

05-September-2018

# Morningnote

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## Overseas Market Report

Foreign Equities	Latest Price	Time/Date (AEST)	Change	% Change
▼ Dow Jones (US)	25952	7:13am 05/09/2018	-12	-0.05
▼ S&P 500	2897	7:13am 05/09/2018	-5	-0.17
▼ NASDAQ	8091	7:31am 05/09/2018	-18	-0.23
▼ FTSE 100 Index	7458	1:50am 05/09/2018	-47	-0.62
▼ DAX 30	12210	2:00am 05/09/2018	-136	-1.10
▼ CAC 40	5343	2:15am 05/09/2018	-71	-1.31
▼ Nikkei 225 (Japan)	22697	4:20pm 04/09/2018	-10	-0.05
▲ HKSE	27973	6:23pm 04/09/2018	261	0.94
▲ SSE Composite Index	2751	5:16pm 04/09/2018	30	1.10
▲ NZ 50	9292	3:20pm 04/09/2018	35	0.38

## International Markets Roundup

**NEW YORK** [Morningstar with AAP]: US stocks have fallen as trade concerns lingered and declines in Facebook and Nike shares weighed on Wall Street's major indexes, though data showing US manufacturing activity accelerated in August kept losses in check.

Facebook shares fell 2.6 per cent on Tuesday after brokerage MoffettNathanson downgraded the social media company, warning of revenue growth deceleration.

Shares of other technology companies, including Alphabet, Microsoft and Twitter also slid, while the S&P 500 technology index dropped 0.3 per cent.

Nike shares fell 3.2 per cent as the company faced a backlash after it chose Colin Kaepernick, the first NFL player to kneel during the national anthem as a protest against racism, to participate in a new ad campaign.

Concerns about trade, including talks between the US and Canada to renegotiate the North American Free Trade Agreement, also took a toll, investors said.

"The trade war concerns continue to linger," said Stephen Massocca, senior vice president at Wedbush Securities in San Francisco. "The fact that we weren't able to come to an agreement with Canada has people concerned."

Talks between the US and Canada are scheduled to resume on Wednesday after the two parties ended their talks on Friday without a deal.

Amazon bucked the negative sentiment. It briefly touched \$US1 trillion in market capitalisation, joining Apple in achieving that milestone, after its shares rose as much as 1.9 per cent to hit a record \$US2,050.50. Amazon ended the session up 1.3 per cent to \$US2,039.51.

The Dow Jones Industrial Average on Tuesday fell 12.34 points, or 0.05 per cent, to 25,952.48, the S&P 500 lost

**Syngas Limited (SYS)** -Syngas Trading Halted, Pending Company Announcement

**Trek Metals Limited (TKM)** -Trek Metals Trading Halted, Pending Company Announcement

**AustSino Resources Group Limited (ANS)** -AustSino Resources Group Trading Halted, Pending Company Announcement

**Elixir Petroleum Limited (EXR)** -Elixir Petroleum Announces Regarding Extension of Voluntary Suspension

**Pantoro Limited (PNR)** -Pantoro Trading Halted, Pending Company Announcement

**Kogan.com Ltd (KGN)** -Kogan.com Announces Regarding Change in Directors Interests

4.8 points, or 0.17 per cent, to 2,896.72 and the Nasdaq Composite dropped 18.29 points, or 0.23 per cent, to 8,091.25.

Earlier, the indexes pared losses after data from the Institute for Supply Management showed US manufacturing activity accelerated to a more than 14-year high in August, boosted by a surge in new orders.

Consultations on a US proposal for new tariffs on Chinese goods are set to end on Thursday, after which US President Donald Trump can follow through on plans to impose levies on another \$US200 billion of Chinese imports, though it is unclear how quickly that will happen.

Verizon Communications shares slipped 2.2 per cent after Barclays downgraded the wireless carrier's stock.

Shares of Western Digital fell 4.7 per cent and Seagate Technology shares dropped 7.7 per cent after Evercore ISI downgraded shares of the hard-disk drive makers.

Shares of JD.com Inc slid 6.0 per cent after the Chinese retailer's chief executive officer was arrested in the US on suspicion of criminal sexual conduct and later released.

Declining issues outnumbered advancing ones on the NYSE by a 1.90-to-1 ratio; on Nasdaq, a 1.42-to-1 ratio favoured decliners.

The S&P 500 posted 53 new 52-week highs and eight new lows; the Nasdaq Composite recorded 153 new highs and 50 new lows.

