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ABN 95 092 989 083

Market Opener

Tuesday 18 October 2016

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Markets

SFE 200 Futures (9.25am AEST)	**5372**	**3**	**0.1**
NZX 50	7014	-53	-0.7
DJIA Futures	17982	-31	-0.2
S&P 500 Futures	2121	-2	-0.1
NASDAQ Futures	4801	-3	-0.1

Local Markets Commentary

The Australian market commences today's trade on negative international equities leads, but with plenty of Reserve Bank of Australia (RBA) comment to consider.

In overnight commodities trade, **oil** fell. US **gold** futures settled slightly higher. LME **copper** settled unchanged. **Iron ore** rallied.

The **$A** traded higher to ~US76.25c after climbing back above ~US76.0c yesterday evening.

Locally this morning, **RBA** governor Philip Lowe has told a Sydney investment conference that next week's September quarter CPI figures would be carefully examined.

The RBA's October policy meeting minutes are due 11.30am AEDST today.

September motor vehicle sales are also due today, and pre-trade, a weekly consumer sentiment reading.

Tomorrow, China is due to release September quarter CPI. September industrial production, retail sales and fixed assets investment are also anticipated.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	**18086**	-52	**-0.3**
S&P 500	2127	-6	-0.3
NASDAQ	5200	-14	-0.3
FTSE 100	6948	-66	-0.9
DAX 30	10504	-77	-0.7
Shanghai Comp	3041	-23	-0.7

Overseas Markets Commentary

Major European and US equities markets traded lower overnight, risk appetite appearing in short supply.

Falling oil prices impacted the energy sector. US data and corporate reporting season also swung some sentiment.

US September industrial production was reported just 0.1% higher, following a 0.5% decline for August. For the September quarter year-on-year however, industrial output rose 1.8%.

A New York region manufacturing index dropped to -6.8 from -2, against forecasts of a gain to +2.

In the meantime, Federal Reserve vice chair Stanley Fischer warned of rates staying too low, but noted any case for a move was not simple.

In the **euro zone**, a final September CPI growth reading came in as anticipated, at 0.4% year-on-year.

RBA – governor Philip Lowe has espoused his views on domestic inflation while addressing an investment conference in Sydney this morning.

* LIC commencing ASX trade **11am** AEDST – **APL** *

Today's Stock Watch

Woolworths Ltd (WOW) / Caltex Ltd (CTX)

CTX is proposing to acquire WOW's fuels business, but says the proposal it has made to WOW is conditional and confidential. CTX is WOW's exclusive petrol and diesel supplier, delivering ~3.5BL each year.

Cochlear Ltd (COH)

Address and presentation lodged for today's AGM.

Challenger Ltd (CGF)

$62B worth of assets and funds under management as at 30 September, representing 3% September quarter growth.

Navitas Ltd (NVT)

NVT contracts with Curtin University's Curtin College and Curtin Singapore have been extended for a year.

4DS Memory (4DS)

4DS has produced working 40nm interface switching resistive random access memory cells. Details lodged this morning. Targeting entry into a $US40B flash memory global market.

Antipodes Global Investment Company (* APL)

Scheduled to list 11am AEDST following a $313M IPO at $1.10 per share. Top shareholders include MLC Investment, HSBC, IOOF, Pershing and UBS.

Broo Ltd (BEE)

Listed Friday last week following a $10.5M, 20c-per-share IPO, settling for day one at 28c. Yesterday, BEE closed at its day two high of 45c.

Commonwealth Bank of Australia (CBA)

CEO Ian Narev is guest speaker at a Trans-Tasman Business Circle lunch in Sydney today.

Credit Corp (CCP)

Trading ex-dividend (27c) today.

Resources

Oceana Gold Corporation (OGC)

Philippines Didipio operations are continuing as normal. OGC has received a letter from the Department of Environment & Natural Resources (DENR) outlining why it was listed last month on an 'at-risk' (of closure) list. OGC is confident it can address the matters (including illegal artisanal mining) within seven days, as required. Meanwhile, DENR agency, the Mines & Geosciences Bureau, has nominated the Didipio operation for a third consecutive year for the presidential 'Most Environmentally Responsible Mining Operation award. Didipio won the award last year.

