

Thursday 14 December 2017

Markets

SFE 200 Futures (9.30am AEDST)	6048	21	0.4
NZX 50	8265	-20	-0.2
DJIA Futures	24630	3	0.0
S&P 500 Futures	2667	0	0.0
NASDAQ Futures	6399	0	0.0

Local Markets Commentary

The Australian market commences today's trade on mixed overnight international trade leads, ahead of significant domestic and regional economic indicators today and further central bank meetings and influential data tonight.

Locally today, November employment statistics are due 11.30am AEDST. The Melbourne Institute also publishes a monthly inflation expectations report this morning.

Regionally, **China's** November industrial production, fixed asset investment and retail sales are expected **1pm AEDST.**

An initial December manufacturing PMI for **Japan** is scheduled for release **11.30am.**

In overnight commodities trade, **US gold** futures swung higher. **Oil** settled lower for a second consecutive session.

Iron ore (China port, 62% Fe) continued volatile, turning lower. LME **copper** rallied.

The **\$A** appreciated significantly, to ~US76.35c, after falling below ~US75.60c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24585	81	0.3
S&P 500	2663	-1	-0.1
NASDAQ	6876	13	0.2
FTSE 100	7497	-4	0.6
DAX 30	13126	-58	-0.4
Shanghai Comp	3303	22	0.7

Overseas Markets Commentary

Investors across major European and US equities markets were presented with plenty to consider overnight during a mega session for data and events

In late **US** trade, reports emerged Senate and House of Representatives Republicans had largely agreed on **tax** legislation, which some predict could face ultimate votes before Christmas, and secure a presidential signature before year's end.

The US **Federal Reserve's** last policy meeting under chair Janet Yellen raised rates, as widely anticipated, by 0.25% to 1.25% - 1.50%.

The Fed also retained its prediction of another three rises in 2018 and two more likely during 2019, while maintaining a weak inflation view.

Among a batch of influential economic indicator reports, **US** November CPI rose 0.4% and core CPI (food and energy excluded) just 0.1% for the

Australia – November employment **11.30am AEDST**

China – November industrial production, fixed asset investment and retail sales **1pm AEDST**

* Media & advertising listing **11am AEDST – EN1** *

* Minerals exploration listing **1pm AEDST – CWX** *

Today's Stock Watch

Woolworths Ltd (WOW)

The Australian Competition & Consumer Commission (ACCC) has decided not to approve BP's proposed acquisition of WOW's retail service stations. In this morning's published explanation of its determination, the ACCC cites BP's role as a fuel supplier and differences in BP and WOW retail prices.

Commonwealth Bank of Australia (CBA)

AUSTRAC is expected to reveal additional breach allegations against CBA, relating to Australia's money laundering and counter terrorism laws.

CBA in the meantime, has told AUSTRAC that a systems-related error caused 53,506 transaction reports to be filed late.

In response to AUSTRAC allegations and associated civil proceedings, CBA also accepted accountability for failures to comply with anti-money laundering and counter-terrorism financing regulations.

The A2 Milk Company (A2M)

A2M has appointed former Jetstar CEO Jayne Hrdlicka as MD and CEO-elect, to take over from Geoffrey Babidge who is planning to retire from A2M in 2018.

Platinum Asia Investments (PAI)

Platinum Investment Management (PIM) is planning to sell up to 20M PAI shares at \$1.22 each, to boost PAI market liquidity, to better match demand.

PIM currently holds 50M PAI shares, representing ~14%, and will remain PAI's largest shareholder following the sale.

Engage:BDR Ltd (* EN1)

Digital media and advertising specialist scheduled to list **11am AEDST** following a targeted \$10M IPO at 20c per share. ~249.7M shares.

Resources

Encounter Resources (ENR) / Newcrest Mining (NCM)

400sq km of ENR WA Tanami region tenements will be assessed by NCM, under a previously announced project generation alliance, ahead of a potential 50:50 JV.

Carawine Resources (* CWX)

Explorer scheduled to list **1pm AEDST** following a \$7M IPO at 20c per share. 52.7M shares.