Volume on US exchanges was 6.56 billion shares, compared with the 6.11 billion average over the last 20 trading days.

Commodities	Latest Price	Time/Date (AEST)	Change	% Change
▼ Aluminium	2030	3:20am 05/09/2018	-35	-1.72
▼ Copper	5796	3:20am 05/09/2018	-149	-2.51
▼ Nickel	12380	3:20am 05/09/2018	-317	-2.50
▼ Gold	1192	8:09am 05/09/2018	-1	-0.06
▼ Silver	14.2	8:09am 05/09/2018	-0.3	-2.06
▲ Oil - West Texas crude	69.9	8:10am 05/09/2018	0.1	0.10
▼ Lead	2065	3:20am 05/09/2018	-39	-1.85
▼ Zinc	2425	3:21am 05/09/2018	-45	-1.82
▲ Ore	67	7:10am 05/09/2018	1	0.92

Currency	Latest Price	Time/Date (AEST)	Change	% Change
▼ \$A vs \$US	0.7180	8:09am 05/09/2018	-0.0028	-0.38
▼ \$A vs GBP	0.5582	8:09am 05/09/2018	-0.0017	-0.30
▼ \$A vs YEN	80.02	8:09am 05/09/2018	-0.03	-0.04
▼ \$A vs EUR	0.6197	8:09am 05/09/2018	-0.0006	-0.10
▲ \$A vs \$NZ	1.0951	8:09am 05/09/2018	0.0043	0.40
▲ \$US vs Euro	0.8631	8:09am 05/09/2018	0.0024	0.28
▲ \$US vs UK	0.7776	8:09am 05/09/2018	0.0006	0.08
▲ \$US vs CHF	0.9739	8:09am 05/09/2018	0.0048	0.50
▲ \$A vs \$CA	0.9461	8:09am 05/09/2018	0.0025	0.26

### Australian Market Report

Australian Equities	Latest Price	Time/Date (AEST)	Change	% Change
▼ All Ordinaries	6399	7:20pm 04/09/2018	-18	-0.27
▼ S&P/ASX 200	6293	7:20pm 04/09/2018	-18	-0.28
▲ 10-year Bond Rate	2.55	7:10am 05/09/2018	0.03	0.99
90 Day Bank Accepted Bills	1.99	1:32am 05/09/2018	--	--
SFE-Day				
▲ 3-yr Bond Rate	2.01	7:09am 05/09/2018	0.01	0.50

## Local Markets Are Expected to Open Lower

Ahead of the local open SPI futures were 18 points lower at 6,262.

Tuesday 04 September - close [Morningstar with AAP]: Australian shares have closed lower on Tuesday, as reports of fresh investigations into financial institutions kept investors on edge, while overall sentiment was cautious ahead of key economic data.

The benchmark S&P/ASX 200 index ended 17.8 points, or 0.28 per cent lower, at 6,293.1 points, while the broader All Ordinaries index was down 17.6 points, or 0.27 per cent, at 6,398.9 points.

Financial stocks came under pressure on indications the country's superannuation regulator is opening up fresh investigations into the sector, following revelations of widespread wrongdoings in the banking royal commission inquiry.

Earlier on Tuesday, the Australian Securities and Investments Commission said Westpac had agreed to pay a \$35 million fine after admitting to wrongly assessing people's ability to repay mortgages.

Initial findings by the royal commission are expected to be submitted to the government by the end of September.

Markets barely budged on the widely-expected decision by the Reserve Bank to keep its key interest rate at an all-time low of 1.5 per cent, and a change seems no nearer even as commercial banks nudge up their home loan rates to protect profit margins.

Energy stocks were the biggest drag, with Whitehaven Coal sliding 7.6 per cent, partly on account of the stock trading ex-dividend.

Healthcare and materials shares, however, ended higher helped by gains in BHP Billiton, Fortescue Metals, Cochlear and CSL.

Investors will be awaiting details of Australia's national accounts on Wednesday, with economists tipping GDP to grow 0.7 per cent in the June quarter, which would mean the economy expanded by 2.8 per cent on an annual basis.

The Aussie dollar was at 72.05 US cents at 1700 AEST, up from 71.90 US cents on Monday.

