

Tuesday 30 May 2017

Markets

| | | | |
|--------------------------------------|-------------|-----------|-------------|
| SFE 200 Futures (9.30am AEST) | 5709 | -4 | -0.1 |
| NZX 50 | 7423 | 10 | 0.1 |
| DJIA Futures | 21068 | 2 | 0.0 |
| S&P 500 Futures | 2414 | 0 | 0.0 |
| NASDAQ Futures | 5794 | 2 | 0.0 |

Local Markets Commentary

Cautious Australian trade is expected to continue today, pending no major events.

US and UK equities and commodities markets are providing no official leads due to Monday public holidays, China observes a second consecutive public holiday today, and influential domestic and international data releases are anticipated from mid-week.

Locally today, April building approvals are due 11.30am AEST. Pre-trade, a weekly consumer sentiment reading will be published.

Regionally, **Japan** releases several April economic indicators, including trade balance, employment, retail sales and household spending, from **9.30am AEST**.

In limited electronic overnight commodities trade, **oil** prices vacillated, ultimately trending a little lower. US **gold** futures shifted slightly lower.

The **\$A** essentially trod water in thin currency trade, after approaching US74.40c early yesterday evening.

China's markets will remain **closed today** due to a public holiday.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|--------------|--------|---------|
| Dow Jones | 21080 | Public | Holiday |
| S&P 500 | 2416 | | |
| NASDAQ | 6210 | | |
| FTSE 100 | 7548 | | |
| DAX 30 | 12629 | 27 | 0.2 |
| Shanghai Comp | 3110 | Public | Holiday |

Overseas Markets Commentary

Mainland European equities markets produced varying settlements following choppy, thin overnight trade.

US and UK markets did not trade due to public holidays.

European Central Bank (ECB) president Mario Draghi again resisted calls to tighten monetary policy, conceding to a European Parliament economic committee that a wider range of economic indicators had improved.

Putting paid to any expectations for next week's policy meeting, Mr Draghi repeated that low underlying inflation and minimal wages growth in particular still risked sustainable regional progress.

In the **UK**, the PM and opposition leader fought to adequately respond to questioning in a live prime-time television audience encounter ahead of the 8

Second last trading day for May

Japan - April trade, workforce, retail sales, household spending - from **9.30am AEST**

Today's Stock Watch

Sydney Airport (SYD)

Today's AGM presentation lodged.

Synlait Milk (SM1)

Proposing to purchase The New Zealand Dairy Company (NZDC) for \$33.2M. SM1 also anticipates spending \$56.5M on a blending and canning facility under construction by NZDC. The plant is expected to be commissioned in October.

In addition, SM1 is forecasting a FY2018 \$6.50/kgMS milk price. A FY 2017 price update is promised for 16 June.

SM1 expects to be able to release a final FY 2017 price late September, together with an update to the expected FY 2018 price.

Department 13 International (D13)

MesmerTM counter drone software and hardware multiple system sales secured with a supplier to Australasian defence and other government clients.

Aristocrat Leisure (A ALL)

Trading ex-dividend (14c) today. ALL traded at \$21.20 - \$21.62 yesterday, settling at \$21.24.

Resources

Poseidon Nickel (POS) / GTI Resources (GTR)

POS and GTR have terminated a WA Windarra project gold rights agreement. POS had planned to sell Windarra historic gold tailings and rights to GTR pending due diligence. GTR paid \$100,000 to extend the due diligence period, but has not paid \$975,000 as a first payment following a decision to go ahead with the purchase.

POS will consider whether to capitalise on the project's gold, or re-market it.

Image Resources (IMA)

A bankable feasibility study for the WA Boonanarring and Atlas mineral sands deposits has delivered a \$A52M capex, \$135M pre-tax NPV (8%), 64% IRR and 22-month payback. An off-take agreement is in place for all production.

Sandfire Resources (SFR) / Talisman Mining (TLM)

WA DeGrussa copper-gold project updated mine plan lodged by SFR this morning. The underground resource is estimated (on an SFR 70% basis) at 7.2Mt @ 6.0% Cu & 1.9g/t Au, for 34,000t of copper and 450,000oz of gold.

