

Wednesday 21 February 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>5877</b>	<b>-28</b>	<b>-0.5</b>
<b>NZX 50</b>	8184	86	1.1
<b>DJIA Futures</b>	24956	8	0.0
<b>S&amp;P 500 Futures</b>	2714	0	0.0
<b>NASDAQ Futures</b>	6791	0	0.0

## Local Markets Commentary

The Australian market opens mid-week trade with a plethora of large-cap ASX-listed companies reporting earnings and others trading ex-dividend.

Key overnight international equities and commodities trade leads are largely negative.

In overnight commodities trade, US **gold** futures dropped. **WTI crude** rose, but Brent slipped.

In LME trade, **copper** extended Monday's fall. **Aluminium** also fell.

The **\$A** traded sub-US78.80c after slipping below US78.95c early yesterday evening.

Locally today, Westpac and the Melbourne Institute publish their January leading indicators report. The December quarter wage price index, plus construction activity, as calculated by the Australian Bureau of Statistics (ABS) are due **11.30am** AEDST.

Companies trading ex-dividend today include **AMP**, **NGI**, **SGR** and **SUN**.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	24965	-255	-1.0
<b>S&amp;P 500</b>	2716	-16	-0.6
<b>NASDAQ</b>	7234	-5	-0.1
<b>FTSE 100</b>	7247	-1	-0.0
<b>DAX 30</b>	12488	102	0.8
<b>Shanghai Comp</b>	3199	Public	Holiday

## Overseas Markets Commentary

Major European and US equities markets diverged amid mixed earnings reports on both sides of the Atlantic.

The \$US firmed and US sovereign bond yields were pushed lower.

US equities markets were trading for the first time this week.

Markets in China had remained closed yesterday due to Spring Festival holiday season.

In **Germany**, January producer prices were reported 0.5% higher for the month, after rising 0.2% in December. For the year, prices were 2.1% lower.

ZEW current conditions and economic sentiment indices pulled back by 2.9 and 2.6 points respectively.

Meanwhile, Germany's Social Democrats party members commenced a vote on the proposed government alliance with the Angela Merkel-led Christian Democrats

\* Aquaculture listing **11am** AEDST - **AS1** \*

## Today's Stock Watch

### Wesfarmers Ltd (WES)

86.6% lower, \$212M interim NPAT. 2.8% higher, \$35.9B revenue. Flat, \$1.03 fully-franked interim dividend. \$4.31 NTA. Impairments include \$1B for Bunnings UK and Ireland and \$300M for Target.

### Seven Group Holdings (SVW)

\$168.6M interim NPAT, against a \$41M net loss a year ago. 21.8% higher, \$1.6B revenue. 21c fully-franked interim dividend. \$2.00 NTA. 52c EPS. \$350.7M cash and equivalents. Anticipating 15% full-year underlying earnings growth, excluding discontinued operations.

### WorleyParsons Ltd (WOR)

\$1.4M interim NPAT following a \$2.4M net loss a year ago. 11.5% lower, \$2.4B revenue. 10c interim dividend.

### Coca-Cola Amatil (CCL)

80.9% higher, \$445.2M full year NPAT. 3% lower, \$5.0B revenue. 26c, 70%-franked final dividend.

### Downer EDI (DOW)

\$11.1M interim net loss, following a \$78.2M net profit a year ago. 69.3% higher, \$6.1B income. 13c, 50%-franked interim dividend. 36.1c NTA.

### Scentre Group (SCG)

\$A4.2B full year profit. 12.1% higher, attributable \$A36.2B AUM.

### Lend Lease Corporation (LLC)

7.8% higher, \$A425.6M interim NPAT. 9.4% higher, \$8.7B revenue. 34c interim dividend/distribution. \$8.60 NTA. Buy-back details lodged this morning.

### Stockland (SGP)

2.6% lower, \$684M interim NPAT 14.3% higher, \$1.3B revenue. 13c interim dividend. \$4.18 NTA.

### The a2 Milk Company (A2M) / Fonterra Shareholders' Fund (FSF)

150% higher, \$NZ98.5M A2M interim NPAT. 70% higher, \$NZ434.7M revenue.

Forming a strategic alliance with Fonterra Co-operative Group. Proposed arrangements lodged this morning.

### Angel Seafood Holdings (\* AS1)

Oyster producer scheduled to list **11am** AEDST following an \$8M IPO at 20c per share. 79.6M shares on issue.

