

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	<b>5868</b>	<b>-2</b>	<b>-0.0</b>
<b>NZX 50</b>	8103	-12	-0.2
<b>DJIA Futures</b>	23111	-3	0.0
<b>S&amp;P 500 Futures</b>	2560	0	0.0
<b>NASDAQ Futures</b>	6119	0	0.0

## Local Markets Commentary

The Australian market commences today's trade ahead of a plethora of influential data out of China and monthly domestic workforce figures, and on mixed overnight international trade leads.

In overnight commodities trade, **gold** futures continued lower. **Oil** settled modestly higher. LME **copper** extended Tuesday's decline. **Iron ore** futures fell overnight, but port prices have not officially changed, due to a public holiday in Singapore yesterday.

The **\$A** approached US78.50c, after falling to US78.25c early yesterday evening.

**China's**, September quarter GDP is anticipated **1pm** AEDST.

September industrial production, retail sales and fixed asset investment are also due then.

**Japan** is scheduled to release September trade figures **10.50am** AEDST, ahead of Sunday's general election.

Locally today, September employment figures, as calculated by the Australian Bureau of Statistics (ABS), are due **11.30am** AEDST.

NAB's September quarter business surveying results are also due this morning.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>23171</b>	173	<b>0.8</b>
<b>S&amp;P 500</b>	2563	3	0.1
<b>NASDAQ</b>	6634	10	0.2
<b>FTSE 100</b>	7543	27	0.4
<b>DAX 30</b>	13043	48	0.4
<b>Shanghai Comp</b>	3382	10	0.3

## Overseas Markets Commentary

Divergence appeared across major European and US equities markets overnight, relative to recent sessions, amid currency swings, government and central bank pronouncements and September quarter corporate reporting season.

The DJIA was supported by positive sentiment for corporate stocks and tax cut commentary from **US** treasury secretary Steve Mnuchin, including confirmation of tax benefits for the nation's highest earners, and a promotion of tax reform benefits for equities markets.

The euro fell as European Central Bank (**ECB**) president Mario Draghi opened a regional structural reforms conference espousing the ability of low rates to support fiscal reform.

The British pound was also pushed lower,

**China** – September quarter GDP anticipated **1pm** AEDST

Industrial production, retail sales and fixed asset investment also due

**Australia** – September employment **11.30am** AEDST

**RBA** – assistant governor (financial system) Michele Bullock is speaking at an Australian Shareholders Association event, Sydney, **12.10** pm AEDST

## Today's Stock Watch

### Australia & New Zealand Banking Group (ANZ)

Selling a 20% holding in Philippines-headquartered Metrobank Card Corporation to JV partner Metropolitan Bank & Trust Company for \$US144M.

In addition, ANZ has secured a put option to sell its final 20% holding to Metrobank during Q4 FY 2018, also for \$US144M.

### Domino's Pizza Enterprises (DMP)

DMP's German JV is proposing to acquire Hallo Pizza, for an aggregate integration cost of €35M - €42M to DMP, funded with cash and debt. Hallo Pizza has 170 outlets across Germany. Company trading update promised at the 8 November AGM.

### Australian Pharmaceutical Industries (API)

1.4% higher, \$A52.4M full-year NPAT. Results lodged pre-trade.

## Resources

### South32 Ltd (S32)

September quarter has pushed FY 2018 year-to-date metallurgical coal production 66% lower, to 494,000t, and energy coal output 14% lower to 7.0Mt. Aluminium production has risen 2% to 249,000t. Payable nickel output is up 34% to 11,700t. \$US1.67B net cash.

### Alumina Ltd (AWC)

\$US127.6M net debt as at 30 September. AWC has received \$US272.3M worth of dividends, distributions and returns from the AWAC JV with Alcoa Corp for the year to 19 October.

### Sandfire Resources (SFR)

Produced 15,258t of contained copper and 10,669oz of gold within concentrate during the September quarter, at a US95c/lb C1 cost. \$117M cash. Webcast teleconference 1pm AEDST.

### Northern Star Resources (NST)

Sold 138,459oz of gold during the September quarter, at \$A1665/oz, against an \$A1021/oz AISC. \$A443M cash and equivalents. Webcast teleconference 11.30am AEDST.

## Energy

### Woodside Petroleum (WPL)

Produced 20.3MMboe, against 25.2MMboe a year ago, and sold 21.1MMboe. Sales revenue fell 7.5% to \$US914M.

### Santos Ltd (STO)

Raising 2017 production guidance to 58MMboe – 60MMboe (from 57-60) and sales guidance to 79MMboe – 82MMboe (from 77-82). Produced 15.0MMboe during the September quarter, 2% more than for the June quarter, but the 44.5MMboe year-to-date total is down 4%. Sales revenue is up 22% for the year-to-date, at \$US2.2B. September quarter revenue rose 3% to \$US793M. \$US2.8B net debt.

broadening support for export stocks.

