

17-September-2018

Morningnote

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Overseas Market Report

Foreign Equities	Latest Price	Time/Date (AEST)	Change	% Change
▲ Dow Jones (US)	26155	7:12am 15/09/2018	9	0.03
▲ S&P 500	2905	7:12am 15/09/2018	1	0.03
▼ NASDAQ	8010	7:31am 15/09/2018	-4	-0.05
▲ FTSE 100 Index	7304	1:50am 15/09/2018	22	0.31
▲ DAX 30	12124	2:00am 15/09/2018	69	0.57
▲ CAC 40	5353	2:15am 15/09/2018	24	0.46
▲ Nikkei 225 (Japan)	23095	4:20pm 14/09/2018	273	1.20
▲ HKSE	27286	6:23pm 14/09/2018	272	1.01
▼ SSE Composite Index	2682	5:16pm 14/09/2018	-5	-0.18
▲ NZ 50	9271	3:20pm 14/09/2018	22	0.24

International Markets Roundup

NEW YORK [Morningstar with AAP]: US stocks have ended little changed as financials rose with bond yields, while news that President Donald Trump instructed aides to proceed with tariffs on about \$US200 billion of Chinese products limited gains.

The S&P financial index was up 0.7 per cent on Friday, leading percentage gains among sectors. Benchmark US Treasury yields rose above 3 per cent earlier in the day but were last off those levels.

At the same time, the rate-sensitive S&P utilities index fell 0.5 per cent.

A source familiar with the White House decision also said the timing for activating the additional tariffs was unclear.

The move came despite Treasury Secretary Steven Mnuchin's attempts to restart talks with Beijing.

"There are a lot of headlines that have come out, people have been pretty active all week, and it's Friday afternoon," said Michael O'Rourke, chief market strategist at JonesTrading in Greenwich, Connecticut.

"You don't really want to add additional risk when you don't know what news might hit over the weekend,"

The Dow Jones Industrial Average rose 8.68 points, or 0.03 per cent, to 26,154.67, the S&P 500 gained 0.83 point, or 0.03 per cent, to 2,905.01 and the Nasdaq Composite dropped 3.67 points, or 0.05 per cent, to 8,010.04.

For the week, the Dow was up 0.9 per cent, the S&P 500 was up 1.2 per cent and the Nasdaq rose 1.4 per cent.

Also weighing on utilities was NiSource, which tumbled 11.7 per cent after fire investigators said they suspected a unit of the company, Columbia Gas, was linked to a series of gas explosions in Boston suburbs on Thursday.

Shares of insurer Travelers were up 0.9 per cent as analysts cut loss estimates from Hurricane Florence as the storm weakened.

Australian Mines Limited (AUZ)

-Australian Mines Announces Results from Mineral Resource Extension Drilling Program at the Sconi Cobalt-Nickel-Scandium Project

Axesstoday Limited (AXL) -Axesstoday Suspend from Official Quotation**Lifespot Health Ltd (LSH)** -Lifespot Health Announces Pause in Trading**Lifespot Health Ltd (LSH)** -Lifespot Health Trading Halted, Pending Company Announcement**Imdex Limited (IMD)** -Imdex Announces Six Month Extension to Exclusive Flexidrill Option Agreement**New Hope Corporation Limited (NHC)**

-New Hope Corporation Announces Full Year Profit Guidance

Walmart lost 0.6 per cent after Goldman Sachs raised questions around the purchase of a majority stake in India's Flipkart.

Adobe Systems rose 2.3 per cent, a day after the company topped quarterly revenue and profit expectations.

Advancing issues outnumbered declining ones on the NYSE by a 1.04-to-1 ratio; on Nasdaq, a 1.12-to-1 ratio favoured advancers.

The S&P 500 posted 51 new 52-week highs and no new lows; the Nasdaq Composite recorded 118 new highs and 68 new lows.

