

Markets

SFE 200 Futures (9.30am AEDST)	5770	31	0.5
NZX 50	7097	-18	-0.3
DJIA Futures	20688	0	0.0
S&P 500 Futures	2360	12	0.5
NASDAQ Futures	5344	18	0.3

Local Markets Commentary

The Australian market will be pushed and pulled by a blizzard of domestic corporate reports, RBA commentary, and a package of releases containing implications for Australia's GDP growth.

In overnight commodities trade, **gold** settled a little lower. **Oil** rose. LME **copper** eased. **Iron ore** (China port, 62%) approached \$US95/t.

The **\$A** has appreciated considerably after being pushed below ~US76.55c early yesterday evening.

Locally today, **RBA** governor Philip Lowe has this morning told a forum that lower rates and household debt pose risks.

In data releases, December quarter wage price and construction work figures are due 11.30am AEDST.

The Melbourne Institute and Westpac also publish a January leading economic indices report.

February skilled vacancies are also expected this morning.

Stocks trading ex-dividend today include **AMP** and **CBA**.

China is due to report January property prices **12.30am** AEDST.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	20743	119	0.6
S&P 500	2365	14	0.6
NASDAQ	5866	27	0.5
FTSE 100	7275	-25	-0.3
DAX 30	11967	140	1.2
Shanghai Comp	3253	13	0.4

Overseas Markets Commentary

Mainland European and US equities sentiment was buoyed overnight by promising data, corporate reports, and commentary supporting a near-term US rate rise.

Euro zone manufacturing and service sector PMIs each exceeded expectations.

Across the channel, the **UK** public sector borrowed far less in January than forecast, and the monthly budget came in at £9.4B in surplus.

Bank of England governor Mark Carney and fellow central bank warned the UK parliament's treasury committee economic forecasts could be prone to revision over the near-medium term, as models were insufficient to counter all international risk, including positive and negative outcomes from the UK leaving the European Union.

Tonight in the **US**, **Federal Reserve** February

RBA – governor Philip Lowe has spoken on *Shared Experiences* at an Australia-Canada Economic Leadership forum this morning.

China – property prices - **12.30pm** AEDST

Today's Stock Watch

Suncorp Group (SUN) / Tower Ltd (TWR)

SUN New Zealand subsidiary Vero Insurance has acquired 11.14% of TWR in New Zealand at \$NZ1.30 per share, and is aiming to initially acquire 19.99% of TWR.

Woolworths Ltd (WOW)

\$725.3M interim NPAT, following a \$927.7M net loss a year ago. 1.1% higher, \$32.4B revenue. 34c fully-franked interim dividend. \$2.492 NTA. 61.2c EPS. \$1.4B cash and equivalents.

Coca-Cola Amatil (CCL)

Chairman David Gonski is retiring at the May AGM, and will be succeeded by non-executive CCL director (Ms) Ilana Atlas. Optus chair Paul O'Sullivan has been appointed as a CCL non-executive director, effective 1 March. Buying back up to \$A350M worth of shares. Boosting production in Queensland and WA, and closing South Australian manufacturing facilities in 2019.

37.4% lower, \$246.1M full-year NPAT. 1% higher, \$5.1B revenue. 25c, 75%-franked final dividend.

Fairfax Media (FXJ)

Confirming a possible demerger and separate listing of Domain group, in which FXJ would retain a 60% - 70% holding.

\$83.7M interim NPAT, following a \$27.4M net profit a year ago. 4.7% lower, \$912.98M revenue. 2c, 70%-franked interim dividend. 12c NTA. 3.6c (basic) EPS. \$111.9M net debt

Insurance Australia Group (IAG)

4.3% lower, \$446M interim NPAT. 0.7% lower, \$8.2B revenue. 13c fully-franked interim dividend.

Resources

BHP Billiton (BHP)

\$US3.2B interim NPAT, following a \$US5.7B net loss a year ago. 20% higher, \$US18.8B revenue. US40c fully-franked interim dividend, against US16c a year ago. US60.2c (basic) EPS. \$US20.1B net debt. Buying back up to \$US2.5B worth of bonds.

Fortescue Metals Group (FMG)

\$US1.2B interim NPAT, following \$US319M a year ago. 34% higher, \$4.5B revenue. A20c fully-franked interim dividend.