Earlier, **China's** president Xi Jinping had promoted easier access for foreign investors and additional financial and markets reform as he opened the Communist Party's five-yearly congress.

In US data releases, the Federal Reserve's district-by-district economic overview 'beige book' confirmed hurricane impacts in three regions would impact quarterly GDP growth.

Districts also again reported difficulty in matching employment skills with jobs and partly in association, wage and inflationary pressure remained weak.

Among other economic indicators, September US housing starts and building permits fell 4.7% and 4.5% respectively.

In the **UK**, September unemployment claims rose and August quarter earnings were reported 2.2% higher year-on-year.

Across the channel, August **euro zone** construction output was reported 0.2% lower for the month and 1.6% higher on an annual basis, following 0% and 2.8% respective figures for July.

**Tonight** in the US, weekly new unemployment claims and a regional manufacturing index are due.

In Brussels, the European Council commences two days of meetings, the agenda including the UK's plans to leave the European Union and security.

American Airlines, Bank of New York Mellon, Nestlé, PayPal, SAP, Unilever and Verizon are scheduled to report earnings.

In overnight corporate news, **IBM's** quarterly profit and encouraging revenue suggestions, reported post-Tuesday US trade, supported the DJIA, the stock appreciating ~9%.

UK-based **Reckitt Benckiser** suffered on soft September quarter revenue and another sales warning.

Some health sector stocks pulled back as both US presidential and parliamentary support waned for an insurance change agreement heralded the previous session.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1283</b>	oz	-3	-0.3
<b>Silver (NY) (Sep)</b>	17.0	oz	-0.0	-0.2
<b>Gold (LON)</b>	1280	oz	-5	-0.4
<b>Platinum</b>	919	oz	-14	-1.5
<b>WTI Crude (Nov)</b>	<b>52.0</b>	bbl	0.16	0.3
<b>Brent Crude (Nov)</b>	<b>58.2</b>	bbl	0.27	0.5
<b>Iron Ore</b> (CHN port 62%)	<b>62.7</b>	t		
<b>Copper</b>	<b>6990</b>	t	-37	-0.5
<b>Nickel</b>	11650	t	-115	-1.0
<b>Aluminium</b>	2121	t	-19	-0.9
<b>Lead</b>	2522	t	30	1.2
<b>Zinc</b>	3121	t	36	1.2
<b>Tin</b>	20080	t	-270	-1.3
<b>CBT Wheat (Dec)</b>	<b>4.30</b>	bshl	-0.05	-1.1

### Commodities Commentary

**Oil** – swinging trade featured overnight.

Reports emerged overnight that OPEC was most likely to extend the current production limit agreement by nine months to the end of 2018.

Weekly US petroleum inventories, as published by government agency EIA, included a drop in crude

## Pre-Open Announcements

### RCR Tomlinson (\* RCR)

\$A95M project management, design and supply contract secured with PT Kartanegara Energi Perkasa.

### Bingo Industries (\* BIN)

Response to recent media reports, and compliance assurance, lodged this morning.

### Windlab Ltd (\* WND)

WND has achieved financial close for the first phase of the Kennedy Energy Park.

This enables construction to commence for the proposed wind-solar-lithium ion battery storage venture near Hughenden, far north Queensland.

In addition, WND qualifies for a \$A4.5M development fee, ahead of earning \$600,000 worth of construction management fees.

Asset management and site operating fees totalling ~\$900,000pa are also payable over 20 years from the commencement of commercial operations.

WND and Japan's Eurus Energy Holdings Corporation each hold 50% of the park's JV company, Kennedy Energy Park Holdings.

### Magellan Global Trust (MGG)

Investment trust completed a successful ASX listing yesterday following a \$1.5B IPO at \$1.50 per unit.

Opened \$1.51 and slipped to \$1.505 before settling at \$1.53. ~3.15M units changed hands across 401 trades.

### Nanollose Ltd (\* NC6)

Nanocellulose biotech company completed a successful ASX listing yesterday following a \$5M IPO at 20c per share.

Opened at 25c and traded at 23c – 27c before settling at 24.5c. 573,181 shares were traded across 44 transactions.

## State One Analyst Comment

### Vonex Ltd (NSX: VON)

#### IPO Subscribe 10c (Speculative)

Vonex is a junior telco, aiming to steal market share from the big boys.

The IPO comes after a 12-month baptism of fire culminating in a failed ASX float for reasons beyond current management's control.

After a thorough going over by the regulators, Vonex has been given a clean bill of health, which should mean much excitement for long suffering shareholders.

