

Markets

SFE 200 Futures (9.30am AEST)	6703	9	0.1
NZX 50	10863	-5	-0.1
DJIA Futures	27111	-3	0.0
S&P 500 Futures	3005	-1	0.0
NASDAQ Futures	7889	-1	0.0

Local Markets Commentary

The Australian market opens mid-week trade with improved sentiment towards US-China trade negotiations, and forecasts for the restoration of regular oil production in Saudi Arabia, ahead of the US Federal Reserve's post-policy meeting statement tonight, following an overnight Federal Reserve \$US75B injection into the US financial system.

Locally today, the monthly leading index report from Westpac and the Melbourne Institute is due **10.30am** AEST.

PEA, SGF and **WEB** are among stocks trading ex-dividend today. *Please see p4 for a detailed list.*

Regionally, Japan is scheduled to release August **trade** figures **9.50am** AEST.

In overnight commodities trade, **oil** receded by more than 5%.

US **gold** futures (December) closed slightly higher.

Iron ore (Nymex CFR China, 62% Fe) continued moderately lower, falling towards 94.00/t.

LME **copper** and **nickel** extended this week's falls. **Aluminium** settled essentially flat.

The **\$A** appreciated to ~US68.65c after falling to US68.35c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	27111	34	0.1
S&P 500	3006	8	0.3
NASDAQ	8186	32	0.4
FTSE 100	7320	-1	-0.0
DAX 30	12373	-8	-0.1
Shanghai Comp	2978	-53	-1.7

Overseas Markets Commentary

Major European equities markets chopped and swung overnight.

Key US equities indices settled at or near session peaks however, sentiment having benefited from some encouraging comments out of Saudi Arabia, the US and China, together with some better-than-anticipated US data, and anticipation of further supportive comments from the US Federal Reserve tonight.

In addition, the US Federal Reserve announced it was boosting the financial system by \$US75B, following a steep rise in costs for short-term funding.

Today's Stock Watch
Kathmandu Holdings (KMD)

13.7% higher, \$NZ57.63M full year NPAT.

9.7% higher, \$NZ545.62M revenue.

NZ12c fully franked final dividend. NZ25c NTA, against NZ15c.

KMD settled at \$2.63 yesterday after adding 5.62% for the session, on top of 3.75% on Monday.

Cynata Therapeutics (CYP)

Fujifilm Corporation has exercised a licence option in graft-versus-host disease (GvHD), thereby gaining an exclusive, worldwide licence to develop and commercialise CYP's mesenchymal stem cell product CYP-001.

The option has been exercised following the successful completion of the Phase 1 (safety and efficacy) clinical trial of CYP-001 in GvHD.

Fujifilm plans to develop CYP-001 to prevent and treat GvHD in humans.

Fujifilm will pay CYP \$3M, and up to \$US43M in potential future milestone payments, which CYP will initially put towards Phase 2 trial in treating limb ischemia and osteoarthritis.

In addition, CYP will be paid a 10% royalty on future product sales, should the licensed product be commercialised in a country where licensed patents are granted of pending.

In association, CYP will pay a Cymerus sub-licence one-off cash payment to Wisconsin Alumni Research Foundation, plus a percentage royalty based on Fujifilm product sales, plus 30% of other Fujifilm payments, including milestone amounts.

CYP is resuming from a trading halt having settled lower for the four sessions immediately prior to calling the halt.

CYP last traded at \$1.42 after closing out August at \$1.60.

OFX Group (OFX) / Link Administration Holdings (LNK)

OFX has been chosen as LNK's preferred Link Market Services partner in Australia for international payments including dividends. The agreement, from which OFX anticipates an annual \$5M, is for an initial five years, with the OFX service expected to commence March 2020. OFX is promising an update when it publishes interim results in November.

Keytone Dairy (KTD)

Proposing to acquire health and wellness products specialist 40Forty Foods (trading as Super Cubes) for an initial \$726,000 plus performance-related payments.

The initial consideration comprises \$120,000 cash, settling \$463,000 worth of Super Cubes debt, and paying \$143,000 cash over two years. KTD will also issue performance shares convertible to KTD shares, pending Super Cubes performance over the next three years. KTD says it will fund the purchase from existing cash and equity.



The Federal Reserve reported costs to swap US government bonds for cash overnight jumped as much as 10%. This was partly attributed by financial experts to businesses needing to pay taxes.

Saudi Arabia helped assuage some fear, asserting normal levels of production might be achievable by month's end, following the past weekend's attacks on key Saudi oil operations.