UBS, HSBC and Pershing nominees make up the top three shareholders with a combined ~9.8%.

Energy

Mineral Resources (MIN) / AWE Ltd (AWE)

MIN-hosted teleconference scheduled for **2pm AEDST**, in order to explain the strategy behind the company's planned acquisition of AWE. Access details lodged post-trade yesterday.

month.

Core annual CPI came in at 1.7% against 1.8% in October.

The **euro zone's** October industrial production rose 0.2% for the month and 3.7% year-on-year, following a respective -0.6% and 3.3% for September.

Germany's final November CPI annual growth reading confirmed the earlier 1.8% estimate.

The **UK's** average weekly income for the October quarter was reported to have risen to 2.5% year-on-year, from 2.2% for the September quarter. Unemployment claims reportedly jumped in November.

In the meantime, the UK Government was facing a parliamentary vote on how UK-European separation deals would be approved. Post-UK trade, the vote reportedly went against the Government's plans for ultimate authority.

Tonight in the US, weekly new unemployment claims, November retail sales, import and export price, October business inventories and an initial Markit December PMI are due.

Elsewhere, the **Bank of England** and **European Central Bank** hold policy meetings and hold post-meeting media conferences.

Initial December PMIs are also due for the UK and euro zone and November retail sales for the UK.

In overnight corporate news, **Twenty-First Century Fox** was reported to be close to a deal to sell off some assets for ~\$US40B.

Commodities

COMMODITY	CLOSE	\$/US/	+/-	%
Gold (NY) (Feb)	1249	oz	7	0.5
Silver (NY) (Mar)	16.1	oz	0.4	2.7
Gold (LON)	1243	oz	2	0.1
Platinum	886	oz	7	0.8
WTI Crude (Jan)	56.6	bbl	-0.5	-1.0
Brent Crude (Feb)	62.4	bbl	-0.9	-1.4
Iron Ore (CHN port 62%)	70.9	t	-0.4	-0.6
Copper	6729	t	66	1.0
Nickel	11095	t	-170	0.3
Aluminium	2009	t	-7	-0.4
Lead	2525	t	8	0.3
Zinc	3153	t	-4	-0.1
Tin	18800	t	-365	-1.9
CBT Wheat (Mar)	4.17	bshl	0.04	1.5

Commodities Commentary

Oil – prices swung intra-session again overnight.

A weekly US petroleum inventories report included a 5.1MMbbl fall in stored crude, but record (weekly) high, 9.78MMbbl daily production, an increase of 73MMbbl/d.

Petrol stocks rose by 5.7MMbbl.

Earlier in the week, the report publisher, EIA, forecast a 780,000bbl/d 2018 rise in daily crude production to 10.02MMbbl/d

Meanwhile, the operator of the under-repair UK North Sea Forties oil and gas pipeline reportedly declared force majeure.

In addition, UK distributors and utilities were reported to have ordered interim LNG supply from Russia's Arctic region Yamal project, as some of mainland Europe faced its own heating fuel emergency.

Pre-Open Announcements

Monadelphous Group (* MND)

Additional contracts totalling \$110M secured, one for the design and installation of an irrigation scheme in New Zealand.

National Storage REIT (* NSR)

Resuming from a trading halt with the completion of a \$50M fully-underwritten placement at \$1.50 per security. NSR last traded at \$1.585.

Telix Pharmaceuticals (* TLX)

Collaboration agreement secured with Memorial Sloan Kettering Cancer Center, targeting precise diagnostic imaging and treatment of renal cancer.

Fleetwood Corporation (* FWD) / Rio Tinto (RIO)

FWD and RIO have agreed a one-year extension, to 31 December 2018, for FWD to provide accommodation services at the Karratha, WA Searipple Village.

Convenience Retail REIT (CRR)

Proposing to pay \$4.4M for 7-Eleven Dakabin, Brisbane.

BrainChip Holdings (BRN)

BRN founder and chief technology officer Peter van der Made is resigning from the BRN board, effective 1 January, in order to concentrate on the development of BRN's Akida.

