

Tuesday 20 March 2018

## Markets

|                                       |             |            |             |
|---------------------------------------|-------------|------------|-------------|
| <b>SFE 200 Futures</b> (9.30am AEDST) | <b>5925</b> | <b>-33</b> | <b>-0.6</b> |
| <b>NZX 50</b>                         | 8454        | -38        | -0.5        |
| <b>DJIA Futures</b>                   | 24627       | -64        | -0.3        |
| <b>S&amp;P 500 Futures</b>            | 2718        | -5         | -0.2        |
| <b>NASDAQ Futures</b>                 | 6896        | -18        | -0.3        |

## Local Markets Commentary

The Australian market opens today's trade with scant positive support from overnight international equities and commodities trade.

In commodities trade, **oil** turned lower. US **gold** futures swung modestly higher.

LME **copper** continued lower and **nickel** fell.

**Iron ore** (China port, 62% Fe) dropped further, notching three consecutive falls.

The **\$A** recovered beyond US78.10c after falling beneath ~US76.95c early yesterday evening.

Locally, the Reserve Bank of Australia (RBA) publishes the minutes of its 6 March policy meeting 11.30am AEDST.

The Australian Bureau of Statistics (ABS) releases a December quarter residential property price report.

Pre-trade, a weekly consumer sentiment report is due.

Elsewhere, **G20** finance ministers are meeting in Buenos Aires, Argentina until tomorrow evening (AEDST). While trade policies will feature in discussions, nothing of market consequence is expected.

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

## Overseas Markets

| INDEX                | CLOSE | +/-  | %           |
|----------------------|-------|------|-------------|
| <b>Dow Jones</b>     | 24611 | -336 | <b>-1.4</b> |
| <b>S&amp;P 500</b>   | 2713  | -39  | <b>-1.4</b> |
| <b>NASDAQ</b>        | 7344  | -138 | <b>-1.8</b> |
| <b>FTSE 100</b>      | 7043  | -121 | <b>-1.7</b> |
| <b>DAX 30</b>        | 12217 | -173 | <b>-1.4</b> |
| <b>Shanghai Comp</b> | 3279  | 9    | <b>0.3</b>  |

## Overseas Markets Commentary

Major European and US equities markets fell on opening overnight and never looked like recovering, amid caution ahead of the US Federal Reserve's policy meeting outcomes statement (early Thursday AEDST) and widespread international political disquiet.

Also overnight, **UK** and **European Union** (EU) chief negotiators for the UK's proposed separation from the EU announced conditional agreement on a 21-month transition period.

This pushed the British pound higher against the \$US but effectively further hurt equities trade.

Meanwhile, the **euro zone's** January trade surplus was reported at a €19.9B three-month low, following December's €22.3B.

**RBA – March policy meeting minutes 11.30am AEDST**

## Today's Stock Watch

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

ANZ New Zealand finance company subsidiary UDC is under consideration for a de-merger and separate listing.

A strategic review will determine the best option, according to ANZ.

Last year China's HNA Group offered \$NZ60M for the business but the New Zealand Overseas Investment Office would not approve the potential deal.

### TPG Telecom (TPM)

2c fully-franked interim dividend, against 8c a year ago.

11.3% lower, \$198.7M interim NPAT. 0.8% higher, \$1.25B revenue.

Raising full year expected underlying EBITDA to \$A825M - \$A830M from \$800M - \$815M.

### Kathmandu Holdings (KMD)

Proposing to acquire wholesaler, and KMD supplier, Obōz Footwear Llc for \$US60M cash plus up to \$US15M in earn-outs.

In association, KMD is conducting a fully-underwritten \$NZ40M placement and an \$NZ8M SPP.

KMD also plans to boost existing debt facility and secure a new debt facility.

In addition, KMD is reporting 22.7% higher, \$NZ12.3M interim NPAT and 4.3% higher, \$NZ204.8M sales revenue. KMD will pay a NZ4c interim dividend. NZ22c NTA, up NZ8c (57.1%).

