

Markets

SFE 200 Futures (9.30am AEDT)	7381	-74	-1.0
NZX 50	11520	-30	-0.3
DJIA Futures	37661	0	0.0
S&P 500 Futures	4768	0	0.0
NASDAQ Futures	16820	0	0.0

Local Markets Commentary

The Australian market commences the last full week's trade for 2023 with the \$A again at ~US67.00c and pre-holiday season positioning commencing, amid a cocktail of economic and geopolitical uncertainty and mixed monetary policy indications.

US equities closed mixed overnight Friday.

Since overnight Friday trade, **Israel** has continued to maintain its military campaign in **Gaza** could continue for some time yet, but opened an Israel-Gaza border crossing to enable further aid deliveries into Gaza.

An Egyptian ceasefire negotiator was quoted as citing the opening as a key condition for resuming talks aimed at securing another temporary truce period.

Also over the weekend, AP Moller-Maersk has called a temporary halt to cargo shipments through the southern portion of the **Red Sea** enroute to the Suez Canal.

Hapag-Lloyd had in the meantime revealed it would 'take measures' to ensure security of its ships and their crews in the region.

Meanwhile, Russia's deputy PM has revealed Russia is considering cutting **oil exports** by a further 50,000bbl/d this month.

Locally today, the ASX/S&P quarterly indices rebalance comes into effect in time for today's open.

Regionally, Singapore reports November international trade figures from 11.30am AEDT through 12.30pm AEDT.

In overnight Friday **commodities** trade, **oil** swung slightly lower.

US **gold** (Comex Feb) futures turned lower, nonetheless retaining \$US2035/oz.

Iron ore (Nymex CFR China, 62% Fe) closed slightly lower, but remained above \$US135.00/t.

Following Thursday's rally, LME (3mth evening) **copper** settled barely changed. **Nickel** added 1%. **Aluminium** was pushed ~1.5% higher.

The **\$A** slipped to ~US67.00c after trading at ~US67.10c early Friday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	37305	57	0.2
S&P 500	4719	-0.4	-0.0
NASDAQ	14814	52	0.4

ASX Trading 22 December 2023 – 2 January 2024

22 December	10am – 4.10pm AEDT
25 December	CLOSED
26 December	CLOSED
27 December	10am – 4.10pm AEDT
28 December	10am – 4.10pm AEDT
29 December	10am – 4.10pm AEDT
1 January 2024	CLOSED
2 January 2024	10am – 4.10pm AEDT

Trades executed **Thursday** (21 December) will **settle** 27 December (Wednesday next week).

Friday's (22 December) trades will settle 28 December (Thursday next week).

Trades executed **Wednesday next week** (27 December) settle Friday 29 December.

Trades executed **Thursday next week** (28 December) settle Tuesday 2 January.

Friday (29 December) trades will settle Wednesday 3 January.

Today's Stock Watch

Adbri Ltd (ABC)

Progressing a potential transaction following an indicative \$3.20 cash-per-share proposal from CRH and the Barro Group. ABC traded at \$2.02 - \$2.32 last week, gaining 8.6% Friday.

Link Administration Holdings (LNK)

Agreeing to a \$2.10-per-share acquisition by Mitsubishi UFJ Trust & Banking Corporation, and proposing to also pay a 16c dividend.

LNK traded at \$1.465 - \$1.75 last week, adding 7.9% Friday.

Pacific Smiles Group (PSQ)

In receipt of a \$1.40 cash-per-share takeover proposal from 18.75% PSQ shareholder Genesis Capital Manager.

PSQ traded at \$1.055 - \$1.195 last week.

Stockland (SGP) / Lendlease Corporation (LLC)

SGP is paying LLC \$1.06B for 12 residential communities projects. In association SGP is establishing a 50.1:49.9 residential communities partnership with Supalai Australia Holdings.

Meanwhile, LLC is retaining four communities projects worth a combined \$200M.

SGP proposes to pay an 8c 1H24 distribution.



FTSE 100	7576	-73	-1.0
DAX 30	16751	-0.8	-0.0
Shanghai Composite	2943	-16	-0.5

Overseas Markets Commentary

Major European, UK and US equities markets sentiment appeared variously dented and constrained overnight Friday by economic recovery, inflation risk and interest rates considerations as indicated by data and comments from authorities, amid early holiday season positioning.