Energy

Woodside Petroleum (WPL)

\$US868M full-year NPAT. US49c final dividend. \$US4.7B net debt. \$US1.04 EPS. \$US285M cash and equivalents. Webcast teleconference commencing 10.30am AEDST. Access details lodged this morning.

APA Group (APA)

\$139.8M interim NPAT. \$1.2B revenue. 12-year off-take agreement secured by APA for Alinta Sales to purchase energy and renewable generation certificates produced by the proposed 130MW Badgingarra wind farm. The Badgingarra wind farm will be located adjacent to APA's 80MW Emu Downs wind farm and a proposed 20MW solar project.

policy meeting minutes are keenly anticipated, together with January existing home sales.

AirAsia, Airbus, Bayer, Lloyds, Tesla Motors, Serco and Weibo are among companies expected to report earnings later today and tonight.

In overnight corporate news, **BHP Billiton** interim results surprised on the upside and **HSBC's** 62% annual profit drop on the downside.

In the US, **Wal-Mart** and **Home Depot** each exceeded expectations.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1239	oz	-0.2	-0.1
Silver (NY) (Mar)	18.1	oz	-0.03	-0.2
Gold (LON)	1233	oz	-4	-0.3
Platinum	1001	oz		
WTI Crude (Mar)	54.1	bbl	0.7	1.2
Brent Crude (Apr)	56.7	bbl	0.5	0.9
Iron Ore (China port)	94.9	t	2.6	2.7
Copper (LME)	6060	t	-10	-0.2
Nickel	10855	t	-295	-2.7
Aluminium	1886	t	-14	-0.7
Lead	2265	t	-45	-2.0
Zinc	2875	t	-9	-0.3
Tin	19800	t	-100	-0.5
CBT Wheat (Mar)	4.36	bshl	-0.05	-1.1

Commodities Commentary

Oil – traded at three-week highs overnight, before pulling back, mostly on \$US strength and a warning.

OPEC's secretary general Mohammad Barkindo warned that despite output cut agreement compliance, 'equilibrium' with oil prices would not be attained in the near-term, as stocks remained 'very high'.

Meanwhile, **Iran** disclosed it was receiving a mix of cash, goods and services from **Russia** in return for supplying a daily 100,000bbl of crude.

WTI March-delivery futures expired overnight. April-delivery futures rose 1% to \$US54/33/bbl.

Gold – US Federal Reserve policy minutes due for release tonight could influence tonight's trade. Overnight, one official ventured he could support a March rate rise.

Base metals – a stronger \$US impacted overnight trade. US *copper* trade diverged from LME prices with a notable price gain however.

BHP Billiton's results, plus PMI readings out of Japan and the euro zone, released yesterday, were considered encouraging, however.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7674	-0.0001	-0.01
EUR – USD	1.0535	-0.0001	-0.01

Australian Data Today

ABS	Wage price index	Dec Q
ABS	Construction work done	Dec Q
Wstpc/MI	Leading index	Jan
DoEmplyt	Skilled vacancies	Feb

Pre-Open Announcements

Vocus Communications (* VOC)

\$47.2M interim NPAT. \$888.2M revenue. 6c fully-franked interim dividend.

Fletcher Building (* FBU)

Interim results lodged this morning, including 4% higher, \$NZ4.6B revenue.

McMillan Shakespeare (* MMS)

4% higher, \$40.4M interim NPAT. 3% higher, \$251.3M revenue. 31c fully-franked interim dividend.

Blackmores Ltd (* BKL)

2% lower, \$28.5M interim NPAT. 5.7% lower, \$322.1M revenue. \$1.30 fully-franked interim dividend. \$6.41 NTA.

The Reject Shop (* TRS)

4.4% lower, \$17.5M interim NPAT. 2% higher, \$432.9M sales. 24c fully-franked interim dividend.

APN News & Media (* APN)

\$6M full-year net loss, following a \$10.2M net loss a year ago. 23% lower \$657.6M revenue. 4c fully-franked final dividend. \$2.60 NTA.

Ainsworth Game Technology (AGI)

38% lower, \$20.6M interim NPAT. 14% lower, \$122.7M revenue. Nil interim dividend, against 5c a year ago. 77c NTA.