On the ASX:

The S&P/ASX200 closed down 17.8 points, or 0.28 per cent, at 6,293.1 points

The All Ordinaries was down 17.6 points, or 0.27 per cent, at 6,398.9 points

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

- APN Outdoor Group Limited
- BWX Limited
- Event Hospitality and Entertainment Ltd
- InvoCare Limited
- IRESS Limited
- Maca Limited
- Medibank Private Limited
- Qantas Airways Limited
- Ramsay Health Care Limited
- Treasury Wine Estates Limited

**Companies Reporting Today (ASX 300):**

ASX Code	Company Name	Report
* Estimated based on release date of previous report		

## Market Sensitive Announcements

08:32 AM

### **Decmil Group Limited (DCG) -Decmil Group Announces Being Awarded with \$86m Drysdale Bypass Contract**

Decmil Group announced that its Vic business unit has been awarded a new contract valued at \$86m with the Major Road Project Authority in relation to the design and construction of the Drysdale Bypass from Jetty Road to Whitcombes Road. An early works package is underway with major construction work to begin in September 2018. The award is the second major recent Vic transport infrastructure project awarded following the award of a \$60m contract relating to the construction of 8.9 km of road duplication works for Section 3 of the Princes Highway between Warncoort and Colac East.

08:35 AM

### **Evolution Mining Limited (EVN) -Evolution Mining Provides Three Year Outlook and Cowal High-Grade Results**

Evolution Mining provided three-year outlook and cowal high-grade results. It remains focused on prioritising margins over production growth. The Company expects to produce in excess of 700,000oz of gold for at least the next three years. All-in sustaining costs are expected to remain relatively flat throughout this period. It continues to invest in future production growth. The Capital expenditure will remain elevated in FY 2019 due to investment in major projects at Cowal. It is then expected to decline from FY 2020 onwards.

08:43 AM

### **Bubs Australia Limited (BUB) -Bubs Australia Announces Founder and MD is Being Appointed as CEO**

Bubs Australia confirmed that while a Deed of Arrangement has yet to be completed by the parties, Mr. Nicholas Simms is stepping down from his current role. Mr. Simms will however be remaining with the Company until October 2018, when his contract ends, during which time he will be helping effect an orderly transition to its Founder and MD, Mrs. Kristy Carr, who is stepping into the role CEO. The Board along with current CEO Nicholas Simms came to the view that the time was right to transition the leadership role to Mrs. Carr, following the successful repositioning of the business from a private entity to an ASX Top 500 All Ordinaries company.

08:47 AM

### **Suncorp Group Limited (SUN) -Suncorp Group Announces Share Sale Deed Executed for Australian Life Insurance Business**

Suncorp Group confirmed that it has signed a share sale deed (Share Sale) with TAL Dai-ichi Life Australia (TAL) to sell its Australian life insurance business (Transaction). It will sell its Australian life insurance business to TAL under the Share Sale Deed for \$725m, which includes the purchase consideration and adjusted net worth. The Share Sale includes a 20-year distribution agreement with TAL to offer market life insurance solutions through its Australian distribution channels, including its digital channels, contact centres and store network. Under the terms of the alliance, the Company will continue to earn income on the distribution of life insurance.

08:52 AM

### **Syrah Resources Limited (SYR) -Syrah Resources Trading Halted, Pending Company Announcement**

The securities of Syrah 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 6 September 2018 or when the announcement is released to the market.

08:56 AM

### **Ausdrill Limited (ASL) -Ausdrill Provides Notice of Meeting and Independent Expert's Report**

Ausdrill released its Notice of Meeting for its AGM to be held on 25 October 2018. In addition to customary AGM resolutions, three resolutions in the Notice of Meeting specifically relate to the transaction to acquire underground hardrock mining contractor Barminco, as announced on 15 August 2018. The Notice also annexes an Independent Expert's Report on that acquisition prepared by Ernst & Young Transaction Advisory Service. Its Board of Directors unanimously recommends that shareholders vote in favour of ordinary resolutions 5 to 7 at the AGM to approve the Barminco acquisition.

09:02 AM

**Syrah Resources Limited (SYR) -Syrah Resources Provides Update on Fully Underwritten Placement and Share Purchase Plan (SPP)**

Syrah Resources provided a Company update and announces a fully underwritten A\$94m institutional placement to complete the rampup of the Balama Graphite Operation (Balama) through to positive cash flow, progress its Battery Anode Material (BAM) strategy to the end of 2019, fund the evaluation of the Vanadium Resource at Balama, and fund corporate, general and administrative costs (including transaction costs). Following completion of the Placement, it will offer eligible shareholders in Australia and NZ the right to participate in a Share Purchase Plan (SPP). Under the terms of the Placement, institutional investors can subscribe for 42.2m new Shares at A\$2.23 per Share (Offer Price), to raise A\$94m before costs.

