

Friday 11 August 2017

Markets

SFE 200 Futures (9.30am AEST)	5631	-68	-1.2
NZX 50	7702	-88	-1.1
DJIA Futures	21833	-3	0.0
S&P 500 Futures	2437	-1	0.0
NASDAQ Futures	5776	-14	-0.2

Local Markets Commentary

The Australian market commences Friday trade amid ongoing international security concerns, following drops for major equities indices overnight, and on mixed commodities leads.

In overnight commodities trade, **gold** continued higher. **Oil** settled lower. LME **copper** also declined. **Iron ore** rallied beyond \$US76.5/t.

The **\$A** fell to ~US78.65c after trading at ~US78.80c early yesterday evening.

Locally today, Reserve Bank of Australia (RBA) governor Philip Lowe meets with the Australian parliament's House of Representatives standing committee on economics, commencing 9.30am AEST.

The ABS is due to report July lending finance 11.30am.

SCG, TAH and **WFD** are among stocks scheduled to trade ex-dividend today.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21844	-205	-0.9
S&P 500	2438	-36	-1.5
NASDAQ	6217	-135	-2.1
FTSE 100	7390	-108	-1.4
DAX 30	12014	-140	-1.2
Shanghai Comp	3262	-14	-0.4

Overseas Markets Commentary

Major European and US equities markets mostly fell on opening overnight and never looked like recovering.

Earlier, **North Korea** had intensified its anti-US rhetoric while following up threats of a Guam missile strike with a timeline, namely anytime from mid-August. In response, the US president hinted at needing to use stronger deterrent speech.

Japan, for its part, vowed to destroy any missiles launched over its territory towards Guam.

Among a swag of **UK** data releases, the national trade deficit grew to £12.72B from £11.3B.

June industrial production rose 0.3% after pulling back 0.2% in May.

Construction output improved 0.9% after an initially estimated 0.3% decline for May was revised to a 0.5% increase.

An influential house price index rose just one point against expectations of a seven-point gain, representing the slowest monthly rise since 2013.

In the **US**, July producer prices came in 0.1% lower,

RBA – governor Philip Lowe meets with a House of Representatives economics committee from **9.30am** AEST. A twice-yearly event.

Today's Stock Watch

National Australia Bank (NAB)

Unaudited June quarter \$A1.6B NPAT. \$1.7B cash profit. Revenue and expenses each 2% higher. 12% lower, \$173M bad and doubtful debts. 9.7% common equity tier one (CET1), against 10.1% as at 31 March.

News Corporation (NWS)

\$US643M full-year net loss, impacted by \$US1B worth of pre-tax impairments and write-downs. 2% lower, \$US8.14B revenue. \$US429M June quarter loss. June quarter revenue fell 7% from a year earlier. \$US235M profit reported for the year to 30 June 2016.

REA Group (REA)

19% lower, \$A206.3M full-year NPAT. 16% higher, \$671.2M revenue. 51c fully-franked final dividend, against 45.5c a year ago. 39.2c NTA. \$1.733 (basic) EPS.

RNY Property Trust (RNY)

\$24.19M full-year net loss. Revenue dropped 29.4% to -\$23.29M. Details lodged this morning.

Baby Bunting (BBN)

47% higher, \$12.2M full-year NPAT. 17.4% higher, \$278.0M revenue. 4.3c fully-franked final dividend, following 6.3c a year ago. 36c NTA.

Ardent Leisure (AAD)

Anticipating 14.8% lower, \$A586M full-year revenue, mostly impacted by the deadly malfunction at Dreamworld in October 2016. Strategic update also lodged this morning. Teleconference scheduled to commence 9.30am AEST. Access details lodged post-trade Wednesday.

Vicinity Centres (VCX)

Grant Kelley has been appointed CEO and MD, effective 1 January. The pending retirement of current CEO and MD Angus McNaughton has been previously flagged. Mr Kelley has recently been CEO at City Development.

RCR Tomlinson (RCR)

\$135M worth of EPC and operation and maintenance contract work secured with Edify Energy, for solar farms on Daydream and Hayman islands, northern Queensland.

Vita Group (VTG) / Telstra Corporation (TLS)

A new master licence agreement secured with TLS by VTG includes tenure, remuneration and store footprint expansion changes.

Details and teleconference access details lodged this morning. VTG is hosting the teleconference **today**, commencing 10.30am AEST.

Planning to report full-year results and provide outlook commentary 18 August.

Energy

Caltex Australia (CTX)

Redeeming subordinated notes with the ASX code CTXHA, paying \$100 plus \$1.5678 in final interest.

following forecasts of a 0.1% increase.

Weekly new unemployment claims rose by 3000, but the four-week moving average fell 1000.

The July deficit was reported at \$US42.9B following expectations of \$US52.0B, but calendar differences were cited as a major factor.

Tonight in the US, a July CPI reading will spark further Federal Reserve speculation.

Across the Atlantic, a final July CPI is due for Germany.

Companies scheduled to report earnings today and tonight include JC Penney, Old Mutual and Singapore Telecommunications (has reported pre-ASX trade, including for Optus).

In overnight corporate news, US retailer **Macy's** was pushed ~10% lower on a full-year outlook that undershot expectations, following better-than-forecast sales and profit during the June quarter.

Fellow national retailer **Kohl's** also exceeded quarterly expectations, but tumbled ~6%.

For both retailers, a continued fall in sales, again appeared to prove the main concern.

Glencore's results benefited from a general improvement in commodity prices.

