

Friday 14 October 2016

## Markets

<b>SFE 200 Futures</b> (9.25am AEST)	<b>5426</b>	<b>11</b>	<b>0.2</b>
<b>NZX 50</b>	7114	-6	-0.1
<b>DJIA Futures</b>	18013	-8	0.0
<b>S&amp;P 500 Futures</b>	2125	-1	0.0
<b>NASDAQ Futures</b>	4796	0	0.0

## Local Markets Commentary

The Australian market commences Friday trade on negative equities and mixed commodities leads.

Regionally today, **China's September CPI is anticipated ~12.30pm AEDST.**

Locally, the Reserve Bank of Australia (RBA) publishes its six-monthly financial stability review. August lending finance is also due, from the ABS.

In overnight commodities trade, **gold** and **oil** turned to settle higher. LME **copper** dropped. **Iron ore** recorded a slight gain.

The **\$A** climbed to ~US75.7c after trading at ~US75.2c yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>18099</b>	-45	<b>-0.3</b>
<b>S&amp;P 500</b>	2133	-7	-0.3
<b>NASDAQ</b>	5213	-26	-0.5
<b>FTSE 100</b>	6978	-46	-0.7
<b>DAX 30</b>	10414	-109	-1.0
<b>Shanghai Comp</b>	3061	3	0.1

## Overseas Markets Commentary

Major European and US equities fell on opening overnight, US indices ultimately recovering some ground.

Global economic growth fears appeared to douse risk sentiment, not only on some disappointing trade data out of South Korea and China yesterday, but also on an influential economists' survey which predicted a US recession within four years.

**Germany's** final September CPI reading backed up the initial estimate of a 0.1% gain for the month and 0.7% year-on-year.

In data releases, **US** weekly new unemployment claims came in steady, at 246,000, against expectations of an 8000 rise.

September import and export prices were reported respectively 0.1% and 0.3% higher.

**Tonight** in the **US**, Federal Reserve chair Janet Yellen is scheduled to speak at an economics conference.

September retail sales and producer prices are also due, together with a New York region manufacturing index, August business inventories and a key consumer sentiment reading.

Wells Fargo, JP Morgan Chase and Citigroup are due to report results and/or provide trading updates.

Sovereign rating updates are due for Russia, Spain and Greece.

**China - September CPI expected ~12.30pm AEDST**

**\* Beer brewer listing 11am AEDST - BEE \***

## Today's Stock Watch

### CSL Ltd (CSL)

\$US550M raised in a private placement of 10-, 12- and 15-year bullet bonds in the US. In addition, CSL has also successfully completed negotiations for a new three-year \$A350M bank debt facility. CSL says it has \$US2.7B worth of US private placement debt. The new placement and facility had each been previously flagged.

### Fantastic Holdings (FAN)

Recommending a \$3.50 cash-per-share scheme arrangement, whereby Steinhoff Asia Pacific Holdings will acquire FAN. FAN shareholders Julian Tertini and Peter Brennan, who control a total 50.8% of FAN intend to vote their shares in favour of the scheme. FAN directors are also intending to do the same. The scheme booklet is expected to be available early November, and a shareholder vote is likely early December. Pending all approvals and conditions, implementation is anticipated by year's end. FAN traded at \$2.43 - \$2.49 yesterday.

### Brierty Ltd (BYL)

\$8.1M contract in hand from Multiplex, to construct access roads and car parks for the Perth Stadium.

### Michael Hill International (MHJ)

The Hill family trust Hoglett Hamlet has sold 16M MHJ shares, reducing the trust's MHJ holding from 42.89% to 38.86%. The trusts of Mike (Mole Hill) and Emma Hill (Squeakidin) did not participate in the sale and have each retained 4.99% of MHJ. Hill family entities hold a total 48.65% of MHJ and Sir Michael Hill says no further share sales are planned. MHJ traded at \$1.585 - \$1.64 yesterday.

### Broo Ltd (\* BEE)

Premium Australian beer brewer scheduled to list on the ASX 11am AEDST following an ~\$10.5M IPO at 20c per share.

