



Markets

SFE 200 Futures (9.30am AEST)	5782	11	0.2
NZX 50	7391	6	0.1
DJIA Futures	20910	-5	0.0
S&P 500 Futures	2397	-1	0.0
NASDAQ Futures	5709	-2	0.0

Local Markets Commentary

The Australian market opens mid-week trade on mostly lacklustre international equities leads.

In overnight commodities trade, **oil** extended a run of gains. **US gold** futures turned lower. **LME copper** continued a little higher. **Iron ore** turned and fell.

The **\$A** slipped after trading at ~US75.0c early yesterday evening.

Locally today, monthly leading economic indicators, March quarter construction work and skilled vacancy reports are scheduled for release.

This morning, **New Zealand** has reported a \$NZ3.48B trade deficit for the year to 30 April, following forecasts of \$NZ3.71B.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	20938	43	0.2
S&P 500	2398	4	0.2
NASDAQ	6139	5	0.1
FTSE 100	7485	-11	-0.2
DAX 30	12659	40	0.3
Shanghai Comp	3062	-14	-0.5

Overseas Markets Commentary

Major European and US equities markets mostly added to Monday's gains following choppy overnight trade.

In the **US**, a detailed **budget** proposal was delivered to Congress, outlining plans to cut \$US3.6 trillion worth of spending over 10 years, based on 3% GDP growth from the end of 2020.

Among a set of mostly underwhelming US data releases, April new home sales were reported to have dropped 11.4%, following forecasts of a 1.5% pullback.

A regional manufacturing index dropped 19 points to 1, against expectations of 15.

An initial May Markit manufacturing PMI was reported lower than for April, but the services sector activity index higher.

Across the Atlantic, new economic indicators mostly pleased.

Germany's final March quarter GDP growth was confirmed at 0.6%, following 0.4% for the December quarter 2016.

An IFO business climate index for Germany rose 1.6 over the past month to a 26-year peak of 114.6.

The **euro zone**'s initial May manufacturing PMI was estimated at a robust 57, supported by pleasing

Market Opener

Wednesday 24 May 2017

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Please see disclaimer at end of document.

Today's Stock Watch

Programmed Maintenance Services (PRG)

\$12.3M full-year NPAT, following a \$98M net loss a year ago. 21.8% higher, \$2.7B revenue. 3.5c fully-franked final dividend, down 1.5c. 9.9c NTA. \$200M net debt.

Tower Ltd (TWR)

\$NZ8.2M interim net loss, against an \$NZ8.7M loss a year ago.

Sigma Healthcare (SIG)

Launching legal action against My Chemist/Chemist Warehouse Group (MC/CW) after MC/CW rejected mediation and arbitration proposals. SIG is alleging breach of a 2019-end date supply agreement, and that this will cost the company an annual \$5M - \$10M EBIT. SIG is warning legal costs and 'subdued business' could push FY2017 EBIT 5% lower than for FY 2016.

Ardent Leisure (AAD)

Shareholders representing a combined 7.9% of AAD have requested Gary Weiss and Kevin Seymour be appointed as AAD directors. The shareholders are Ariadne Australia and Kayaal. The AAD board in the meantime had been planning to appoint up to two US-based non-executive directors.

AP Eagers (APE)

Anticipating 7% - 9% lower 1H FY 2017 pre-tax profit, due to reduced business in Western Australia and Queensland. Today's AGM address and presentation lodged.

ALS Ltd (ALQ)

\$A81.6M full-year NPAT, following a \$240.7M net loss a year ago. 0.1% higher, \$1.4B revenue. 8c, 3.2c-franked final dividend. 40c NTA. 23.6c EPS. \$248.9M cash and equivalents. \$484.5M net debt. Full financial report and presentation lodged post-trade yesterday. 1H FY2018 guidance promised at the 20 July AGM.

Automotive Solutions Group (4WD) / AMA Group (AMA)

4WD is urging shareholders to sit tight following an AMA on-market takeover bid launched today.

Fonterra Shareholders' Fund (FSF)

8% higher, \$13.9B revenue for the nine months to 31 March. In addition, Fonterra Co-op is raising its FY 2017 farmgate milk price by 15c to \$6.15/kgMS.

Emefcy Group (EMC)

Third commercial agreement secured in China, this time for the construction of a 500,000L/d water treatment facility in Xinjiang Province. Details lodged this morning.

Southern Cross Electrical Engineering (SCE)

\$30M worth of new work secured with Rio Tinto's (ASX: RIO) Amrun project, northern Queensland.

DuluxGroup Ltd (DLX)

Trading ex-dividend (13c) today.

Resources

Iluka Resources (ILU)

ILU has raised its zircon reference price (a benchmark against which the company's zircon products are priced) by \$US130/t to \$US1100/t, effective 1 July.

figures for both Germany and France.

Tonight in the US, May **Federal Reserve** policy meeting minutes are keenly anticipated, for clues on the timing of any asset sales and language regarding likely further rate moves.

In addition, April existing new home sales, a house price index and weekly mortgage applications are due.

Former **FBI** director James Comey was also scheduled to meet with a Congress committee tonight, but this was postponed yesterday.

European Central Bank (**ECB**) president Mario Draghi is scheduled to speak at a financial stability conference in Spain, after the release of the ECB's latest financial stability review publication. The address also follows Germany's central bank head and ECB official Jens Weidmann's repeat call this week for an easing of ECB policy.

Babcock, HP, US retailer Lowe's, UK retailer Marks & Spencer and Tiffany are scheduled to publish an update or earnings later today or tonight.

In overnight corporate news and developments, **Nokia** appreciated more than 6% on news of a patent dispute settlement with **Apple**.

