

Markets

SFE 200 Futures (9.30am AEDST)	5760	5	0.1
NZX 50	7088	-5	-0.1
DJIA Futures	20594	6	0.0
S&P 500 Futures	2349	0	0.0
NASDAQ Futures	5329	3	0.1

Local Markets Commentary

The Australian market commences Monday trade with the US on a public holiday long weekend.

Overnight Friday international equities trade mostly appeared cautious.

In commodities trade, US **gold** futures turned lower. **Oil** and **copper** fell. **Iron ore** continued modestly higher.

The **\$A** was pushed a little lower after slipping towards US76.75c early Friday evening.

Locally today, domestic reporting season continues and **WES** trades ex-dividend.

January sales as calculated from card purchases, plus a weekly house prices index, are also due.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	20624	4	0.0
S&P 500	2351	4	0.2
NASDAQ	5839	24	0.4
FTSE 100	7300	22	0.3
DAX 30	11757	-0.2	-0.0
Shanghai Comp	3202	-28	-0.9

Overseas Markets Commentary

Faltering starts ultimately led to higher settlements for most European and US equities markets overnight Friday.

In scant data releases, **UK** January retail sales disappointed early, pushing the British pound lower against the \$US, and favouring export stocks.

Sales had fallen 0.3% for the month and came in 1.5% higher year-on-year.

Moreover, during the January quarter, retail sales had turned to trend lower for the first time in ~three years.

US investors were faced with an apparent pushback of a promised business tax announcement until after a new health care plan is divulged next month.

Meanwhile, **Greek** rescue funding talks again appeared to achieve little progress, ahead of another creditor meeting set for later today.

In overnight Friday corporate news, **Kraft Heinz's** proposed acquisition of **Unilever** pushed Kraft more than 10% higher, following a drop on disappointing sales the previous session.

Unilever appreciated 14%, even though it had rejected the plan prior to the public announcement. Kraft has since announced it has jettisoned its bid.

Sunday, **China National Petroleum Corporation** revealed it was outlaying \$US1.8B for 8% of a key

US - markets closed tonight due to a public holiday

Today's Stock Watch

Commonwealth Bank of Australia (CBA)

\$A750M hybrid notes offer in support of Tier 1 capital. \$100 initial face value. Fully-franked distributions. Book-build scheduled for Monday next week (27 February).

WorleyParsons Ltd (WOR)

\$2.4M interim net loss, following a \$23.1M net profit a year ago. 35% lower, \$2.7B income.

Brambles Ltd (BXB)

44% lower, \$US162.3M interim NPAT. 4% higher, \$US2.7B sales revenue. A14.5c interim dividend, 25%-franked. US10.2c (basic) EPS.

nib Holdings (NHF)

65% higher, \$71.8M interim NPAT. 8% higher, \$1.0B revenue. 8.5c fully-franked interim dividend.

MACA Ltd (MLD)

34% higher, \$16.6M interim NPAT. 16% higher, \$242.5M revenue. 4.5c fully-franked interim dividend, up 0.5c. \$1.0828 NTA. 7.07c (basic) EPS. \$121.9M cash and equivalents.

GWA Group (GWA)

9.4% higher, \$26.0M interim NPAT. 0.7% lower \$223.4M revenue.

Chorus Ltd (CNU)

Raising FY 2017 EBITDA guidance to \$NZ645M - \$NZ665M, from \$NZ625M - \$NZ645M.

Monadelphous Group (MND) / Oil Search (OSH)

OSH is proposing to award a MND-Jacobs Engineering JV a new five-year EPC contract for PNG oil and gas production facilities. MND holds a LoI and estimates the work will be worth ~\$US50Mpa. MND is due to report interim results tomorrow.

Air New Zealand (AIZ)

January passenger numbers grew 3.9% year-on-year, and revenue passenger kilometres 3.3%. Detailed statistics lodged this morning. Planning to release interim results Thursday and to host a teleconference that day, commencing 11am NZST. Access details lodged this morning.

Hunter Hall International (HHL)

Competitive takeover bids revised post-trade Friday.

Resources

BlueScope Steel (BSL)

79% higher, \$359.1M interim NPAT. 17% higher, \$5.2B sales. 4c fully-franked interim dividend, up 1c. \$5.36 NTA. 62.7c (basic) EPS. Proposing to buy back up to \$150M worth of shares.