KMD's sales in Australia grew 3.7% but dropped 6.4% in New Zealand.

A conference call was scheduled to commence 9.30am AEDST. Trading halt called this morning.

### APA Group (APA)

47% take-up achieved in the retail component of APA's \$7.70-per share entitlement offer, representing \$A102M worth of new shares.

In a book-build conducted post-trade yesterday, APA achieved \$7.85 per share. APA traded at \$8.02 - \$8.15 yesterday, and at \$7.84 - \$8.17 last week.

### Sydney Airport (SYD)

February passenger numbers grew 5.1% year-on-year, pushing the year-to-date increase to 3.1%.

### Seek Ltd (SEK)

Morgans has replaced SEK hold advice with a reduce recommendation.

### Crown Resorts (CWN)

Trading ex-dividend (30c) today.

## Resources

### Doray Minerals (DRM)

RC drilling has determined a new mineralised area outside of the current WA Deflector gold-copper project resource.

## Energy

### New Hope Corporation (NHC)

69% higher, \$A115.6M interim NPAT. 36% higher, \$A509.4M revenue. 50% higher, 6c fully-franked interim dividend. \$2.226 NTA, up 6%.

Construction output fell 2.2% for the month, following a 0.7% rise in December. For the year however, output represented a 3.7% improvement.

**Tonight** in the US, the **Federal Reserve** commences a two-day policy meeting from which outcomes will be known early Thursday (AEDST).

FedEx is among companies scheduled to report earnings.

In overnight corporate news, **Facebook** suffered an ~7% fall on confirmation a major user private data 'breach' was effectively a voluntary handover of information during 2016.

This appeared to spark tighter regulation fears for the tech sector, bruising other tech stock prices.

In the meantime, Japan's **SoftBank** had revealed that it was considering a perhaps medium-term relisting of UK chip manufacturer ARM Holdings that the group acquired in 2016.

Russia's **Rosneft** reported improved quarterly earnings on better prices coupled with higher production.

**Oracle** has reported post-US trade this morning and could influence select trade tonight.

### Commodities

| COMMODITY                      | CLOSE       | \$/US/ | +/-   | %    |
|--------------------------------|-------------|--------|-------|------|
| <b>Gold (NY) (Mar)</b>         | <b>1317</b> | oz     | 5     | 0.4  |
| <b>Silver (NY) (Mar)</b>       | 16.3        | oz     | 0.04  | 0.2  |
| <b>Gold (LON)</b>              | 1312        | oz     | 2     | 0.2  |
| <b>Platinum</b>                | 951         | oz     | 3     | 0.3  |
| <b>WTI Crude (Apr)</b>         | <b>62.1</b> | bbl    | -0.28 | -0.5 |
| <b>Brent Crude (Apr)</b>       | <b>66.1</b> | bbl    | -0.16 | -0.2 |
| <b>Iron Ore (CHN port 62%)</b> | <b>67.5</b> | t      | -2.3  | -3.4 |
| <b>Copper</b>                  | <b>6854</b> | t      | -34   | -0.5 |
| <b>Nickel</b>                  | 13480       | t      | -145  | -1.1 |
| <b>Aluminium</b>               | 2088        | t      | 3     | 0.1  |
| <b>Lead</b>                    | 2367        | t      | -16   | -0.7 |
| <b>Zinc</b>                    | 3261        | t      | 1     | 0.0  |
| <b>Tin</b>                     | 20775       | t      | -225  | -1.1 |
| <b>CBT Wheat (May)</b>         | <b>4.51</b> | bshl   | -0.17 | -3.6 |

### Commodities Commentary

**Oil** – broader negative trading sentiment was cited for the overnight pullback in prices.

Saudi Arabia's official crown prince visit to the US this week is also being watched closely for potential change in Middle East policy and any new western sanctions against Iran.

