

Wednesday 7 September 2016

## Markets

<b>SFE 200 Futures</b> (9.25am AEST)	<b>5401</b>	<b>-10</b>	<b>-0.2</b>
<b>NZX 50</b>	7516	12	0.2
<b>DJIA Futures</b>	18522	-1	0.0
<b>S&amp;P 500 Futures</b>	2185	0	0.0
<b>NASDAQ Futures</b>	4828	0	0.0

## Local Markets Commentary

The Australian market will open on mixed overnight international equities and commodities leads.

In commodities trade, US **gold** futures picked up the pace of Friday's rally. **Oil** gained. LME **copper** continued slightly lower, but Comex (US) copper rallied. **Iron ore** continued lower.

The **\$A** was pushed past US76.80c after trading at ~US76.5c early yesterday evening.

Locally today, June quarter **GDP** figures are due **11.30am** AEST. Pre-trade, AiG will release its August construction sector activity index. Post-trade, the RBA publishes foreign reserves.

Large-cap local stocks trading **ex-dividend** today include **BXB, COH, CTX, PFL, QAN** and **SPO**. Please see **pp3-4** for a detailed list.

**China** is expected to publish August foreign reserves ~**1pm**. Trade figures and foreign direct investment are anticipated tomorrow.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>18538</b>	46	<b>0.3</b>
<b>S&amp;P 500</b>	2186	7	0.3
<b>NASDAQ</b>	5276	26	0.5
<b>FTSE 100</b>	6826	-53	-0.8
<b>DAX 30</b>	10687	15	0.1
<b>Shanghai Comp</b>	3091	19	0.6

## Overseas Markets Commentary

Major European and US equities markets diverged overnight, US volumes reportedly low following Monday's public holiday.

ISM's **US** non-manufacturing activity index concerned just as much as its manufacturing index had done last week, coming in 4.1 points lower than for July, at 51.4, the lowest reading in 6.5 years.

This pushed expectations of a September US rate rise even lower, the \$US dropping ~1%.

Earlier in the **euro zone**, June quarter GDP growth was confirmed at 1.6% in a final reading.

**Germany's** July industrial orders rose 0.2% for the month, following a 0.3% fall in July, but a 0.4% gain had been forecast.

**Tonight** in the US, the Federal Reserve releases its monthly region-by-region economic overview, known as the 'beige book'. July job openings and weekly mortgage applications are also due.

Across the Atlantic, **Bank of England** governor Mark Carney is due to answer questions in parliament.

Hewlett Packard Enterprise is among companies due to report earnings.

**Australia – June quarter GDP 11.30am AEST.**

\* Data management listing **11am AEST - KYK** \*

## Today's Stock Watch

### Goodman Group (GMG)

Anthony Rozic has been appointed GMG's US chief executive-elect. Brandon Birtcher will leave GMG to pursue other opportunities.

### Fairfax Media (FXJ) / NZME Ltd (NZM)

Implementation agreement in hand for the proposed merger of Fairfax New Zealand and NZM. The previously-flagged plan requires approval from the NZ Commerce Commission, NZ Overseas Investment Office and NZM shareholders.

### Blackmores Ltd (BKL)

Reported interest in a potential change of control for BKL helped BKL to a 3.6% (\$4.19) appreciation to \$120.76 yesterday, ending a six-session negative run despite the company trading ex-dividend (\$2.10).

### Spotless Group (↑ SPO)

Director Rob Koczkar is retiring from the SPO board, effective 30 September, after almost five years with SPO. SPO trades ex-dividend (5c) today.

### Xped Ltd (XPE)

Resuming from a trading halt with the appointment of former Intel Corporation Internet of Things Group Smart Homes GM Martin Despain as XPE MD. Mr Despain's appointment is effective 19 September. XPE last traded at 3.5c.

### Paradigm Biopharmaceuticals (PAR)

PAR's pentosan polysulfate sodium (PPS) has demonstrated tolerance and potential clinical benefits in a pre-clinical study involving patients suffering viral arthritis and joint pain.

### Qube Holdings (QUB)

UBS has placed a buy on QUB, cancelling a neutral rating.

### Kyckr Ltd (\* KYK)

Data management specialist scheduled to list 11am AEST following a \$5.19M IPO at 20c per share.

## Resources

### Resolute Mining (RSG)

Gold reserves totalled 5.1Moz and resources 12.1Moz as at 30 June. RSG is anticipating 300,000oz output for FY 2017, at a \$A1280/oz AISC.

### Saracen Mineral Holdings (SAR)

High-grade, significant-width drilling results lodged this morning from four discrete programs. SAR is targeting 300,000oz annual gold production by mid-2017.

### Genesis Minerals (GMD)

Initial cash-flow is anticipated early-November, now that all WA eastern goldfields Ulysses gold project approvals are in hand. GMD expects mining to commence by the end of the month and first ore to arrive at Paddington Gold's mill by mid-October.