Northern Star Resources (NST)

61% higher, \$104.6M interim NPAT. 2% lower, \$415.5M revenue. 3c fully-franked interim dividend. 86c NTA.

Energy

Beach Energy (BPT)

\$103.4M interim NPAT, following a \$600.1M net loss a year ago. 27% higher, \$344.4M sales revenue. 60c NTA. 5.55c (basic) EPS. \$298.2M cash.

Abu Dhabi oil concession.

Meanwhile, speculation grew regarding the likely appointment of **JPMorgan** as lead underwriter for **Saudi Aramco's** proposed IPO, and of **Morgan Stanley** also likely to secure a key role.

US equity and bond markets will remain closed tonight due to a public holiday. Low-volume forex trade is anticipated. Limited electronic trade available for oil and metals.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1236	oz	-4	-0.3
Silver (NY) (Mar)	18.1	oz	-0.1	-0.5
Gold (LON)	1242	oz	1	0.1
Platinum	1001	oz	-9	-0.9
WTI Crude (Mar)	53.4	bbl	-0.5	-0.9
Brent Crude (Apr)	55.8	bbl	-0.9	-1.6
Iron Ore (China port)	90.4	t	0.3	0.3
Copper (LME)	5960	t	40	-0.7
Nickel	11050	t	-20	-0.2
Aluminium	1880	t	-17	-0.9
Lead	2252	t	-24	-1.0
Zinc	2810	t	-49	-1.7
Tin	19725	t	25	0.1
CBT Wheat (Mar)	4.41	bshl	-0.07	-1.6

Commodities Commentary

Oil – Friday trade proved bereft of new stimulus.

A US weekly petroleum drill rig count reported six additional oil rigs in operation, representing a fifth consecutive weekly increase.

Saturday, **Iran** announced it had determined a western field held 2BBbbl of light (shale) crude.

In addition, an official ventured oil output would likely reach a daily 4MMbbl by mid-April and that January's daily production had been estimated at ~3.9MMbbl.

Limited Comex electronic trade during the US Monday public holiday. No official settlement will be recorded.

Gold – limited electronic Comex trade during the US Monday public holiday. No official settlement will be recorded.

In terms of reports, this week's trade may be influenced by US Federal Reserve policy meeting minutes, due for release overnight Wednesday. Housing data could also shift sentiment.

Base metals – Freeport's Indonesia CEO has resigned, following a Freeport McMoRan declaration of force majeure on *copper* concentrate exports from the Grasberg operation, Papua.

A force majeure remains for the BHP Billiton-operated Escondida copper project, Chile.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7675	0.0002	0.03
EUR – USD	1.0619	0.0011	0.11

Australian Data Today

CoreLogic	Capital city house prices	18 Feb
CBA	Sales indicator	Jan

State One Analyst Comment

Quickstep Holdings (QHL)

Quickstep fighter to strike Avalon - now just weeks away

Australian Joint Strike Fighter supplier Quickstep Holdings Ltd (ASX: QHL) is expecting its biggest ever lift in profile at the forthcoming Avalon Air Show near Geelong, Victoria.

The Joint Strike Fighter (JSF) will surely be the star of the show, being its first ever visit to Australia, after it reported big wins in highly scrutinised combat games held in the USA.

This is the first ever victory by the JSF in such games, and a stark reversal from previous outcomes.

Australian enthusiasts will see the F35 flying for the first time on Friday 3rd March when two of the aircraft fly into the Avalon Air Show direct from the USA.

This is due to occur just a few days after Quickstep reports its 1H FY 17 results.

While we forecast a very modest \$A0.4M operating loss for the December 2016 half, we see this as a substantial improvement on the \$5.6M operating loss incurred in the prior six-month period.

In addition, further contractual success is reckoned to be not far away, following extensive and long-running negotiations regarding both aerospace and auto parts.

Hyundai, Tesla and an unknown Chinese motor company are but a few of the numerous auto 'suspects' whom we believe are in discussions with Quickstep.

Our target price for Quickstep currently stands at 20cps.

Quickstep will enjoy high exposure at the Air Show through both the JSF and Deakin University.

Open to the public 3 March - 5 March.

Professionals admitted 28 February - 5 March.

