

Thursday 29 September 2016

Markets

SFE 200 Futures (9.25am AEST)	5442	41	0.8
NZX 50	7319	29	0.4
DJIA Futures	18241	3	0.0
S&P 500 Futures	2163	0	0.0
NASDAQ Futures	4869	1	0.0

Local Markets Commentary

Early positive trade is indicated for the Australian market after international equities markets and energy stocks recorded overnight gains.

In overnight commodities trade, **oil** swung higher and rallied. **Copper** and other key base metals turned higher. **Gold** and **iron ore** continued lower.

The **\$A** approached US76.90c after trading at ~US76.75c early yesterday evening.

Regionally today, **Japan** releases August trade and retail statistics **9.50am** AEST. Bank of Japan governor Haruhiko Kuroda is also due to speak publicly.

Locally, a detailed quarterly job vacancies report is due from the ABS.

A large number of stocks trades **ex-dividend** including **CAB, IFL, MMS** and **TRS**. Please see p3 for a detailed list.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	18339	111	0.6
S&P 500	2171	11	0.5
NASDAQ	5319	13	0.2
FTSE 100	6849	42	0.6
DAX 30	10438	77	0.7
Shanghai Comp	2988	-10	-0.3

Overseas Markets Commentary

Major European equities markets bounced early overnight, US indices also opening higher and mostly maintaining gains on supportive announcements out of the US and an OPEC meeting in Algiers.

US Federal Reserve chair Janet Yellen confirmed to a parliamentary financial services committee that the central bank had determined no fixed time line for interest rate moves.

In addition, **OPEC** members said they had agreed overall lower crude production was needed, and that specifics would be negotiated and likely ultimately determined at the groups scheduled 30 November meeting.

In addition, a US weekly petroleum inventories report revealed crude stocks had decreased for a fourth consecutive week.

Further, US August durable goods orders had been expected to drop 1.9% but were reported effectively steady overall.

IMF MD Christine Lagarde bemoaned restrictive trade practices for constraining global economic growth.

RIU Resources Investor Roadshow

No cost for State One clients

Melbourne – Today, 29 September, Grand Hyatt Hotel

[Click here for more information and registration](#) or visit
www.stateone.com.au.

Monday 3 October - non-settlement day.

Hence, **today's trades settle Tuesday 4 October.**

Trades executed tomorrow will settle Wednesday 5 October.

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Second last trading session of the **September quarter** today.

This, ahead of a Monday public holiday weekend in NSW, Queensland, South Australia and the ACT, and AFL grand final weekend.

Public holiday in Melbourne tomorrow (Friday).

## Today's Stock Watch

### Programmed Maintenance Services (PRG)

Reducing FY 2017 EBITDA guidance \$20M to \$100M. Anticipated restructuring costs have grown \$7M to \$17M. Details lodged this morning.

### Cochlear Ltd (COH)

CFO and company secretary Neville Mitchell is planning to retire at the end of FY 2017. Mr Mitchell has been CFO for 26 years.

### Brambles Ltd (BXB)

Former Coca-Cola Amatil (ASX: CCL) CFO Nessa O'Sullivan has been appointed BXB CFO, effective 17 November. Ms O'Sullivan takes over from Zlatko Todorcevski, whose retirement was flagged in February. Ms O'Sullivan will commence with BXB 10 October and Mr Todorcevski will remain with BXB until February, to enable a successful transition.

### Cover-More Group (CVO)

Resuming from a trading halt having raised \$61.8M in a \$1.20-per-share institutional entitlement offer, in support of the \$US105M Travelex Insurance Services acquisition. An \$11.5M fully-underwritten retail entitlement offer, at the same price, is scheduled for 4 – 17 October. CVO last traded at ~\$1.40.

### Retail Food Group (RFG)

\$35.6M raised in a shortfall placement at \$6.85 per share, against an initial \$6.71 placement price. RFG traded at \$7.18 - \$7.35 yesterday.

