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Market Opener

Wednesday 26 October 2016

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Markets

SFE 200 Futures (9.25am AEST)	**5411**	**-12**	**-0.2**
NZX 50	6988	-15	-0.2
DJIA Futures	18070	-27	-0.2
S&P 500 Futures	2135	-3	-0.2
NASDAQ Futures	4873	-13	-0.3

Local Markets Commentary

Australian market trade is set to react today to September quarter CPI, due **11.30am** AEDST.

The Reserve Bank of Australia (**RBA**) has attached notable significance to this reading in recent comments ahead of its policy meeting Tuesday next week (Melbourne Cup day).

Overnight commodities leads are largely positive, although **oil** fell. US **gold** futures swung higher. **Copper** rallied. **Iron ore** jumped.

Major equities markets mostly settled lower.

The **$A** traded in a narrow range after surpassing ~US76.40c yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	**18169**	-54	**-0.3**
S&P 500	2143	-8	-0.4
NASDAQ	5283	-26	-0.5
FTSE 100	7018	31	0.5
DAX 30	10757	-4	-0.0
Shanghai Comp	3132	4	0.1

Overseas Markets Commentary

Overnight trade across major European and US equities markets was swayed by central bank commentary, mixed corporate earnings and falling oil.

In **Germany**, IFO's business climate index was reported one point higher for the month, at 110.5, a 2.5-year peak.

European Central Bank governor Mario Draghi defended the bank's policy program in the face of ultra-low inflation, during lecture in Berlin.

Bank of England governor Mark Carney suggested to a parliamentary committee that policy would likely remain steady for some time.

In the **US**, the Conference Board consumer confidence index fell 4.9 points to 98.6.

Case-Shiller reported 5.1% higher house prices year-on-year.

The Richmond region manufacturing index climbed to -4 from -8.

Tonight in the **US**, September new home sales, wholesale inventories and a services PMI are due, together with weekly mortgage applications.

Airbus, Angang Steel, Antofagasta, Banco Santander, Boeing, Coca-Cola, Fujitsu, GlaxoSmithKline, Hyundai Motor, LG, Lloyds Banking, Mondelez, Nintendo, Northrop Grumman, Posco, Samsung C&T and Tesla are among

Australia – September quarter **CPI 11.30am** AEDST

*** Carbon material listing 11am AEDST – CFO ***

*** Marine engineering listing 1pm AEDST – VEE ***

RBA – CIO Sarv Girn is speaking publicly **11.15am** AEDST.

Today's Stock Watch

Wesfarmers Ltd (WES)

Mixed September quarter divisional sales lodged this morning, home improvement up 29.8%.

ResMed Inc (RMD)

13% higher, $US465.4M September quarter revenue. Net earnings fell 8% to $US76.1M. Paying a US33c quarterly dividend. Teleconference and webcast scheduled.

Ramsay Health Care (RHC)

In response to media comments on likely Australian growth, RHC says it remains expectant of 10% - 12% FY 2017 core NPAT and core EPS growth.

Tox Free Solutions (TOX)

Acquiring Daniels Health Australia for $186M. In association, TOX is conducting an $85M fully-underwritten entitlement offer, and a $29M placement to vendor Dan Daniels, each at $2.30 per share. The retail component of the entitlement offer is scheduled for 3 – 18 November. The institutional offer will be conducted today and tomorrow. Trading halt called this morning. TOX traded at $2.47 - $2.52 yesterday.

Stockland (SGP)

AGM today, after which Tom Pockett will take over as chairman from Graham Bradley. September quarter statistics also lodged this morning, including 2.4% higher sales year-on-year and a 1.1% boost to specialty sales.

Ainsworth Game Technology (AGI)

Anticipating $15M 1H FY2017 pre-tax profit, against $35M a year ago. Details lodged this morning.

CFOAM Ltd (* CFO)

Inorganic carbon material developer scheduled to list 11am AEDST following a $9M IPO at 20c per share. Gary Steinepreis non-executive chairman. MD Michael Placha holds 12.83%. Touchstone Research Laboratory holds 9.83%.

VEEM Ltd (* VEE)

Marine engineer scheduled to list 1pm AEDST following a $5M IPO at 50c per share. Brad Miocevich non-executive chairman; Mark Miocevich MD. VEEM Corporation (Miocevich family) holds 61.5%; JP Morgan 6.5%; Pershing 5.75%; National Nominees 5.38%; HSBC 3.88%; UBS 3.67%.