### Sovereign Metals (SVM)

Metallurgical testing using Malawi Malingunde deposit flake graphite has demonstrated a 97.3% C concentrate is possible. Details lodged this morning.

Overnight, Canadian petroleum pipeline major **Enbridge** announced it would outlay \$US28B for Texas-based company **Spectra Energy**.

**General Electric** meanwhile plans to pay a total \$US1.4B for two European-headquartered 3-D printing companies.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Dec)</b>	<b>1354</b>	oz	27	<b>2.1</b>
<b>Silver (NY) (Dec)</b>	20.1	oz	0.8	<b>4.0</b>
<b>Gold (LON)</b>	1337	oz	11	<b>0.8</b>
<b>Platinum</b>	<b>1097</b>	oz	35	<b>3.3</b>
<b>WTI Crude (Oct)</b>	<b>44.8</b>	bbl	0.4	<b>0.9</b>
<b>Iron Ore (Tianjin)</b>	<b>58.6</b>	t	-0.2	<b>-0.3</b>
<b>Copper (LME)</b>	<b>4620</b>	t	-6	<b>-0.1</b>
<b>Nickel</b>	10110	t	40	<b>0.4</b>
<b>Aluminium</b>	1589	t	9	<b>0.6</b>
<b>Lead</b>	1947	t	-23	<b>-1.2</b>
<b>Zinc</b>	2321	t	-40	<b>-1.7</b>
<b>Tin</b>	19450	t	55	<b>0.3</b>
<b>CBT Wheat (Sep)</b>	<b>3.71</b>	bshl	-0.02	<b>-0.6</b>

### Commodities Commentary

*Oil* – a falling \$US plus Genscape's estimate of a 700,000bbl fall in Cushing, Oklahoma crude **stocks** last week supported overnight US prices.

Brent crude settled 0.8% lower however, at \$US47.26/bbl.

US (EIA) weekly petroleum inventories will be published tomorrow night.

*Gold* – propelled higher by another weak and influential US data report which pushed the \$US lower

*Base metals* – a \$US drop in second-half LME trade failed to support *copper* to an ultimate gain, LME stocks reportedly increasing 6450t to 334,975t over almost 12 months. Comex (US) copper added 0.7%, however.

Caution noted amid low-volume trade out of the US and ahead of China's August trade figures, expected tomorrow.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7681	-0.0006	<b>-0.08</b>
<b>EUR – USD</b>	1.1247	-0.0010	<b>-0.08</b>

### Australian Data Today

ABS	GDP	Jun Q
AiG	PCI	Aug
RBA	Forex liquidity; reserve assets	Aug

### US Data Tonight

Fed beige book	Aug
MBA mortgage applications	2 Sep
JOLTs job openings	Jul

### Other Overseas Data Today & Tonight

<b>China</b>	Foreign reserves	Aug
<b>Japan</b>	Business conditions indices	Jul

## Pre-Open Announcements

### Thred Ltd (\* THD)

THD's CEO David Whitaker is chairing a Chief Innovation Officer Summit in Sydney today. Yesterday THD demonstrated its proposed (Microsoft Windows) Office 365 integration at a Microsoft Channel Kick-Off partner conference in Hong Kong. Today's conference will feature Fujitsu, Telstra (ASX: TLS), Commonwealth Bank (ASX: CBA), EA Games, National Australia Bank (ASX: NAB), Suncorp Bank (ASX: SUN) and Shazam as attendees and/or presenters.

### IDT Australia (IDT)

Drug developer and manufacturer IDT has received a \$265,937 Victorian Government grant.

### Rewardle Holdings (RXH)

Heralding 2M registered members for the company's payments product.

## Resources

### Troy Resources (\* TRY)

Chasing \$40.7M across an \$18.4M institutional placement and \$22.3M one-for-5.5 entitlement offer, each at 36c per share. The institutional placement and institutional component of the entitlement offer are expected to be completed today. The retail entitlement offer is planned for 13 September – 4 October. TRY called a trading halt post-trade yesterday, having settled at 44c, 3.5c above last week's close.

### MacPhersons Resources (\* MRP)

WA goldfields Boorara gold project trial open pit mining underway. Pit completion is anticipated by the end of the month. 30,000t of ore is expected to be processed in Coolgardie over 10 – 12 days.

### OceanaGold Corporation (OGC)

South Carolina (US) Haile gold project underground operation preliminary economic assessment (PEA) outcomes lodged.

### Perseus Mining (\* PRU) / Cardinal Resources (\* CDV)

'Africa Down Under' conference presentation lodged this morning. PRU is presenting this morning and CDV tomorrow.

### Zinc of Ireland (ZMI)

Assays anticipated next month, but logs are indicating shallow sulphide mineralisation has been intersected in maiden drilling within the Kildare project, Ireland. In the meantime, ZMI has raised a total \$2.3M in July and August placements at 0.08c and 2.4c respectively. ZMI traded at 2.2c – 2.3c yesterday.