### Touchcorp Ltd (TCH)

Resuming from a trading halt having completed a \$25.6M placement at \$2.00 per share. TCH says the placement was oversubscribed and includes 2.8M shares which will be allocated to entities associated with TCH director Duncan Saville, pending shareholder approval. TCH last traded at \$2.10.

### Stargroup Ltd (STL)

Resuming from suspended trade with an exclusive MoU to purchase, for \$6.5M cash, Indue Ltd's ATM switching, settlement, processing, telecommunications and reseller business. STL will fund the acquisition via a loan agreement. Pending successful due diligence and shareholder approvals, completion is anticipated December. STL last traded at 3.4c.

Ms Lagarde also stated the fund's latest *World Economic Outlook* report, to be released next week, would include a further reduction in forecast US 2016 GDP growth.

In the meantime at least four Federal Reserve regional presidents offered varying views on US interest rates.

**Tonight** in the **US**, a final June quarter GDP reading is due, together with weekly new unemployment claims, August pending home sales and wholesale inventories.

In addition, **Federal Reserve** chair Janet Yellen is again scheduled to speak publicly. Another four regional presidents are also listed for public appearances.

PepsiCo, Costco Wholesale and Merlin Entertainments are among companies due to report results or provide trading updates.

### Commodities

| COMMODITY                 | CLOSE       | \$US/ | +/-   | %           |
|---------------------------|-------------|-------|-------|-------------|
| <b>Gold (NY) (Dec)</b>    | <b>1324</b> | oz    | -6    | <b>-0.5</b> |
| <b>Silver (NY) (Dec)</b>  | 19.1        | oz    | -0.1  | <b>-0.5</b> |
| <b>Gold (LON)</b>         | 1323        | oz    | -5    | <b>-0.3</b> |
| <b>Platinum</b>           | 1027        | oz    | 4     | <b>0.3</b>  |
| <b>WTI Crude (Nov)</b>    | <b>47.1</b> | bbl   | 2.4   | <b>5.3</b>  |
| <b>Iron Ore (Tianjin)</b> | <b>55.9</b> | t     | -0.3  | <b>-0.5</b> |
| <b>Copper (LME)</b>       | <b>4818</b> | t     | 31    | <b>0.7</b>  |
| <b>Nickel</b>             | 10695       | t     | 65    | <b>0.6</b>  |
| <b>Aluminium</b>          | 1665        | t     | 14    | <b>0.9</b>  |
| <b>Lead</b>               | 1997        | t     | 31    | <b>1.6</b>  |
| <b>Zinc</b>               | 2332        | t     | 12    | <b>0.5</b>  |
| <b>Tin</b>                | 19810       | t     | 60    | <b>0.3</b>  |
| <b>CBT Wheat (Dec)</b>    | <b>4.03</b> | bshl  | -0.01 | <b>-0.2</b> |

### Commodities Commentary

*Oil* – traded as much as 6% higher, after OPEC members confirmed consensus on lowering crude output.

Further the EIA (US agency) confirmed a fourth consecutive week crude stockpile reductions, this time by 1.9MMbbl.

Brent crude settled 5.9% higher for the session, at \$US48.69/bbl.

*Gold* – positive US durable goods and crude stocks data helped detract from gold trade, as did testimony from US Federal Reserve chair Janet Yellen, which included a concession that some accommodative support would come to an end. The OPEC announcement also favoured equities sentiment.

*Base metals* – lower LME copper stocks fell unexpectedly. The oil rally also supported overnight gains.

Some caution is anticipated tonight. Apart from quarter's-end trade tomorrow, **China's** official PMI figures are expected Saturday, when a week of National Day holidays commences across the nation. Caixin is scheduled to release a preliminary September China PMI tomorrow.

### Exchange Rates

| CURRENCIES       | LAST   | +/-    | %           |
|------------------|--------|--------|-------------|
| <b>AUD – USD</b> | 0.7695 | 0.0003 | <b>0.04</b> |
| <b>EUR – USD</b> | 1.1224 | 0.0006 | <b>0.06</b> |

## Pre-Open Announcements

### BrainChip Holdings (↓ BRN)

BRN's Game Outcome monitoring system is to be installed at baccarat tables in a large, prestigious Las Vegas casino. Details lodged this morning.