### TPG Telecom (TPM)

Trading ex-dividend (7.5c) Monday. TPM has traded lower the past five sessions, settling at \$7.82 yesterday, after closing out September at \$8.62.

## Resources

### Independence Group (IGO)

70.6Mt total resources as at 30 June, and 36.7Mt reserves. Tropicana project resources (100% basis) are estimated at 37.4Mt @ 1.9g/t Au and reserves 12.3Mt @ 1.8g/t Au. Nova, Stockman, Jaguar and Long figures also lodged this morning.

## Energy

### Oil Search (OSH) / Santos Ltd (STO)

Credit Suisse has re-rated OSH and STO as underperform, from neutral.

### Pacific American Coal (PAK)

40% PAK-held Imagine Intelligent Materials has secured an MoU with Duromer to develop graphene anti-static polymers.

Meanwhile, India will host a **BRICS** summit over the weekend. Any new deals and alliances involving Russia, China and/or Brazil will attract particular notice.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1259</b>	oz	5	0.4
<b>Silver (NY) (Dec)</b>	17.5	oz	0.0	0.1
<b>Gold (LON)</b>	1261	oz	5	0.4
<b>Platinum</b>	934	oz	-6	-0.6
<b>WTI Crude (Dec)</b>	<b>50.5</b>	bbl	0.3	0.6
<b>Brent Crude</b>	<b>52.0</b>	bbl	0.2	0.4
<b>Iron Ore (Tianjin)</b>	<b>56.6</b>	t	0.1	0.2
<b>Copper (LME)</b>	<b>4712</b>	t	-102	-2.1
<b>Nickel</b>	10430	t	-135	-1.3
<b>Aluminium</b>	1692	t	8	0.5
<b>Lead</b>	1996	t	-28	-1.4
<b>Zinc</b>	2240	t	-24	-1.1
<b>Tin</b>	19485	t	-340	-1.7
<b>CBT Wheat (Dec)</b>	<b>4.16</b>	bshl	0.19	4.9

### Commodities Commentary

*Oil* – a softer \$US supported overnight trade, prices ultimately settling higher.

This, despite the EIA estimating **US** crude stockpiles grew by 4.9MMbbl last week, against expectations of a 700,000bbl - 900,000bbl rise. Total petroleum products in storage fell 5.1MMbbl, however.

A weekly US petroleum drill rig count is due tonight.

*Gold* – equities risk sentiment evaporated, the \$US fell, safe-haven and bargain buyers reportedly came out, and hence prices rose.

*Base metals* – a 10% fall in China's September exports and 1.9% for imports surprised on the downside yesterday, impacting overnight trade.

A weaker \$US helped constrain falls, however.

*Aluminium* notably continued higher.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7567	-0.0002	-0.03
<b>EUR – USD</b>	1.1054	-0.0003	-0.03

### Australian Data Today

RBA	Financial stability review	Oct
ABS	Lending finance	Aug

### US Data Tonight

New York (Empire State) manufacturing	Oct
Producer prices	Sep
Retail sales	Sep
Business inventories	Aug
Uni of Michigan consumer confidence (prelim)	Oct

### Other Overseas Data Today & Tonight

<b>China</b>	CPI	Sep
China	PPI	Sep
<b>Japan</b>	Retail sales (rev)	Aug
Japan	Economic report	Oct

## Pre-Open Announcements

### Elders Ltd (ELD)

ELD has completed its purchase of 30% of StockCo Holdings.

### AdAlta Ltd (1AD)

Planning to re-submit and orphan drug designation application with the US FDA by year's end after receiving a request for additional pre-clinical data. Details lodged this morning.

### Osprey Medical (OSP)

Holding \$24.4M cash as at 30 September. September cash receipts totalled \$US123,000. Sold 34% more DyeVert systems during the September quarter than for the June quarter.

## Resources

### Torian Resources (TNR)

Significant width and grade intersections lodged this morning following RC drilling within the Mt Stirling gold prospect, located 8km from the Tarmoola gold mine, WA eastern goldfields.

### Hammer Metals (HMX)

Millennium project cobalt assays and Scalper project copper assays lodged this morning.

### Australian Vanadium (AVL)

Investor presentation lodged post-trade yesterday.