Snap reported a \$US443M quarterly loss, in part from slowing user growth.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1290	oz	11	0.8
Silver (NY) (Sep)	17.1	oz	0.2	1.5
Gold (LON)	1284	oz	13	1.1
Platinum	980	oz	6	0.6
WTI Crude (Sep)	48.6	bbl	-1.0	-2.0
Brent Crude (Aug)	51.9	bbl	-0.8	-1.5
Iron Ore (CHN port 62%)	76.7	t	1.2	1.6
Copper	6423	t	-32	-0.5
Nickel	10985	t	225	2.1
Aluminium	2037	t	10	0.5
Lead	2366	t	16	0.7
Zinc	2938	t	7	0.2
Tin	20325	t	120	0.6
CBT Wheat (Sep)	4.41	bshl	-0.19	-4.3

Commodities Commentary

Oil – estimates of rising demand and reports of a fall in output from Saudi Arabia failed to ultimately support overnight sentiment.

In early trade, Brent had traded at 11-week peaks and WTI crude as high as \$US50.22/bbl.

OPEC raised its 2018 prediction for its own crude by 200,000bbl/d to a daily 32.42MMbbl. The group forecast overall demand would grow by a daily 1.28MMbbl during 2018.

OPEC further estimated developed-nation inventories had eased by 87MMbbl since 1 January.

The group produced a daily 32.87MMbbl of oil during July, 173,000bbl/d more than in June.

Key member Saudi Arabia reportedly eased its own daily production from 10.07MMbbl to 10.01MMbbl.

Russia's Gazprom Net, however, talked of boosting production by revisiting 'mature' fields after its output curb agreement with OPEC ends.

Later today, the International Energy Association (IEA) is due to publish its monthly oil report.

A US weekly petroleum rig count is due tonight.

Gold – largely supported for a second consecutive

Pre-Open Announcements

Spark Infrastructure (SKI)

SKI's 49%-held Victoria Power Networks (VPN) is raising \$A150M in a 10-year notes issue. VPN comprises CitiPower and Powercor.

Cadence Capital (CDM)

Record \$36.95M full-year NPAT, following a \$30.88M net loss a year ago. \$66.63M revenue, against -\$36.54M. Flat, 4c fully-franked final dividend. \$1.24 NTA. 13.5c EPS. \$97.72M cash and equivalents.

Resources

Australian Mines (* AUZ)

Flemington cobalt-scandium-nickel project drilling has tripled the area of identified scandium mineralisation and doubled that for cobalt. Assays lodged this morning.

Energy

Central Petroleum (* CTP)

Resuming from a trading halt having raised \$9.2M in a fully-underwritten institutional placement at 10c per share. Chasing a further \$18M in a five-for-12 entitlement offer at the same price. CTP traded at 12c – 12.25c earlier this week.

Quickstep Holdings (QHL)

Quickstep – public presentation by new QHL management

Quickstep Holdings Ltd (ASX: QHL) is offering a unique opportunity to hear and discuss growth plans with the company's recently appointed MD and CEO, CFO and EGM technology, at a presentation in Perth.

16 August
2.15pm – 2.30pm
The Orelia Room, Mercure Hotel
10 Irwin Street, Perth

Please RSVP by COB today
to lhill@stateone.com.au
or 0447 447 897

State One Executive Chairman Alan Hill

Trading Halts

Company	Code	Resuming
Aeon Metals	AML	11 Aug
Anglo Australian Resources	AAR	11 Aug
ZipTel Ltd	ZIP	11 Aug
Australian Potash	APC	14 Aug
Botswana Metals	BML	14 Aug
Byron Energy	BYE	14 Aug
Capital Mining	CMY	14 Aug
LWP Technologies	LWP	14 Aug
Sun Resources	SUR	14 Aug

session by safe-haven considerations.

Base metals – while almost flat against a basket of currencies, the \$US dropped ~0.5% against the yen and significantly against the Swiss franc, supporting overnight metals sentiment.

China's July industrial production, fixed asset investment and retail sales reports, due Monday, could produce some caution tonight.

Yesterday, Japan's June core machinery orders surprised, recording a 1.9% fall for the month, and 5.2% decline year-on-year. July exports rose, however, for an eighth consecutive month.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7865	-0.0010	-0.13
EUR – USD	1.1766	-0.0007	-0.06

Australian Data Today

ABS	Lending finance	Jun
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US Data Tonight

CPI		Jul
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Other Overseas Data Today & Tonight

Germany	CPI (final)	Jul
Euro zone	Industrial production	Jun

Need More Information?

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Suspensions (selected)

Company	Code	Since
Azonto Petroleum	APY	21 Jul
BKM Management	BKM	28 Jul
Manalto Ltd	MTL	28 Jul
Molopo Energy	MPO	27 Jul
Northern Mining	NMI	1 Aug
Premiere Eastern Energy	PEZ	11 Jul
Realm Resources	RRP	14 Jul
Sensera Ltd	SE1	10 Aug
Surefire Resources	SRN	1 Aug

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
8IH	Today	0.25	0	1.22
MGP	Today	0.2	0	2.35
SCG	Today	10.86	0	5.21
TAH	Today	12.5	100	6.00
WFD	Today	12.75	0	3.76
KAM	Mon	0.25	100	9.00
GMA	Tue	14	100	8.10
BEL	Wed	0.5	100	8.00
CBA	Wed	230	100	5.29
HFA	Wed	~10.10	0	6.51
RMD	Wed	~3.06	0	1.30
SUN	Wed	40	100	5.40
GUD	Thu	25	100	3.75
IFL	Thu	27	100	4.72
JHG	Thu	~40.39	0	4.38

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	AAD	Strategic update
	BBN	Full-year
	NAB	Trading update
	NWS	Jun Q
	REA	Full-year
	RNY	Interim
Mon	ANN	Full-year
	AZJ	Full-year
	BEN	Full-year
	JBH	Full-year
	NCM	Full-year
Tue	OML	Interim
	ANZ	Trading update
	DMP	Full-year
	GPT	Interim