

Friday 17 March 2017

* IT services listing 1pm AEDST – SVT *

Markets

SFE 200 Futures (9.30am AEDST)	5777	-8	-0.1
NZX 50	7166	14	0.2
DJIA Futures	20880	-2	0.0
S&P 500 Futures	2383	0	0.0
NASDAQ Futures	5414	-1	0.0

Local Markets Commentary

The Australian market commences Friday trade on lacklustre US equities and varying commodities leads.

Locally today, there are no scheduled major data releases. **PRY, RFG, SVW, SWM** and **TRS** are among stocks trading ex-dividend, however. Please see p3 for a detailed list.

In overnight commodities trade, US **gold** futures picked up the pace of Wednesday's gains. **Oil** turned lower. LME **copper** continued higher. **Iron ore** rallied further.

The **\$A** slipped further after falling to ~US76.90c yesterday evening.

G20 finance ministers and central bankers meet in Germany later today for two days of talks.

Regionally, **China** is expected to publish February property prices over the weekend.

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

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	20935	-16	-0.1
S&P 500	2381	-4	-0.2
NASDAQ	5901	0.7	0.0
FTSE 100	7416	47	0.6
DAX 30	12083	73	0.6
Shanghai Comp	3269	27	0.8

Overseas Markets Commentary

Major European and US equities markets trade diverged overnight, key US indices opening higher but struggling to maintain gains. European trade appeared buoyed by the Netherlands election and encouraging data.

US president Donald Trump released details of his budget blueprint, which includes significant defence spending (Pentagon +9%; Homeland Security +7%), at the expense of the Environmental Protection Agency (-31%), the State Department (-28%) and pharmaceutical developers (increased regulatory costs).

In **US** data releases, February housing starts rose 3%. Building permits dropped 6.2%.

Weekly new unemployment claims rose by 2000 to 241,000.

A Philadelphia region business outlook index fell 10.5 to 32.8, following February's 33-year high.

In the UK, the **Bank of England** maintained status quo for rates (overnight 0.25%) and asset purchases (£435B).

Today's Stock Watch

Slater & Gordon (SGH)

More than 94% of SGH's debt facility has been 'transferred' from SGH's original syndicate of lenders to secondary debt buyers. The new lenders have told SGH that they intend to conduct a debt for equity restructure, to set up the company for sustainable business in Australia and the UK.

Reckon Ltd (RKN)

Proposing to demerge the company's document management business and to list this on the London Stock Exchange's AIM. RKN says the document management business accounted for 15% of the company's turnover during 2016. Details and apologetics lodged this morning.

Updater Inc (UPD)

Teleconference scheduled for 10.30am AEDST, to explain the results and potential implications for UPD of a four-month pilot program focusing on insurance purchases.

Fletcher Building (FBU)

UBS is recommending FBU as a buy. Meanwhile, FBU called a trading halt this morning ahead of an announcement regarding FY 2017 guidance.

ServTech Global Holdings (* SVT)

Real estate sector-focused software operations manager scheduled to list 1pm AEDST following a \$6M IPO at 20c per share.

Resources

Rio Tinto (RIO)

Morgans has placed RIO on its 'add' list, cancelling previous hold advice.

Renascor Resources (RNU)

The Siviour graphite deposit resource has been updated to 80.6Mt @ 7.9% TGC, for 6.4Mt of graphite. 4.2Mt qualify for indicated status.

Energy

Global Energy Ventures (GEV)

GEV has secured an exclusive CNG-focused technology and development co-operation agreement with EnerSea Transport, covering potential opportunities within Indonesia, India, Pakistan and Sri Lanka.

Australian Vanadium (AVL)

Update lodged this morning for AVL's battery energy storage subsidiary VSUN Energy. In addition to expressions of interest (EoI) to support Victorian government energy needs, VSUN plans to lodge an EoI with South Australia's government to supply 100MW/100MWh of energy storage.

Berkeley Energia (BKY)

High-grade, near-surface drilling intersections lodged this morning for the Zona 7 deposit within BKY's Salamanca project, Spain. BKY has also commenced discussions regarding a potential exploration JV in the broader Salamanca region.

