tonight

China	FDI	Apr
China	New yuan loans	Apr
Japan	Machine tool orders	Apr
Germany	GDP (prelim)	Mar Q
Germany	CPI (final)	Apr
Euro zone	Industrial production	Mar

Need More Information?

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Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
MGP	Today	0.2	0	3.20
TWD	Today	11	100	6.40
UOS	Mon	2.5	0	4.88
CBC	Tue	1	100	2.89
MQG	Tue	280	45	5.02
NAB	Tue	99	100	6.13
WAA	Tue	2.75	100	4.51
ECX	Thu	7.5	100	3.72
SNC	Thu	3.5	100	6.27
WBC	Thu	94	100	5.76

Reports & Events

(selected scheduled)

When	Company	Report/Event
Mon	ELD	Interim
Tue	AST	Full-year
	CCL	AGM
	ORI	Interim
	RHL	Interim
Wed	DLX	Interim
	PDN	Mar Q
Thu	BDR	AGM
	JHX	Q4; Full-year
Fri (19 May)	IVC	AGM
	OSH	AGM (Pt Moresby)
	SYD	Apr
	SYR	AGM