

Wednesday 15 November 2017

Markets

SFE 200 Futures (9.30am AEDST)	5953	-23	-0.4
NZX 50	8005	-3	-0.0
DJIA Futures	23368	-7	0.0
S&P 500 Futures	2578	0	0.0
NASDAQ Futures	6294	0	0.0

Local Markets Commentary

The Australian market opens mid-week trade again on weak international equities sentiment, mixed commodities leads and ahead of influential data, this time for Australia and also out of Japan.

In overnight commodities trade, **oil** fell. US **gold** futures settled virtually flat. **Iron ore** (China port, 62% Fe) swung higher. LME **copper**, **nickel** and **aluminium** dropped.

The **\$A** was pushed to ~US76.30c after trading at ~US76.20c early yesterday evening.

Locally today, Westpac and the Melbourne Institute are due to publish their monthly consumer sentiment report 10.30am AEDST.

The ABS releases the September quarter national wage cost index 11.30am.

A monthly leading employment indicator is also due, ahead of tomorrow's October employment report.

In addition, October new vehicle sales are expected.

Regionally today, **Japan** publishes September quarter GDP **10.50am** AEDST.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	23409	-30	-0.1
S&P 500	2579	-6	-0.2
NASDAQ	6738	-20	-0.3
FTSE 100	7414	-0.8	-0.0
DAX 30	13033	-41	-0.3
Shanghai Comp	3430	-18	-0.5

Overseas Markets Commentary

Sentiment again proved weak from early trade across major European and US equities markets amid a batch of significant data releases.

China's October industrial production, retail sales, fixed asset investment and foreign direct investment, reported yesterday, had each fallen on an annual basis from September.

This, and an oil price drop, in turn impacted base metals and related stocks trade.

Meanwhile, Standard & Poor's declared **Venezuela** in default of bond payments to the tune of \$US200M. This further bruised large-cap oil and gas sector stock prices.

An initial **euro zone** September quarter GDP reading of 0.6% growth for the quarter and 2.5% annually matched forecasts and June quarter figures.

Germany's GDP growth figures (0.8% and 2.3% respectively) exceeded expectations, however.

Japan – September quarter GDP **10.50am** AEDST

RBA – assistant governor (economic) Luci Ellis is scheduled to present the Stan Kelly lecture at the University of Melbourne, **6pm** AEDST

* IT listing **11am** AEDST – **IXU** *

* Biotech listing **midday** AEDST – **TLX** *

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

Today's Stock Watch

DuluxGroup Ltd (DLX)

9.6% higher, \$A142.94M full-year NPAT. 4% higher, \$1.78M revenue. 13.5c fully-franked final dividend, up 1c. 45.9c NTA. 36.7c EPS. Expecting FY 2018 profit growth.

AusNet Services (AST)

14.1% higher, \$A203.7M interim NPAT. 4.7% higher, \$1.07B revenue. 4.63c interim dividend, against 4.4c (50%-franked) a year ago. 88c NTA. 5.65c EPS. \$14.8M cash and equivalents.

Mesoblast Ltd (MSB)

\$US62.9M cash reserves as at 30 September. Additional September quarter figures, presentation, and an operational update lodged this morning. A webcast teleconference was scheduled to commence 8.30am AEDST.

Australian Agricultural Company (AAC)

Jessica's Suitcase founder and MD Jessica Rudd has been appointed as a non-executive director, effective immediately. Ms Rudd sells her lifestyle products online into China, and is Alibaba's lifestyle ambassador in Australia and New Zealand. AAC \$38M interim net loss, following a \$48M profit a year ago. Meat sales fell 13% to \$170M. Cattle sales grew 50% to \$27M.

Pact Group Holdings (PGH)

Proposing to acquire CSI Asia and Graham Packaging Company Guangzhou for \$A142M. PGH is planning to outlay a further \$11.7M to purchase ECP Industries. Presentation lodged.