About 6.2 billion shares changed hands on US exchanges. That compares with the 6.1 billion daily average for the past 20 trading days, according to Thomson Reuters data.

Commodities	Latest Price	Time/Date (AEST)	Change	% Change
▼ Aluminium	2007	8:30am 15/09/2018	-21	-1.06
▼ Copper	5951	8:31am 15/09/2018	-63	-1.04
▲ Nickel	12574	8:31am 15/09/2018	47	0.37
▼ Gold	1194	8:15am 17/09/2018	-8	-0.63
▲ Silver	14.1	8:13am 17/09/2018	0.1	0.41
▲ Oil - West Texas crude	69.0	8:15am 17/09/2018	0.4	0.58
▲ Lead	2030	8:32am 15/09/2018	6	0.31
▼ Zinc	2316	8:32am 15/09/2018	-28	-1.22
▲ Ore	68	7:10am 15/09/2018	0	0.18

Currency	Latest Price	Time/Date (AEST)	Change	% Change
▲ \$A vs \$US	0.7152	8:15am 17/09/2018	0.0003	0.04
\$A vs GBP	0.5470	8:15am 17/09/2018	--	--
▼ \$A vs YEN	80.10	8:15am 17/09/2018	-0.01	-0.02
▲ \$A vs EUR	0.6152	8:15am 17/09/2018	0.0007	0.11
▲ \$A vs \$NZ	1.0919	8:15am 17/09/2018	0.0008	0.08
▲ \$US vs Euro	0.8602	8:15am 17/09/2018	0.0008	0.09
▼ \$US vs UK	0.7649	8:15am 17/09/2018	-0.0001	-0.02
▲ \$US vs CHF	0.9673	8:15am 17/09/2018	0.0001	0.01
▲ \$A vs \$CA	0.9327	8:15am 17/09/2018	0.0007	0.08

Australian Market Report

Australian Equities	Latest Price	Time/Date (AEST)	Change	% Change
▲ All Ordinaries	6276	7:20pm 14/09/2018	36	0.58
▲ S&P/ASX 200	6165	7:20pm 14/09/2018	37	0.60
▲ 10-year Bond Rate	2.64	7:09am 15/09/2018	0.02	0.76
▲ 90 Day Bank Accepted Bills SFE-Day	1.95	1:39am 15/09/2018	0.01	0.52
▲ 3-yr Bond Rate	2.06	7:08am 15/09/2018	0.01	0.49

Local Markets Are Expected to Open Higher

Ahead of the local open SPI futures were 6 points higher at 6,180.

Friday 14 September - close [Morningstar with AAP]: Australian shares have finished higher on Friday, buoyed by improving global sentiment around trade, solid Chinese economic data and a bout of local buying by bargain hunters.

The benchmark S&P/ASX200 index closed 36.6 points, or 0.6 per cent, higher at 6,165.3 points on Friday, while the broader All Ordinaries index was up 36.4 points, or 0.58 per cent, at 6,276.3 points.

For the week - which also marks the 10th anniversary of the GFC - the benchmark index lifted 0.35 per cent.

Pepperstone head of research Chris Weston said signs of constructive dialogue between the US and China had led to investor confidence in Asia, where almost all markets were higher on Friday.

"You're seeing a lot of that bearish, negative sentiment being unwound and we're feeding off some of that optimism," he said.

The benchmark has lost 2.4 per cent since the beginning of September and had fallen for ten of the previous twelve sessions as trade war fears frayed nerves.

The Australian dollar remains around 72 US cents but had its best week since January on the back of positive results on the share market combined with the strong August jobs report on Thursday and the easing in US-China trade tension.

It got a lift overnight when Turkey's central bank hiked interest rates, boosting the lira and concerns about emerging markets to prompt some short covering in the Aussie, which has been sold as a hedge against such risks.

The Aussie was buying 72.01 US cents at 1630 AEST, from 71.87 on Thursday.