### Legacy Iron Ore (LCY)

WA far eastern goldfields Mt Celia gold project RC drilling has extended known mineralisation. High-grade and significant-width assays lodged this morning.

### Mincor Resources (MCR)

Heralding historical drilling results ahead of a WA North Kambalda drilling program within an area for which MCR has recently secured gold rights.

### Australian Mines (AUZ)

Resuming from a trading halt having raised \$840,000 in a 1.1c-per-share placement. AUZ last traded at 1.3c.

## Energy

### Leigh Creek Energy (\* LCK)

Environmental drilling underway again within LCK's coal gasification project, Leigh Creek, South Australia.

### Titan Petroleum (\* TTE)

Allen Salt Dome JV workover program underway ahead of new drilling before year's end.

In addition, TTE has granted JV partner Viceroy Petroleum a right to purchase TTE's 30% Allen Dome interest anytime 1 August – 31 October 2017. Consideration will be calculated according to production, oil prices and net revenue interest. Details lodged post-trade yesterday.

Further, TTE is planning to raise ~\$1M in a \$300,000 placement and \$792,000 entitlement offer, each at 0.1c per share. TTE has traded at 0.2c for the week to date.

## Trading Halts

Company	Code	Resuming
De Grey Mining	DEG	14 Oct
Kabuni Ltd	KBU	14 Oct
Lithium Power International	LPI	14 Oct
Acacia Coal	AJC	17 Oct
Buddy Platform	BUD	17 Oct



<b>UK</b>	Construction output	Aug
UK	BoE credit conditions	Sep
<b>Euro zone</b>	Trade balance	Aug

### Need More Information?

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Sovereign Metals	SVM	17 Oct
Xped Ltd	XPE	17 Oct

### Suspensions (selected)

Company	Code	Since
Cleveland Mining Company	CDG	3 Oct
Cudoco Ltd	CDU	30 Sep
Drake Resources	DRK	23 Sep
Freshtel Holdings	FRE	6 Oct
Orinoco Gold	OGX	12 Oct
Target Energy	TEX	13 Oct
Unilife Corporation	UNS	30 Sep
Wolf Minerals	WLF	30 Sep
Zamia Metals	ZGM	3 Oct

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
NHC	Mon	2	100	2.07
NST	Mon	3	100	1.71
OTW	Mon	1	100	0.33
PRO	Mon	2	0	3.92
TPM	Mon	7.5	100	1.85
WAA	Mon	2.5	100	4.24
WAM	Mon	7.25	100	5.97
WAX	Mon	4.25	100	5.15
BWR	Tue	4	0	7.98
CCP	Tue	27	100	2.72
CDM	Tue	4	100	7.03
FGG	Tue	1	100	0.93
NCC	Wed	3.5	100	4.82
AVG	Thu	1.5	100	2.68
BWF	Thu	1.8	100	5.30
BYI	Thu	5	10	8.33
MCP	Thu	2	100	7.48
1AL	21 Oct	3.5	0	10.42
SNC	21 Oct	3	100	5.49

### Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>ARB</b>	AGM
	<b>RRL</b>	Sep Q
<b>Mon</b>	PDN	Sep Q
	SAR	Sep Q
	SXY	Sep Q
	WHC	Sep Q
<b>Tue</b>	AZJ	AGM; Sep Q
	CGF	Sep Q
	COH	AGM
<b>Wed</b>	ANN	AGM
	BAL	AGM
	ORG	AGM
	SBM	Sep Q
	SSM	AGM
	TRS	AGM

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<b>Thu</b>	AIA	AGM
	AMC	AGM
	BXB	Sep Q
	CIM	Sep Q
	CWN	AGM
	EVN	Sep Q
	FMG	Sep Q
	IOF	AGM
	LLC	AGM
	RIO	Sep Q
	S32	Sep Q
	SPO	AGM
	SXL	AGM
	SYD	Sep stats
	WPL	Sep Q
	<b>21 Oct</b>	BAP
EVT		AGM
HSO		AGM
IAG		AGM
JHC		AGM
MQA		Sep Q
OZL		Sep Q
QAN		AGM
RSG		Sep Q
SKC		AGM
STO	Sep Q	