

Markets

SFE 200 Futures (9.30am AEDST)	5701	8	0.1
NZX 50	7082	23	0.3
DJIA Futures	20813	0	0.0
S&P 500 Futures	2368	3	0.1
NASDAQ Futures	5348	4	0.1

Local Markets Commentary

Australian market investors face a flurry of regional and domestic data, and final blast of domestic corporate results, during the last trading day of the month.

In addition, **BGA**, **CGF**, **GXL**, **IGA** and **NCK** are among high-profile stocks trading ex-dividend today. Please see pp3-4 for a detailed list.

Regionally today, **China's** National Bureau of Statistics is expected to publish its annual statistical communique **12.30pm** AEDST.

Japan is scheduled to release January industrial production and retail sales figures **10.50am**.

Locally today, December quarter balance of payments, government December finance statistics and January financial aggregates, including private sector credit, are due **11.30am**.

AiG's February manufacturing sector activity index is expected **9.30am**, at the same time as a weekly consumer sentiment reading.

A December new home sales report is also expected this morning.

Post-trade, the Reserve Bank of Australia (RBA) updates international reserves and foreign exchange liquidity.

In overnight commodities trade, US **gold** futures settled slightly higher. **Oil** settled mixed and little changed. LME **copper** also barely moved. **Iron ore** turned and rallied.

The **\$A** traded in a narrow band after slipping to ~US76.80c yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	20837	16	0.1
S&P 500	2370	2	0.1
NASDAQ	5862	17	0.3
FTSE 100	7253	9	0.1
DAX 30	11823	19	0.2
Shanghai Comp	3229	-25	-0.8

Overseas Markets Commentary

Major European and US equities markets traded lower on opening again overnight, with key US indices also again recovering.

A batch of **euro zone** sentiment indices mostly suggested improvements, with consumer confidence a notable exception at -6.2 from -4.8.

January **US** durable goods orders rose 1.8%, supported by the air industry. Excluding transport sector stocks durable orders slipped 0.2%.

Last trading day of the month

* RE-backed investment fund listing **11am** AEDST – **EDC** *

* China grocery distributor listing **11.30am** AEDST – **TB8** *

Today's Stock Watch

Bellamys Australia (BAL)

Trading halt called. Shareholder board composition vote today.

WorleyParsons Ltd (WOR)

Dar Al-Handasah Consultants Shair & Partners submitted an indicative \$11.80-per-share acquisition proposal to WOR mid-November 2016, but this was rejected by WOR following review.

National Australia Bank (NAB)

NAB has appointed former NSW premier Mike Baird as chief customer officer, corporate and institutional banking. In addition, former King & Wood Mallesons managing partner Sharon Cook has been appointed chief legal and commercial counsel, and Barclays Barclaycard chief operations & technology officer Patrick Wright chief technology and operations officer.

QBE Insurance Group (QBE)

Expecting an ~\$160M increase in outstanding claims liabilities due to a change in the determination of UK personal injury claims payments. Details lodged this morning.

Mayne Pharma Group (MYX)

Myring exclusive licensing and supply agreement secured with Mithra Pharmaceuticals. Details lodged this morning.

Bega Cheese (BGA)

Selling one of the spray dryers located at Tatura and the infant formula finishing plant at Derrimut to customer Mead Johnson Nutrition (Australia) for \$A200M. In return, BGA has secured a 10-year service and access agreement with Mead Johnson for both the dryer and finishing plant. This will assist BGA in its purchase of Mondelez International brands, including Vegemite. BGA trades ex-dividend (5c) today.

MMJ Phytotech (MMJ)

Australian cannabidiol capsules import licence application submitted. Supplies available now from MMJ's Swiss subsidiary.

Spotless Group (SPO)

\$358.1M interim net loss, following a \$48.1M net profit a year ago. 9.4% lower, \$1.5B sales revenue. 1.35c interim dividend, against 3.5c a year ago. Expecting a 'transitional' FY 2017. Anticipating \$80M - \$90M NPAT, excluding exceptional items.

Vita Group (VTG)

40% higher, \$21.8M interim NPAT. 8% higher, \$344.1M revenue. 9.2c fully-franked interim dividend, against 5.76c.

Select Harvests (SHV)

51.4% lower, \$11.6M interim NPAT. 24% lower, \$126.5M revenue. 10c fully-franked interim dividend, against 21c unfranked a year ago. \$3.11 NTA.

Eildon Capital (EDC) / CVC Ltd (CVC)

CVC-founded investment fund scheduled to list 11am AEDST following a \$10M IPO at \$1.06 per share. CVC holds 38.17%.

