Market Opener

Thursday 27 April 2017

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Markets

SFE 200 Futures (9.30am AEDST)	**5897**	**-1**	**-0.0**
NZX 50	7338	3	0.0
DJIA Futures	20931	26	0.1
S&P 500 Futures	2384	2	0.1
NASDAQ Futures	5541	5	0.1

Local Markets Commentary

The Australian market opens today's trade in anticipation of a speech heralding national budget emphases, and key announcements out of Japan and China.

International equities leads are lacklustre at best.

In overnight commodities trade, US **gold** futures fell modestly further. **WTI crude** settled slightly higher, but Brent moderately lower. LME **copper** rose a little.

The **$A** fell after rising above US75.00c again early yesterday evening.

Locally today, Australia's treasurer Scott Morrison is scheduled to deliver a **pre-budget** speech at **1pm** AEST.

March quarter import and export prices are also due.

Regionally, **China**'s March industrial profits are expected **11.30am** AEST. Yesterday, an official national economist suggested profits grew by greater than 20% during the March quarter.

The Bank of **Japan** (BoJ) is scheduled to release a post-policy meeting statement **1pm** AEST.

The BoJ is also due to publish a quarterly outlook report.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	**20975**	-21	**-0.1**
S&P 500	2387	-1	-0.1
NASDAQ	6025	-0.3	-0.0
FTSE 100	7289	13	0.2
DAX 30	12473	6	0.1
Shanghai Comp	3141	6	0.2

Overseas Markets Commentary

Major European equities markets climbed in the last two hours of trade, while US indices fell in the final 30 minutes.

US president Donald Trump told a special senate meeting that he planned to tighten sanctions on **North Korea**.

Meanwhile, **South Korea** expressed reservations concerning a US missile defence system being set up in South Korea.

For its part, **Russia** again publicly denounced the US bombing of a **Syria**n government airbase earlier this month.

In US domestic developments, the House of Representatives revealed it may need to pass an interim bill to fund US government services through

Australia – treasurer Scott Morrison is due to deliver a pre-budget address ~**1pm** AEST, Sydney

RBA governor Philip Lowe is guest speaker at a Global Cities Dialogue dinner, **7.10pm** AEST

Monday's trades (including ETOs) **settle today**

Today's Stock Watch

Wesfarmers Ltd (WES)

March quarter Coles sales increase 0.5% year-on-year to $9.02B. Home improvement (Bunnings) grew 23.1% to $3.19B. Target sales ($555M) dropped 18.1% and Kmart's ($1.1B) grew 2.5%. Officeworks sales rose 9% to $558M.

Coal production and sales figures also lodged this morning.

Blackmores Ltd (BKL)

42.8% lower, $43M NPAT for the nine months to 31 March. 6.7% lower, $496M sales revenue. Confident of growth prospects.

Ten Network Holdings (TEN)

$232M interim net loss, against a $13.4M net profit a year ago.

Auckland International Airport (AIA)

Passenger numbers rose 7.5% year-on-year during March and for the financial year-to-date have increased 10.6%.

Air New Zealand (AIZ)

Carried 5.2% more passengers, year-on-year, during March. Revenue passenger kilometres rose 0.8%. For the financial year-to-date passenger numbers have grown 4.1%.

Premier Investments (PMV)

Trades ex-dividend (26c) today.

Resources

Newcrest Mining (NCM)

Produced 598,602oz of gold during the March quarter, 2.6% less than for the December quarter 2016. Copper production fell 12.3% to 22,074t. March quarter AISC fell 5.1% to $A713/oz. The AISC margin improved 9% to $521/oz. Realised gold prices averaged $1234/oz. NSW Cadia East production likely to commence in the second half of 2017, on current assessments following the 14 April earthquake.

South32 Ltd (S32)

Production for t he nine months to 31 March mostly lower than a year ago, but aluminium up 2% and manganese ore up 5%. Energy coal fell 10% and metallurgical coal 14%. $US1.5B cash.

Mount Gibson Iron (MGX)

Board approval in hand to recommence Koolan Island iron ore production, from the main pit. Feasibility statistics and presentation lodged this morning.

