

Friday 19 May 2017

Markets

SFE 200 Futures (9.30am AEDST)	5727	-3	-0.1
NZX 50	7383	11	0.2
DJIA Futures	20653	9	0.0
S&P 500 Futures	2365	2	0.1
NASDAQ Futures	5635	4	0.1

Local Markets Commentary

The Australian market commences Friday trade on positive US equities but mostly negative major commodities leads.

In overnight commodities trade, US **gold** futures pulled back. **Oil** continued higher. LME **copper** headed lower, as did **iron ore** (China port, 62% Fe).

The **\$A** was retained in a relatively narrow range after trading at ~US74.40c yesterday evening.

Later today, **Iran** holds its presidential election, one that will be watched in light of likely foreign policy implications.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	20663	56	0.3
S&P 500	2366	9	0.4
NASDAQ	6055	44	0.7
FTSE 100	7436	-67	-0.9
DAX 30	12590	-42	-0.3
Shanghai Comp	3090	-14	-0.5

Overseas Markets Commentary

Major European and US equities markets traded lower early overnight, but key US indices recovered to settle higher on reassuring data, corporate news and outlook commentary.

European Central Bank (**ECB**) April policy meeting minutes revealed a more optimistic tone, but as expected, a reluctance to yet loosen policy.

UK April retail sales improved 4% year-on-year, pushing the April quarter results to a 2.3% rise, following a 1.4% fall for the March quarter.

Warmer-than-usual spring weather and a late Easter were viewed as supporting factors.

Meanwhile, PM Theresa May publicly outlined the government's case for re-election at the 8 June poll.

In the **US**, a Federal Reserve official whose views have been broadly respected, offered no opinion on preferable timing for additional rate rises, but declared the domestic economy supported higher rates.

Weekly new unemployment claims fell 4000 following forecasts of a rise.

A Philadelphia manufacturing index surprised on the upside, rising by 16.8 to 38.8.

Tonight in the US, a Federal Reserve official is scheduled to speak on the national economy and monetary policy.

Campbell Soup, Deere & Co and Foot Locker and are

* Minerals exploration listing **12.30pm** AEST - **MAG** *

Today's Stock Watch

APN Outdoor Media (APO) / oOh!Media Ltd (OML)

APO and OML have called off their proposed merger, citing the ACCC's issues statement published early-May.

Sydney Airport (SYD)

April passenger numbers grew 4.7% year-on-year, supported by a 12.1% increase in international passengers. Year-to-date passenger growth stands at 2.8%.

Bellamy's Australia (BAL)

BAL revealed in late-trade yesterday that John Ho had been appointed BAL chairman, replacing Rodd Peters. Hong Kong-based Mr Ho will not be paid for this role. An investment company Mr Ho founded, and of which he is chief investment officer, holds ~7% of BAL.

In addition, former Coca-Cola Amatil Australia (ASX: CCL) MD John Murphy has been appointed as a non-executive BAL director and deputy chair.

Patria Mann has resigned as a BAL director, effective immediately. Mr Peters will remain a BAL non-executive director.

BAL has traded lower the past four sessions, closing at \$5.21 yesterday.

Ansell Ltd (ANN)

ANN has appointed EAC Euro Asia Consulting partner Christina Stercken as a non-executive director, effective 1 October.

Computershare Ltd (CPU)

CPU has confirmed discussions a potential sale of the company's Karvy Computershare 50% holding. CPU warns any sale remains 'potential'.

GUD Holdings (GUD)

UBS has placed a sell on GUD.

Resources

Gold Road Resources (GOR)

Gold Fields has boosted its GOR holding to 10%, purchasing ~74.8M shares at 86c each. GOR last traded at 67.5c.

Magmatic Resources (* MAG)

Multi-mineral explorer scheduled to list **12.30pm** AEST following a \$4M IPO at 20c per share. Gold Fields Australia, which owned MAG's four East Lachlan, NSW projects, holds 20%.

Energy

Origin Energy (ORG)

Proposing to sell the Queensland Darling Downs pipeline network for \$392M to Jemena Gas Pipelines Holdings. ORG is trying to reduce adjusted net debt below \$9B by 30 June.

Paladin Energy (PDN)

The TSX has given PDN 90 days to comply with listing requirements under an ongoing remedial review. Non-compliance would likely mean PDN is delisted from the TSX 30 days after 14 August. PDN says it cannot assure compliance within such a timeframe.

Meanwhile, 84% of bondholders have approved consent solicitation extraordinary resolutions.

among companies scheduled to publish earnings or an update today or tonight.

In overnight corporate news, retail stocks remained in focus.

Alibaba and **Walmart** quarterly revenue and/or profit sufficiently pleased. Alibaba revenue improved 60% and Walmart's stock was pushed 5% higher.

Burberry suffered in the UK after reporting disappointing business.

A positive lung cancer clinical trial involving **Merck** and **Incyte** proposed treatments helped boost the health sector in general.