Tianmei Beverage Group Corporation (TB8)

China Guangdong province grocery distributor scheduled to list 11.30am AEDST following a \$10M IPO at 20c per share.

Pending home sales were reported 2.8% lower, mostly attributed to supply falling short of demand in some areas, despite a forecast 0.9% rise.

A 24.5 Texas region manufacturing index surprised on the upside, up 2.4 points and against forecasts of 19.4. Some expect strong petroleum sector support due to particular US administration appointments.

Tonight in the **US**, president Donald Trump addresses a joint session of Congress.

In addition, a December quarter GDP reading is keenly anticipated, ahead of next month's Federal Reserve policy meeting. January wholesale inventories, two regional manufacturing indices, a house price index and a consumer confidence reading are also due.

Target, Salesforce and Virgin Money are among companies listed to report earnings.

In overnight corporate news, **Tesla** suffered from a sell recommendation.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1259	oz	0.5	0.1
Silver (NY) (Mar)	18.5	oz	0.1	0.3
Gold (LON)	1257	oz	4	0.3
Platinum	1026	oz	-1	-0.1
WTI Crude (Apr)	54.1	bbl	0.06	0.1
Brent Crude (Apr)	55.9	bbl	-0.06	-0.1
Iron Ore (China port)	92.3	t	1.8	2.0
Copper (LME)	5934	t	6	0.1
Nickel	11045	t	185	1.7
Aluminium	1900	t	15	0.8
Lead	2255	t	-4	-0.2
Zinc	2806	t	-23	-0.8
Tin	18955	t	-195	-1.0
CBT Wheat (Mar)	4.20	bshl	-0.11	-2.6

Commodities Commentary

Oil – OPEC secretary-general Mohammed Barkindo talked of 'positive signals' regarding the outcome of the group's decision to cut output in order to restore some price strength.

The Brent April delivery contract expires tonight.

Gold – traded at new 3.5-month highs overnight, amid a weaker \$US and cautious equities sentiment, and following early (gold) price slips.

Tonight's trade is likely to be influenced by a revised (but not final) US December quarter GDP reading and president Donald Trump's address to a joint session of Congress.

Some end-of-month positioning could also be evident tonight.

Base metals – Russia has reportedly promoted the idea of global *aluminium* production standards.

End-of-month positioning is expected tonight.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7672	-0.0001	-0.02
EUR – USD	1.0585	-0.0002	-0.02

Australian Data Today

ABS	Current account balance	DecQ
ABS	Financial aggregates	Jan

Pre-Open Announcements

Harvey Norman (* HVN)

Interim results anticipated.

Specialty Fashion Group (SFH)

36.8% higher, \$12.1M interim NPAT. 1% lower, \$430M revenue. 27.8c NTA. 6.3c EPS.

Cash Converters International (CCV)

43.5% lower, \$11.5M interim NPAT. 7.8% lower, \$143.5M revenue. 24.1c NTA. 2.31c EPS.

Surfstitch Group (SRF)

\$8.3M interim net loss, against a \$14.5M net loss a year ago. 135 lower, \$106.3M revenue. 13c NTA.

Resources

Rio Tinto (RIO)

Moody's has lifted the rating on RIO unsecured debt to A3, with a stable outlook.

Kingsgate Consolidated (KCN)

\$21.1M interim NPAT, following \$67,000 net profit a year ago. 70% higher, \$158.2M revenue. 44c NTA. 9.45c EPS. \$33M cash and equivalents.

Panoramic Resources (PAN)

\$325,000 interim net loss, following a \$138.7M net loss a year ago. 83.4% lower, \$8.4M revenue. 27c NTA. \$27M cash and equivalents.

Tiger Resources (TGS)

MD and CEO Brad Sampson is stepping down from his MD role in order to focus on CEO duties.

Energy

AWE Ltd (* AWE)

Interim results lodged pre-trade.

State One Analyst Comment

Quickstep Holdings (QHL)

Quickstep fighter to strike Avalon

Australian Joint Strike Fighter supplier Quickstep Holdings Ltd (ASX: QHL) is expecting its biggest ever lift in profile at the Australian International Airshow, Avalon, 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.

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 Friday (3 March) when two of the aircraft fly into the Australian International Airshow. Yesterday arrived at the RAAF Amberley Base, Queensland direct from the USA.