AGL Energy (AGL)

AGL CEO Andrew Vesey is guest speaker at an AmCham event in Melbourne today. Energy security and pricing comments anticipated.

The **euro zone's** final February CPI reading came in at 0.4% growth for the month and 2.0% year-on-year.

Tonight in the US, February industrial production, a University of Michigan consumer sentiment index and a Conference Board leading index are due.

In overnight corporate news, **3M** said it was outlaying \$US2B for a **Johnson Controls** personal safety business.

Twenty-First Century Fox's \$US14.3B plan to secure 100% of **Sky** was placed under UK regulatory review.

Cargill confirmed **Macquarie Group** would purchase its petroleum trading business.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1227	oz	15	2.2
Silver (NY) (Mar)	17.3	oz	0.0	0.1
Gold (LON)	1229	oz	31	2.6
Platinum	955	oz	3	0.3
WTI Crude (Apr)	48.8	bbl	-0.1	-0.2
Brent Crude (Apr)	51.7	bbl	-0.07	-0.1
Iron Ore (CHN port 62%)	92.6	t	1.7	1.9
Copper (LME)	5909	t	45	0.8
Nickel	10220	t	15	0.2
Aluminium	1900	t	15	0.2
Lead	2243	t	-6	-0.3
Zinc	2829	t	21	0.8
Tin	20150	t	275	1.4
CBT Wheat (May)	4.36	bshl	0.0	0.0

Commodities Commentary

Oil – supply concerns appeared to undo the previous session's gains, despite comparative \$US weakness across several currencies.

A weekly US drill rig count is due tonight.

Gold – Comex futures settled at a two-week peak, as the \$US continued lower.

Base metals – China increased interbank lending rates, but this appeared to have little impact on LME trade. A softer \$US, inventories and production rates appeared the greatest influencers.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7677	-0.0005	-0.06
EUR – USD	1.0771	-0.0001	-0.00

US Data Tonight

Industrial production	Jan
Uni of Michigan consumer sentiment (prelim)	Mar
Conference Board leading index	Feb

Other Overseas Data Today & Tonight

Euro zone	Trade balance	Jan
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Pre-Open Announcements

TV2U International (* TV2)

Testing is underway by Brazil's SOL Telecom ahead of the delivery to customers of more than 200 TV channels. TV2 expects to earn a monthly fee for each subscriber to its service, and for this to represent a 'substantial contribution'. TV2 also anticipates a launch by the end of July.

Innate Immunotherapeutics (IIL)

Resuming from a trading halt with plans for a \$A2M private placement at 72c per share. IIL traded at 76.5c – 84c yesterday.

Resources

Triton Minerals (TON)

TON's presentation at a graphite and grapheme conference in Berlin lodged this morning. TON appreciated 5.6% yesterday after recouping 4.35% Wednesday.

Poseidon Nickel (POS) / GTI Resources (GTR)

The due diligence period for POS's proposed WA Windarra tenements gold rights sale to GTR has been extended by two months to 28 May. GTR is paying POS a \$100,000 non-refundable extension fee. Pending satisfaction of all conditions GTR will pay a total \$2.975M (excluding the extension fee) for the rights.

Matsa Resources (MAT)

WA Lake Carey gold project aircore drilling results lodged this morning. MAT says the drilling has defined three new gold targets to the north west of the company's Fortitude deposit.

Nzuri Copper (NZN)

An additional \$150,000 has been committed to the planned 22.7c-per-share placement, boosting the amount expected to be raised to \$4.93M. NZC traded at 25c – 29c yesterday.

Energy

Hawkley Oil & Gas (HOG)

Executive chairman John Featherby and non-executive directors Piers Lewis and Murray Wylie have stepped down from the HOG board. Mr Wylie will remain HOG company secretary, and non-executive director Bill Foster will remain an HOG non-executive director.

EMCO principal David Lloyd has assumed the chairman's position and lawyer Edmund Babington has joined the HOG board as a non-executive director.