On the FTSE 100, HSBC and Royal Dutch Shell traded ex-dividend.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1253	oz	-6	-0.5
Silver (NY) (Jun)	16.7	oz	-0.2	-1.4
Gold (LON)	1256	oz	-2	-0.1
Platinum	931	oz	-13	-1.4
WTI Crude (Jun)	49.4	bbl	0.3	0.6
Brent Crude (Jul)	52.5	bbl	0.3	0.6
Iron Ore (CHN port 62%)	61.6	t	-0.6	-1.0
Copper	5580	t	-30	-0.5
Nickel	9175	t	-40	-0.4
Aluminium	1923	t	-2	-0.1
Lead	2072	t	-37	-1.8
Zinc	2533	t	-28	-1.1
Tin	20200	t	-180	-0.9
CBT Wheat (Jul)	4.26	bshl	-0.01	-0.2

Commodities Commentary

Oil – Rosneft revealed it would comply with OPEC-brokered crude output reductions, boosting market rebalancing optimism, and prices to three-week peaks.

Meanwhile, Algeria ventured that most participants in the current agreement were supportive of an extension to curbs.

A weekly US petroleum rig count is due tonight.

Gold – the \$US appreciated a little and US equities sentiment improved, detracting from overnight gold interest.

Base metals – LME trade suffered from general investment jitters early. Among a plethora of speculation, some reports questioned the likely timing of any boost to US infrastructure spending.

Further, China's foreign direct investment (FDI) was reported yesterday to have fallen 4.3% during April, to ~\$US8.7B.

In addition, LME *copper* inventories were reported higher.

Expectations of increased Philippines *nickel* exports were also cited as impacting overnight prices.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7418	-0.0001	-0.02
EUR – USD	1.1113	0.0010	0.06

Overseas Data Today & Tonight

UK	CBI industrial trends orders	May
-----------	------------------------------	-----

Pre-Open Announcements

G8 Education (** GEM)

GEM has requested suspended trade pending a funding announcement.

Invocare Ltd (* IVC)

Update anticipated at today's AGM.

PharmAust Ltd (* PAA)

Preliminary analysis of a Phase II trial of PAA's Monepantel treatment has concluded that Monepantel can reduce tumour size in dogs suffering lymphoma, and can also stabilise the cancer. PAA says the analysis is consistent with results from the company's Phase I trial involving humans.

Iron Mountain (INM)

Chasing €300M in a private notes placement. Funds are earmarked to pay down debt.

Codan Ltd (CDA)

Site tour presentation lodged post-trade yesterday.

Resources

Crusader Resources (** CAS)

Resuming from a trading halt with an agreed acquisition by LSE AIM-listed Stratex International (AIM: STI). Stratex will pay 6.60 STI shares for each CAS share.

CAS has traded at 11c – 11.5c this week and says the planned deal values the company at 18c-per-share, equivalent to ~\$40M.

CAS shareholders will hold ~19% of the proposed merged entity.

Syrah Resources (SYR)

Today's AGM presentation lodged.

CuDeco Ltd (CDU)

Company secretary Bruno Bamonte has resigned, in favour of other business commitments.

CDU has appointed SYA Corporate Services principal Leni Stanley to take over as company secretary.

In addition, CDU has appointed a new non-executive director, Min (Benjamin) Zhai. Mr Zhai was nominated by Valuestone Global Resources Fund 1 subsidiary and CDU investor Gemstone 101. Mr Zhai is a Valuestone director and partner of the Global Resources Fund 1.

Energy

Oil Search (* OSH)

AGM today, Port Moresby.

FAR Ltd (* FAR)

Offshore Senegal SNE-6 flow testing has demonstrated connectivity of two upper reservoirs to SNE-5.

FAN South-1 will be drilled following SNE-6 completion. 5.3km total depth will be targeted, in water that is 2.1km deep.

FAR 15%.

Trading Halts

Company	Code	Resuming
AusCann Group Holdings	AC8	19 May
ChimpChange Ltd	CCA	19 May
AJ Lucas Group	AJL	22 May
Cape Lambert Resources	CFE	22 May



Germany	PPI	Apr
Germany	Consumer confidence	May
Euro zone	Current account	Mar
Euro zone	Consumer confidence	May

Need More Information?

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

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This morning note and its contents at all times remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.

Crusader Resources	CAS	22 May
Encounter Resources	ENR	22 May
G Medical Innovations	GMV	22 May
IPB Petroleum	IPB	22 May
Meteroic Resources	MEI	22 May
Red Mountain Mining	RMX	22 May
Magnis Resources	MNS	23 May

Suspensions *(selected)*

Company	Code	Since
Activistic Ltd	ACU	26 Apr
Aurora Funds Management	AOD	27 Apr
Birimian Ltd	BGS	1 May
G8 Education	GEM	19 May
Hawkley Oil & Gas	HOG	12 May
Quintis Ltd	QIN	17 May

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
IPL	Mon	4.5	0	2.56
AST	Wed	5.4	0	5.00
DLX	Wed	13	100	3.71
BTT	Thu	19	30	3.63
TLT	Thu	2.25	0	0.00
ZEL	Thu	~18.67	0	3.81
OPG	26 May	1	100	3.96
WHF	26 May	8.5	100	3.73

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	IVC	AGM
	OSH	AGM (Pt Moresby)
	SYD	Apr
	SYR	AGM
Mon	AIA	Apr
	FPH	Full-year
Tue	ALQ	Full-year
	CGF	Investor Day
	SKI	AGM
	TNE	Interim
Wed	OZL	AGM
	PRG	Full-year
	RKN	AGM
	TWR	Interim
Thu	ABC	AGM
	AWC	AGM
	ALL	Interim
	GRR	AGM