

Tuesday 21 March 2017

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>5755</b>	<b>-10</b>	<b>-0.2</b>
<b>NZX 50</b>	7076	19	0.3
<b>DJIA Futures</b>	20865	-3	0.0
<b>S&amp;P 500 Futures</b>	2370	0	0.0
<b>NASDAQ Futures</b>	5418	0	0.0

## Local Markets Commentary

The Australian market commences today's trade again on little change from major international equities overnight trade.

In commodities trade, US **gold** futures continued modestly higher. **Oil** fell. **Copper** turned lower. **Iron ore** picked up the pace of its pull back.

The **\$A** moved in a narrow range after reaching ~US77.30c yesterday evening.

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

Pre-trade, a weekly consumer sentiment report is due. The ABS also releases a December quarter residential property price report today.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>20906</b>	-9	<b>-0.0</b>
<b>S&amp;P 500</b>	2373	-5	<b>-0.2</b>
<b>NASDAQ</b>	5902	0.5	<b>0.0</b>
<b>FTSE 100</b>	7430	5	<b>0.1</b>
<b>DAX 30</b>	12053	-42	<b>-0.4</b>
<b>Shanghai Comp</b>	3251	13	<b>0.4</b>

## Overseas Markets Commentary

Choppy trade featured across major European and US equities markets overnight with little ultimate effect on most major indices.

The **UK** government announced plans to commence formal processes to separate from the European Union 29 March (Wednesday next week).

In the **US**, the Chicago Fed national activity index came in at 0.34 following -0.05 for January.

**Euro zone** December quarter wages growth was confirmed at 1.6% year-on-year.

Germany's producer prices rose 0.2% for the month and 3.1% year-on-year.

**Tonight** in the US, initial March manufacturing and services sector PMIs, a current account update and a regional manufacturing index are due.

In the UK, **Bank of England** governor Mark Carney is scheduled to speak publicly ahead of Thursday's monetary policy meeting.

FedEx, Garuda and Nike are among companies listed to report earnings today and tonight.

In overnight corporate news, **Deutsche Bank** news and activity sparked concerns which appeared to impact general finance sector sentiment.

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

## Today's Stock Watch

### Spotless Group (↑ **SPO**) / Downer EDI (DOW)

DOW extended trading halt called ahead of a \$1B underwritten entitlement offer, following the announcement of a \$1.15 cash-per-share proposal to acquire SPO. SPO last traded at 72.5c. DOW holds 19.99% of SPO.

### Premier Investments (PMV)

26c fully-franked interim dividend, up 3c. 0.46% higher, \$71.9M interim NPAT. 4.2% higher, \$593.9M revenue. \$3.30 NTA. 45.29c EPS. \$279.2M cash and equivalents.

### TPG Telecom (TPM)

11% higher, \$224M interim NPAT. 8% higher, \$1.2B revenue. 8c fully-franked interim dividend, up 1c. 26.4c EPS. \$44.7M cash and equivalents.

### Kathmandu Holdings (KMD)

6.4% higher, \$NZ10.0M interim NPAT. 0.2% higher, \$NZ196.3M revenue. NZ4c interim dividend, up 33%. NZ36c NTA. NZ4.9c EPS. \$NZ2.7M cash and equivalents.

### Virgin Australia Holdings (VAH) / Qantas Airways (QAN)

The Australian Competition & Consumer Commission (ACCC) has granted interim approval to the proposed VAH-Hong Kong Airlines-HNA Aviation-HK Express alliance. A final positive decision, anticipated in May or June, would enable new services, code-sharing and reward point reciprocation.

### Cover-More Group (CVO)

Financial Conduct Authority (FCA) authority in hand for the proposed scheme-of-arrangement acquisition of CVO by Zurich Insurance subsidiary Zurich Travel Solutions. CVO shareholders vote on the proposal 17 March (Monday next week).

### Ramsay Health Care (RHC) / Fletcher Building (FBU)

Credit Suisse has re-rated RHC and FBU as outperform, from neutral. RBC Capital Markets has similarly reassessed FBU.

## Resources

### Galaxy Resources (GXY)

GXY has shipped 13,700t of lithium concentrate to a second customer in China under a 2016 supply agreement and hence on 2016 pricing terms. The concentrate grade was certified at 5.71% Li<sub>2</sub>O. A third shipment under 2016 terms is anticipated in mid-April. 2017 pricing commences for additional shipments.