EMCO has completed a \$198,845 (~49.7M shares) HOG placement at 0.4c per share, and will receive ~24.9M HOG options exercisable at 0.5c each.

HOG will be looking to acquire petroleum interests in North America. HOG traded at 0.5c – 0.6c yesterday.

Trading Halts

Company	Code	Resuming
Equus Mining	EQE	17 Mar
MGC Pharmaceuticals	MXC	17 Mar
MOD Resources	MOD	17 Mar
Rumble Resources	RTR	17 Mar
Titanium Sands	TSL	20 Mar
UCW Ltd	UCW	20 Mar

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Suspensions (selected)

Company	Code	Since
1-Page Ltd	1PG	10 Mar
Cott Oil & Gas	CMT	3 Mar
Cudeco Ltd	CDU	16 Mar
Ephraim Resources	EPA	13 Mar
GB Energy	GBX	14 Mar
Nex Metals Exploration	NME	17 Mar
Paladin Energy	PDN	13 Mar
Range Resources	RRS	14 Mar
Surefire Resources	SRN	15 Mar
Tiger Resources	TGS	22 Feb
TTA Holdings	TTA	16 Mar

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
CIW	Today	1.5	50	8.04
GAP	Today	1	0	4.76
PRY	Today	4.8	100	3.39
QVE	Today	2	100	2.90
RFG	Today	14.75	100	5.19
SVW	Today	20	100	3.75
SWM	Today	2	100	8.39
TRS	Today	24	100	5.28
XIP	Today	1.6	100	3.82
AIA	Mon	9.4	0	2.81
AYS	Mon	4	0	5.31
CGC	Mon	4	100	2.29
CII	Mon	3	100	4.57
CNU	Mon	~7.95	0	5.04
FFI	Mon	10	100	5.25
KSC	Mon	1.5	100	0.88
LNK	Mon	6	0	1.82
SHJ	Mon	0.6	0	5.69
SPO	Mon	1.35	0	8.64
KME	Tue	0.6	0	6.29
PBP	Tue	0.5	100	4.00
WEB	Tue	7.5	100	1.39

March quarter S&P/ASX indices re-balance

The following changes will be effective from the opening of **Monday's** trade:

S&P/ASX 50:

Out: CCL, SEK

In: ALL, FMG

S&P/ASX 100

Out: BKL, SRX

In: EVN, MQA

S&P/ASX 300

Out: ADH, AJX, CCV, DNA, EQT, EWC, FSF, KMD, PDN

In: ASL, CLW, ING, MHJ, MYS, PLG, SCO, SLC, SLR, SOL, SRV

S&P/ASX All Ordinaries

Out: 1PG, 8IH, ACR, AHZ, APZ, BOC, CAJ, CAQ, CUP, CVN, CVT, CZA, DME, DVN, DYE, FFT, HZN, ICQ, KAM, LAU, LHC, MBE, MEZ, MIG, MIL, MRM, NEU, NWF, NZM, ORL, PAC, PHG, PPG, PRO, PRR, PRT, RHP, SEN, SFH, SGH,

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SIO, SIT, SLM, SMA, SMX, SRF, TGS, TNG, TOE, TTC, UBN, WLD, WLF

In: 88E, ADJ, AGO, AJL, AJM, ALK, AOF, APX, ASG, ASL, ATL, ATU, AVG, AXP, BKY, BLK, BSA, BSE, BVS, CAT, CBL, CDV, CGS, CIA, CLQ, CLW, CMP, CNI, COE, DXF, EDE, EGS, ELX, EMC, ERF, FIG, FND, GCY, GTN, HOM, IIL, IMD, ING, KDR, KGN, KSL, LOM, MHJ, MOY, MTO, MWY, NBL, NMT, NWH, ONE, PLG, PNR, QIP, RAP, RBL, RFX, RND, RXP, SCO, SMN, SMR, UPD, WAF

S&P/ASX All Australian 50

Out: CCL

In: FMG

S&P/ASX All Australian 200

Out: OFX

In: A2M