

Thursday 13 September 2018

Markets

SFE 200 Futures (9.30am AEST)	6162	-17	-0.3
NZX 50	9177	-19	-0.2
DJIA Futures	26006	-8	0.0
S&P 500 Futures	2887	-1	0.0
NASDAQ Futures	7481	-5	-0.1

Local Markets Commentary

The Australian market opens today's trade on largely positive overnight international commodities trade, ahead of key domestic data and as a swag of large-cap stocks trades ex-dividend.

Among key commodities, **oil** continued higher.

US (December) **gold** futures picked up the pace of Tuesday's rise.

LME **copper** and other key base metals rallied.

The **\$A** was propelled to ~US71.70c after trading below US71.20c early yesterday evening.

Locally today, the Australian Bureau of Statistics (ABS) publishes August **employment** figures **11.30am** AEST.

A consumer inflation expectations report is expected from the Melbourne Institute at the same time.

A plethora of stocks trades **ex-dividend** today, including **BRG, FLT, GEM, IGO, MMS, MND, S32, SVW, VRT, WSA** and **WOW**. Please see p3 for additional stocks and details.

Regionally, China's August lending figures are anticipated by some anytime from post-ASX trade today.

Japan's markets will be closed Monday due to a public holiday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25999	28	0.1
S&P 500	2889	1	0.0
NASDAQ	7954	-18	-0.2
FTSE 100	7313	40	0.6
DAX 30	12032	62	0.5
Shanghai Comp	2656	-9	-0.3

Overseas Markets Commentary

Marked vacillations across major European and US equities markets overnight again underscored investor jitters.

A media report citing un-named sources, claimed the US was seeking to begin new trade talks with China.

In **US** data releases, August producer prices slipped 0.1% for the month, the first decline in 18 months.

Forecasts were for a 0.2% rise, headline result consequently pushing the \$US lower.

Year-on-year prices were 2.8% higher, against 3.2% at the end of July.

The Federal Reserve's 12-district economic report (beige book), confirmed moderate growth but also underscored widespread import tariffs concern, to

Australia – August employment statistics **11.30am** AEST

* Mineral exploration listing **12.30pm** AEST – **ARN** *

Today's Stock Watch

Fonterra Shareholders' Fund (FSF)

\$NZ221M full year net loss. 6% higher, \$NZ20.44M revenue.

Accounts include a \$NZ439M Beingmate write-down and a \$NZ232M botulism scare-related payout to Danone.

FSF is credited with producing ~30% of international dairy exports.

This year's result is the group's first full-year loss.

Brickworks Ltd (BKW)

A notice of intent to commence protected industrial action at BKW Austral Bricks operations has been withdrawn.

An indefinite overtime ban has also been withdrawn.

Computershare Ltd (CPU)

Hong Kong investor forum presentation lodged this morning.

CPU has traded higher each session for the week to date, yesterday, settling at \$19.36.

Decmil Group (DCG)

New Surat Basin construction, logistics and maintenance work on behalf of QGC is expected to deliver an additional \$150M revenue.

Scout Security (SCT)

1785 new orders received from smart home security hubs in September to date, with SCO expecting \$A151,843 from the immediate delivery of 785 of these. The balance is expected to deliver an additional \$166,991.

Resources

Metallica Minerals (MLM)

Resuming from a trading halt with a proposal to merge with TSX_V-listed Melior Resources.

Melior is planning to commence ilmenite production in Queensland before year's end.

The potential deal involves an offer of 20 MLM shares for each Melior share, with MLM shareholders holding 36% of the resulting entity.

The plan values MLM shares at ~4.2c each.

MLM last traded at 3.1c.

Panoramic Resources (↓ PAN)

PAN is selling the mothballed WA goldfields region Lanfranchi nickel project to a Black Mountain Metals subsidiary for \$A15.1M.

Completion is anticipated before year's end.

PAN is planning to use the funds to restart the Savannah nickel-copper-cobalt project, located in WA's east Kimberley region.

Lithium Australia (LIT)

Sample lithium iron phosphate cathode power produced at a LIT subsidiary VSPC pilot plant will be provided within the next two weeks to battery cell manufacturers in China, for testing.

Aldoro Resources (* ARN)

Minerals explorer scheduled to list on the ASX **12.30pm** AEST following a \$5M IPO at 20c per share.