## Resources

### BHP Billiton (BHP)

37% lower, \$US2.0B interim NPAT. 16% higher, \$US21.8B revenue. Underlying profit grew 25%. US55c interim dividend, against US40c a year ago. \$US15.4B net debt, against \$US20.1B. \$US10.95 NTA.

Results include \$US2B worth of charges, mostly due to the introduction of the new US corporate tax system.

### Fortescue Metals Group (FMG)

44% lower, \$US681M interim NPAT. Full results lodged this morning. \$US1.4B syndicated term loan secured.

Tonight, the week's economic data releases and key reports pick up.

In the US, the **Federal Reserve** publishes the minutes of its January policy meeting. In addition, at least two Federal Reserve regional presidents are scheduled to speak publicly.

January existing home sales and Markit's initial February PMI estimates are also due.

In addition, activity will be closely watched as the US treasury conducts an ~US150B bond sale.

Elsewhere, **Bank of England** governor Mark Carney updates a UK parliamentary treasury committee on policy and outlooks.

Glencore, Lloyds and Wendy's are among companies scheduled to report earnings today and tonight.

In overnight corporate news, **HSBC** undershot December quarter and full-year profit expectations and was punished in early trade.

**Walmart** fell heavily from pre-US trade, December quarter profit also short of expectations, but revenue and same-store sales better-than-anticipated.

**Home Depot's** December quarter profit and sales each exceeded forecasts, the home improver pleasing further with a 15.7% higher dividend. Overall vacillating sentiment constrained stock price gains, however.

Reports **Samsung** would produce fewer **Apple** phone components due to weaker-than-expected demand, pushed Apple lower.

**Qualcomm** revealed it would offer \$US44B for fellow chip manufacturer **NXP**, raising the bid in response to competition from **Broadcom**.

*China's markets remain closed today for the last day of the Spring Festival holiday run.*

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1331</b>	oz	-25	-1.9
<b>Silver (NY) (Mar)</b>	16.4	oz	-0.3	-1.8
<b>Gold (LON)</b>	1340	oz	-7	-0.5
<b>Platinum</b>	998	oz	-7	-0.7
<b>WTI Crude (Apr)</b>	<b>62.1</b>	bbl	0.5	0.9
<b>Brent Crude (Apr)</b>	<b>65.6</b>	bbl	-0.08	-0.1
<b>Iron Ore</b> (CHN port 62%)	<b>78.4</b>	t		
<b>Copper</b>	<b>7090</b>	t	-28	-0.4
<b>Nickel</b>	13610	t	20	0.2
<b>Aluminium</b>	2185	t	-29	-1.3
<b>Lead</b>	2598	t	23	0.9
<b>Zinc</b>	3550	t	-5	-0.1
<b>Tin</b>	21375	t	-175	-0.8
<b>CBT Wheat (Mar)</b>	<b>4.49</b>	bshl	-0.09	-1.9

### Commodities Commentary

**Oil** – a weekly Genscape report indicated a 2.1MMbbl fall in Cushing, Oklahoma crude stockpiles last week to an ~three-year low.

This was mostly attributed to a new pipeline delivering stored Cushing crude to Memphis and also less oil reaching Cushing from the TransCanada Keystone line following a leak ~three months ago.

US government agency-calculated stockpiles are not anticipated until Thursday this week, due to the US Monday public holiday.

March delivery WTI futures expired at last night's settlement, with April contracts the most traded.

## Pre-Open Announcements

### Sydney Airport (\* SYD)

9% higher, \$349.8M full year NPAT. 8.7% higher, \$1.5B revenue. 18c interim distribution.

### Fairfax Media (\* FXJ)

54% lower, \$38.5M interim NPAT. 3.9% lower, \$877.1M revenue. 1.1c fully-franked interim dividend, against 2c, 1.4c-franked a year ago. 6c NTA.

### Lovisa Holdings (\* LOV)

22.5% higher, \$A24.8M interim NPAT. 18.9% higher, \$118.6M revenue. 13c fully-franked interim dividend. 42c NTA, up 17c.

### The Reject Shop (TRS)

1.1% higher, \$A17.7M interim NPAT. 1.1% higher, \$437.6M revenue. 24c fully-franked interim dividend.

### Fletcher Building (\* FBU)

\$NZ322M interim net loss, against a \$NZ309M net profit a year ago. 6% higher, \$NZ4.8B revenue. A teleconference was scheduled to commence 9am AEDST.

### Spark New Zealand (SPK)

3.4% lower, \$NZ172.0M interim NPAT. 1.6% higher, \$NZ1.8B operating revenue. NZ12.5c total dividend, comprising an NZ11c interim dividend and NZ1.5c special dividend, each partially franked. NZ18c NTA.