In addition, both Saudi Arabia and the US appeared to tone down allegations against, and possible reactions to, Iran.

Earlier, China and the US confirmed face-to-face US-China trade talks would resume in Washington this week, albeit at a 'deputy' level.

China's key representative for these talks, the vice finance minister, was described as a 'problem solver'.

In the **UK**, arguments continued in the Supreme Court in an appeal regarding the legitimacy of the current suspension of parliament, until a couple of weeks before the UK is scheduled to leave the European Union.

Among overnight data releases, an economic sentiment index for the **euro zone** improved to -22.5 from -44.1.

Germany's current economic conditions index fell to -19.9 from -13.5, however.

In the **US**, August industrial production was estimated 0.6% higher for the month following a 0.1% July slip which was initially estimated as a 0.2% pull back.

Compared with August 2018, output was 0.4% higher.

A national home builders' housing market index rose by a point to 68, an equal best result over the past year.

Tonight in the US, the Federal Reserve announces outcomes from this week's two-day policy meeting (early tomorrow AEST).

In addition, August housing starts and building permits are due, together with weekly mortgage applications.

Elsewhere, the UK reports August CPI. A final August CPI reading is due for the euro zone.

Commodities				
COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1513.4	oz	1.9	0.1
Silver (NY) (Dec)	18.14	oz	0.114	0.6
Gold (LON)	1497	oz		
Platinum	938	oz	3	0.3
WTI Crude (Oct)	59.34	bbl	-3.56	-5.7
Brent Crude (Nov)	64.55	bbl	-4.47	-6.5
Iron Ore (NYMEX,CHN,62%)	94.03	t	-0.34	-0.4
Copper (LME,3mth,PM)	5825	t	-33	-0.6
Nickel	17080	t	-210	-1.2
Aluminium	1791	t	0.5	0.0
Lead	2065	t	-31	-1.5
Zinc	2348	t	-12	-0.5
Tin	16805	t	-245	-1.4

Commodities Commentary

Oil – overnight, Saudi Arabia maintained regular oil production levels could be restored by month's end.

Pre-Open Announcements

RNR Group (RBR)

MoU secured to support Mozambique training specialist Regional Offshore Training Centre in the tendering of contracts and supply services to the maritime and LNG offshore construction sector.

WetStar Industrial (WSI)

WSI subsidiary SIMPEC has secured \$2M worth of WA contract extensions, and subsidiary Precast Australia \$1M worth of contracts, including to supply precast concrete elements to BHP's (ASX: BHP) South Flank iron ore project.

AP Eagers (APE) / Automotive Holdings Group (AHG)

APE will commence compulsory acquisition of outstanding AHG shares after securing a 92.762% holding in its off-market takeover offer.

In association with the APE takeover, AHG MD John McConnell will leave AHG 30 September.

APE MD Martin Ward will assume responsibility for the merged entity.

Botanix Pharmaceuticals (BOT)

Investor presentation lodged post-trade yesterday.

Rece Pharmaceuticals (RCE)

In receipt of a \$A163,672.43 Australian Tax Office R&D incentive rebate.

Resources

Spectrum Metals (* SPX)

WA Penny North extensional down-plunge RC drilling has delivered additional high-grade results.

Assays lodged this morning.

Further, SPX has completed the first diamond hole in the Penny North lode.

Salt Lake Potash (* SO4)

Lake Way project pilot plant test work has produced 53% K₂O.

Assays lodged this morning.

BlueScope Steel (* BSL)

North Star site visit presentation lodged post-trade yesterday.

BSL has settled lower the past four sessions, yesterday closing at \$12.44.

Kingston Resources (KSN)

PNG Misima gold project Abi prospect drilling has delivered a new shallow, high-grade gold zone.

Assays lodged this morning.

Infinity Lithium Corporation (INF)

The European Commission (EC) has appointed INF-nominated executive director Vincent Ledoux-Pedailles as a representative to support an EC assessment of critical raw materials and also as a member of the advisory board of CERA.



In addition, Saudi representatives conceded definitive evidence linking Iran to the weekend attacks on its oil facilities was lacking, and the US toned down the rhetoric of its likely response.

Further, China announced US-China trade talks would resume in Washington tonight, between China's vice finance minister, a recognised problem-solver, and US deputy-level officials.

All up, this pushed oil prices sharply lower.

A weekly US petroleum stockpiles report is due tonight, from government agency the EIA.