Sold 800,000t (wet) of iron ore during the March quarter for $44M FOB revenue. All-in cash costs totalled $52/t. For the nine months to 31 March, sales totalled 2.6Mt and revenue $148M. $456M cash, deposits and tradeable investments.

Energy

Beach Energy (BPT)

5% lower, 2.5MMboe March quarter production, Cutting spending.

next week, as agreement on raising the national debt level is unlikely to be reached by Friday's (midnight) deadline.

Proposed information regarding proposed US tax changes contained a (non-quantified) tax on an estimated $US2.5 trillion worth of company cash held overseas.

As anticipated, the new US administration said it hoped to cut corporate taxes by 20% to 15%.

Under the overall plan, taxes for individuals would be capped at 35% within just three tax brackets rather than the current seven, but no figures were offered for the likely the bracket bounds.

Tonight in the US, weekly new unemployment claims, durable goods orders, wholesale inventories, pending home sales and a regional manufacturing index are due.

The European Central Bank (**ECB**) holds a policy meeting and subsequent press conference.

Air China, Alphabet, Amazon, American Airlines, AstraZeneca, Baidu, Bayer, China Merchants Bank, Comcast, Deutsche Bank, Domino's Pizza, Ford Motor, Hyundai Steel, Intel, Kia Motors, KKR, Komatsu, LG Electronics, Lloyds Banking, Microsoft, NEC, Nintendo, PetroChina, Samsung Electronics, Starbucks and Total are among companies listed to report earnings or provide updates today and tonight.

Antofagasta, ITV, Legal & General and Rolls-Royce trade ex-dividend on the FTSE 100.

In overnight corporate news, **Twitter** was pushed 8% higher on better-than-anticipated quarterly results, despite a revenue drop.

Credit Suisse announced a 4B Swiss franc fundraiser designed to meet regulatory requirements.

Commodities

COMMODITY	CLOSE	$US/	+/-	%
Gold (NY) (Jun)	**1264**	oz	-4	-0.2
Silver (NY) (Jun)	17.5	oz	-0.1	-0.7
Gold (LON)	1262	oz	-6	-0.5
Platinum	949	oz	-4	-0.4
WTI Crude (Jun)	**49.6**	bbl	0.06	0.1
Brent Crude (Jun)	**51.8**	bbl	-0.3	-0.5
Iron Ore (CHN port 62%)	**66.1**	t		
Copper	**5715**	t	9	0.2
Nickel	9230	t	-90	-1.0
Aluminium	1965	t	2	0.1
Lead	2185	t	15	0.7
Zinc	2626	t	21	0.8
Tin	19910	t	285	1.5
CBT Wheat (May)	**4.11**	bshl	0.02	0.7

Commodities Commentary

Oil – traded lower early on a disappointing US industry stockpiles estimate released late-Tuesday.

During overnight trade by contrast, US weekly petroleum inventories as calculated by the government's EIA, revealed a 3.6MMbbl crude drawdown.

Petrol stocks rose again, against traditional seasonal trends. Distillate inventories were also reported higher.

Gold – a **$US** appreciation and another early gain for major US equities indices helped push prices to two-week lows overnight.

Pre-Open Announcements

Computershare Ltd (* CPU)
Today's investor day presentation lodged this morning.

Stockland (* SGP) / GPT Group (* GPT)
March quarter updates lodged this morning.

Mirvac Group (* MGR)
Anticipating 14.4c FY 2017 earnings per stapled security, at the upper end of guidance. March quarter operational update lodged this morning.

Dicker Data (DDR)
DDR has appointed former Western Comstor executive VP Asia Pacific Wendy O'Keeffe as an independent non-executive director, effective immediately.

UUV Aquabotix (* UUV)
Underwater vehicle and equipment developer scheduled to list 11am AEST tomorrow, following a $7M IPO at 20c per share. 'Aerospace and Defence' classification.

Resources

Sandfire Resources (* SFR)
Produced 16,256t of copper and 8988oz of gold in concentrate during the March quarter, at a US94c/lb C1 cash cost. Shipped 63,507t of concentrate, containing 15,160t of copper and 8222oz of gold.
For the December quarter 2016, SFR produced 18,130t of copper and 10,183oz of gold.
Nil debt. $90M cash on hand.
Webcast teleconference scheduled to commence **midday** AEST.
Presentation lodged.