**Gold** – a \$US fall and equities decidedly out of favour supported overnight gold prices.

The US Federal Reserve rates announcement, due early Thursday AEDST, will also remain in focus tonight.

Geopolitical safe-haven considerations are also expected to persist this week.

**Base metals** – relative \$US weakness failed to support LME trade as the British pound rose intra-session and sentiment in general remained cautious. Preliminary February trade figures for Japan, released yesterday, put the value of imports 16.5% higher against just 1.8% for exports.

## Pre-Open Announcements

### Mayne Pharma Group (\* MYX)

A new drug application for MYX's generic version of Merck's intra-vaginal hormonal contraceptive NuvaRing has been accepted for filing by the US FDA.

### AMP Ltd (AMP)

Shareholder review presentation lodged this morning, together with the company's annual report.

### Medical Developments (MVP)

Chairman David Williams sold 5M MVP shares off-market yesterday at \$7.50 each.

Mr Williams retains 14.67% of MVP shares and as such remains MVP's largest shareholder.

MVP traded at \$7.25 - \$7.61 yesterday and at \$7.55 - \$8.00 last week.

## Resources

### Red 5 (\* RED)

Darlot gold mine production has resumed, albeit at a reduced rate until perhaps late-week.

RED is retaining March quarter and full-year production guidance.

### Millennium Minerals (MOY)

Expecting to produce 75,000oz – 80,000oz of gold during calendar 2018 and for output to reach 100,000tpa by the December quarter.

### Korab Resources (KOR)

Planning a 2.5M share placement at 9c per share. Funds to be raised are earmarked for working capital and debt reduction.

KOR traded at 3.4c – 3.6c yesterday and 2.8c – 3.6c last week.

## Energy

### Aspire Mining (\* AKM)

Non-executive chairman David McSweeney has retired from the position he has occupied since February 2010. Mr McSweeney is also leaving the AKM board.

AKM MD David Paull will be interim executive chairman.

## Reports & Events

(selected scheduled)

| When            | Company    | Report/Event |
|-----------------|------------|--------------|
| <b>Today</b>    | <b>KMD</b> | Interim      |
|                 | <b>NHC</b> | Interim      |
|                 | <b>TPM</b> | Interim      |
| <b>Tomorrow</b> | MYR        | Interim      |
|                 | NUF        | Interim      |
| <b>Thu</b>      | BKW        | Interim      |
|                 | SIG        | Full year    |
| <b>Fri</b>      | SOL        | Interim      |
|                 | THC        | AGM          |

## Trading Halts

| Company                  | Code | Resuming |
|--------------------------|------|----------|
| Field Solutions Holdings | FSG  | 20 Mar   |

**Exchange Rates**

| CURRENCIES       | LAST   | +/-     | %            |
|------------------|--------|---------|--------------|
| <b>AUD – USD</b> | 0.7713 | -0.0001 | <b>-0.01</b> |
| <b>EUR – USD</b> | 1.2335 | 0.0000  | 0.00         |

**Australian Data Today**

|           |                             |       |
|-----------|-----------------------------|-------|
| ANZ/RyMgn | Consumer sentiment          | 18Mar |
| RBA       | Policy meeting minutes      | Mar   |
| ABS       | Cap city rsdntl prop prices | DecQ  |

**Overseas Data Today & Tonight**

|                  |                        |     |
|------------------|------------------------|-----|
| <b>Japan</b>     | Tankan index           | Mar |
| <b>UK</b>        | CPI                    | Feb |
| <b>Germany</b>   | PPI                    | Feb |
| Germany          | ZEW economic sentiment | Mar |
| <b>Euro zone</b> | ZEW expectations       | Mar |
| Euro zone        | EC consumer confidence | Mar |