Dalian iron ore climbed three per cent on Thursday in reaction to the lower trade worries, lifting the materials sector on the ASX.

BHP was 1.6 per cent higher at \$31.82, while Rio Tinto was up 1.2 per cent to \$73.15.

The financial sector closed half a per cent higher as banks recovered from a tumultuous week affected by the latest hearings of the banking royal commission, with Westpac the strongest mover, up 0.7 per cent to \$27.76, while NAB was the weakest, up 0.2 per cent to \$27.35.

ANZ found itself the target of civil penalty proceedings from ASIC over allegations the bank breached its

continuous disclosure obligations during a 2015 capital raising.

ASIC alleges that ANZ, which has already been charged with criminal cartel offences related to the raising, should have advised the market that the investment banks involved in the deal took up nearly a third of the shares in the placement.

ON THE ASX:

The S&P/ASX200 closed up 36.6 points, or 0.6 per cent, at 6,165.3 points

The All Ordinaries was 36.4 points, or 0.58 per cent, higher at 6,276.3 points

Companies Commencing Ex-Dividend Trading Today (ASX 300):

- ▶ Cleanaway Waste Management Limited
- ▶ Cochlear Limited
- ▶ HUB24 Limited

Companies Reporting Today (ASX 300):

ASX Code	Company Name	Report
GOR*	Gold Road Resources Limited	Annual
IDR*	Industria REIT	Annual
LNG*	Liquefied Natural Gas Limited	Annual

* Estimated based on release date of previous report

Market Sensitive Announcements

08:16 AM

Impression Healthcare Limited (IHL) -Impression Healthcare Trading Halted, Pending Company Announcement

The securities of Impression Healthcare will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 18 September 2018 or when the announcement is released to the market.

08:24 AM

Silver Lake Resources Limited (SLR) -Silver Lake Resources Provides Diamond Drilling Results from the Daisy Complex

Silver Lake Resources provided diamond drilling results from the Daisy Complex. The results from the Daisy Complex continue to deliver favourable intersections in multiple directions, with continuity and high-grades at established underground mining widths. Host rocks and mineralisation is consistent with the highest-grade lodes in the Daisy Complex including quartz veining, galena and visible gold. A potential new lode intersected 50m offset to the east and parallel to the Lower Prospect lode position, potentially extending the Daisy Milano lode more than 300m down plunge.

08:28 AM

Mount Gibson Iron Limited (MGX) -Mount Gibson Iron Announces CEO Succession

Mount Gibson Iron advised that Mr. Peter Kerr has been appointed CEO of the Company to succeed long serving CEO, Mr. Jim Beyer. After seven years in the role, Mr. Beyer has tendered his resignation to pursue another opportunity in the resources industry and will leave the Company on 30 September 2018. Under Mr. Beyer's stewardship, the Company has consolidated its position as mid-tier iron ore producer and is on track to commence sales from the high grade Koolan Island mine in the March quarter of 2019. Mr. Kerr is a member of the Institute of Chartered Accountants in Australia, a Fellow of the Financial Services Institute of Australia, and a member of several resources industry organisations including the Australasian Institute of Mining and Metallurgy.

08:32 AM

Updater Inc (UPD) -Updater Provides Key Metrics Presentation

Updater provided key metrics presentation. It reported that during the key months of 2018 moving season, the Company processed over 20% of all US household moves. The presentation stated the improvement in CY 2018 guidance of total revenue of US\$19m to US\$23m. Eligibility Rate for PayTV and internet was more than doubled in three months since the 3 June 2018 launch.

09:15 AM

Gladiator Resources Limited (GLA) -Gladiator Resources Trading Halted, Pending Company Announcement

The securities of Gladiator Resources will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 18 September 2018 or when the announcement is released to the market.