### Spotless Group (SPO)

\$A39.6M interim net loss, following a \$358.1M net loss a year ago. 2.9% higher, \$1.5B revenue.

### McMillan Shakespeare (MMS)

14% lower, \$34.9M interim NPAT. 4% higher, \$262.3M revenue. 33c fully-franked interim dividend. \$1.77 NTA.

### Corporate Travel Management (\* CTD)

38% higher, \$30.6M interim NPAT. 15% higher, \$172.8M income. 15c fully-franked interim dividend, up 25%. 28.6c EPS.

### Platinum Capital (\* PMC)

88.1% higher, \$45.0M interim NPAT. 84.6% higher, \$68.0M investment income. Flat, 4c fully-franked interim dividend. \$1.6658 NTA.

### EML Payments (\* EML)

47% higher, \$2.0M interim NPAT. 18% higher, \$38.2M revenue. 27c NTA. 0.8c EPS. \$34.7M cash and equivalents.

### Yowie Group (YOW)

Interim results teleconference scheduled for 2.30pm AEDST. Access details lodged post-trade yesterday. Results lodged pre-trade.

### EQT Holdings (EQT)

33.1% higher, \$9.6M interim NPAT. 9.4% higher, \$43.2M revenue. 40c fully-franked interim dividend, against 35c a year ago.

### LifeHealthcare Group (LHC)

33.6% fall in interim NPAT to \$2.3M. 9.3% higher, \$67.4M revenue. 7.5c fully-franked interim dividend, against 6.25c unfranked a year ago. 25c NTA.

### Fisher & Paykel Healthcare (FPH)

CFO Tony Barclay is retiring at the end of May, but will remain an FPH consultant for a further 12 months. FPH GM finance Andrea Blackie will be acting CFO from 1 June.



**Gold** – a stronger \$US, rising government bond yields and some profit-taking were cited overnight as prices fell.

Historically influential reports due in the UK and US later today and tonight, are expected to produce some currency swings.

**Base metals** – low-volume trade reported overnight, exaggerating vacillations amid the release of LME warehouse figures.

The Indonesia Grasberg operation was reported yesterday to have secured a one-year licence to export *copper* concentrates, although volumes were capped. LME stockpiles, in the meantime, were reported at an ~nine-month peak.

Criticism out of both China and Japan over the weekend appeared to wipe out Friday's *aluminium* boost from proposed US aluminium import constraints.

Initial February PMIs for Japan, the euro zone and US tonight could influence some sentiment, apart from currency swings from central bank commentary.

**China's** markets remain closed today, but resume tomorrow.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7881	-0.0003	-0.04
<b>EUR – USD</b>	1.2337	0.0001	0.01

### Australian Data Today

Wstpc/MI	Leading indicators	Jan
ABS	Wage price index	Dec Q
ABS	Construction activity	Dec Q
DeptofJobs	Skilled vacancies	Jan
Conf Board	Leading index	Jan

### US Data Tonight

FOMC policy meeting minutes	Jan
Existing home sales	Jan
Markit PMIs (initial)	Feb
MBA mortgage applications	16 Feb

### Other Overseas Data Today & Tonight

<b>Japan</b>	PMIs (initial)	Feb
<b>UK</b>	ILO unemployment	Dec
UK	Average earnings	Dec
UK	Unemployment claims	Jan
UK	Public sector finances	Jan
<b>Germany</b>	PMIs (initial)	Feb
<b>Euro zone</b>	PMIs (initial)	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](mailto:advice@stateone.com.au).

## McPherson's Ltd (MCP)

MCP has appointed Probiotec (ASX: PBP) chairman Geoff Pearce as an independent non-executive director.

Mr Pearce is also a director of Cann Group (ASX: CAN) and owns and operates pharmaceutical and cosmetics components international trading business The Continental Group.

Amanda Lacaze has resigned from the MCP board, effective yesterday.

## Quickstep Holdings (QHL)

Planning to lodge interim results Monday next week (26 February) and to host a teleconference 3pm AEDST that day.

## SimbleSolutions Ltd (\* SIS)

Business management software specialist scheduled to list 11am AEDST tomorrow, following a \$7.5M IPO at 20c per share. 69.6M shares on issue.

## Resources

### St Barbara (\*\* SBM)

\$106M interim NPAT, against \$83M a year ago. 4c fully-franked interim dividend. Nil debt. \$215M net cash.

Webcast briefing scheduled for 11am AEST.