The New York Federal Reserve president appeared to surprise with comments that Fed policy makers were focused on assessing economic data and the impacts of rate increases to date, rather than countenancing interest rate cuts next year.

The \$US index turned ~0.49% higher and select banking sector support waned.

Earlier Friday, a batch of material November economic data from **China** proved positive year-on-year for industrial production and retail sales, and retained status quo for year-to-date fixed asset investment.

Albeit, retail sales and fixed asset investment undershot expectations.

Home prices deteriorated further, spawning speculation regarding increased stimulus measures.

The People's Bank of China did react, reportedly essentially making available an additional \$US112B (800B yuan) to the banking sector.

In the meantime, the Central Bank of Russia convened a monetary policy, after which it announced a 1.0% increase in the main interest rate to 16.0%, citing growing inflationary pressure.

In overnight **data** releases, initial December PMIs for the **euro zone** proved worse than anticipated, indices remaining seemingly entrenched in contraction territory.

The manufacturing index remained at 44.2 following forecasts for a small improvement to 44.6

The services sector PMI declined to 48.1 from 48.7 against consensus, also for a slight improvement, to 49.0.

Notably, the European Central Bank had announced reductions for its 2023 and 2024 euro zone growth forecasts overnight Thursday.

In the meantime, October euro zone international trade statistics included an €11B surplus from €10.1B for September.

Meanwhile September quarter hourly labour costs were reported 5.3% higher than for the September quarter 2022, following a 4.5% annualised increase for the June quarter.

Germany's preliminary December PMIs came in mixed.

The manufacturing PMI rose to 43.1 from 42.6, following consensus for 43.2.

The services sector index fell by 1.2 points to 48.4, defying consensus for 0.2-point rise to 49.8, which would have approached the expansion-contraction cut-off point of 50.0.

In the **UK**, initial December PMI estimates also proved mixed, but the services sector reading moved further into expansion territory.

The manufacturing PMI declined from 47.2 to 46.4, following

Pre-Open Announcements

Monadelphous Group (MND)

\$215M worth of new construction and maintenance contracts in hand.

Tabcorp Holdings (TAH)

New 20-year exclusive wagering and betting licence in hand for Victoria, from August 2024.

A \$600M fee is payable June 2024, ahead of \$30Mpa fixed payments August 2025 through 2043.

Step One Clothing (STP)

Anticipating 22% - 25% interim revenue growth to \$44M - \$45M. Expecting \$10M - \$11M EBITDA, from \$7.5M.

HealthCo Healthcare & Wellness REIT (HCW) / HMC Capital (HMC)

Positive HCW valuation update lodged this morning.

Recce Pharmaceuticals (RCE)

RCE has secured an ~\$A11.17M Australian Government AusIndustry finding for the synthetic anti-viral R&D expenditure.

Such a finding is a binding underwritten guarantee extending the 43.5% rebate to any research carried out even outside Australia from 1 July – 30 June 2025.

RCE settled at 50c Friday after trading as high as 52c Thursday and closing out the previous week at 45c.

Insurance Australia Group (IAG)

Standard & Poor's has raised IAG core entities' long-term financial strength and issuer credit ratings to AA from AA-.

The IAG long-term issuer credit rating has been raised to A+ from A, with a stable outlook.

Meanwhile, IAG completed a \$350M on-market share buyback on Friday.

Joyce Corporation (JYC)

Bedshed outlets recorded Black Friday sales revenue.

Two suburban Sydney Bedshed stores will convert from franchise operations to Bedshed-owned operations.

Coventry Group (CYG)

Anticipating ~5.5% year-on-year interim sales growth to ~\$185.5M.

Pre-significant items EBITDA is expected to increase by ~18% to \$9.8M.

Rhythm Biosciences (* RHY)

Significant strategic review outcomes lodged this morning.

Proposed shareholder-requested meeting to consider removing chair Otto Buttula from the RHY board remains planned for early – mid-February.

Synlait Milk (SM1)

B Corporation sustainability certification secured.

Entyr Ltd (ETR)

\$9.34M R&D tax rebate in hand.



consensus for 46.5.

The services PMI appreciated by 1.8 points to 52.7.

Forecasters had anticipated an improvement but by just 0.1 to 51.0.

Earlier Friday, GfK's December consumer confidence reading for the UK improved in line with consensus, albeit to -22 from -24.

In the **US**, S&P Global's December PMIs, as with euro zone counterparts, proved mixed.