### Hazer Group (HZR)

Non-laboratory plant completed for the verification of HZR's design for the Hazer process pilot facility. HZR is planning a commercial-scale prototype plant to demonstrate hydrogen and graphite production, but will manufacture initial product from the pre-pilot facility just completed.

## Energy

### New Hope Corporation (NHC)

\$68.4M interim NPAT, following \$2.7M a year ago. 63% higher, \$374.6M revenue. 4c fully-franked interim dividend, up 100%. \$2.104 NTA. 8.2c EPS. \$150.4M cash and equivalents.

**Commodities**

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1234</b>	oz	4	0.3
<b>Silver (NY) (May)</b>	17.4	oz	0.0	0.1
<b>Gold (LON)</b>	1232	oz	3	0.2
<b>Platinum</b>	969	oz	6	0.6
<b>WTI Crude (Apr)</b>	<b>48.2</b>	bbl	-0.6	-1.2
<b>Brent Crude (Apr)</b>	<b>51.6</b>	bbl	-0.1	-0.3
<b>Iron Ore</b> (CHN port 62%)	<b>91.5</b>	t	-0.8	-0.9
<b>Copper (LME)</b>	<b>5880</b>	t	-55	-0.9
<b>Nickel</b>	10165	t	-95	-0.9
<b>Aluminium</b>	1922	t	8	0.4
<b>Lead</b>	2274	t	-17	-0.7
<b>Zinc</b>	2864	t	-18	-0.6
<b>Tin</b>	20350	t	60	0.3
<b>CBT Wheat (May)</b>	<b>4.30</b>	bshl	-0.06	-1.4

**Commodities Commentary**

*Oil* – more talk emerged of a possible conditional extension to the six-month OPEC production cut agreement.

Meanwhile, JP Morgan reduced 2017 and 2018 price forecasts.

*Gold* – reduced volume trade continued, and little change in the \$US index appeared to favour gold sentiment.

*Base metals* – some profit-taking reported overnight amid US trade policy concerns. Aluminium settled higher, sentiment buoyed by last week's increased demand call.

**Exchange Rates**

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7731	0.0001	0.02
<b>EUR – USD</b>	1.0737	-0.0002	-0.02

**Australian Data Today**

RBA	Policy meeting minutes	7Mar
ANZ/RyMgn	Consumer sentiment	19Mar
ABS	Residential property prices	Dec Q

**US Data Tonight**

Current account	DecQ
Markit PMIs manufacturing, services (1st)	Mar
Philadelphia Fed manufacturing	Mar

**Other Overseas Data Today & Tonight**

<b>UK</b>	CPI	Feb
UK	PPI	Feb
UK	Public sector finances	Feb
<b>Germany</b>	PMIs manufacturing, services	Mar
<b>Euro zone</b>	PMIs manufacturing, services	Mar

**Pre-Open Announcements**
**Fat Prophets Global Contrarian Fund (\* FPC)**

Listed investment company (LIC) scheduled to list 11am AEDST tomorrow following a \$48.5M IPO at \$1.10 per share.

**REA Group (REA)**

UBS has cancelled REA buy advice, in favour of a neutral rating.

**Quickstep Holdings (\* QHL)**

Added 14.3% (1.5c) yesterday on comparatively high-volume trade. State One expects positive sentiment to continue.

**Resources**
**OZ Minerals (\*\* OZL)**

Chairman Neil Hamilton is planning to retire at the OZL AGM. OZL director Rebecca McGrath will succeed Mr Hamilton. In addition, non-executive OZL director Paul Dowd is planning to step down from the OZL board at the AGM. In association, DEXUS Property (ASX: DXS), Metcash (ASX: MTS) and ALS (ASX: ALQ) director, and University of Queensland deputy chancellor Tonianne Dwyer, and former Placer Dome president and CEO Peter Tomsett have been appointed as OZL directors, 22 March. Mr Tomsett also chairs Silver Standard Resources. Ms McGrath chairs Investa Office Management Holdings (see ASX: IFL) and is a nonexecutive director of Incitec Pivot (ASX: IPL) and Goodman Group (ASX: GMG).

**Lithium Australia (\* LIT) / Capricorn Metals (CMM)**

LIT subsidiary BlackEarth Minerals as acquired exploration rights to CMM's graphite assets, Madagascar. LIT is proposing to list BlackEarth by mid-year.

**Empire Resources (\* ERL)**

Blue Capital Services has agreed to provide \$7.5M to fund the WA goldfields Penny's Find gold mine through to positive cash flow. Details lodged this morning. ERL 60%.