Energy

Oil Search (OSH)

Produced 7.63MMboe during the September quarter, 6% more than for the June quarter. Sold 7.49MMboe, representing a 4% increase. Revenue rose 16% to total $US309.5M. Updated capital costs guidance for 2017 also lodged this morning.

Tonight in the **US**, September CPI and a home builders' sentiment index are due.

BlackRock, Domino's Pizza, Goldman Sachs, Intel, Johnson & Johnson, United Health and Yahoo are among companies due to report.

Overnight, **Bank of America** quarterly profit and revenue surpassed expectations, the bank citing support from bond trade and cost-cutting benefits. The bank's stock price ended the session lower, however.

Toy manufacturer **Hasbro** also reported on the upper side of forecasts and appreciated more than 7.5%.

Across the Atlantic, the UK government was reported to be preparing to write down its **Royal Bank of Scotland** holding.

Commodities

COMMODITY	CLOSE	$US/	+/-	%
Gold (NY) (Dec)	**1257**	oz	1.5	0.1
Silver (NY) (Dec)	17.4	oz	0.04	0.4
Gold (LON)	1252	oz		
Platinum	934	oz	1	0.1
WTI Crude (Dec)	**49.9**	bbl	-0.4	-0.8
Brent Crude	**51.5**	bbl	-0.4	-0.8
Iron Ore (Tianjin)	**57.8**	t	1.0	1.8
Copper (LME)	**4675**	t	0	0.0
Nickel	10290	t	-195	-1.9
Aluminium	1661	t	-15	-0.9
Lead	1989	t	-9	-0.5
Zinc	2274	t	16	0.7
Tin	19405	t	-45	-0.2
CBT Wheat (Dec)	**4.25**	bshl	0.04	0.9

Commodities Commentary

Oil – high-volume WTI trade reported ahead of a contract expiry Thursday, prices pushed as low as $US49.47/bbl..

An **Iran**ian oil company executive was also reported as claiming OPEC production estimates for Iran are less than actual output.

Meanwhile, EIA (US agency) report suggested domestic **shale** production could pull back a daily 30,000bbl in November.

Notable commentary (particularly from **Saudi Arabia**'s oil minister) is anticipated out of the Oil & Money conference commencing in London later today.

Gold – the **$US** index slipped a little on US data, but remained strong (on US rate speculation), constraining overnight gold gains. .

Base metals – *aluminium* traded at two-week lows on higher output from China.

China's GDP and industrial production figures, due tomorrow, could produce some cautious trade tonight.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7631	0.0004	0.05
EUR – USD	1.1003	0.0003	0.03

Australian Data Today

ANZ/RoyMgn	Consumer sentiment	16 Oct
RBA	Policy meeting minutes	4 Oct

Pre-Open Announcements

Fletcher Building (FBU)

Address and presentation lodged for this morning's AGM.

Chorus Ltd (CNU)

Conditional agreement secured with Crown Fibre Holdings for free residential UFB network installations to continue to 31 December 2019. CNU is providing the funds for the installations since late 2012.

Paradigm Biopharmaceuticals (* PAR)

Resuming from a trading halt with an oversubscribed $6.21M placement at 48c per share. PAR also plans to conduct a $1M SPP at the same price. PAR last traded at 51c.

ResApp Health (RAP)

Roadshow presentation lodged this morning.

Wellard Ltd (WLD)

WLD has appointed Michael Silbert as company secretary, replacing Yasmin Broughton.

AtCor Medical Holdings (ACG)

Frost & Sullivan award received, namely for Diagnostic Devices in Hypertension Management Customer Value Leadership.

Resources

Hillgrove Resources (HGO)

Kanmantoo copper project reserves have grown 14% (74000t) due to a Giant Pit resources upgrade following infill drilling. Total project resources (across all deposits) are estimated at at 34.5Mt @ 0.6% Cu, 0.1g/t Au and 1.2g/t Ag, for 211,000t of copper metal. Total (proved plus probable) reserves have been calculated at 9.5Mt @ 0.6% Cu, 0.07g/t Au and 1.0g/t Ag, for 57,000t of copper metal.

Heron Resources (* HRR)

High-grade assays lodged this morning from diamond drilling within the NSW Woodlawn project G2 lens hanging wall.