26.475 quoted securities.

the point of disrupting capital investment across several districts.

Euro zone July industrial production was reported 0.8% lower for the month, following a 0.7% fall in June. Year-on-year, output was down 0.1%.

Tonight in the US, August CPI growth and weekly new unemployment claims are due, together with a monthly budget statement.

US Federal Reserve vice chair Randy Quarles and another reserve bank official are scheduled to speak publicly.

In the meantime, three eastern US States are preparing for a major hurricane, which is expected to reach the US coastline late-Thursday (US time) or early Friday.

Elsewhere, the **Bank of England** and **European Central Bank** each convene policy meeting meetings and hold post-meeting conferences. **Turkey's** central bank also meets.

Adobe, Kroger, WM Morrison (Morrison's UK supermarket chain) and Oracle are scheduled to report earnings.

In overnight corporate news, chip manufacturer **Micron** was pushed ~4.5% lower on a negative analyst report.

Snap suffered a 7 drop, following a trio of unfavourable research reports.

Apple's product launch included iPhones and watches with additional features such as increased screen size, and one watch capable of monitoring and reacting to heart health. Top-level product prices rose, and the range of new releases was smaller than at last year's launch event. Apple subsequently settled ~1% lower for the session, as analysts lined up to predict possible slowing revenue growth.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1211	oz	9	0.8
Silver (NY) (Sep)	14.29	oz	0.13	0.9
Gold (LON)	1196	oz	6	0.5
Platinum	799	oz	9	1.4
WTI Crude (Oct)	70.4	bbl	1.1	1.6
Brent Crude (Nov)	79.7	bbl	0.7	0.9
Iron Ore (CHN port 62%)	67.7	t		
Copper (LME,3mth,PM)	5997	t	138	2.4
Nickel	12620	t	390	3.2
Aluminium	2064	t	20	1.0
Lead	2020	t	55	2.8
Zinc	2371	t	60	2.6
Tin	19050	t	5	0.0
CBT Wheat (Oct)	5.08	bshl	-0.11	-2.2

Commodities Commentary

Oil – WTI crude settled at a one-week peak and Brent traded above \$US80/bbl intra-session.

The \$US had weakened and some optimism grew regarding potential fresh US-China trade talks.

Further, a weekly US petroleum inventories report, published overnight, included a 5.3MMbbl fall in stored crude, unusual for this time of year, and bringing totals to 396MMbbl, the first tally below 400MMbbl in ~2.5 years.

In addition, daily production fell slightly, and net imports declined 443,000bb/d, the imports representing a second consecutive weekly pull back.

Pre-Open Announcements

Myer Holdings (* MYR)

JP Morgan has upgraded its MYR rating to neutral.

LiveTiles Ltd (* LVT)

LVT's \$2M 59c-per-share SPP closed oversubscribed by more than 100%.

LVT settled at 59c yesterday, after having traded at 53.5c – 61.5c for the week to date.

The Food Revolution (FOD) / Perpetual Ltd (PPT)

PPT and SG Hiscock are purchasing 40M of the shares being sold down by the Victoria Clean Technology Fund.

The fund supports early-stage ventures and is beginning to sell its FOD holding due to FOD growth.

1414 Degrees (14D)

Thermal energy storage system specialist completed its ASX listing yesterday following a \$16.3M IPO at 35c per share.

Opened at 25c and traded as low as 20.5c before settling at 22.5c.

3.77M shares changed hands across 402 transactions.

~132.23M quoted shares. ~11.65M quoted options.

Resources

Piedmont Lithium (PLL)

An updated scoping study for PLL's North Carolina, US Piedmont lithium project has delivered improved economics, including a 46% post-tax IRR within two-years, for the planned production of spodumene concentrate and lithium hydroxide.

Energy

Buru Energy (BRU)

WA onshore Canning Basin L20 Ungani 4ST1 development well drilling underway.