Resources

Rio Tinto (RIO)

Oyu Tolgoi 25 – 27 October site visit presentation lodged post-trade yesterday. RIO added 4.5% in London trade overnight, boosted by a strong iron ore price gain yesterday.

Independence Group (IGO)

September quarter operational statistics expected today. WA Nova project nickel and copper concentrate production underway.

companies scheduled to report earnings and/or provide trading updates today and tonight.

Apple reported post-US settlement, so is expected to influence tonight's trade.

Overnight, **General Motors** said it had doubled its year-on-year September quarter profit.

Caterpillar disappointed, forecasting approximately flat full-year revenue, below expectations.

Lockheed Martin appreciated more than 7% on both quarterly results and guidance.

Commodities

COMMODITY	CLOSE	$US/	+/-	%
Gold (NY) (Dec)	**1274**	oz	10	0.8
Silver (NY) (Dec)	17.8	oz	0.2	1.0
Gold (LON)	1266	oz	-0.5	-0.0
Platinum	962	oz	24	2.6
WTI Crude (Dec)	**50.0**	bbl	-0.6	-1.1
Brent Crude	**50.8**	bbl	-0.7	-1.3
Iron Ore (Tianjin)	**61.6**	t	2.9	4.9
Copper (LME)	**4735**	t	97	2.1
Nickel	10225	t	120	1.2
Aluminium	1669	t	39	2.4
Lead	2053	t	31	1.5
Zinc	2367	t	55	2.4
Tin	20300	t	325	1.6
CBT Wheat (Dec)	**4.04**	bshl	0.01	0.4

Commodities Commentary

Oil – commentary on Iraq's weekend claim that it ought be exempted from any output constraints, questioned the willingness of others to agree to any change.

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

Gold – a $US pullback supported overnight sentiment. Short-covering was evident.

Base metals – *copper* was well-supported following China steel manufacturer Baoshan's results, released yesterday. The effect spread to other metals, which also benefited from a softer $US.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7649	0.0002	0.03
EUR – USD	1.0890	0.0001	0.01

Australian Data Today

ABS	CPI	Sep Q

US Data Tonight

Wholesale inventories	Sep
New home sales	Sep
Markit PMI services (prelim)	Oct
MBA mortgage applications	21 Oct

Other Overseas Data Today & Tonight

China	Wstpc/MNI consumer sentiment	Oct
UK	BBA mortgage approvals	Sep
Germany	GfK consumer confidence	Nov

Pre-Open Announcements

Auckland International Airport (* AIA)

$NZ100M seven-year fixed-rate bond offer opening today.

Aconex Ltd (* ACX)

Reassessed as outperform by Credit Suisse.

Mirvac Group (* MGR)

UBS is recommending MGR as a buy.

Acrux Ltd (* ACR)

September quarter Axiron net sales totalled $US39M, against $US29.3M for the June quarter and $US37.0M a year ago.

YPB Group (YPB)

$4M placement completed at 25c per share. YPB traded at 16.5c yesterday.

Ardent Leisure Group (* AAD)

Confirmed post-trade yesterday the deaths of four Gold Coast Dreamworld theme park ride participants. Dreamworld was closed after the incident yesterday afternoon and will remain closed today.

Bradken Ltd (* BKN)

Target's statement lodged post-trade yesterday, for the agreed proposed takeover by Hitachi Construction Machinery. The included independent expert report concluded the $3.25-per-share is fair and reasonable. Bidder's statement also released. BKN has traded at $3.23 - $3.24 the past three trading sessions.

Velpic Ltd (VPC)

VPC co-founders and executive directors Patrick Connell and Glenn Moora have stepped down as VPC directors. Mr Connell will continue with VPC as Dash Digital executive creative director. Mr Moora is staying on as VPC sales and marketing manager. AGM scheduled for 25 November.

Resources

Pilbara Minerals (* PLS) / Mineral Resources (* MIN)

WA Pilgangoora lithium-tantalum project tenements sale and right of refusal dispute settled with an agreement. Under the deal, MIN will purchase $A50M worth of PLS shares at 48c each and PLS will relinquish a right of first refusal and 2.5% royalty. Terms are yet to be detailed and formalised. PLS holds the Pilgangoora project and MIN the regional Wodgina lithium-tantalum project. PLS and MIN are resuming from trading halts having last traded at 49.5c and $11.52.