Doray Minerals (DRM)

Hong Kong mining investment conference presentation lodged this morning.

Pacifico Minerals (PMY) / Sandfire Resources (SFR)

Anticipating assay results next month from a 14-hole RC drilling program completed across four prospects of the Borroloola 51:49 JV. Copper, lead and zinc are indicated. Heritage clearance is also in hand to drill within a fifth prospect.

Energy

Paladin Energy (PDN)

Sold 600,000lb of U_3O_8 at $US25.19/lb during the September quarter. Produced 1.29Mlb, 16% more than for the June quarter. Major contract deliveries are due this quarter, meaning PDN is likely to sell 1.4Mlb – 1.6Mlb for the December quarter. Holding $US27.6M cash and equivalents.

Marmota Energy (MEU)

MD and company secretary David Williams has resigned, effective 13 November. Kevin Wills will commence as acting MD 14 November.

Trading Halts

Company	Code	Resuming
Marindi Metals	MZN	18 Oct

ABS	New vehicle sales	Sep

US Data Tonight

CPI	Sep
NAHB home builders' sentiment	Oct
Treasury international capital flows	Aug

Other Overseas Data Today & Tonight

UK	CPI	Sep
Euro zone	ECB bank lending survey	Sep

Need More Information?

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Nkwe Platinum	NKP	18 Oct
Rox Resources	RXL	18 Oct
Wangle Technologies	WGL	18 Oct
Afterpay Holdings	AFY	19 Oct
Aguia Resources	AGR	19 Oct
Alexium International Group	AJX	19 Oct
Cabral Resources	CBS	19 Oct
Carnarvon Petroleum	CVN	19 Oct
MedAdvisor Ltd	MDR	19 Oct
Metals Australia	MLS	19 Oct
Omni Market Tide	OMT	19 Oct
Tiger Resources	TGS	19 Oct

Suspensions (selected)

Company	Code	Since
Cleveland Mining Company	CDG	3 Oct
Cudeco Ltd	CDU	30 Sep
Drake Resources	DRK	23 Sep
Freshtel Holdings	FRE	6 Oct
Kabuni Ltd	KBU	14 Oct
KIN Mining	KIN	17 Oct
Orinoco Gold	OGX	12 Oct
Target Energy	TEX	13 Oct
Unilife Corporation	UNS	30 Sep
Volta Mining	VTM	17 Oct
Wolf Minerals	WLF	30 Sep
Zamia Metals	ZGM	3 Oct

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
BWR	Today	4	0	7.98
CCP	Today	27	100	2.62
CDM	Today	4	100	7.06
FGG	Today	1	100	0.93
HOM	Today	2	100	8.08
NCC	Tomorrow	3.5	100	4.82
AVG	Thu	1.5	100	2.70
BWF	Thu	1.8	100	5.15
BYI	Thu	5	10	8.00
MCP	Thu	2	100	7.66
1AL	Fri	3.5	0	10.53
SNC	Fri	3	100	5.43
MAI	24 Oct	1	100	1.43
RIC	25 Oct	2.5	100	3.20
CUP	26 Oct	2	100	9.76

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	**AZJ**	AGM
	CGF	Sep Q
	COH	AGM
Tomorrow	ANN	AGM
	BAL	AGM
	BHP	Sep Q
	ORG	AGM
	SBM	Sep Q

	SSM	AGM
	TRS	AGM
Thu	AIA	AGM
	AMC	AGM
	BHP Plc	AGM (LON)
	BXB	Sep Q
	CIM	Sep Q
	CWN	AGM
	EVN	Sep Q
	FMG	Sep Q
	GRR	Sep Q
	IOF	AGM
	LLC	Investor Day
	RIO	Sep Q
	S32	Sep Q
	SPO	AGM
	SXL	AGM
	SYD	Sep Stats
	WPL	Sep Q
Fri	BAP	AGM
	EVT	AGM
	HSO	AGM
	IAG	AGM
	JHC	AGM
	MQA	Sep Q
	OZL	Sep Q
	QAN	AGM
	RSG	Sep Q
	SKC	AGM
	STO	Sep Q
24 Oct	MDL	Sep Q
	SUL	AGM