VON is now ready to go, with a minimum \$4M raise, expected to be met by experienced industry players.

Growth potential is huge, even before some highly innovative new products.

**Vonex is inviting interested investors to attend a presentation in WA today by CEO Angus Parker and the Vonex team.**



stockpiles but rises for petrol and diesel.

Refineries were confirmed to have commenced Autumn maintenance work, but activity was nonetheless at its least in six years.

Crude production was reported 1.1MMbbl lower, mostly attributed to Hurricane Nate shut-ins.

**Gold** – equities enthusiasm as the DJIA held a new record intraday peak on its way to a record settlement combined with relative \$US strength to keep prices down again overnight. A \$US weakening helped lift prices from session lows.

**Base metals** – swinging trade reported, impacted in part by currency moves. Inventories were also in play.

**China's** GDP, industrial production, fixed asset investment and retail sales figures, all due today, are expected to influence tonight's trade.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7846	-0.0001	<b>-0.01</b>
<b>EUR – USD</b>	1.1793	-0.0001	<b>-0.01</b>

### Australian Data Today

ABS	Employment	Sep
NAB	Business survey	Sep Q
RBA	Forex transactions; assets	Sep

### US Data Tonight

Initial jobless claims	21 Oct
Philadelphia Fed manufacturing	Oct
Conf Board leading index	Sep

### Other Overseas Data Today & Tonight

<b>China</b>	GDP	Sep Q
China	Industrial production	Sep
China	Fixed asset investment	Sep
China	Retail sales	Sep
<b>Japan</b>	Trade balance	Sep
Japan	All-industry activity index	Aug
<b>UK</b>	Retail sales	Sep

### Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au).

The presentation will commence at **3.30pm** WST, at:

**Unit 5  
1 Centro Avenue  
Subiaco  
WA 6008**

Parking is available near 25 Metters Lane, Subiaco

[Click for further parking information](#)

**To ensure a seat at the presentation, please email**

[LHill@stateone.com.au](mailto:LHill@stateone.com.au).

**State One executive chairman Alan Hill**

### Trading Halts

Company	Code	Resuming
Linus Technologies	LNU	19 Oct
Peel Mining	PEX	19 Oct
CFOAM Ltd	CFO	20 Oct
KNeoMedia Ltd	KNM	20 Oct
Magnum Gas & Power	MPE	20 Oct
Riva Resources	RIR	20 Oct
Tawana Resources	TAW	20 Oct
Techniche Ltd	TCN	20 Oct
Xstate Resources	XST	20 Oct
BWX Ltd	BWX	24 Oct

### Suspensions (selected)

Company	Code	Since
Arrowhead Resources	AR1	9 Oct
Caeneus Minerals	CAD	12 Oct
Clean Seas Seafood	CSS	19 Oct
Cudeco Ltd	CDU	28 Sep
Haoma Mining	HAO	18 Oct
Kinetiko Energy	KKO	5 Oct
Lantern Hotel Group	LTN	2 Oct
Neurotech International	NTI	13 Oct
SIV Asset Management	SAM	10 Oct
SmartTrans Holdings	SMA	18 Oct
Stargroup Ltd	STL	19 Oct
UltraCharge Ltd	UTR	18 Oct
XPD Soccer Gear Group	XPD	11 Oct

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>1AL</b>	Today	<b>3.5</b>	0	6.06
<b>AVG</b>	Today	<b>1</b>	100	2.25
NAC	Mon	2.5	100	4.78
NHC	Mon	6	100	5.01
SNC	Mon	3.5	100	6.80
MAI	Tue	0.75	100	2.50
REX	Tue	10	100	6.17
AKG	Wed	0.5	100	1.49
RIC	Wed	2.75	100	3.02
TRA	26 Oct	~2.32	100	0.00
CLV	27 Oct	0.75	100	1.96
PMV	27 Oct	27	100	4.08

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.

**Reports & Events**

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>API</b>	Full-year
	<b>BHP</b>	AGM (Lon)
	<b>HSO</b>	AGM
	<b>ILU</b>	Sep Q
	<b>IMD</b>	AGM
	<b>LLC</b>	Investor Day
	<b>NST</b>	Sep Q
	<b>SFR</b>	Sep Q
	<b>STO</b>	Sep Q
	<b>SKT</b>	AGM
	<b>S32</b>	Sep Q
	<b>WPL</b>	Sep Q
<b>Tomorrow</b>	ANN	AGM
	ARB	AGM
	BAP	AGM
	EVT	AGM
	IAG	AGM
	MQA	Sep Q
	SKC	AGM
	SYD	Sep Q
<b>Mon</b>	AGO	AGM
	EPW	AGM
	SAR	Sep Q
	SUL	AGM