

Monday 15 May 2017

Markets

SFE 200 Futures (9.30am AEDST)	5817	6	0.1
NZX 50	7453	1	0.0
DJIA Futures	20854	6	0.0
S&P 500 Futures	2389	0	0.0
NASDAQ Futures	5691	2	0.0

Local Markets Commentary

The Australian market commences a new week's trade ahead of key data out of China, following a major international cyber-security scare, and amid ongoing political and corporate domestic budget-related ructions.

China's industrial production, retail sales and fixed asset investment are anticipated midday AEST.

In the meantime, China has promoted a \$US124B global trade plan update at a two-day summit which commenced yesterday. Dubbed the 'New Silk Road', the idea was launched under 'Belt & Road' four years ago. Almost 30 nations are in attendance, Greece, Italy, Russia and Turkey among those represented by their leaders.

In overnight Friday commodities trade, **oil** settled effectively flat. **US gold** futures gained. **LME copper** rose modestly. **Iron ore** turned higher.

The **\$A** traded in a comparatively narrow range after trading at ~US73.90c early Friday evening.

Locally today, housing finance figures and weekly capital city house prices are due.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	20897	-23	-0.1
S&P 500	2391	-4	-0.2
NASDAQ	6121	5	0.1
FTSE 100	7435	49	0.7
DAX 30	12770	59	0.5
Shanghai Comp	3084	22	0.7

Overseas Markets Commentary

Major European and US equities trade diverged overnight Friday, although all key indices chopped.

US equities trade again produced ultimate overall little change, indicating caution.

Germany's March quarter GSP growth was reported at 0.6%, against 0.4% for the December quarter 2016. A final April CPI confirmed flat growth for the month and 2.0% year-on-year.

Euro zone March industrial production was estimated to have slipped 0.1% for the month, rising 1.9% year-on-year.

In **US** data releases, April CPI growth was estimated at 0.2%, supported by 1.1% higher energy prices and following a 0.3% fall for March. Core April CPI rose 0.1%.

April retail sales rose 0.4% for the month and 4.5% year-on-year. An initially reported 0.2% decline for March was revised to a 0.1% gain.

The initial University of Michigan May consumer

China – industrial production, retail sales, fixed asset investment expected **midday** AEST

Today's Stock Watch

Elders Ltd (ELD)

56% higher, \$38.3M interim NPAT. 4% higher, \$773.2M revenue. 90c NTA. 32.6c EPS. \$1.8M cash and equivalents. \$170.4M net debt.

Webcast teleconference scheduled to commence 10am AEST. Access details lodged this morning.

Fairfax Media (FXJ)

Assessing a revised, indicative \$1.20 cash-per-share proposal received yesterday from a consortium including TPG Group and the Ontario Teachers' Pension Plan Board. List of conditions lodged this morning.

Spark New Zealand (SPK)

Zero Commission NZ is intending to offer certain SPK shareholders \$NZ3.54 per share. The offer is unsolicited and SPK does not endorse it.

SPK last traded on the New Zealand Stock Exchange at \$NZ3.745 and on the ASX at \$A3.47.

Qantas Airways (QAN)

Moody's has raised QAN's investment credit rating from Baa3 to Baa2, with a stable outlook.

Reliance Worldwide Corporation (RWC)

Outlaying \$US92.5M to acquire specialist engineering firm Securus, trading as Holdrite, pending regulatory approvals. In association, RWC has secured approval to boost borrowing facilities by \$A100M to \$A350M.

MMJ PhytoTech (MMJ)

MMJ's Israeli-based subsidiary has received regulatory approvals to conduct a PTL 201 Phase 2 clinical study looking at the safety and efficacy of the capsules in treating MS symptoms.

BARD1 Life Sciences (BD1)

Technical factors are under review after a study resulted in a score of 0.82 for BD1's lung cancer test accurately identifying lung cancer in training sets, and 0.725 in test sets.

Cre8tek Ltd (CR8)

MoU secured with Deloitte Australia, for Deloitte and CR8 company Flamingo Customer Experience to co-develop commercial products for purchasing goods and services access.

Southern Cross Electrical Engineering (SXE)

SXE subsidiary Heyday5 has secured \$50M worth of new contracts within NSW and the ACT. Details lodged this morning.

Resources

Lynas Corporation (LYC)

LYC has appointed Queensland University of Technology Faculty of Law dean John Humphrey as a non-executive director, effective today, filling a position Jake Klein is leaving vacant today after 12 years as an LYC director.

Energy

Real Energy (RLE) / Santos Ltd (STO)

MoU in hand for RLE's Windorah project gas to be processed at the STO-operated Moomba, South Australia gas facility.

sentiment index came in at 97.7, 0.7 higher than the final April reading.

Saturday, **Greece** released a mini-budget which included a 1.8% GDP growth forecast for 2017, 0.9% lower than the previous prediction.

Tonight in the US, a New York region business activity index is due, together with a housing market index.

In overnight Friday corporate news, US retailers **JC Penney** and **Nordstrom** each dropped ~10% after delivering disappointing quarterly results and spawning another session of weak retail sector sentiment.