The underground reserve (on an SFR 70% basis) is reported at 6.8Mt @ 5.0% Cu & 1.6g/t Au, for 337,000t of copper and 355,000oz of gold.

An open pit reserve is calculated at 2.8Mt @ 1.2% Cu & 1.0g/t Au, for 35,000t of copper and 84,000oz of gold.

Energy

Coal of Africa (CZA)

CZA is celebrating the lifting of a suspension on an integrated water use licence for the Makhado project, South Africa.

June (Thursday next week) national election.

The ruling party, in the thick of EU separation discussions, last week lost a significant lead, in part due to poorly-received domestic social policy, which was then reversed.

Meanwhile, **Greece** called for definitive decisions on potential debt relief for the nation at the June euro zone finance ministers meeting. Last week, creditors could not agree on a date for the release of further support funds, despite Greek parliamentary approval of new negotiated tax and pension changes.

In **Italy**, reports increased regarding the potential for an early election.

Elsewhere, general political geopolitical tensions continued, **France** and **Russia** agreeing to disagree on some points following a meeting in Paris between the leaders of the two nations.

For its part, **China** denounced **G7** commentary on territorial rights in the South China Sea, and **Japan** officially objected to another **North Korean** missile test.

Tonight in the US, April personal income and spending, a Texas region manufacturing index, May house price index and consumer confidence reading are due.

In the UK, Ryanair reports full-year earnings.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|---|-------------|-------|-----|----------------|
| Gold (NY) (Jun) | 1270 | oz | | Public Holiday |
| Silver (NY) (Jul) | 17.4 | oz | | |
| Gold (LON) | 1265 | oz | | |
| Platinum (live) | 953 | oz | -6 | -0.6 |
| WTI Crude (Jul) | 49.8 | bbl | | |
| Brent Crude (Jul) | 52.2 | bbl | | |
| Iron Ore <small>(CHN port 62%)</small> | 57.9 | t | | |
| Copper | 5658 | t | | |
| Nickel | 9080 | t | | |
| Aluminium | 1951 | t | | |
| Lead | 2122 | t | | |
| Zinc | 2640 | t | | |
| Tin | 20425 | t | | |
| CBT Wheat (Jul) | 4.38 | bshl | | |

Commodities Commentary

Oil – overnight prices oscillated slightly higher and lower in limited electronic public holiday trade, but no official settlements are recorded for 29 May.

Gold – limited overnight electronic trade means no settlements are recorded for 29 May.

Influential data to come out of the US and China from tomorrow will be kept in mind during tonight's trade.

Any significant change in tonight's German CPI and US core PCE and overall incomes versus spending figures would likely swing trade in the meantime.

Base metals – the LME remained closed overnight due to a UK public holiday. Comex (US) copper traded slightly higher in limited, low-volume holiday trade.

Some caution could be demonstrated in tonight's trade as **China's** official May manufacturing and services PMIs are expected tomorrow.

It will also be the first session traders can react to China's 14% rise in April year-on-year industrial profits, reported over the weekend, and representing a slow-down from March.

Pre-Open Announcements

Pacific Smiles Group (* PSQ)

Lowering full-year underlying EBITDA guidance from \$21.7M - \$23.2M to \$20.4M - \$21.0M, due to softer-than-anticipated April-May trade.

ResApp Health (RAP)

SmartCough-C study top-line results anticipated in July. More than 1150 patients are enrolled across three hospitals in the study which is using RAP's diagnostic and management app for those suffering pneumonia, upper respiratory tract infections, croup, asthma and bronchiolitis.

Fleetwood Corporation (FWD)

Shareholders representing ~5% of FWD have requested a general meeting for shareholders to consider amending the FWD constitution.

The FWD board is considering the request.

If a meeting is deemed required, it must be called within 21 days of 26 May, and convened within two months of 26 May.

Henry Morgan (HML)

HML has appointed Vanessa Gunner as an independent, non-executive director, effective immediately. Ms Gunner is a former Barclays Capital and Barclays Wealth executive.