The manufacturing PMI was calculated at 48.2 from 49.4 for October, the magnitude of the fall surprising following consensus for 49.3.

The services index rose by 0.5 to 51.3 however, defying predictions for a 0.2-point decline to 50.6.

The New York Fed December manufacturing index tumbled to -14.5 from 9.1.

The new orders component index declined for a third consecutive month, this time to -11.3 from -4.9.

November national industrial production was reported 0.2% higher for the month however, following a 0.9% October drop.

Against November 2022, output was down 0.4% from October's annualised 1.0% fall.

Tonight in the US, a home builders' December housing market index is due.

Elsewhere, business sentiment indices are due for Germany and the euro zone as a whole.

Germany's central bank is due to release a monthly report, which is expected to include a December quarter recession estimate.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (COMEX 100 Feb)	2035.7	oz	-9.2	-0.5
Silver (COMEX 5000 Mar)	24.15	oz	-0.24	-1.0
Platinum	940	oz	-20	-2.1
WTI Crude (NYMEX Jan)	71.43	bbbl	-0.15	-0.2
Brent Crude (ICE EUR Feb)	76.55	bbbl	-0.06	-0.1
Iron Ore (NYMEX CHN port;62%Fe)	135.08	t	-0.14	-0.1
Copper (LME 3mth Evening)	8551	t	-3	-0.0
Nickel	17160	t	170	1.0
Aluminium	2249	t	34	1.6
Lead	2081	t	12	0.6
Zinc	2532	t	39	1.6
Tin	25187	t	-195	-0.8

Commodities Commentary

Oil – Yesterday, Russia's deputy PM revealed Russia was considering cutting oil exports by 50,000bbl/d this month, rather than from early next year, this extending Russia's cuts beyond the 300,000bbl/d reduction announced earlier this year.

Sentiment vacillated overnight Friday, prices falling by 0.5% - 0.7% early after a Federal Reserve district president indicated US interest rate cuts were not yet in focus by policy makers, this also pushing the \$US higher.

In addition, overnight Friday considerations included some fresh,

Zip Co (ZIP)

New funding facilities in hand.

Details lodged this morning

Anteris Technologies (AVR)

\$6.7M worth of funding from the \$40M capital raising announced 26 October was not received from investors by the final settlement date.

Resources

Rio Tinto (RIO)

Non-executive director Megan Clark has stepped down from the RIO board after nine years as a RIO director.

Encounter Resources (* ENR)

Heralding WA Aileron project Emily target drilling results.

Assays lodged this morning.

Larvotto Resources (LRV)

LRV has completed the acquisition of the Hillgrove gold and antimony project from the administrators of Red River Resources.

Atlantic Lithium (A11)

Resuming from a trading halt having completed an \$8M institutional placement at A44c per share, in support of the Ewoyaa lithium project, Ghana.

Presentation lodged post-trade Friday.

A11 traded at 47.5c – 53c across the five sessions prior to calling the trading halt.

Energy

Santos Ltd (** STO)

STO's Barossa gas project development drilling and completions environment plan has been accepted by the National Offshore Petroleum Safety & Environmental Management Authority (NOPSEMA).

Other project approvals remain outstanding, with STO proceeding for applications.

Invictus Energy (* IVZ)

IVZ and the Mbuyu Energy consortium have updated a gas sale MoU, for IVZ to supply 500MW of Cabora Bassa project gas for Mbuyu's power project, Zimbabwe.

A potential expansion over 20 years of up to 1000MW would equate to 1.4 trillion cubic feet of gas.

Whitehaven Coal (WHC)

\$US1.1B five-year credit facility secured.

Trading Halts

Company	Code	Resuming
Arizona Lithium	AZL	18 Dec
Intelicare Holdings	ICR	18 Dec
Kaiser Reef	KAU	18 Dec



and mixed, data out of China earlier Friday, some weaker-than-anticipated US business activity figures, and some underwhelming PMIs for the euro zone and UK.

Further, late-Thursday, reports had emerged on additional missile attacks targeting cargo ships in the southern Red Sea, keeping security-of-supply issues alive for the Middle East petroleum sector.

Meanwhile, a US weekly petroleum drill rig report, released by Baker Hughes overnight Friday, included a 501 operational oil rig tally, down by two for the week.

Gold – as with oil, overnight Friday trade swung, gold prices initially pushed higher to an intra-session peak of \$US2059.6/oz.