09:36 AM

Altura Mining Limited (AJM) -Altura Mining Provides Shipping and Operations Update

Altura Mining provided update in relation to operations and shipping from its 100% owned Altura Lithium Project at Pilgangoora. Production from the Altura Lithium Mine commenced on 25 July 2018 with the first haulage of spodumene product to the Qube storage facility in Port Hedland following on 7 August 2018. Current mining operations are proceeding as planned with good overall recoveries from the mine, with run-of-mine (ROM) stocks currently at 130,000t with an average grade of 1.20% Li₂O. The ramp up to nameplate production of 220,000t of 6% Li₂O spodumene concentrate is targeted for the end of calendar year 2018. The Company's appointed shipping agents have booked and are managing the Company's maiden cargo.

09:50 AM

Investa Office Fund (IOF) -Investa Office Fund Provides Update on Acquisition Proposal from Oxford Properties Group

Investa Office Fund noted that Investa Listed Funds Management (ILFML) referred to the announcement of the unsolicited, non-binding, indicative and conditional proposal from Oxford Properties Group (Oxford) to acquire 100% of the Company for a cash price of \$5.60 per unit (Oxford Indicative Proposal). The ILFML Board has resolved to engage with Oxford to determine whether the Oxford Indicative Proposal can become a binding proposal capable of acceptance by ILFML. In determining to engage with Oxford, the ILFML Board has considered the Oxford Indicative Proposal and has taken into account all of its terms and conditions, including the price of the Oxford Indicative Proposal, timing considerations and other relevant matters.

09:58 AM

Primary Health Care Limited (PRY) -Primary Health Care Announces the Release of Determination by the Fair Work Commission

Primary Health Care announced that the Fair Work Commission has released a Decision and draft Workplace Determination (Determination) relating to the support employees (Pathology Collectors, Laboratory Assistants, Couriers, Clerical, Stores and Maintenance employees) within Dorevitch, Company's Vic pathology business. While not yet final, the Company does not expect the substance of the Determination to change. The Company estimates that, before mitigation, the Determination is expected to have a \$4.5m post-tax impact on UNPAT guidance for FY 2019. The Company aims to fully offset the impact through a range of mitigation strategies. In addition, the impact of the Determination on underlying and reported earnings for FY 2018 is estimated to be \$4.8m.

10:06 AM

Australian Mines Limited (AUZ) -Australian Mines Announces Results from Mineral Resource Extension Drilling Program at the Sconi Cobalt-Nickel-Scandium Project

Australian Mines announced positive, near-surface results from the Company's Mineral Resource extension drilling program at the Sconi Cobalt-Nickel-Scandium Project in northern Qld. The Company has been progressing the program of up to 50,000 metres of drilling during the September 2018 quarter with the initial focus of this drilling targeting the historic Greenvale mine area. This program was completed on schedule and the drill rigs have moved to the adjacent Lucknow Deposit. The plan is to also drill the Kokomo Deposit in the northern area of the Company's Sconi tenements as part of the overall program. It has received 50% of the total assays from the drilling at the Greenvale mine site to date.

10:09 AM

Axesstoday Limited (AXL) -Axesstoday Suspends from Official Quotation

The securities of Axesstoday will be suspended from quotation immediately under Listing Rule 17.2, at the request of the Company, pending the release of an announcement regarding a business strategy review.

10:10 AM

Lifespot Health Ltd (LSH) -Lifespot Health Announces Pause in Trading

Trading in the securities of the Lifespot Health will be temporarily paused pending a further announcement.

10:51 AM

Lifespot Health Ltd (LSH) -Lifespot Health Trading Halted, Pending Company Announcement

The securities of Lifespot Health will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 18 September 2018 or when the announcement is released to the market.

