

Friday 24 March 2017

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document.

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>5712</b>	<b>5</b>	<b>0.1</b>
<b>NZX 50</b>	7070	7	0.1
<b>DJIA Futures</b>	20626	38	0.2
<b>S&amp;P 500 Futures</b>	2344	4	0.2
<b>NASDAQ Futures</b>	5365	10	0.2

## Local Markets Commentary

The Australian market opens Friday trade on mostly unconvincing international equities and mixed commodities leads.

In overnight commodities trade, **gold** futures turned lower. **WTI crude** continued to fall. **Iron ore** swung higher. LME **copper** continued to gain.

The **\$A** was traded in a narrow range after slipping to ~US76.30c yesterday evening.

Locally today, **China's** premier Li Keqiang continues his official visit to Australia.

Regionally this weekend, People's Bank of China chairman Xiaochuan Zhou is due to speak on trade and monetary policy at the Boao Forum.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>20657</b>	-5	<b>-0.0</b>
<b>S&amp;P 500</b>	2346	-2	<b>-0.1</b>
<b>NASDAQ</b>	5818	-4	<b>-0.1</b>
<b>FTSE 100</b>	7341	16	<b>0.2</b>
<b>DAX 30</b>	12040	136	<b>1.1</b>
<b>Shanghai Comp</b>	3249	3	<b>0.1</b>

## Overseas Markets Commentary

Choppy, swinging trade featured across most major European and US equities markets overnight, with Germany's DAX a notable exception.

In the **US**, the scheduled vote on the repeal of the former administration's health care legislation ('affordable care act') in favour of a new plan ('American health care act') was delayed until possibly next week. Insufficient support for the government's position was reported.

Weekly new unemployment claims rose by 15,000 against forecasts of a 3000 fall.

February new home sales jumped 6.1% for the month.

Federal Reserve chair Janet Yellen spoke publicly, but only on education, work skills and associated research, and not monetary policy or economic outlooks.

Across the Atlantic, the **European Central Bank** revealed it had lifted the cap for emergency funds available to Greek banks to €46.6B.

In the UK, a **Bank of England** official warned interest rates could move higher.

In the meantime, UK February retail sales were reported 1.4% higher for the month and 3.7% year-on-year. Volumes fell by 1.4% for the three months to the end of February, however.

\* Business software listing **11am** AEDST - **BTH** \*

## Today's Stock Watch

### Commonwealth Bank of Australia (CBA)

Chief financial officer David Craig is retiring his CBA position 30 June. CBA international financial services executive Rob Jesudason has been appointed as CBA's new CFO.

### Downer EDI (DOW)

Resuming from a trading halt having raised \$757M in the institutional component of the fully-underwritten two-for-five entitlement offer. 66% initial take-up, with the remainder sold under book-build at \$5.95 each, the same as the offer price.

The \$254M retail offer opens 30 March (Thursday next week) and is scheduled to continue through 11 April.

DOW last traded at ~\$7.00.

### IMF Bentham (IMF)

IMF has appointed former Allen & Overy senior litigator Tom Glasgow as head of its Singapore office, which will open next month. The office is IMF's first in Asia and will primarily cover matters in Singapore and Hong Kong.

In addition, IMF is targeting a minimum \$A18M in a secured, unlisted notes offer at \$1029.42 per note. This is the second tranche of an offer which commenced in April 2016.

Presentation lodged this morning.

### Collins Foods (CKF)

Resuming from a trading halt having raised \$54.5M in an oversubscribed placement at \$5.25 per share, in support of the acquisition of 16 KFC outlets in the Netherlands. CKF last traded at \$5.88.

### Service Stream (SSM)

Proposing to acquire the TechSafe electrical inspection business for \$19M plus a target-linked potential \$1M. Shareholders will vote on the plan 26 April. SSM's chairman Brett Gallagher and related individuals hold TechSafe interests. An independent expert's report deems the proposal 'fair and reasonable'.

### Harvey Norman Holdings (HVN)

HVN says the Australian Securities & Investments Commission (ASIC) is undertaking a 'routine review' of the company's FY 2016 accounts, rather than 'investigating' them, as claimed in media reports.