**Metals Australia (MLS)**

Historic diamond core sampling has identified lithium-bearing pegmatites within the Manindi zinc project, WA. Details lodged this morning.

**PepinNini Minerals (PNN)**

Anticipating results next month from geophysical surveying across the Salina Grandes and Cauchari lithium projects, Argentina. Drilling applications lodged for three areas within the Salta copper-gold-lithium project. PNN appreciated 114.3% Friday and pulled back 10% yesterday, settling at 2.7c.

**Egan Street Resources (EGA)**

Mid-west WA Rothsay gold project resource upgraded to 701,000t @ 11.6g/t Au, for 262,000oz of gold. The total resource has been boosted 16%, supported by the indicated component, which grew 27% to 152,000oz. A scoping study revision is expected to be completed during the June quarter.

**ABM Resources (ABU)**

Neil Jones has been appointed exploration manager. Mr Jones's professional experience as a geologist has included roles with Normandy Mining, Gold Fields, PMI Gold and Troy Resources.

**Energy**
**Berkeley Energia (\* BKY)**

EU (EURATOM Supply Agency) approval in hand for the off-take agreement covering first Salamanca uranium project production.

**Energy Resources of Australia (ERA)**

**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).

Aaron Madden has been appointed interim ERA company secretary following the resignation of Thomas Wilcox, effective yesterday.

**Sagasco Ltd (SGC)**

Acquiring five additional Sacramento Basin wells, two of them in production. Details lodged post-trade yesterday. Resuming from a trading halt, having last traded at 6.9c.

**Trading Halts**

Company	Code	Resuming
Australian Rural Capital	ARC	21 Mar
Connexion Media	CXZ	21 Mar
Goldfields Money	GMY	21 Mar
Hot Chili	HCH	21 Mar
Red Mountain Mining	RMX	21 Mar
Vital Metals	VML	21 Mar
Alice Queen	AQX	22 Mar
Carbine Resources	CRB	22 Mar
Carbine Tungsten	CNQ	22 Mar
Castillo Copper	CCZ	22 Mar
Cre8Tek Ltd	CR8	22 Mar
Creso Pharma	CPH	22 Mar
Neuren Pharmaceuticals	NEU	22 Mar
Peel Mining	PEX	22 Mar
Downer EDI	DOW	24 Mar

**Suspensions** *(selected)*

Company	Code	Since
1-Page Ltd	1PG	10 Mar
Cott Oil & Gas	CMT	3 Mar
Cudeco Ltd	CDU	16 Mar
Ephraim Resources	EPA	13 Mar
Paladin Energy	PDN	13 Mar
Range Resources	RRS	14 Mar
Surefire Resources	SRN	15 Mar
Titanium Sands	TSL	20 Mar
TTA Holdings	TTA	16 Mar

**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>KME</b>	Today	<b>0.6</b>	0	7.21
<b>PBP</b>	Today	<b>0.5</b>	100	4.44
<b>WEB</b>	Today	<b>7.5</b>	100	1.40
BBL	Tomorrow	0.75	100	1.85
CGR	Tomorrow	0.5	100	4.26
FLT	Tomorrow	45	100	4.79
NCM	Tomorrow	~9.81	0	0.89
NST	Tomorrow	3	100	1.68
PPC	Tomorrow	1.75	100	4.07
SFL	Tomorrow	0.5	100	6.67
AGG	Thu	2.08	0	0.74
AVJ	Thu	1.5	100	7.87
AWN	Thu	0.3	0	0.84
BEL	Thu	0.5	100	7.14
BPS	Thu	2.25	100	4.45
BYI	Thu	2	0	7.00
CAR	Thu	18.7	100	3.40
FBU	Thu	~18.71	0	4.64

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IPE	Thu	1.2	0	20.0
MXI	Thu	2	100	4.03
SDI	Thu	1	100	3.67
WPP	Thu	3.9	100	4.98
MYR	Fri	3	100	5.45
SND	Fri	1	100	5.61
ABC	Mon	15.5	100	3.57
IMF	Mon	3	100	5.90
JHC	Mon	5.5	100	5.68
MAI	Mon	0.5	100	2.88

**Reports & Events**

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>KMD</b>	Interim
	<b>NHC</b>	Interim
	<b>PMV</b>	Interim
	<b>TPM</b>	Interim
<b>Tomorrow</b>	NUF	Interim
<b>Thur</b>	BKW	Interim
	SIP	Interim