Resources

Western Areas (* WSA)

\$516M interim NPAT. 7.1% higher, \$113.4M revenue. \$1.599 NTA.

Doray Minerals (* DRM)

Anticipating a \$40M - \$45M impairment. Details lodged this morning.

Silver Lake Resources (* SLR)

\$8.3M interim NPAT, following a 198,000 net profit a year ago. 2% higher, \$107.3M revenue. \$44M cash and bullion.

AngloGold Ashanti (AGG)

\$US111M 2016 net profit following a \$US73M net loss for 2015. \$US1.9B net debt, against \$US2.2B.

CuDeco Ltd (CDU)

Waltz Group CEO Mark Gregory has been appointed CDU CEO.

Cardinal Resources (CDV)

Heralding Namdini resource extension drilling results. Details lodged post-trade yesterday.

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.

**US Data Tonight**

MBA mortgage applications	17 Feb
FOMC policy meeting minutes	Feb
Existing home sales	Jan

Other Overseas Data Today & Tonight

China	Property prices	Jan
Japan	Workforce (final)	Dec
UK	GDP (2 nd)	Dec Q
Germany	IFO business climate	Feb
Euro zone	CPI (final)	Jan

Need More Information?

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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
Austin Exploration	AKK	22 Feb
Inabox Group	IAB	22 Feb
Pixie Group	PEG	22 Feb
Tiger Resources	TGS	22 Feb
Ultracharge Ltd	UTR	22 Feb
Lake Resources	LKE	23 Feb
WolfStrike Rentals Group	WSG	23 Feb
Yonder & Beyond Group	YNB	23 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
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
Western Mining Network	WMN	21 Feb

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AMP	Today	14	90	5.51
CBA	Today	199	100	4.90
HFA	Today	~7.78	0	8.15
MYS	Today	14	100	6.06
AGL	Tomorrow	41	80	3.16



AUI	Tomorrow	15.5	100	4.22
CGL	Tomorrow	4.8	100	1.92
CVC	Tomorrow	5	100	5.38
DUI	Tomorrow	6.5	100	3.80
FID	Tomorrow	7.1	100	3.32
GWA	Tomorrow	7.5	100	5.64
JBH	Tomorrow	72	100	3.92
KOV	Tomorrow	10	100	7.58
MHJ	Tomorrow	2.5	50	3.68
MIN	Tomorrow	21	100	3.35
MTR	Tomorrow	5	100	3.79
OML	Tomorrow	10	100	2.96
RIO	Tomorrow	163.62	100	3.23
AMC	Fri	25.6	0	3.77
AQF	Fri	3	100	3.09
CPU	Fri	17	30	2.49
EVN	Fri	2	0	1.69
ISU	Fri	1.5	100	1.60

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	APA	Interim
	APN	Full year
	APO	Full year
	BGA	Interim
	BKL	Interim
	CCL	Full year
	FXJ	Interim
	FBU	Interim
	FMG	Interim
	HSO	Interim
	IFN	Interim
	IAG	Interim
	IRE	Full year
	MMS	Interim
	NSR	Interim
	PGH	Interim
	QUB	Interim
	SBM	Interim
	SDF	Interim
	SGP	Interim
SRX	Interim	
TGR	Interim	
TRD	Interim	
VOC	Interim	
WTC	Interim	
WOW	Interim	
WPL	Full year	
Tomorrow	ABC	Full year
	AIZ	Interim
	AWC	Full year
	AAD	Interim
	AHY	Interim
	BRG	Interim
	CWY	Interim
	CGC	Interim
	CWN	Interim
	EPW	Interim
	EHE	Interim

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Fri

FLT	Interim
ILU	Full year
IVC	Full year
MQA	Full year
MIN	Interim
MOC	Interim
MYO	Full year
NEC	Interim
OGC	Full year
OZL	Interim
PPT	Interim
PTM	Interim
QAN	Interim
RHC	Interim
SIQ	Full year
SXL	Interim
VRL	Interim
WEB	Interim
WFD	Full year
AHG	Interim
BBG	Full year
CHC	Interim
CTD	Interim
GNC	AGM
REG	Interim
SUL	Interim