### Bigtincan Holdings (\* BTH)

Boston, Massachusetts headquartered business sales mobile device software specialist scheduled to list 11am AEDST following a \$12M IPO at 26c per share. JP Morgan Nominees 5.8%; Merrill Lynch (Australia) 5.73%.

## Resources

### Fortescue Metals Group (FMG)

Planning to repay \$US1B worth of debt 30 March (Thursday next week), for an annual \$US38M in interest savings. \$US976M will remain on the same loan, due for repayment in 2019.

### Sheffield Resources (SFX)

Northern WA Thunderbird mineral sands project bankable feasibility has delivered a 25% IRR and \$A676M NPV (pre-tax, 10%). Stage one capex ~ \$324M plus \$24M contingency. 42-year mine life. Targeting first production in 2019.

February vehicle production was reported at a 17-year peak.

**Tonight** in the US, February durable orders and Markit PMIs are due.

Sinopec is due to report results later today.

In overnight corporate news, **Ford** Motor Co warned its March quarter result would be adversely impacted by a mix of factors, including higher costs and unfavourable forex.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1247</b>	oz	-3	-0.2
<b>Silver (NY) (May)</b>	17.6	oz	0.0	0.1
<b>Gold (LON)</b>	1248	oz	-2	-0.1
<b>Platinum</b>	961	oz	0	0.0
<b>WTI Crude (May)</b>	<b>47.7</b>	bbl	-0.4	-0.8
<b>Brent Crude (May)</b>	<b>50.5</b>	bbl	0.0	-0.0
<b>Iron Ore</b> <small>(CHN port 62%)</small>	<b>86.3</b>	t	1.3	1.6
<b>Copper (LME)</b>	<b>5825</b>	t	17	0.3
<b>Nickel</b>	10030	t	10	0.1
<b>Aluminium</b>	1934	t	12	0.6
<b>Lead</b>	2367	t	0	0.0
<b>Zinc</b>	2814	t	-43	-1.5
<b>Tin</b>	20275	t	-165	-0.8
<b>CBT Wheat (May)</b>	<b>4.21</b>	bshl	-0.01	-0.3

### Commodities Commentary

*Oil* – Saudi Arabia announced the nation's crude exports to the US during March would likely come in a daily 300,000bbl lower than for February.

A weekly US petroleum drilling rig report is due tonight.

*Gold* – pushed and pulled by a slightly higher \$US, equities ambivalence and some reported profit-taking after prices reached three-week highs.

*Base metals* – Chile Escondida copper project workers have voted to return to work tomorrow under the terms of their previous agreement.

Meanwhile, Peru Cerro Verde copper project workers will end one industrial action period today, in response to a regulatory order, but also commence a new one.

PMIs for Japan, the euro zone and US could influence some trade tonight.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7628	0.0002	0.02
<b>EUR – USD</b>	1.0783	0.0001	0.01

### US Data Tonight

Durable orders (preliminary)	Feb
Markit PMIs manufacturing, services (prelim)	Mar

### Other Overseas Data Today & Tonight

<b>Japan</b>	Nikkei manufacturing (prelim)	Mar
Japan	Leading economic index	Jan
<b>UK</b>	BBA mortgage approvals	Feb
<b>Germany</b>	Markit PMIs (prelim)	Mar
<b>Euro zone</b>	Markit PMIs (prelim)	Mar

## Pre-Open Announcements

### Nufarm Ltd (\* NUF)

Morgans has plucked NUF from its 'add' list, in favour of hold advice.

### Botanix Pharmaceuticals (\* BOT)

US Drug Enforcement Agency export and Australian Office of Drug Control import approvals in hand for synthetic cannabidiol required for clinical studies of BOT's proposed acne treatment BTX 1503.

### Xped Ltd (XPE)

MoU secured with Taiwanese company Dexatek Technology, for Dexatek to potentially license XPE ADRC technology and incorporate it into Dexatek products.

### DTI Group (\* DTI)

Bombardier Transportation Canada has ordered DTI hearing-aid loop communication systems for 775 San Francisco Bay Area Rapid Transit Commission rail cars. First deliveries are expected before mid-year and to continue until 2021. DTI expects \$US500,000 from the order. The order is the first for DTI from Bombardier Transportation Canada.