Subsequent falls were attributed in part to some profit-taking and to US economic data, including a substantial decline for New York Fed PMI and another fall for the national manufacturing PMI.

The New York Federal Reserve president also suggested the Fed was not yet considering interest rate reductions, this despite the projections of lower rates published by the Fed overnight Thursday.

Comex February futures were later reported as low as \$US2033.40/oz.

Key CPI and GDP updates, plus any change from a Bank of Japan policy meeting, are expected to influence some sentiment this week.

Base metals – sentiment in general appeared to be supported early overnight Friday by the prospect of monetary policy not staying as tight for as long as recently anticipated.

New economic data out of not only China, but also the euro zone, UK and US, appeared to impact *copper* sentiment in terms of overall international economic growth prospects.

China's November fixed asset investment, industrial production, retail sales and property prices, reported Friday, proved a veritable mix, spawning varied commentary.

Year-on-year home prices fell for a fifth consecutive month. Thursday, China's administrators had announced an easing on home loan qualification requirements.

January – November fixed asset investment rose by 2.9% year-on-year, the same rate as recorded for January – October.

Industrial production rose 6.6% year-on-year, against consensus for a 5.6% increase, following October's 4.6% annualised climb.

Retail sales were estimated 10.1% higher than for November 2022, following a 7.6% year-on-year increase for October. Forecasters had expected a 12.5% year-on-year rise for November, however.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6698	-0.0024	-0.36
EUR – USD	1.0897	0.0002	0.02

US Data Tonight

NAHB housing market index	Dec
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Neuren Pharmaceuticals	NEU	18 Dec
Sarama Resources	SRR	18 Dec
SensOre Ltd	S3N	18 Dec
Superior Resources	SPQ	18 Dec
GBM Resources	GBZ	19 Dec

Suspensions *(selected)*

Company	Code	Since
Magnis Energy Technologies	MNS	8 Dec
Propell Holdings	PHL	14 Dec
Rectifier Technologies	RFT	29 Nov

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
KPG	Tomorrow	0.44	100	1.05
SGLLV	Tomorrow	15	100	7.69
ABG	28 Dec	4.25	0	7.58
AOF	28 Dec	1.5	0	8.22
APA	28 Dec	26.5	0	6.21
APZ	28 Dec	4.25	0	4.47
ARF	28 Dec	4.34	0	4.63
ASK	28 Dec	3	0	0.00
BWP	28 Dec	9.02	0	5.02
CHC	28 Dec	22.09	44.99	3.48
CIP	28 Dec	4	0	4.82
CLW	28 Dec	6.5	0	7.22
COF	28 Dec	3	0	9.95
CQE	28 Dec	4	0	5.63
CQR	28 Dec	12.3	0	6.86
DXC	28 Dec	5.17	0	8.10
DXI	28 Dec	4.1	0	5.71
DXS	28 Dec	26.7	0	6.70
FPP	28 Dec	2.75	0	8.57
GDF	28 Dec	1.575	0	5.91
GMG	28 Dec	15	0	1.24
HPI	28 Dec	9.5	0	6.48
MGR	28 Dec	4.5	0	5.00
NPR	28 Dec	1.9	0	8.36
NSR	28 Dec	5.5	0	4.68
RCT	28 Dec	12.25	0	9.83
RFF	28 Dec	2.93	0	5.64
RGN	28 Dec	6.7	0	6.47
TCF	28 Dec	3.5	0	8.14
TCL	28 Dec	30	0	4.22
TGP	28 Dec	2	0	7.73
TOT	28 Dec	1.5	0	11.01
WPR	28 Dec	4.1	0	6.49
DNK	29 Dec	14.72	0	0.00



Other Overseas Data Today & Tonight

Germany	IFO business climate (incl condns;expctns)	Dec
Germany	Bundesbank (central bank) report	Dec
Euro zone	IFO business climate	Dec

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Reports & Events

(selected; all times AEDT)

When	Company	Report/Event
Wed	IPL	AGM
Thu	ANZ	AGM
Fri	EMH	AGM

December quarter S&P/ASX indices re-balance

The following changes were scheduled to come into effect prior to today’s ASX open:

S&P/ASX 200

Out: CMW, GOZ, LNK

In: BOE, HLI, SIQ

S&P/ASX All Technology

Out: 4DX, BTH, BVS

In: 4DS, DUG