### Incitec Pivot (\* IPL)

Louisiana, US ammonia plant commissioning and performance testing underway.

### Boom Logistics (BOL)

Chairman John Robinson is retiring from the BOL board tomorrow. Mr Robinson has been chairman since BOL's October 2003 ASX listing. Maxwell Findlay was appointed BOL chairman-elect in July.

### Aspen Group (APZ)

AMB Capital Partners founding MD Joel Cann has been appointed APZ CEO, effective immediately.

### Propertylink Group (PLG)

Campbellfield vacant industrial property sale completed at \$9.6M against a \$9.3M book value.

### 8I Holdings (8IH)

8IH has completed the sale of 78.6% of its 49.9% holding in Velocity Holdings for ~\$S3.1M. 8IH expects to realise a ~\$S730,520 consolidated gain.

## Resources

### Lynas Corporation (\* LYC)

Annual report lodged this morning.

### Alchemy Resources (ALY)

CEO Kevin Cassidy has resigned, effective 22 December. Mr Cassidy joined ALY in February 2010 and prior to April 2012, Mr Cassidy was ALY's exploration manager.

## Energy

### South32 Ltd (S32)

South Africa coal project site visit presentation lodged post-trade yesterday.

### Range Resources (RRS)

Updated resources and reserves lodged this morning.

### Armour Energy (AJQ) / DGR Global (DGR)

DGR has granted AJQ an additional three months on the bridging loan facility it provided. The new termination date is 31 December. The loan is secured and interest is payable at 15%pa.

## Trading Halts

| Company            | Code | Resuming |
|--------------------|------|----------|
| Breaker Resources  | BRB  | 29 Sep   |
| UIL Energy         | UIL  | 29 Sep   |
| Alt Resources      | ARS  | 30 Sep   |
| Echo Resources     | EAR  | 30 Sep   |
| Magnum Gas & Power | MPE  | 30 Sep   |
| Metaliko Resources | MKO  | 30 Sep   |
| RNI Ltd            | RNI  | 30 Sep   |
| Skydive the Beach  | SKB  | 30 Sep   |

### Australian Data Today

|     |               |       |
|-----|---------------|-------|
| ABS | Job vacancies | Aug Q |
|-----|---------------|-------|

### US Data Tonight

|                        |        |
|------------------------|--------|
| Initial jobless claims | 24 Sep |
| GDP (3rd and final)    | Jun Q  |
| Wholesale inventories  | Aug    |
| Pending home sales     | Aug    |

### Other Overseas Data Today & Tonight

|                  |                                             |     |
|------------------|---------------------------------------------|-----|
| <b>Japan</b>     | Imports & exports                           | Aug |
| Japan            | Retail sales (prelim)                       | Aug |
| Japan            | Trade 1 <sup>st</sup> 10 days (provisional) | Sep |
| Japan            | Steel imports & exports                     | Aug |
| <b>UK</b>        | Mortgage approvals                          | Aug |
| <b>Germany</b>   | CPI (prelim)                                | Sep |
| Germany          | Unemployment                                | Sep |
| <b>Euro zone</b> | Economic, consumer confidence               | Sep |

### Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au).

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### Suspensions (selected)

| Company             | Code | Since  |
|---------------------|------|--------|
| Drake Resources     | DRK  | 23 Sep |
| HJB Corporation     | HJB  | 8 Sep  |
| KBL Mining          | KBL  | 9 Sep  |
| Krakatoa Resources  | KTA  | 8 Sep  |
| Oakajee Corporation | OKJ  | 12 Sep |
| Realm Resources     | RRP  | 13 Sep |
| Windward Resources  | WIN  | 20 Sep |