Trading halt called this morning ahead of a \$A176M, one-for-nine entitlement offer at \$5.28 per share. The institutional component is expected to conclude tomorrow. The retail offer is scheduled for 22 November – 1 December. AGM today. PGH has traded at \$5.74 - \$5.84 over the past five sessions.

IXUP Ltd (* IXU)

IT specialist scheduled to list **11am** AEDST following a \$12.5M IPO at 20c per share. 95.9M shares. Merrill Lynch Australia Nominees holds 6.74%; JP Morgan Nominees Australia 3.72%; HSBC Custody Nominees Australia and UBS Nominees 2.05%.

Telix Pharmaceuticals (* TLX)

Radiation-focused treatment developer scheduled to list **midday** AEDST following a targeted \$55M IPO at 65c per share. 90.1M shares. Trading will commence on a deferred settlement basis. Normal (T+2) trade is expected to commence 17 November.

Energy

Lustrum Minerals (* LRM)

Bowen Basin, Queensland coal-focused explorer scheduled to list **11am** AEDST following a \$5M IPO at 20c per share. 27.5M shares. JP Morgan Nominees Australia holds 4.38%; Pershing Australia Nominees 1.06%; UBS Nominees 0.94%.

A final October CPI estimate for Germany came in on par at 1.6% annual growth.

ZEW's economic sentiment and current conditions indices rose, but fell short of forecasts.

For the **UK**, October CPI rose 3% year-on-year, slightly under predictions but on par with Septembers reading.

US October producer prices surprised, appreciating 0.4% against expectations of a 0.1% rise.

An October small business optimism index rose 0.8 to 103.8. following a 2.3-point pullback in September.

Central bankers at a European Central Bank (ECB) event discussed policy communications and guidance, **US Federal Reserve** chair Janet Yellen stating markets clamoured for predictions, against the bent of bankers, who remained intent on continual reviews of economic indicators and outlooks.

ECB president Mario Draghi promoted the success of his bank's disclosures.

Tonight in the US, October CPI and retail sales, September business inventories, a New York region business activity index and weekly mortgage applications are due.

Companies scheduled to report earnings include Premier Foods, Staples and Target Corp.

In overnight corporate news, **Vodafone** reported a 4.1% drop in interim revenue to €23.1B, but 32.5% higher, €2B operating profit.

Being secured a \$US1.3B 777 supply deal with Ethiopian Airlines.

General Electric continued out of favour, falling ~6%.

HSBC said it would pay a €300M to regulators in France in relation to alleged support for clients wanting to evade tax liabilities.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1279	oz	-0.1	-0.0
Silver (NY) (Sep)	17.0	oz	-0.0	-0.1
Gold (LON)	1275	oz	-3	-0.3
Platinum	924	oz	-7	-0.8
WTI Crude (Nov)	55.7	bbl	-1.1	-1.9
Brent Crude (Nov)	62.2	bbl	-1.0	-1.5
Iron Ore (CHN port 62%)	63.2	t	1.0	1.6
Copper	6759	t	-136	-2.0
Nickel	11780	t	-710	-5.7
Aluminium	2082	t	-26	-1.2
Lead	2470	t	-53	-2.1
Zinc	3151	t	-62	-1.9
Tin	19470	t	-30	-0.2
CBT Wheat (Dec)	4.28	bshl	0.04	-0.8

Commodities Commentary

Oil - an International Energy Agency (**IEA**) monthly oil market report warned 2017 and 2018 demand is likely to prove weaker than forecast.

The EIA (US government agency) is due to publish weekly US petroleum inventories tonight.

Gold - prices swung early, but ultimately achieved a third consecutive higher settlement.

Equities sentiment remained weak.

The \$US index fell, in part attributed to speculation regarding the US administration's potential nominee for the Federal Reserve deputy chair post. US PPI

Pre-Open Announcements

EML Payments (EML)

Today's AGM chairman's speech and MD's presentation lodged.

Ocean Grown Abalone (* OGA)

Abalone producer and seller completed its ASX listing yesterday following a \$10M IPO at 25c per share.