Northern Star Resources (* NST)
Produced 125,753oz of gold during the March quarter. Sold 132,558oz at prices averaging $A1669/oz, against a $A988/oz AISC. $393M cash and investments. Teleconference scheduled to commence **11am** AEST. Access details lodged this morning.

Talga Resources (* TLG)
Sweden Vittangi graphite project resource boosted 25% in tonnage to 12.3Mt @ 25.5% Cg, for 3.1Mt of contained graphite. 87% of the resource qualifies for indicated status.

Ardiden Ltd (* ADV)
Heralding shallow, thick spodumene-bearing intersections from drilling within the Seymour Lake lithium project, Ontario, Canada.

Energy

Sino Gas & Energy (SEH)
March quarter production statistics lodged this morning.

Trading Halts

Company	Code	Resuming
Invigor Group	IVO	27 Apr
Axiom Group	AVQ	28 Apr
MOQ Ltd	MOQ	28 Apr
Moreton Resources	MRV	28 Apr
Torian Resources	TNR	28 Apr
Acacia Coal	AJC	1 May

Futures began to rise in post-settlement electronic trade, however, and this has been attributed in part to safe-haven interest.

Base metals – a stronger $US constrained some interest, together with an early oil price fall.

Meanwhile, reports emerged the **US** could commence an investigation into *aluminium* imports, as it has done for steel. After looking at Canadian softwood imports, the US earlier this week raised tariffs for these.

China's March industrial profits, due today, could influence some of tonight's trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7477	0.0004	0.06
EUR – USD	1.0909	0.0004	0.04

Australian Data Today

ABS	Import & export prices	MarQ

US Data Tonight

Initial jobless claims	22 Apr
Pending home sales	Mar
Durable goods orders	Mar
Wholesale inventories	Mar
Kansas City Fed manufacturing	Apr

Other Overseas Data Today & Tonight

China	Industrial profits	Mar
Japan	BoJ policy statement	Apr
Japan	BoJ outlook (qtrly)	Apr
Germany	CPI (prelim)	Apr
Germany	GfK consumer confidence	May
Euro zone	ECB policy statement	Apr
Euro zone	Economic confidence	Apr

Need More Information?

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Suspensions *(selected)*

Company	Code	Since
Activistic Ltd	ACU	26 Apr
Arrowhead Resources	AR1	6 Apr
AssembleBay Ltd	ASY	12 Apr
Brierty Ltd	BYL	20 Apr
Classic Minerals	CLZ	26 Apr
iCollege Ltd	ICT	3 Apr
Magnum Gas & Power	MPE	13 Apr
OBJ Ltd	OBJ	24 Apr
Tasmania Mines	TMM	10 Apr
Tawana Resources	TAW	26 Apr
Triton Minerals	TON	26 Apr
Unilife Corporation	UNS	13 Apr
Zeta Petroleum	ZTA	21 Apr

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AOD	Today	**0.35**	100	6.16
PMV	Today	**26**	100	3.74
SST	Today	**~11.93**	0	2.04
WMC	Today	**0.59**	0	6.93
MFF	Tomorrow	1	85	1.07
API	4 May	3.5	100	3.26
HGG	4 May	11	0	3.67
WAT	4 May	2	100	3.05

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	**AIZ**	Mar
	AIA	Mar
	BPT	Mar Q
	BKL	Mar Q
	CPU	Investor Day
	NCM	Mar Q
	NST	Mar Q
	SFR	Mar Q
	MDL	Mar Q
	MGR	Mar Q
	MYO	AGM
	OGC	Mar Q
	S32	Mar Q
	SGP	Mar Q
	TEN	Interim
	WES	Mar Q
Tomorrow	AWE	Mar Q
	HTA	AGM
	IFN	Mar Q
	ILU	AGM
	ORG	Mar Q
	RMD	Mar Q
Mon	EHL	Mar Q
Tue	AQG	Mar Q
	AHY	AGM
	ANZ	Interim
	WOW	Mar Q

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