Trading Halts

Company	Code	Resuming
Allegiance Coal	AHQ	13 Sep
Kairos Minerals	KAI	13 Sep
MetalsTech Ltd	MTC	13 Sep
Moreton Resources	MRV	13 Sep
Pursuit Minerals	PUR	13 Sep
Suda Pharmaceuticals	SUD	13 Sep
Winchester Energy	WEL	13 Sep
Aksesstoday Ltd	AXL	14 Sep
Sirtex Medical	SRX	14 Sep
Kidman Resources	KDR	17 Sep

Suspensions (select)

Company	Code	Since
AFT Corporation	AFT	11 Sep
Alice Queen	AQX	10 Sep
Antilles Oil & Gas	AVD	24 Aug
AustSino Resources Group	ANS	6 Sep
Funtastic Ltd	FUN	12 Sep
Hardey Resources	HDY	10 Sep
Nex Metals Exploration	NME	7 Sep
Sundance Resources	SDL	10 Sep
Syngas Ltd	SYS	6 Sep
Victory Mines	VIC	11 Sep

In its monthly report, OPEC forecast a 1.41MMbbl/d increase in global oil demand for 2019, 20,000bbl/d fewer than the group's previous prediction.

OPEC cited several demand risks, including major central bank policy tightening, international trade uncertainty, current and potential economic crises for emerging and developing economies, and growing global debt.

OPEC also confirmed the group's total crude output rose by a daily 278,000bbl during August, to 32.56MMbbl/d.

Russia's energy minister appeared keen to highlight market uncertainty heading into the November commencement of US sanctions against anyone who purchases oil from Iran, amid continuing broader supply threats and outages.

Libya in the meantime, said output from its National Oil Corporation had not been impacted by a deadly IS-claimed attack on company headquarters on Monday.

In the US, domestic short-term fuel demand remained in focus, as millions prepared for a hurricane, expected to cross the coastline along three eastern US states late-Thursday – early-Friday US ET time.

Gold – an unexpected pullback in US producer prices pushed the \$US lower overnight, and helped support gold prices.

Two central bank meetings, and any surprising US CPI reading, are expected to influence currencies trade tonight, and hence some gold interest.

Base metals – a softer \$US supported some overnight trade, but not as much as a report claiming the **US** was prepared to commence new trade talks with **China**, and to make the initial approach, at a relatively high official level.

China's August industrial production, fixed assets investment and retail sales are scheduled for release tomorrow.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7174	0.0003	0.04
EUR – USD	1.1627	0.0001	0.01

Australian Data Today

ABS	Employment	Aug
Melb Inst	Consumer inflation expectations	Sep

US Data Tonight

CPI	Aug
Budget statement	Aug
Initial jobless claims	7 Sep

Other Overseas Data Today & Tonight

China	<i>New lending</i>	Aug
Japan	Tankan index	Sep
Japan	Producer prices	Aug
Japan	Machinery orders	Jul
UK	BoE monetary policy	Sep
Germany	CPI (final)	Aug
Euro zone	ECB monetary policy	Sep

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
AMA	Today	2	100	2.13
APE	Today	14	100	4.56
BRG	Today	16.5	60	2.46
CGO	Today	0.25	100	1.14
CGR	Today	0.75	100	2.83
DTL	Today	6.6	100	5.29
FLT	Today	107	100	2.93
GEM	Today	4.5	100	7.11
HUO	Today	5	50	2.25
IGO	Today	2	100	0.74
LAU	Today	1	100	5.07
LBL	Today	0.4	100	3.43
MEQ	Today	5.24	0	0.00
MHJ	Today	2.5	0	5.78
MMS	Today	40	100	4.11
MND	Today	32	100	4.17
PCG	Today	6.5	100	3.77
PL8	Today	0.5	100	5.40
RXP	Today	2	100	7.00
S32	Today	8.43	100	3.83
SIQ	Today	20.5	100	3.11
SNL	Today	8	100	3.23
SVW	Today	21	100	2.02
URB	Today	1	100	1.50
VRT	Today	12	100	4.58
VTG	Today	4.4	100	7.84
WOW	Today	60	100	3.27
WSA	Today	2	100	0.86
ASB	Tomorrow	3	0	2.67
AVJ	Tomorrow	3	100	6.94
EPW	Tomorrow	4	100	4.49
EXP	Tomorrow	1	100	2.67
MA1	Tomorrow	1	100	1.18
MPX	Tomorrow	0.25	0	0.83
NBL	Tomorrow	4	100	3.76
PGC	Tomorrow	2	100	4.25
AQZ	Mon	6.3	100	4.04
COH	Mon	160	100	1.46
CWY	Mon	1.4	100	1.32
FFI	Mon	10	100	4.87
HUB	Mon	3.5	0	0.00
OTW	Mon	1.5	100	0.55

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