Galaxy Resources (GXY) / Qube Holdings (QUB)

Approvals in hand from the Southern Ports Authority and Department of Environmental Regulations, for GXY to export Mt Cattlin project spodumene from the Esperance Port, WA. GXY has awarded the haulage and port services contract to QUB.

Lucapa Diamond Company (LOM)

Angola Lulo diamond JV commissioning of processing and recovery modules underway.

Greenland Minerals & Energy (GGG)

Pointing to the 23 September announcement of the proposed investment by Shenghe Resources Holding, in response to a trading inquiry from the ASX. GGG settled at 8.4c yesterday, after closing out last week at 6.9c, the previous week at 6.1c, and the week prior at 4.7c.

Need More Information?

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Aeon Metals (AML)

Walford Creek resource estimated at 6.1Mt @ 1.26% Cu, 0.16% Co, 0.78% Pb, 0.77% Zn and 25.4g/t Ag.

Excelsior Gold (EXG)

EXG has appointed experienced resources sector executive Sam Randazzo as a non-executive director.

Energy

Carnarvon Petroleum (CVN)

$A65M cash as at 30 September. Up to ~$US31M receivables. September quarter report lodged post-trade yesterday, highlighting discoveries.

Buru Energy (BRU)

The BRU/Diamond Resources JV has secured a land access and use agreement with the Warlangurru People covering land within EP 371, near the Noonkanbah pastoral station.

Sun Resources (SUR)

Jaap Poll is retiring from the SUR board, and Ian McCubbing joining the board, to take over Dr Poll's role as non-executive chairman. In addition, Bill Bloking has been appointed as a non-executive SUR director.

Trading Halts

Company	Code	Resuming
Alto Metals	AME	26 Oct
Antipa Minerals	AZY	26 Oct
Clean Seas Tuna	CSS	26 Oct
Cooper Energy	COE	26 Oct
Doray Minerals	DRM	26 Oct
MGM Wireless	MWR	26 Oct
Red Mountain Mining	RMX	26 Oct
Rent.com.au Ltd	RNT	26 Oct
TV2U International	TV2	26 Oct
APN News & Media	APN	27 Oct
Carnegie Wave Energy	CWE	27 Oct
Nuheara Ltd	NUH	27 Oct
Tian Poh Resources	TPO	27 Oct
Terrain Minerals	TMX	28 Oct
Tox Free Solutions	TOX	28 Oct

Suspensions (selected)

Company	Code	Since
Australian Whisky Holdings	AWY	20 Oct
Cabral Resources	CBS	19 Oct
Cleveland Mining Company	CDG	3 Oct
Enerji Ltd	ERJ	20 Oct
Freshtel Holdings	FRE	6 Oct
Nkwe Platinum	NKP	18 Oct
Omni Market Tide	OMT	19 Oct
Orinoco Gold	OGX	12 Oct
Target Energy	TEX	13 Oct
Tawana Resources	TAW	24 Oct
Transerv Energy	TSV	25 Oct
Volta Mining	VTM	17 Oct
Wangle Technologies	WGL	18 Oct
Zamia Metals	ZGM	3 Oct

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
CUP	Today	**2**	100	9.64
AGF	Tomorrow	~10.39	0	150.23
BOQ	Tomorrow	38	100	6.66
CBL	Tomorrow	~2.83	0	1.83
CLV	Tomorrow	0.5	100	1.28
JYC	Tomorrow	6	100	3.97
AOD	Fri	0.36	94.44	6.29
PMV	Fri	25	100	3.14
FNP	31 Oct	2.25	100	0.85
HVN	31 Oct	17	100	5.65

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	**AQG**	Sep Q
	BKN	AGM
	DXS	AGM
	EPW	AGM
	IGO	Sep Q
	OEC	AGM
	SGP	AGM
	WES	Sep Q
Tomorrow	AAD	AGM
	APA	AGM
	BKL	AGM
	BPT	Sep Q
	CGF	AGM
	CWY	AGM
	CTD	AGM
	HGG	Sep Q
	JBH	AGM
	MML	Sep Q
	NAB	Full-year
	NCM	Sep Q
	OGC	Sep Q
	REH	AGM
	SFR	AGM
	SGF	AGM
	SFH	AGM
	SDF	AGM
	TGR	AGM
	TTS	AGM
	UGL	AGM
	WHC	AGM
Fri	AMP	Sep Q
	ASB	AGM
	ASL	AGM
	CAR	AGM
	GWA	AGM
	MQG	Interim
	MGC	AGM
	REG	AGM
	SGR	AGM
	WOW	Sep Q