Switzerland's **Glencore** in the meantime was reported to be planning a takeover bid for US grain trader **Bunge**.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1256	oz	-5	-0.5
Silver (NY) (Jun)	17.1	oz	-0.1	-0.8
Gold (LON)	1260	oz	1	0.1
Platinum	944	oz	-4	-0.5
WTI Crude (Jul)	51.5	bbl	0.3	0.7
Brent Crude (Jul)	54.2	bbl	0.3	0.5
Iron Ore (CHN port 62%)	62.0	t	-1.2	-1.9
Copper	5714	t	11	0.2
Nickel	9345	t	-50	-0.5
Aluminium	1943	t	5	0.3
Lead	2096	t	4	0.2
Zinc	2658	t	25	0.9
Tin	20500	t	20	0.1
CBT Wheat (Jul)	4.30	bshl	-0.04	-1.1

Commodities Commentary

Oil – a US administrative proposal to begin selling up to 50% of the nation's strategic oil reserves from 1 October pushed prices lower early, indicating flimsy sentiment.

Weekly US petroleum inventories, as calculated by the EIA, are due tonight.

Gold – prices retreated some overnight as the \$US appreciated. Some profit-taking was also reported.

Base metals – a swing higher for the \$US, and early lower oil prices, appeared to constrain overnight LME trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7477	0.0000	0.00
EUR – USD	1.1183	0.0002	0.02

Pre-Open Announcements

Noxopharm Ltd (NOX)

Making the company's proposed anti-cancer drug NOX66 available for the treatment of rare cancers in formal clinical trials. NOX appreciated 40.7% yesterday, settling at a three-week peak of 38c.

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

The Takeovers Panel has declined to declare unacceptable circumstances regarding the planned DOW takeover of SPO. This is due to SPO's undertaking to alter a supplementary target's statement, including with respect to FY2018 guidance. SPO has reiterated its rejection of the DOW bid.

Eden Innovations (* EDE) / Tasman Resources (TAS)

The Mississippi Department of Transportation has approved the use of EDE's EdenCrete across six applications. Additional EDE business is anticipated in three US States.

Boral Ltd (* BLD)

Today's Port Melbourne and Deer Park site tours presentation lodged.

Reckon Ltd (RKN)

Today's AGM presentation and address lodged.

Praemium Ltd (PPS)

Board statement lodged this morning addressing the recent board upheaval and supporting reinstated CEO Michael Ohanessian.

ALE Property Group (LPE)

Chairman Peter Warne has retired and Robert Mactier has been appointed as his successor.

Resources

OZ Minerals (* OZL)

Update expected at today's AGM.

Anson Resources (* ASN)

ASN says it has boosted potential in-situ brine volumes by up to three times, following the staking of an additional claims within the Paradox Basin, Utah, US.

Matsa Resources (MAT)

Resuming from a trading halt with visible gold observed during diamond drilling within the WA Lake Carey gold project. MAT last traded at 24.5c.

Energy

Cue Energy Resources (* CUE)

CUE has paid \$US6.8M in a settlement deal following a dispute regarding the Jeruk field within the Sampang PSC, Indonesia.

State One Analyst Comment

Quickstep Holdings (ASX: QHL)

QHL is an established components parts supplier to Lockheed Martin's Joint Strike Fighter program, via Northrop Grumman.

As such, QHL is well-positioned for additional supply deals, given Lockheed Martin's recent success in securing

Australian Data Today

Wstpc/MI	Leading indicators	Apr
ABS	Construction work done	Mar Q
DoEmplyt	Skilled vacancies	Apr

US Data Tonight

Fed Reserve policy meeting minutes	2-3 May
Existing home sales	Apr
FHFA house price index	Mar
MBA mortgage applications	19 May

Other Overseas Data Today & Tonight

Japan	Tankan survey	May
Japan	Economic report	May
Japan	Leading indicators (final)	Mar
Germany	GfK consumer confidence	Jun
Euro zone	ECB financial stability review	May

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significant new business, in particular with Saudi Arabia last weekend.

Earlier this month, Germany's Air Force also approached Lockheed Martin via a formal request for JSF classified data ahead of a decision on new defence craft.

Nonetheless, the Lockheed Martin and Northrop Grumman stock price charts are currently leaving QHL lagging.

Lockheed Martin



Northrop Grumman



Quickstep Holdings



State One executive chairman Alan Hill

Trading Halts

Company	Code	Resuming
Cokal Ltd	CKA	24 May
Coventry Resources	CYY	24 May
Swick Mining Services	SWK	25 May
The Hydroponics Company	THC	25 May
Viking Mines	VKA	25 May

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Suspensions (selected)

Company	Code	Since
Activistic Ltd	ACU	26 Apr
Aurora Funds Management	AOD	27 Apr
Birimian Ltd	BGS	1 May
G8 Education	GEM	19 May
Hawkley Oil & Gas	HOG	12 May
Meteroic Resources	MEI	22 May
Quintis Ltd	QIN	17 May

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AST	Today	5.4	0	4.97
DLX	Today	13	100	3.59
BTT	Tomorrow	19	30	3.55
DDR	Tomorrow	4	100	6.60
TLT	Tomorrow	2.25	0	0.00
ZEL	Tomorrow	~18.67	0	3.75
OPG	Fri	1	100	3.96
WHF	Fri	8.5	100	3.67
PTB	Mon	5	100	9.09

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	APE	AGM
	OZL	AGM
	PRG	Full-year
	RKN	AGM
	TWR	Interim
Tomorrow	ABC	AGM
	AWC	AGM
	ALL	Interim
	GRR	AGM
Fri	YAL	AGM
Mon	GEM	AGM
30 May	SYD	AGM