Resources

Ardiden Ltd (* ADV)

Significant-width spodumene-bearing pegmatite has been intersected during Phase 2 resource drilling within ADV's Seymour Lake lithium project, Ontario, Canada. Details lodged this morning.

Australian Bauxite (ABX)

Comparatively high-volume trade yesterday indicates increased confidence in ABX activity and potential.

ABX held its AGM yesterday and provided a positive market update.

The company settled flat, at 10c, but 214 transactions were recorded, the most in one session since April 2016.

Consolidated Zinc (CZL)

\$1.25M raised in a placement associated with shareholder and sub-underwriter demand for the recent rights issue shortfall.

Orinoco Gold (OGX)

OGX confirms the appointment of OGX COO Craig Dawson as CEO, effective 1 June (Thursday). Mr Dawson commenced with OGX as COO in March.

Trading Halts

| Company | Code | Resuming |
|--------------------------|------|----------|
| Central Petroleum | CTP | 31 May |
| Longreach Oil | LGO | 31 May |
| Molopo Energy | MPO | 31 May |
| OneAll International | 1AL | 31 May |
| ServTech Global Holdings | SVT | 31 May |

Suspensions (selected)

| Company | Code | Since |
|------------------|------|--------|
| Hawkey Oil & Gas | HOG | 12 May |
| Petratherm Ltd | PTR | 26 May |
| Quintis Ltd | QIN | 17 May |

**Exchange Rates**

| CURRENCIES | LAST | +/- | % |
|------------------|--------|---------|--------------|
| AUD – USD | 0.7438 | -0.0002 | -0.02 |
| EUR – USD | 1.1133 | -0.0030 | -0.27 |

Australian Data Today

| | | |
|-----------|--------------------|--------|
| ANZ/RyMgn | Consumer sentiment | 28 May |
| Apr | Building approvals | Apr |

US Data Tonight

| | |
|--------------------------------|-----|
| Personal income & spending | Apr |
| Core PCE | Apr |
| Case-Shiller house price index | Mar |
| Conf Board consumer confidence | May |
| Dallas Fed manufacturing | May |

Other Overseas Data Today & Tonight

| | | |
|------------------|---------------------------------|-----|
| Japan | Workforce (incl unemployment) | Apr |
| Japan | Trade balance | Apr |
| Japan | Steel imports & exports | Apr |
| Japan | Retail sales | Apr |
| Japan | Household spending | Apr |
| Japan | Trade (1 st 10 days) | May |
| Germany | CPI (prelim) | May |
| Germany | Import prices | Apr |
| Euro zone | Economic, consumer confidence | May |

Need More Information?

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

SurfStitch Group SRF 26 May

Ex-Dividends

| Code | Ex-Div | Div (c) | Fr (%) | Yield (%) |
|------------|----------|-------------|--------|-----------|
| ALL | Today | 14 | 25 | 1.37 |
| AOD | Today | 0.34 | 0 | 6.13 |
| ORI | Tomorrow | 23.5 | 12.76 | 2.67 |
| AYD | Thu | 75 | 0 | 23.04 |
| AYH | Thu | 70 | 0 | 136.11 |
| AYJ | Thu | 50 | 25 | 4.24 |
| AYK | Thu | 45 | 100 | 2.98 |
| AYZ | Thu | 42 | 0 | 3.01 |
| CSR | Thu | 13 | 50 | 6.21 |
| IFT | Thu | ~9.32 | 0 | 5.14 |
| KMD | Thu | ~3.65 | 0 | 6.02 |
| RHL | Thu | 9 | 200 | 3.50 |
| TNE | Thu | 2.6 | 75 | 1.36 |
| USF | Thu | 30 | 0 | 0.00 |
| USG | Thu | 10 | 0 | 0.00 |

Reports & Events

(selected scheduled)

| When | Company | Report/Event |
|--------------|------------|--------------|
| Today | SYD | AGM |
| Thu | AIZ | Investor Day |
| | SUN | Investor Day |

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