### Ex-Dividends

| Code       | Ex-Div   | Div (c)       | Fr (%) | Yield (%) |
|------------|----------|---------------|--------|-----------|
| <b>AJD</b> | Today    | <b>2.43</b>   | 0      | 6.08      |
| <b>AOD</b> | Today    | <b>0.36</b>   | 100    | 6.28      |
| <b>AOF</b> | Today    | <b>3.70</b>   | 100    | 1.91      |
| <b>APW</b> | Today    | <b>~2.14</b>  | 0      | 5.14      |
| <b>ARF</b> | Today    | <b>~2.93</b>  | 0      | 5.33      |
| <b>AVN</b> | Today    | <b>3.88</b>   | 0      | 5.77      |
| <b>AYF</b> | Today    | <b>8.75</b>   | 37.37  | 6.25      |
| <b>BPA</b> | Today    | <b>6</b>      | 0      | 2.88      |
| <b>CAB</b> | Today    | <b>10</b>     | 100    | 5.65      |
| <b>CMA</b> | Today    | <b>~4.38</b>  | 0      | 7.75      |
| <b>CMW</b> | Today    | <b>~2.09</b>  | 0      | 8.51      |
| <b>CTN</b> | Today    | <b>3.7</b>    | 50     | 5.36      |
| <b>EBO</b> | Today    | <b>~27.63</b> | 95.77  | 2.69      |
| <b>FET</b> | Today    | <b>3.55</b>   | 0      | 5.04      |
| <b>GBT</b> | Today    | <b>5.5</b>    | 100    | 2.52      |
| <b>GCM</b> | Today    | <b>~0.98</b>  | 0      | 0.94      |
| <b>GDF</b> | Today    | <b>2.35</b>   | 0      | 8.67      |
| <b>GME</b> | Today    | <b>3.9</b>    | 0      | 7.76      |
| <b>GNE</b> | Today    | <b>~7.60</b>  | 0      | 7.02      |
| <b>IAB</b> | Today    | <b>1.7</b>    | 100    | 1.25      |
| <b>ICS</b> | Today    | <b>3.5</b>    | 0      | 3.40      |
| <b>IFL</b> | Today    | <b>26</b>     | 100    | 6.02      |
| <b>LYL</b> | Today    | <b>4</b>      | 100    | 1.90      |
| <b>MEZ</b> | Today    | <b>~9.92</b>  | 0      | 4.52      |
| <b>MMS</b> | Today    | <b>34</b>     | 100    | 5.15      |
| <b>PNC</b> | Today    | <b>6.2</b>    | 100    | 5.28      |
| <b>PPC</b> | Today    | <b>2.75</b>   | 100    | 4.52      |
| <b>RFF</b> | Today    | <b>2.41</b>   | 0      | 5.41      |
| <b>RFP</b> | Today    | <b>~2.51</b>  | 100    | 0.00      |
| <b>TGP</b> | Today    | <b>~1.63</b>  | 0      | 6.72      |
| <b>TIX</b> | Today    | <b>5.4</b>    | 0      | 8.04      |
| <b>TOF</b> | Today    | <b>4.25</b>   | 0      | 7.52      |
| <b>TOT</b> | Today    | <b>1.9</b>    | 0      | 5.66      |
| <b>TRS</b> | Today    | <b>19</b>     | 100    | 4.11      |
| <b>TTC</b> | Today    | <b>1.7</b>    | 0      | 7.71      |
| <b>WMC</b> | Today    | <b>~0.49</b>  | 0      | 2.56      |
| ABW        | Tomorrow | 0.85          | 0      | 4.52      |
| ACQ        | Tomorrow | 1.5           | 100    | 1.38      |
| AGI        | Tomorrow | 0.3           | 100    | 4.41      |
| AIB        | Tomorrow | 1.53          | 0      | 8.53      |
| AUB        | Tomorrow | 11.38         | 0      | 8.10      |
| BPS        | Tomorrow | 5             | 100    | 4.35      |
| EHE        | Tomorrow | 2             | 100    | 7.40      |
| IPC        | Tomorrow | 5             | 100    | 6.67      |
| LCE        | Tomorrow | 1.25          | 100    | 4.24      |
| USR        | Tomorrow | 1.5           | 0      | 14.02     |