Megaport Ltd (MP1)

CFO Haidee Van Ruth is resigning, effective 31 March.

National Tyre & Wheel (* NTD)

Tyre and wheel wholesaler scheduled to list 11am AEDST tomorrow following a targeted \$59M IPO at \$1.00 per share.

P2P Transport (* P2P)

Chauffeur/taxi service completed its ASX listing yesterday following a \$29.2M IPO at \$1.32 per share.

Opened at \$1.44 and slipped to \$1.30 before settling on par at \$1.32. 572,068 shares changed hands across 151 transactions. 828 fleet vehicles. 78.66M shares.

Resources

Venture Minerals (VMS)

Southern WA Odin prospect drilling approval in hand from landholders. VMS is targeting lithium.

Energy

Origin Energy (ORG)

Aiming to cut company carbon emissions by 50% by 2032. Details lodged this morning.

Global Energy Ventures (GEV)

Resuming quotation at today's market open following ~two weeks' suspended trade. GEV last traded at 40c.

Trading Halts

Company	Code	Resuming
Orinoco Gold	OGX	14 Dec
The Hydroponics Company	THC	14 Dec
Aeon Metals	AML	15 Dec
Consolidated Zinc	CZL	15 Dec
Dubber Corporation	DUB	15 Dec
Transurban Group	TCL	15 Dec
Water Resources Group	WRG	15 Dec

The International Energy Agency (IEA) is due to publish a monthly oil report tonight.

Gold – overnight prices were buoyed by the US Federal Reserve post-policy meeting statement, including that inflation growth was likely to remain 'tame'. This, and November's below-expectations CPI reading, also revealed overnight, propelled the \$US lower.

Meanwhile, bitcoin futures trade was temporarily suspended due to volatility.

Comex gold futures notably extended gains post-settlement.

Base metals – some covering reported amid new 2018 analyst forecasts and ahead of key data to come out of China today.

Currency volatility is also considered possible, with ECB and Bank of England policy meetings later today and tonight, together with influential data releases on both sides of the channel.

Glencore's plans continued to play with zinc.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7633	-0.0005	-0.06
EUR – USD	1.1827	-0.0001	-0.01

Australian Data Today

MInst	Inflation expectations	Dec
ABS	Employment	Nov

US Data Tonight

Retail sales	Nov
Initial jobless claims	9 Dec
Import & export prices	Nov
Business inventories	Oct
Markit PMIs (initial)	Dec

Other Overseas Data Today & Tonight

China	Industrial production	Nov
China	Fixed asset investment	Nov
China	Retail sales	Nov
Japan	PMI manufacturing (initial)	Dec
Japan	Industrial production (final)	Oct
UK	BoE policy statement	Dec
UK	Retail sales	Nov
Germany	PMIs (initial)	Dec
Euro zone	ECB policy statement	Dec
Euro zone	PMIs (initial)	Dec

Need More Information?

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

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Suspensions *(selected)*

Company	Code	Since
Ausnet Financial Services	AU1	6 Dec
China Dairy Corporation	CDC	11 Dec
Dawine Ltd	DW8	30 Nov
FE Ltd	FEL	22 Nov
Jatenergy Ltd	JAT	13 Dec
Mobilarm Ltd	MBO	6 Dec
Mount Ridley Mines	MRD	13 Dec
OrotonGroup Ltd	ORL	30 Nov
Rift Valley Resources	RVY	11 Dec
ServTech Global Holdings	SVT	6 Dec
Tanga Resources	TRL	1 Dec
Volt Power Group	VPR	7 Dec
Winha Commerce & Trade	WQW	1 Dec

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
BPS	Today	2.25	100	14.21
INM	Today	53.27	0	4.07
MTS	Today	6	100	3.29
TRA	Today	2.31	100	0.00
TTS	Today	16	100	3.80
GDF	Mon	2.25	0	7.80

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	ELD	AGM
Tomorrow	BTT	AGM
	NAB	AGM
	ORI	AGM
Tue	ANZ	AGM
Wed	SYD	Nov
Thu	DLX	AGM
	IPL	AGM



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