Positive clinical study results pushed **AstraZeneca** 9% higher.

Reports have since emerged that Italian toll road and infrastructure specialist Atlantia is considering a €15B acquisition of Spanish company Abertis.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1228	oz	2	0.3
Silver (NY) (Jun)	16.4	oz	0.2	0.8
Gold (LON)	1231	oz	8	0.7
Platinum	919	oz	3	0.3
WTI Crude (Jun)	47.8	bbl	0.01	0.0
Brent Crude (Jul)	50.8	bbl	0.07	0.1
Iron Ore (CHN port 62%)	61.4	t	1.0	0.7
Copper	5560	t	17	0.3
Nickel	9315	t	0	0.0
Aluminium	1891	t	16	0.9
Lead	2126	t	-51	-2.3
Zinc	2554	t	-37	-1.4
Tin	19845	t	-20	-0.1
CBT Wheat (Jul)	4.33	bshl	-0.01	-0.2

Commodities Commentary

Oil – pushed and pulled overnight Friday by interpretations of production figures and outlooks.

The next regular OPEC meeting is scheduled for 25 May.

A US weekly petroleum rig count has estimated nine additional operational oil rigs and a total 712.

Gold – overnight Friday trade was attributed by some to US political and administrative concerns.

Currency-watchers predict some \$US softening this week, which would support gold, but many analysts are not predicting any large moves this week.

Base metals – a weaker \$US failed to bolster overnight Friday trade, but falling LME inventories supported *copper* trade.

Russia's Rusal reported encouraging March quarter results, and indicated a positive outlook with plan to recommence constructing an *aluminium* smelter in Siberia.

China's Chalco, on the other hand, said with would shutter 970,000t of alumina production capacity.

Some caution was noted ahead of **China's** April industrial production, retail sales and fixed asset investment reports, anticipated today. The figures are likely to move tonight's trade.

Late Friday, China reported 1.1 trillion yuan worth of bank lending during April. In addition, the central bank offered new funding to banks via medium-term loans, but retained strict control of short-term lending.

Pre-Open Announcements

James Hardie Industries (JHX)

JHX has appointed former Danaher executive VP Steven E Simms as an independent non-executive director.

AusNet Services (* AST)

Full-year results anticipated tomorrow.

OrotonGroup Ltd (* ORL)

Trading halt called this morning.

Macmahon Holdings (MAH)

Conference presentation lodged this morning.

Benjamin Hornigold (BHD)

Investment company completed a successful ASX listing Friday following a \$20M IPO at \$1.00 per share. Opened at \$1.03 and slipped to \$1.01 before settling at \$1.07. 697,082 shares changed hands across 82 trades.

Resources

Dacian Gold (↓ DCN)

WA Mount Morgans gold project surface drilling at the Beresford underground mine site has returned visible gold and several high-grade intersections. Assays lodged this morning.

Cape Lambert Resources (CFE)

CFE has launched legal action in the Sierra Leone High Court against Timis Mining Corporation and three individuals, in relation to the Marampa iron ore mine acquisition. Details lodged this morning.

Rox Resources (RXL) / Marindi Metals (MZN)

A court-ordered mediation conference convened after MZN served a writ on RXL failed to achieve resolution. The matter is expected to be listed for a WA Supreme Court hearing before year's end.

Energy

Central Petroleum (* CTP)

Purported requisition notices received ahead of a potential spill of three of CTP's four directors, including chairman Robert Hubbard. Colin Goodall is nominated as CTP's proposed new chair. List of requisitioning shareholders lodged this morning.

Trading Halts

Company	Code	Resuming
Buxton Resources	BUX	15 May
Musgrave Minerals	MGV	16 May
Danakali Ltd	DNK	17 May
Kalium Lakes	KLL	17 May
OrotonGroup Ltd	ORL	17 May
Strandline Resources	STA	17 May

Suspensions (selected)

Company	Code	Since
Activistic Ltd	ACU	26 Apr
Aurora Funds Management	AOD	27 Apr
Birimian Ltd	BGS	1 May
Brierty Ltd	BYL	20 Apr
Hawkey Oil & Gas	HOG	12 May

**Exchange Rates**

CURRENCIES	LAST	+/-	%
AUD – USD	0.7390	-0.0003	-0.04
EUR – USD	1.0926	-0.0004	-0.04

Australian Data Today

ABS	Housing finance	Mar
CoreLogic	Capital city house prices	13 May

US Data Tonight

Empire State (NY Fed) manufacturing	May
NAHB housing market index	May

Other Overseas Data Today & Tonight

China	Industrial production	Apr
China	Fixed asset investment	Apr
China	Retail sales	Apr
Japan	Machine tool orders (prelim)	Apr

Need More Information?

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Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
UOS	Today	2.5	0	4.84
CBC	Tomorrow	1	100	2.89
MQG	Tomorrow	280	45	5.07
NAB	Tomorrow	99	100	6.12
WAA	Tomorrow	2.75	100	4.59
ECX	Thu	7.5	100	3.69
SNC	Thu	3.5	100	6.27
WBC	Thu	94	100	5.77

Reports & Events

(selected scheduled)

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