**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).

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|                     |     |        |
|---------------------|-----|--------|
| Freedom Foods Group | FNP | 20 Mar |
| Micro-X Ltd         | MX1 | 20 Mar |
| Atrium Coal         | ATU | 21 Mar |
| Australis Oil & Gas | ATS | 21 Mar |
| Marquee Resources   | MQR | 21 Mar |
| Orinoco Gold        | OGX | 21 Mar |
| Tikforce Ltd        | TKF | 21 Mar |
| Tomizone Ltd        | TOM | 21 Mar |
| White Rock Minerals | WRM | 21 Mar |
| Kathmandu Holdings  | KMD | 22 Mar |
| Tyranna Resources   | TYX | 22 Mar |

**Suspensions** (selected)

| Company                     | Code | Since  |
|-----------------------------|------|--------|
| BidEnergy Ltd               | BID  | 9 Mar  |
| Big Un                      | BIG  | 21 Feb |
| Clancy Exploration          | CLY  | 13 Mar |
| Connected IO                | CIO  | 15 Mar |
| Cudoco Ltd                  | CDU  | 15 Mar |
| Department 13 International | D13  | 5 Mar  |
| Greatcell Solar             | GSL  | 1 Mar  |
| Kula Gold                   | KGD  | 14 Mar |
| Netlinkz Ltd                | NET  | 1 Mar  |
| Raven Energy                | REL  | 7 Mar  |
| Tianmei Beverage Group      | TB8  | 21 Feb |
| Winmar Resources            | WFE  | 16 Mar |

**Ex-Dividends**

| Code       | Ex-Div   | Div (c)     | Fr (%) | Yield (%) |
|------------|----------|-------------|--------|-----------|
| <b>BBL</b> | Today    | <b>0.75</b> | 100    | 1.47      |
| <b>BWF</b> | Today    | <b>1.9</b>  | 100    | 3.51      |
| <b>CII</b> | Today    | <b>3</b>    | 100    | 5.56      |
| <b>CWN</b> | Today    | <b>30</b>   | 60     | 4.46      |
| <b>KSC</b> | Today    | <b>2</b>    | 100    | 2.37      |
| <b>PBP</b> | Today    | <b>0.75</b> | 100    | 2.33      |
| <b>PIC</b> | Today    | <b>3</b>    | 100    | 4.82      |
| CGR        | Tomorrow | 0.75        | 100    | 2.86      |
| CIW        | Tomorrow | 1.5         | 100    | 5.77      |
| IPE        | Tomorrow | 3.75        | 0      | 26.79     |
| NCM        | Tomorrow | 9.52        | 100    | 0.96      |
| RSP        | Tomorrow | 1.5         | 100    | 8.65      |
| SNL        | Tomorrow | 5.5         | 100    | 3.24      |
| XIP        | Tomorrow | 3           | 100    | 5.49      |
| AGG        | Thu      | 1.23        | 0      | 0.48      |
| BRI        | Thu      | 3.5         | 100    | 3.45      |
| CAR        | Thu      | 20.5        | 100    | 2.86      |
| FLT        | Thu      | 60          | 100    | 2.69      |
| HUO        | Thu      | 5           | 50     | 2.22      |
| JYC        | Thu      | 5           | 100    | 4.91      |
| MXI        | Thu      | 2           | 100    | 4.70      |
| RYD        | Thu      | 1           | 100    | 0.79      |
| SDI        | Thu      | 1.1         | 100    | 4.36      |
| AVJ        | Fri      | 2           | 100    | 7.05      |
| BGP        | Fri      | 10.72       | 0      | 4.85      |
| GAP        | Fri      | 1           | 0      | 4.94      |
| IMF        | Fri      | 3           | 100    | 2.83      |
| CWP        | 26 Mar   | 12          | 100    | 4.65      |
| OTW        | 26 Mar   | 1           | 100    | 0.75      |
| SEK        | 26 Mar   | 24          | 100    | 2.19      |
| SVW        | 26 Mar   | 21          | 100    | 2.28      |