Opened at 29c and slipped to 24c before settling on par at 25c. ~10.6M shares were traded across 312 transactions.

Resources

Lucapa Diamond Company (* LOM)

The Lulo diamond JV in Angola produced 49 special diamonds during October. Additional production figures lodged this morning.

Altech Chemicals (ATC)

Conference presentation lodged post-trade yesterday, promoting ATC's low-emissions processing technology.

Anson Resources (ASN)

'Low emissions and technology' conference presentation lodged post-trade yesterday. ASN settled at 14c yesterday after closing out October at 7.8c.

Red River Resources (RVR)

Melbourne Mining Club presentation lodged post-trade yesterday.

Energy

AWE Ltd (* AWE)

Planning to conduct a \$A38M fully-underwritten institutional placement, plus a \$10M SPP, each at 50c per share. AWE has traded at 55c - 58.25c over the past five sessions. Trading halt called this morning.

Central Petroleum (CTP)

Presentation lodged post-trade yesterday, promoting CTP activity to support national energy needs.

Trading Halts

Company	Code	Resuming
Alt Resources	ARS	15 Nov
Celsius Resources	CLA	15 Nov
Cradle Resources	CXX	15 Nov
iCandy Interactive	ICI	15 Nov
iCar Asia	ICQ	15 Nov
Marquee Resources	MQR	15 Nov
Myanmar Metals	MYR	15 Nov
Thundelarra Ltd	THX	15 Nov
Tower Ltd	TWR	15 Nov
Trek Metals	TKM	15 Nov
Norwood Systems	NOR	16 Nov
Quantum Resources	QUR	16 Nov
Recce Ltd	RCE	16 Nov
Southern Cross Electrical	SXE	16 Nov
AWE Ltd	AWE	17 Nov
Pact Group Holdings	PGH	17 Nov

Suspensions (selected)

Company	Code	Since
Bisan Ltd	BSN	2 Nov



constrained the fall, however.

Base metals – impacted overnight by softer-than-anticipated industrial production and investment figures for China, reported yesterday.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7630	-0.0002	-0.03
EUR – USD	1.1801	0.0004	0.03

Australian Data Today

Wstp/MInst	Consumer sentiment	Nov
ABS	Wage cost index	Sep Q
ABS	New vehicle sales	Oct
DoEmplyt	Employment indicator	Nov

US Data Tonight

CPI	Oct
Retail sales	Oct
Business inventories	Sep
New York Fed manufacturing	Nov
MBA mortgage applications	10 Nov

Other Overseas Data Today & Tonight

Japan	GDP (prelim)	Sep Q
Japan	Industrial production (final)	Sep
UK	ILO unemployment	Sep
UK	Average earnings	Sep
UK	Conf Board leading index	Oct
Euro zone	Trade balance	Sep

Need More Information?

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Blackham Resources	BLK	8 Nov
Caeneus Minerals	CAD	30 Oct
Oriental Technologies	OTI	1 Nov
Red Emperor Resources	RMP	8 Nov
ServTech Global Holdings	SVT	1 Nov
Soon Mining	SMG	23 Oct
Wolf Petroleum	WOF	30 Oct

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
PL8	Today	0.45	100	0.83
TWD	Tomorrow	16	100	5.96
AYJ	Fri	52	5	17.94
AYK	Fri	28	90	3.80
AYZ	Fri	44	100	3.58
JHG	Fri	32	0	4.95
SOL	Fri	32	100	3.06
ELD	Mon	15	100	1.29
AEG	Wed (6 Nov)	2.5	100	2.26

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	AST	Interim
	AOG	AGM
	DLX	Full-year
	EML	AGM
	PGH	AGM
	SCO	AGM
Tomorrow	BHP	AGM
	CBA	AGM
	GMG	AGM
	HVN	AGM
	MGR	AGM
	NHC	AGM
	NWS	AGM
	NST	AGM
	PTM	AGM
	RHC	AGM
	SGH	AGM
VCX	AGM	
WES	AGM	
Fri	LLC	AGM



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