

Wednesday 20 September 2017

Markets

SFE 200 Futures (9.30am AEST)	5727	13	0.2
NZX 50	7766	1	0.0
DJIA Futures	22328	-8	0.0
S&P 500 Futures	2503	-2	-0.1
NASDAQ Futures	5993	-5	-0.1

Local Markets Commentary

The Australian market commences mid-week trade amid equivocal and largely wait-and-see international sentiment.

Geopolitical and natural disaster scenarios will be monitored, given the US president's overnight UN speech, which included a conditional threat to destroy **North Korea**.

Since then, a deadly earthquake has hit central **Mexico**, damaging Mexico City and surrounds, as Hurricane Maria continues to threaten further destruction as it heads towards Puerto Rico and the Virgin Islands.

In overnight commodities trade **oil** fell. US **gold** futures settled barely changed. **Iron ore** dropped. LME **copper** continued modestly higher.

The **\$A** traded in a narrow range after rising to ~US80.0c early yesterday evening.

Locally today, **Reserve Bank of Australia** (RBA) assistant governor (economic) Luci Ellis is speaking publicly at an economists event, 1.05pm AEST.

In addition, several high-profile stocks trade **ex-dividend**. Please see p3 for a detailed list.

Among economic data releases, Westpac and the Melbourne Institute publish their monthly leading indicators report 10.30am. A government department skilled vacancies report is expected 11am.

Regionally, **Japan** is due to publish August trade figures 9.50am AEST, ahead of an economics-focused **speech** by PM Shinzo Abe in the US tonight.

The **Bank of Japan** commences a monetary policy meeting from which outcomes will be made public tomorrow.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	22371	39	0.2
S&P 500	2507	3	0.1
NASDAQ	6461	7	0.1
FTSE 100	7275	22	0.3
DAX 30	12562	2	0.0
Shanghai Comp	3357	-6	-0.2

Overseas Markets Commentary

Choppy, swinging trade featured on most major European and US equities markets overnight.

Among several events, **US** president Donald Trump told United Nations members he would always prioritise US interests.

In US data releases, August housing starts fell 0.8%

RBA – assistant governor (economic) Luci Ellis is guest speaker at an Australian Business Economists lunchtime briefing, Sydney, 1.05pm AEST

Japan – trade balance 9.50am AEST

Today's Stock Watch

Seven Group Holdings (SVW)

Outlaying \$517M to acquire the balance 53.3% of Coates Hire from a Carlyle Asia Partners II affiliate. SVW says it will use cash and debt to fund the purchase. Conditions include approvals from a Coates lending syndicate.

Acquisition cash will in part come from the expected \$500M from the proposed WesTrac China sale settlement. This is anticipated in October. Presentation also lodged this morning.

nib Holdings (NHF)

Proposing to outlay \$155.5M for insurer GU Health. In association, NHF is conducting a \$60M institutional placement (\$5.48-per-share underwritten floor) and \$15M SPP, and negotiating a new debt facility. Trading halt called this morning.

Myer Holdings (MYR)

Recent Spotless Group (ASX: SPO) chairman Garry Hounsell has been appointed as a MYR non-executive director and as deputy chairman. Plans are in place for Mr Hounsell to be nominated as MYR chair when Paul McClintock AO retires from the MYR board.

Electro Optic Systems Holdings (EOS)

Resuming from a trading halt having completed a \$20.9M placement at \$2.30 per share. The placement enables EOS to fulfil its Orbital ATK contract. EOS last traded at \$2.70.

Moelis Australia (MOE)

Planning to outlay \$45.4M for 70% of aged care facility developer and operator Infinite Care, and to establish the Moelis Australia Healthcare REIT.

Infinite Care founding management will hold the balance.

CIMIC Group (CIM)

Former UGL Ltd chair Kathryn (Kate) Spargo has been appointed as an independent non-executive CIM director. Ms Spargo is an Adairs (ASX: ADH), Geelong Football Club, Sigma Healthcare (ASX: SIG) and Sonic Healthcare (ASX: SHL) director.