(<https://www.airshow.com.au/airshow2017/index.asp>)

State One Executive Chairman Alan Hill

Trading Halts

Company	Code	Resuming
Arafura Resources	ARU	20 Feb
Atrum Coal	ATU	20 Feb
Cohiba Minerals	CHK	20 Feb
Plymouth Minerals	PLH	20 Feb
AusQuest Ltd	AQD	21 Feb
Australian Mines	AUZ	21 Feb
Beadell Resources	BDR	21 Feb
Cape Lambert Resources	CFE	21 Feb
Environmental Clean Tech	ESI	21 Feb
UraniumSA Ltd	USA	21 Feb
Western Mining Network	WMN	21 Feb

Suspensions (selected)

Company	Code	Since
Frontier Capital Group	FCG	15 Feb
Gateway Mining	GML	10 Feb
LatAm Autos	LAA	2 Feb
Magnum Gas & Power	MPE	10 Feb
Manalto Ltd	MTL	6 Feb
migme Ltd	MIG	7 Feb

**Overseas Data Today & Tonight**

Japan	Trade balance (prov)	Jan
Japan	Steel production	Jan
UK	CBI trends	Jan
UK	Rightmove house prices	Jan
Euro zone	Consumer confidence	Feb

Need More Information?

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

Mobilarm Ltd	MBO	15 Feb
Moko Social Media	MKB	25 Jan
Onterran Ltd	OTR	14 Feb
Protean Energy	POW	7 Feb
Suda Ltd	SUD	27 Jan
Xstate Resources	XST	17 Feb

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
SHM	Today	7	100	8.00
WES	Today	103	100	4.60
AYD	Tomorrow	120	0	9.95
AYH	Tomorrow	120	0	13.59
AYJ	Tomorrow	50	100	3.25
AYK	Tomorrow	51	100	3.25
AYZ	Tomorrow	60	100	3.08
BLD	Tomorrow	12	100	3.73
DMP	Tomorrow	48.4	50	1.55
GMA	Tomorrow	14	100	9.59
IPH	Tomorrow	11.5	100	4.30
MFG	Tomorrow	38.4	100	3.22
PMC	Tomorrow	4	100	5.03
RKN	Tomorrow	3	0	2.95
SGR	Tomorrow	7.5	100	2.98
SUN	Tomorrow	33	100	5.23
AMP	Wed	14	90	5.40
CBA	Wed	199	100	4.93
HFA	Wed	~7.78	0	7.88
AGL	Thu	41	80	3.13
AUI	Thu	15.5	100	4.22
DUI	Thu	6.5	100	3.78
JBH	Thu	72	100	3.91
KOV	Thu	10	100	7.55
MIN	Thu	21	100	3.26
RIO	Thu	163.62	100	3.29
AMC	Fri	25.6	0	3.67
CPU	Fri	17	30	2.49
EVN	Fri	2	0	1.65

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	BPT	Interim
	BSL	Interim
	BXB	Interim
	CQR	Interim
	GWA	Interim
	IMD	Interim
	NHF	Interim
	NST	Interim
	OOH	Interim
Tomorrow	ACX	Interim
	BHP	Interim
	BKN	Interim
	CTX	Full year
	FXL	Interim
	GXL	Interim
	IGO	Interim
	MND	Interim

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Wed	OSH	Full year
	SCG	Full year
	SEK	Interim
	SXY	Interim
	VRT	Interim
	APN	Full year
	CCL	Full year
	FXJ	Interim
	FMG	Interim
	HSO	Interim
Thu	IAG	Interim
	QUB	Interim
	SGP	Interim
	TGR	Interim
	VOC	Interim
	WPL	Full year
	ABC	Full year
	AIZ	Interim
	AWC	Full year
	AAD	Interim
	CWY	Interim
	EHE	Interim
	FLT	Interim
	ILU	Full year
	MIN	Interim
	MOC	Interim
	MYO	Full year
	NEC	Interim
	OZL	Interim
PPT	Interim	
Fri	PTM	Interim
	QAN	Interim
	RHC	Interim
	SXL	Interim
	VRL	Interim
	WFD	Full year
	AHG	Interim
	BBG	Full year
	CHC	Interim
	GNC	AGM
REG	Interim	
SUL	Interim	