### Alara Resources (\* AUQ)

Oman Al Hadeetha copper project update, including potential finance support, lodged post-trade yesterday. AUQ recouped 10.5% yesterday, settling at 2.1c.

### BC Iron (BCI)

Corporate presentation and company update lodged post-trade yesterday.

## Energy

### AGL Energy (AGL)

CEO Andy Vesey is a guest speaker at a CEDA event in Brisbane today.



<b>UK</b>	Industrial production	Jul
<b>UK</b>	NIESR GDP estimate	Aug
<b>Germany</b>	Industrial production	Jul

### 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).

### Trading Halts

Company	Code	Resuming
Gulf Manganese Corporation	GMC	8 Sep
HJB Corporation	HJB	8 Sep
Krakatoa Resources	KTA	8 Sep
Latitude Consolidated	LCD	8 Sep
NEXTDC Ltd	NXT	8 Sep
Troy Resources	TRY	9 Sep

### Suspensions (selected)

Company	Code	Since
ATC Alloys	ATA	2 Sep
Aura Energy	AEE	7 Sep
Australia China Holdings	AAK	25 Aug
Diploma Group	DGX	1 Sep
Excalibur Mining Corporation	EXM	15 Aug
G8 Communications	G8C	10 Aug
India Resources	IRL	19 Aug
McAleese Ltd	MCS	29 Aug
MCS Services	MSG	5 Sep
New Guinea Energy	NGE	12 Aug
Topbetta Holdings	TBH	18 Aug

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>AHY</b>	Today	<b>4</b>	50	6.83
<b>APO</b>	Today	<b>6.5</b>	100	3.49
<b>BFC</b>	Today	<b>0.6</b>	0	1.46
<b>BXB</b>	Today	<b>14.5</b>	25	2.39
<b>COH</b>	Today	<b>120</b>	100	1.65
<b>CTE</b>	Today	<b>0.5</b>	0	4.55
<b>CTX</b>	Today	<b>50</b>	100	3.54
<b>EVT</b>	Today	<b>31</b>	100	3.38
<b>IEL</b>	Today	<b>5.5</b>	35	1.26
<b>IGO</b>	Today	<b>2</b>	100	0.51
<b>MHJ</b>	Today	<b>2.5</b>	100	1.42
<b>PFL</b>	Today	<b>25</b>	100	4.58
<b>PGF</b>	Today	<b>1.5</b>	100	3.41
<b>PPG</b>	Today	<b>1.5</b>	100	5.29
<b>QAN</b>	Today	<b>7</b>	100	2.06
<b>SDG</b>	Today	<b>5</b>	100	4.86
<b>SPO</b>	Today	<b>5</b>	30	8.25
AEF	Tomorrow	180	100	3.51
AIZ	Tomorrow	~33.58	0	8.18
ARA	Tomorrow	1	0	2.56
ASX	Tomorrow	99	30	3.86
AVJ	Tomorrow	3.5	30	7.30
BGL	Tomorrow	1.3	100	1.44
BPT	Tomorrow	0.5	100	0.91
CLT	Tomorrow	1.25	100	5.10
CTD	Tomorrow	15	100	1.35
FXL	Tomorrow	7.25	100	5.94
GRR	Tomorrow	0.5	100	4.35
HIT	Tomorrow	2	100	3.33
ILU	Tomorrow	3	100	3.52
IRE	Tomorrow	16	60	3.55
KME	Tomorrow	1	0	4.55
LBL	Tomorrow	0.2	100	3.64

### 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.



LIC	Tomorrow	1.5	100	0.78
MEQ	Tomorrow	~3.26	0	0.00
MLB	Tomorrow	2	100	3.11
MND	Tomorrow	32	100	6.98
NHF	Tomorrow	9	100	3.26
OZL	Tomorrow	6	0	3.16
PME	Tomorrow	1.5	0	0.49
RCG	Tomorrow	3	100	3.15
SDI	Tomorrow	1.2	100	2.58
SHL	Tomorrow	44	30	3.29
SKT	Tomorrow	~14.39	0	5.91
TCN	Tomorrow	0.35	0	5.56
TGG	Tomorrow	4.5	55.55	3.66
TGR	Tomorrow	7.5	100	3.66
TME	Tomorrow	~8.51	0	2.81
WOW	Tomorrow	33	100	3.19
BSL	Fri	3	100	0.69
EPW	Fri	6	0	11.77
FLK	Fri	2.5	100	2.53
HHL	Fri	14.6	100	6.34
INM	Fri	~45.38	0	1.78
IRI	Fri	3.5	60	2.75
PTL	Fri	1.95	100	4.68
RFG	Fri	14.5	100	3.99
SFR	Fri	9	100	2.04
SHJ	Fri	2.5	0	1.98
VII	Fri	3	0	15.38
WDE	Fri	2	100	3.85