Sirtex Medical (SRX)

Chairman Richard Hill is planning to retire his role and from the SRX board, effective 28 October. Deputy chair John Eady will be interim chair should a new chair nomination not be finalised by the 24 October AGM.

Washington H Soul Pattinson & Co (SOL)

Tiffany Fuller has been appointed as a non-executive director. Non-executive director David Wills has resigned, effective 31 October. SOL results are expected this week.

Wesfarmers Ltd (WES)

Annual report lodged this morning.

Resources

BHP Billiton (BHP)

Annual report lodged this morning.

Energy

Caltex Australia (CTX)

August refiner margins lodged this morning.

for the month, but building permits rose 5.7%. Each indicator fell in July, by a respective 4.8% and 3.5%.

Export and import prices each climbed 0.6%, against respective expectations of 0.2% and 0.4% gains. For July, export prices had risen 0.4% and import prices 0.1%.

Across the Atlantic, ZEW's economic sentiment index for **Germany** was reported seven points higher for the month, at 17.

Meanwhile, Germany heads towards a national election scheduled for Sunday.

A coalition outcome under current chancellor Angela Merkel is anticipated but the likely composition, and potential ramifications, remains under debate.

Tonight in the US, the **Federal Reserve** concludes a two-day policy meeting after which chair Janet Yellen will host a media conference.

Earlier, **Japan's** PM Shinzo Abe is scheduled to speak on his nation's economy at the New York Stock Exchange.

An influential announcement is also anticipated from **UK** PM Theresa May, regarding European Union negotiations surrounding the budget hole the UK's departure would create.

Economic indicators due tonight include US August existing home sales and weekly mortgage applications.

In overnight corporate news, **Ford Motor** announced the temporary partial shut-downs across five manufacturing plants, three of these located in the US.

Under-par earnings guidance from electronics retailer **Best Buy** sent that stock 8% lower, appearing at the same time to damage other US retail sentiment.

The telecommunications sector fared better, amid an ~6% gain each for **Sprint** and **T-Mobile**, which confirmed merger discussions.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1311	oz	-0.4	-0.0
Silver (NY) (Sep)	17.4	oz	0.2	1.2
Gold (LON)	1310	oz	-3	-0.2
Platinum	951	oz	-9	-0.9
WTI Crude (Oct)	49.5	bbl	-0.4	-0.9
Brent Crude (Nov)	55.1	bbl	-0.3	-0.6
Iron Ore (CHN port 62%)	68.9	t	-2.9	-4.1
Copper	6539	t	12	0.2
Nickel	11140	t	-95	-0.9
Aluminium	2125	t	36	1.7
Lead	2421	t	31	1.3
Zinc	3107	t	9	0.3
Tin	20650	t	-50	-0.2
CBT Wheat (Dec)	4.43	bshl	-0.01	-0.1

Commodities Commentary

Oil – a comparatively weak \$US supported early trade, but sentiment turned amid further speculation the OPEC-led production curb would be extended, potentially until December 2018.

A weekly US petroleum inventories report is due tonight.

Gold – prices swung as with oil, as the US president tore into Iran, North Korea and Venezuela during a United Nations speech.

Pre-Open Announcements

Sydney Airport (* SYD)

International passenger numbers grew 8.3% in August, pushing the monthly overall gain to 4.1%. For the year to date, domestic passenger numbers have increased 1.4% and international 7.6%. Overall passenger growth is at 3.7%.

Integrated Research (* IRI)

IRI is being added to the Cisco Systems 'SolutionsPlus' pricing list.

Consolidated Operations Group (COG)

Scrapping plans to spend \$21.98M acquiring 95% of equipment finance broker. COG made its decision after conducting due diligence and plans to look out for other potential acquisitions.

Resources

Calidus Resources (* CAI)

Proposing to form a JV with TSX-V – listed Novo Resources, under which CAI will hold the right to acquire 70% of four exploration and three prospecting licences located proximal to CAI's WA east Pilbara Warrawoona gold project.