12:48 PM

Imdex Limited (IMD) -Imdex Announces Six Month Extension to Exclusive Flexidrill Option Agreement

Imdex announced that it has extended its option exercise period to acquire NZ based companies Flexidrill and Flexidrill Construction and its patent protected technologies - the COREVIBE and MAGHAMMER. The Company updated that the extension was based on their ability to undertake controlled and externally verified testing at a site in NZ. As reported, the Company entered into an option and technology development agreement to acquire Flexidrill on 18 January 2018. The Company further updated that along with Flexidrill, they have extended the option exercise period and secondary option payment date for six months, from September 2018 to March 2019 whereas the secondary option period has been extended for three months, from September 2019 to December 2019.

12:52 PM

New Hope Corporation Limited (NHC) -New Hope Corporation Announces Full Year Profit Guidance

New Hope Corporation announced that its Net Profit After Tax (NPAT) before non-regular items for year ended 31 July 2018 is anticipated to be within the range of \$248m to \$253m. The Company updated that it is likely to record non-regular items after tax of \$103m which predominantly relates to an impairment of the group's Colton exploration project. As reported, the Company will release its annual financial results for the period on 18 September 2018.

Research Report Summaries

Morningstar Rating

★★

Share Price

3.740

New Hope Corporation Limited (NHC) - Guidance Confirms Strong Fiscal 2018 Profit for New Hope, but Shares Overvalued

Analyst Note-No-moat New Hope's fiscal 2018 adjusted net profit guidance of AUD 248 million-AUD 253 million is slightly above our prior forecast of AUD 241 million. The marginally stronger guidance reflects a buoyant end to the year. Fourth-quarter fiscal 2018 coal sales of 2.5 million tonnes were up 5.4% on a year ago. Full-year coal sales volumes of 8.9 million tonnes were 3% above our prior forecast. We had already factored in the higher realised coal price in our August update. The higher thermal coal price is the key driver of the near doubling of fiscal 2018 adjusted net profit. Coal sales volumes were up just 3.8% on fiscal 2017.

Despite the increase in expected fiscal 2018 adjusted earnings to AUD 0.30 per share from AUD 0.29, we maintain our AUD 2.70 fair value estimate, and with New Hope trading at AUD 3.75, the shares are overvalued. The share price has risen strongly in the past six months, nearly doubling from around AUD 2.00. This is a function of the buoyant coal price, thanks to strong economic growth and production restrictions in China, along with the agreed acquisition of a further 40% of Bengalla. The near-term earnings outlook is strong, but think the market is overestimating New Hope's longer-term earnings power in a normalised coal price environment.

Adjusted earnings should rise a further 37% to AUD 0.41 per share in fiscal 2019, primarily due to the addition of a further 40% of the Bengalla mine. The additional ownership underpins a forecast 25% uplift in coal sales volumes to 11.0 million tonnes. Bengalla is a lower-cost mine than Acland. We also expect a further (but moderating) tailwind from the coal price, and forecast a 6% rise to USD 97 per tonne. However, the spot price averaged USD 117 per tonne in August, and if this persists in fiscal 2019, our earnings forecast would rise a further 56% to AUD 0.64 per share, assuming no additional cost inflation. This possible near-term uplift would see our fair value estimate rise 7% to AUD 2.90.

FYE Jul	2016A	2017A	2018E	2019E
Reported Npat \$m	5.03	128.71	249.73	337.09
EPS c	0.60	15.47	30.02	40.52
P/E x	272.99	10.81	12.46	9.23
EPS Growth %	-90.28	2,457.97	93.99	34.98
DPS c	4.00	10.00	14.00	24.00
Yield %	2.44	5.98	3.74	6.42
Franking %	100.0	100.0	100.0	100.0

Recommendation Updates Over the Last Week

ASX Code	Company Name	Morningstar Rating	Date Changed	Latest Report
▼ MYR	Myer Holdings	★★★	13/09/2018	Downgrade due to price change
▲ NWL	Netwealth Group	★★	12/09/2018	Upgrade due to price change
▲ IFL	IOOF	★★★★	10/09/2018	Upgrade due to price change
▲ SGR	The Star Entertainment Group	★★★	10/09/2018	Upgrade due to price change

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