### Thred Ltd (THD)

Former Bauer Media group publisher and The Australian Women's Weekly editor-in-chief Robyn Foyster has been appointed as a THD director, effective 27 March (Monday).

## Resources

### Syrah Resources (\* SYR)

Mozambique Balama graphite project update lodged pre-trade. Interim results are also anticipated today.

### Triton Minerals (\* TON)

Mozambique Ancuabe graphite project high-grade drilling results lodged this morning. T16 maiden resource, T12 resource update and scoping study expected to be published mid-April.

### Reward Minerals (\* RWD)

Gary Lethridge has been appointed RWD MD, replacing Michael Ruane who is stepping down, effective 31 March. Mr Lethridge is a former Talisman Mining MD and Jubilee Mines CFO.

## Energy

### Paladin Energy (PDN)

Commencing arbitration proceedings against CNNC Overseas Uranium Holdings, a potential acquirer of PDN's Langer Heinrich project interest, and hence crucial to PDN's proposed restructure plans. In association, PDN is negotiating with creditors to extend standstill agreements. PDN trade remains suspended.

### Trading Halts

Company	Code	Resuming
Australian Potash	APC	24 Mar
Empired Ltd	EPD	24 Mar
Aksesstoday Ltd	AXL	27 Mar
Cougar Metals	CGM	27 Mar
Creso Pharma	CPH	27 Mar
Eve Investments	EVE	27 Mar
Leigh Creek Energy	LCK	27 Mar
Navigator Resources	NAV	27 Mar

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TPI Enterprises TPE 27 Mar

**Suspensions** (selected)

Company	Code	Since
1-Page Ltd	1PG	10 Mar
Carbine Resources	CRB	22 Mar
Connexion Media	CXZ	21 Mar
Cott Oil & Gas	CMT	3 Mar
Cre8Tek Ltd	CR8	22 Mar
Cudeco Ltd	CDU	16 Mar
Ephraim Resources	EPA	13 Mar
Eumeralla Resources	EUM	22 Mar
Hot Chili	HCH	21 Mar
Paladin Energy	PDN	13 Mar
Range Resources	RRS	14 Mar
Surefire Resources	SRN	15 Mar
Titanium Sands	TSL	20 Mar
Transcendence Technologies	TTL	23 Mar
TTA Holdings	TTA	16 Mar

**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>MYR</b>	Today	<b>3</b>	100	5.58
<b>SND</b>	Today	<b>1</b>	100	5.66
ABC	Mon	15.5	100	3.56
IMF	Mon	3	100	5.90
JHC	Mon	5.5	100	5.65
MAI	Mon	0.5	100	3.00
KME	Tue	0.6	0	7.21
SEK	Tue	23	100	2.68
ALF	Wed	4	50	6.67
APE	Wed	22	100	3.76
GNE	Wed	7.45	0	7.77
SGF	Wed	7.54	100	4.57
AJD	Thu	2.43	0	6.39
APN	Thu	4	100	1.50
ARF	Thu	~3.08	0	5.47
AYF	Thu	8.75	44.9	5.77
BPA	Thu	7.5	0	3.37
CAB	Thu	90	100	5.09
CLW	Thu	6.4	0	2.47
FET	Thu	3.55	0	5.09
GCM	Thu	~0.98	0	3.09
GDF	Thu	2.35	0	8.53
LYL	Thu	9	100	3.99
MAQ	Thu	25	100	3.85
MEZ	Thu	~6.82	0	4.77
MMS	Thu	31	100	4.98
PNC	Thu	4.22	100	4.99
PNW	Thu	0.6	100	6.47
PWH	Thu	0.9	100	2.34
RFF	Thu	2.41	0	5.13
RFP	Thu	~2.51	100	0.00
SLK	Thu	6	100	3.11
VRT	Thu	13	100	4.79
CWP	31 Mar	12	100	4.94
CYC	31 Mar	0.5	0	1.14
DFM	31 Mar	5	0	5.62
FNP	31 Mar	2	100	1.00
GBT	31 Mar	3.7	100	3.47
PFG	31 Mar	0.4	100	6.15