Castillo Copper (CCZ)

Desktop research has revealed high-grade surface cobalt from sampling within the north east portion of the Broken Hill project.

CCZ says four cobalt and four zinc zones have been identified.

Blackham Resources (BLK)

Non-executive director Peter Rozenauers has resigned, effective yesterday.

Saracen Mineral Holdings (SAR)

Asia road-show and Denver Gold Forum presentation lodged this morning.

Mayur Resources (* MRL)

PNG and region-focused minerals and energy exploration and development company scheduled to list 11.30am AEST tomorrow, following a \$15.5M IPO at 40c per CDI/share.

BNP Paribas Nominees 4.74%; Morgan Stanley Australia Securities (Nominee) 4.58%; Washington H Soul Pattinson 0.93%.

Trading Halts

Company	Code	Resuming
Cr8tek Ltd	CR8	20 Sep
Magnis Resources	MNS	20 Sep
Veriluma Ltd	VRI	20 Sep
Holista Colltech	HCT	21 Sep
MainstreamBPO Ltd	MAI	21 Sep
NTM Gold	NTM	21 Sep
Renascor Resources	RNU	21 Sep
Syrah Resources	SYR	21 Sep
Tawana Resources	TAW	21 Sep
Thred Ltd	THD	21 Sep
Walkabout Resources	WKT	21 Sep
Weebit Nano	WBT	21 Sep
Bass Metals	BSM	22 Sep
nib Holdings	NHF	22 Sep



Early tomorrow AEST, the Federal Reserve will announce outcomes from its two-day policy meeting which is concluding tonight. The most anticipated commentary will centre on proposed changes to asset holdings.

Base metals – mixed trade, in part influenced by select currency moves and stockpile reports.

Central bank decisions and key speeches from the leaders of Japan and the UK are awaited over the coming two sessions.

New PMI updates are anticipated late-week.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.8008	-0.0001	-0.01
EUR – USD	1.1997	0.0002	0.02

Australian Data Today

MInst/Wstpc	Leading index	Aug
DoEmplyt	Skilled vacancies	Aug

US Data Tonight

Federal Reserve policy statement	Sep
Existing home sales	Aug
MBA mortgage applications	15 Sep

Other Overseas Data Today & Tonight

Japan	Trade balance	Aug
UK	Retail sales	Aug
Germany	Producer prices	Aug

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Suspensions (selected)

Company	Code	Since
AnaeCo Ltd	ANQ	31 Aug
BBX Minerals	BBX	23 Aug
Brierty Ltd	BYL	8 Sep
Empire Oil & Gas	EGO	30 Aug
Finders Resources	FND	14 Sep
Intrepid Mines	IAU	18 Sep
JustKapital Ltd	JKL	6 Sep
Manalto Ltd	MTL	18 Sep
NMG Corporation	NMG	28 Aug
Parkway Minerals	PWN	19 Sep
SMS Management & Technology	SMX	8 Sep

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AHX	Today	0.8	100	2.04
CLT	Today	1.25	23.36	5.00
DGH	Today	12.25	100	3.26
GC1	Today	3	100	4.26
LNK	Today	8	100	1.79
MEA	Today	1	100	2.96
MQA	Today	10	0	3.57
NCM	Today	~9.54	70	0.86
ONT	Today	11.75	100	3.53
RCR	Today	6	0	1.34
AHG	Tomorrow	9.5	100	5.43
GBP	Tomorrow	~6.77	0	1.78
CAR	Tomorrow	21.5	100	2.89
CWN	Tomorrow	30	60	5.04
FBU	Tomorrow	~17.61	0	4.82
HHV	Tomorrow	3.5	100	5.96
HUO	Tomorrow	5	50	1.07
OEQ	Tomorrow	0.9	100	0.00
PNI	Tomorrow	4.8	100	2.15
PPC	Tomorrow	3	100	3.93
SLK	Tomorrow	8	100	3.35
SPK	Tomorrow	~11.48	0	5.77
VLS	Tomorrow	1.5	100	3.75
XIP	Tomorrow	3.4	100	2.79

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