### Independence Group (\*\* IGO)

84% drop in interim NPAT to \$A3.2M. 59% higher, \$354.8M revenue. Flat, 1c fully-franked interim dividend. \$2.95 NTA.

Results included \$69.9M worth of charges against the Nova project.

\$51.3M cash. \$171.4M net debt.

## Energy

### Santos Ltd (\*\* STO)

\$US360M full year net loss. 21% higher, \$US3.2B revenue.

### AWE Ltd (\*\* AWE)

Results lodge pre-trade. Nil interim dividend.

Proved and probable (2P) reserves calculated at 82.0MMboe as at 31 December 2017. Breakdown figures lodged post-trade yesterday.

### Trading Halts

Company	Code	Resuming
Big Un	BIG	21 Feb
Eden Innovations	EDE	21 Feb
Golden Rim Resources	GMR	21 Feb
Linus Technologies	LNU	21 Feb
SomnoMed Ltd	SOM	21 Feb
Tasman Resources	TAS	21 Feb
Bulletin Resources	BNR	22 Feb
Carbine Resources	CRB	22 Feb
Doray Minerals	DRM	22 Feb
Red Mountain Mining	RMX	22 Feb

### Suspensions (selected)

Company	Code	Since
Austex Oil	AOK	19 Feb
CBL Corporation	CBL	6 Feb
Pan Asia Corporation	PZC	13 Feb
Primary Gold	PGO	20 Feb
Pura Vida Energy	PVD	5 Feb
Tianmei Beverage Group	TB8	21 Feb



Total Face Group	TFG	19 Feb
Ventnor Resources	VRX	2 Feb
Zyber Holdings	ZYB	16 Feb

**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>AKG</b>	Today	<b>1.5</b>	100	2.13
<b>AMP</b>	Today	<b>14.5</b>	90	5.40
<b>NGI</b>	Today	<b>8.89</b>	0	5.34
<b>SGR</b>	Today	<b>7.5</b>	100	2.94
<b>SUN</b>	Today	<b>33</b>	100	5.42
AGL	Tomorrow	54	80	4.59
AUI	Tomorrow	16	100	3.91
CGL	Tomorrow	4.8	100	1.92
DUI	Tomorrow	6.5	100	3.55
GWA	Tomorrow	8.5	100	5.26
ISU	Tomorrow	1.5	100	4.40
JBH	Tomorrow	86	100	4.79
KOV	Tomorrow	5	100	3.27
MRN	Tomorrow	3	100	5.51
WPL	Tomorrow	61.84	100	4.23
DHG	Fri	4	30	1.29
EVN	Fri	3.5	100	2.31
HLO	Fri	7	100	3.21
IFL	Fri	27	100	5.19
OML	Fri	10.5	100	3.26
PMC	Fri	4	100	tbc
WHC	Fri	13	0	4.29

**Reports & Events**

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>A2M</b>	Interim
	<b>APA</b>	Interim
	<b>APX</b>	Full year
	<b>ARB</b>	Interim
	<b>AWE</b>	Interim
	<b>CCL</b>	Full year
	<b>DOW</b>	Interim
	<b>FXJ</b>	Interim
	<b>FBU</b>	Interim
	<b>FMG</b>	Interim
	<b>IGO</b>	Interim
	<b>LLC</b>	Interim
	<b>MMS</b>	Interim
	<b>PGH</b>	Interim
	<b>SBM</b>	Interim
	<b>STO</b>	Full year
	<b>SRX</b>	Interim
	<b>SIQ (post-trade)</b>	Full year
	<b>SPK</b>	Interim
	<b>SDF</b>	Interim
	<b>SGP</b>	Interim
	<b>SYD</b>	Full year
	<b>TRS</b>	Interim
	<b>WES</b>	Interim
	<b>WTC</b>	Interim
	<b>WOR</b>	Interim
<b>Tomorrow</b>	AIZ	Interim

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Fri	AHY	Full year
	BAL	Interim
	BCI	Interim
	BLX	Interim
	BKL	Interim
	CWN	Interim
	ECX	AGM
	EHE	Interim
	FLT	Interim
	ING	Interim
	IRE	Full year
	LNK	Interim
	MHJ	Interim
	NEC	Interim
	NZM	Interim
	OGC (post-trade)	Full year
	QAN	Interim
	QUB	Interim
	RCR	Interim
	SXY	Interim
	SIQ	Full year webcast
	SFH	Interim
	WEB	Interim
	GTY	Interim
	MYO	Full year
	OGC	Full year webcast
	REG	Interim
	SXL	Interim
	TGR	Interim
	WOW	Interim