09:17 AM

**Medlab Clinical Limited (MDC) -Medlab Clinical Receives Preliminary Results from Research Conducted by the University of Sydney to Review Patented Delivery Platform, NanoCelle**

Medlab Clinical received preliminary results from research conducted by the University of Sydney's Nano Institute, School of Pharmacy, to review its patented delivery platform, NanoCelle. NanoCelle delivers medicine in a tiny particle form in a spray to the buccal membrane (side) of the cheek with a view to improving ease of delivery along with the speed and rate of absorption into the bloodstream. The University of Sydney research is a scientific characterisation project of NanoCelle which has been conducted using its cannabis-based medicines, NanaBis and NanaBidial.

09:18 AM

**Syngas Limited (SYS) -Syngas Trading Halted, Pending Company Announcement**

The securities of Syngas will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 6 September 2018 or when the announcement is released to the market.

09:19 AM

**Trek Metals Limited (TKM) -Trek Metals Trading Halted, Pending Company Announcement**

The securities of Trek Metals will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 6 September 2018 or when the announcement is released to the market.

09:20 AM

**AustSino Resources Group Limited (ANS) -AustSino Resources Group Trading Halted, Pending Company Announcement**

The securities of AustSino Resources Group will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 6 September 2018 or when the announcement is released to the market.

09:23 AM

**Elixir Petroleum Limited (EXR) -Elixir Petroleum Announces Regarding Extension of Voluntary Suspension**

Elixir Petroleum requests a final extension of the voluntary suspension in the trading of its securities pending an announcement by the Company with respect to the status of the proposed transaction to acquire Golden Horde. Further to the initial request for a voluntary suspension made on 14 June 2018 and the extensions of voluntary suspension made on 20 June 2018, 4 July 2018, 16 July 2018 and 16 August 2018. The Company is not aware of any reason why the extension to the voluntary suspension should not be granted or of any other information necessary to inform the market about the voluntary suspension.

09:25 AM

**Pantoro Limited (PNR) -Pantoro Trading Halted, Pending Company Announcement**

The securities of Pantoro will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 6 September 2018 or when the announcement is released to the market.

09:27 AM

**Kogan.com Ltd (KGN) -Kogan.com Announces Regarding Change in Directors Interests**

Kogan.com confirmed the sale of 6.25m shares by entities associated with Mr. Ruslan Kogan and Mr. David Shafer. The transaction valued at \$40m completes the current intention to trade by the founding directors, and both have advised they have no intention to sell any securities prior to the release of the 1H FY 2019 financial results.

### Recommendation Updates Over the Last Week

ASX Code	Company Name	Morningstar Rating	Date Changed	Latest Report
▼ ARF	Arena REIT	★★★	04/09/2018	Downgrade due to price change
▼ CNU	Chorus	★★	04/09/2018	Downgrade due to price change
▼ MGR	Mirvac Group	★★	04/09/2018	Downgrade due to price change
▲ GNE	Genesis Energy	★★★	03/09/2018	Upgrade due to price change
▲ MIN	Mineral Resources	★★★	31/08/2018	Upgrade due to price change
▼ ORA	Orora	★	31/08/2018	Downgrade due to price change
▼ RHC	Ramsay Health Care	★★★★	31/08/2018	Downgrade due to price change
▼ BKW	Brickworks	★★	30/08/2018	Downgrade due to price change
▼ BPT	Beach Energy	★★	30/08/2018	Downgrade due to price change
▲ GNE-NZ	Genesis Energy	★★★	30/08/2018	Upgrade due to price change
▼ MMS	McMillan Shakespeare	★★	30/08/2018	Downgrade due to price change
▼ RMD	ResMed	★★	30/08/2018	Downgrade due to price change
▼ SOL	Washington H. Soul Pat	★	30/08/2018	Downgrade due to price change
▼ MIN	Mineral Resources	★★	29/08/2018	Downgrade due to price change
▼ MTS	Metcash	★★	29/08/2018	Downgrade due to price change
▲ MTS	Metcash	★★★	28/08/2018	Upgrade due to price change
▼ MVF	Monash IVF Group	★★★	28/08/2018	More Pain Before Gain, as Monash Operating Leverage Reduces and Margins Contract; Lowering FVE

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