Gold – Comex futures settled just slightly higher overnight, with safe-haven demand abating.

US data releases proved encouraging, Saudi Arabia accepted there was no firm evidence linking the weekend oil attacks to Iran, the US subsequently appeared to back off the 'locked and loaded' response to allegations against Iran, and US-China face-to-face deputy level trade talks were confirmed by China to be going ahead in Washington tonight.

The **US Federal Reserve's** two-day policy meeting concludes tonight, with outcomes due early tomorrow AEST, many economists wagering on a 0.25% interest rate reduction.

The \$US ICE index ultimately notably fell ~0.4%.

Tomorrow and tomorrow night, the Bank of Japan and Bank of England also convene policy meetings and announce outcomes.

Base metals – China's year-on-year August house prices were reported yesterday to have risen 8.8% year-on-year, against a 9.7% July increase.

In addition, China's National Bureau of Statistics revealed August zinc production had come in 18.9% higher year-on-year, at 528,000t, the largest such increase recorded since December 2017.

Japan's August trade figures, due this morning, could influence some of tonight's LME trade if significantly different from the norm.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6864	-0.0002	-0.03
EUR – USD	1.1071	0.0000	0.00

Australian Data Today

Westpac/MelbInst	Leading index	Aug
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US Data Tonight

Federal Reserve policy meeting outcomes	17-18 Sep
Building permits	Aug
Housing start	Aug
MBA mortgage applications	13 Sep

Other Overseas Data Today & Tonight

Japan	Trade balance	Aug
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Adriatic Metals (ADT)

ADT has appointed executive director Paul Cronin as MD and CEO.

Metals X (MLX)

MLX can draw down the final \$A12.5M of a \$A35M Citibank loan facility after hedging 3310t of tin at \$A25,000/t, covering ~50% of expected production over the next 18 months.

Energy

Liquefied Natural Gas (LNG)

LNG appreciated 22.45% Monday, settling at 30c, after closing out August at 17c, and before calling a trading halt yesterday.

Post-trade yesterday, LNG added to the information provided pre-trade Monday, regarding the MoU with Delta Offshore Energy for the purchase of 2Mtpa of LNG's Magnolia LNG output to produce power in regional Vietnam.

LNG says the MoU is essentially a terms sheet.

Should Delta and LNG not execute a sales and purchase agreement by 31 October, the MoU will become void.

Trading Halts

Company	Code	Resuming
Corazon Mining	CZN	18 Sep
K2Fly Ltd	K2F	18 Sep
Stonehorse Energy	SHE	18 Sep
Thorn Group	TGA	18 Sep
Titanium Sands	TSL	18 Sep
Alt Resources	ARS	19 Sep
Antisense Therapeutics	ANP	19 Sep
Impact Minerals	IPT	19 Sep
Marmota Ltd	MEU	19 Sep
Woomera Mining	WML	19 Sep

Suspensions *(select)*

Company	Code	Since
Creso Pharma	CPH	18 Sep
G Medical Innovations Holdings	GMV	10 Sep
iBuyNew Group	IBN	9 Sep
Kollakorn Corporation	KKL	2 Sep
Latin Resources	LRSDA	9 Sep
Okapi Resources	OKR	10 Sep
Pioneer Credit	PNC	28 Aug
Syntonic Ltd	SYT	10 Sep
Vietnam Industrial Investments	VII	16 Sep



UK	CPI	Aug
Euro zone	CPI (final)	Aug
Euro zone	Construction output	Jul

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Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
KKT	Today	1	100	3.57
PEA	Today	1.5	100	0.90
PPC	Today	3	100	4.24
PSQ	Today	3.5	100	3.77
SGF	Today	9.52	100	7.31
WEB	Today	13.5	100	1.70
5GN	Tomorrow	1	100	0.00
AHX	Tomorrow	0.8	100	3.08
CIW	Tomorrow	1.5	100	4.25
COH	Tomorrow	175	100	1.51
CWN	Tomorrow	30	25	4.89
EMB	Tomorrow	20	100	5.10
KPG	Tomorrow	1.21	100	4.94
PNI	Tomorrow	9.3	100	2.92
QMS	Tomorrow	1.2	100	2.53
SIG	Tomorrow	1	100	5.15
SPK	Tomorrow	11.39	0	4.78
SWK	Tomorrow	0.6	100	0.00
AEG	Fri	4	100	4.62
EGG	Fri	3	100	2.24
EGL	Fri	0.06	100	1.40
MA1	Fri	2	100	0.00