This is 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



ABS	Government finance stats	Dec
HIA	New homes sales	Dec
RBA	International reserves	Jan
RBA	Foreign currency liquidity	Jan
ANZ/RyMgn	Consumer sentiment	26Feb

US Data Tonight

GDP (2 nd of three readings)	Dec Q
Wholesale inventories	Jan
Case-Shiller house price index	Jan
Chicago PMI	Feb
Richmond Fed manufacturing	Feb
Conf Board consumer confidence	Feb

Other Overseas Data Today & Tonight

China	NBS statistical communique	2016
Japan	Industrial production (prelim)	Jan
Japan	Retail sales (prelim)	Jan
Japan	Auto production & exports	Jan
Japan	Construction starts	Jan
Japan	Housing starts	Jan
UK	GfK consumer confidence	Feb
Germany	Retail sales	Jan
Euro zone	CPI (initial)	Feb

Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au.

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 Airshow through both the JSF and Deakin University.

Open to the public 3 March (Friday) - 5 March.
Professionals admitted 28 February (tomorrow) - 5 March.
(<https://www.airshow.com.au/airshow2017/index.asp>)

State One Executive Chairman Alan Hill

Trading Halts

Company	Code	Resuming
Estrella Resources	ESR	28 Feb
Exports Mogul Asia Pacific	ESH	28 Feb
Metro Mining	MMI	28 Feb
Mustang Resources	MUS	28 Feb
Reedy Lagoon Corporation	RLC	28 Feb
Archer Exploration	AXE	1 Mar
Axiom Mining	AVQ	1 Mar
Bellamy's Australia	BAL	1 Mar
Dart Mining	DTM	1 Mar
KNeoMedia Ltd	KNM	1 Mar
MacPhersons Resources	MRP	1 Mar
Middle Island Resources	MDI	1 Mar
Mithril Resources	MTH	1 Mar
Redstone Resources	RDS	1 Mar
Southern Cross Electrical	SXE	1 Mar
Spectrum Rare Earths	SPX	1 Mar
Stellar Resources	SRZ	1 Mar
Tanga Resources	TRL	1 Mar
QV Equities	QVE	2 Mar

Suspensions (selected)

Company	Code	Since
Australis Oil & Gas	ATS	27 Feb
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
Onterran Ltd	OTR	14 Feb
Pixie Group	PEG	22 Feb
Protean Energy	POW	7 Feb
Tiger Resources	TGS	22 Feb

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AHY	Today	6	50	5.78
APD	Today	1.25	100	4.32
BGA	Today	5	100	1.74
CAA	Today	1.25	100	6.58
CGF	Today	17	100	2.86
CIN	Today	48	100	3.63

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This morning note and its contents at all times remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.

CMI	Today	3	100	6.06
GEG	Today	1.2	100	1.08
GXL	Today	9.5	100	2.69
IAG	Today	13	100	4.30
IDX	Today	3	100	5.83
NCK	Today	14	100	3.89
NVT	Today	9.4	100	3.81
PIC	Today	2.2	100	4.02
PTL	Today	1.15	100	5.08
QIP	Today	3.6	100	1.85
AWC	Tomorrow	~4.03	100	4.26
AWQ	Tomorrow	2	0	6.98
BAF	Tomorrow	1	100	5.22
CWN	Tomorrow	113	60	5.54
EVT	Tomorrow	20	100	4.01
FSA	Tomorrow	3	100	4.96
GLH	Tomorrow	1	0	0.00
HLO	Tomorrow	6	100	1.88
MNF	Tomorrow	3.75	100	1.55
PPT	Tomorrow	130	100	5.09
PTM	Tomorrow	15	100	5.96
TLS	Tomorrow	15.5	100	6.43
BBN	Thu	2.9	100	4.20
BEN	Thu	34	100	5.58
BLX	Thu	2.35	100	2.75
BPT	Thu	1	100	2.17
BSL	Thu	4	100	0.57
BWX	Thu	2.5	100	1.55
FMG	Thu	20	100	4.80
FRI	Thu	3	100	7.78
GCS	Thu	1	100	3.33
KSL	Thu	~3.36	0	6.50
MVF	Thu	4.3	100	4.63
NHF	Thu	8.5	100	3.28
PGH	Thu	11.5	65	3.34
PRT	Thu	1.7	100	10.97
RCG	Thu	3	100	5.26
SKC	Thu	~8.03	0	4.50
SXL	Thu	3.75	100	5.53
WLL	Thu	9.5	100	4.55
WOW	Thu	34	100	2.56
WPL	Thu	~63.90	100	3.46
ALI	Fri	1	0	2.08
FSI	Fri	3.5	100	4.59
LHC	Fri	6.25	0	5.93
MCP	Fri	6	100	6.15
MGC	Fri	1.7	100	6.13
MVP	Fri	2	100	0.85
PEA	Fri	1	100	3.52
REA	Fri	40	100	1.51
REG	Fri	10.3	100	3.75
TWE	Fri	13	0	2.07

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	AWE	Interim
	HVN	Interim
	SHV	Interim
	SPO	Interim
	SRF	Interim