

Markets

SFE 200 Futures (9.30am AEDT)	7308	-31	-0.4
NZX 50	11884	-37	-0.3
DJIA Futures	33386	-634	-1.9
S&P 500 Futures	3946	-64	-1.6
NASDAQ Futures	11476	-149	-1.3

Local Markets Commentary

The Australian market commences today's trade with several domestic stocks reporting for the December quarter and/or half year and a material domestic economic report due late morning.

US equities markets fell in concert overnight.

Locally today, the Australian Bureau of Statistics (ABS) publishes December **employment** statistics at **11.30am** AEDT.

At the same time, the Reserve Bank of Australia (RBA) releases December foreign exchange transactions and holdings of official reserve assets.

At 11am, the Melbourne Institute is scheduled to release a monthly **consumer inflation expectations** report.

Regionally today, **Japan** reports December international trade figures at 10.50am AEDT.

In addition, Japan is expected to conduct a 20-year bond auction this afternoon.

In overnight **commodities** trade, **oil** turned lower, Brent crude trading beneath \$US85/bbl and WTI below \$US80/bbl.

US **gold** futures continued lower, but slightly so, remaining above \$US1905/oz.

Iron ore (Nymex CFR China, 62% Fe) turned to record a small gain.

Coal (ICE-GC Newcastle) declined a little to trade below \$US370/t.

LME (3mth evening) **copper** was reported up 0.2% at 1704 GMT. At the same time, **nickel** reportedly was trading 4.4% higher for the day. **Aluminium** was reported to have declined by 0.8%.

Last night's LME final 3-mth evening price updates were unavailable from IRESS at time of publication. These are expected to become available via IRESS at 11.30am AEDT.

The **\$A** fell to ~US69.40c, after fluctuating within ~US70.20c – ~US70.35c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	33297	-614	-1.8
S&P 500	3929	-62	-1.6
NASDAQ	10957	-138	-1.2
FTSE 100	7831	-20	-0.3
DAX 30	15182	-5	-0.0
Shanghai Comp	3224	0.16	0.0

Today's Stock Watch
Quickstep Holdings (QHL)

\$11.3M order in hand for Lot 17 F-35 vertical tail components.

Michael Hill International (MHJ)

July – December sales grew 11.7% year-on-year, to \$A363.3M.

Smartpay Holdings (SMP)

December quarter revenue and total transaction value increased, for both the three months and year-on-year.

Detailed statistics lodged this morning.

Netwealth Group (NWL)

\$62.4B FUA at 31 December, up 7.4% for the December quarter.

\$14.4B FUM, representing a 7.0% increase.

Resources
BHP Billiton (BHP)

Coal costs guidance pushed higher, in part due to recent wet weather.

December quarter and July – December output rose for most commodities.

Energy coal output fell 24% year-on-year for the six months, however.

Nickel production fell 2% for the half year and 14% for the three months.

Northern Star Resources (NST)

\$A145M net cash at 31 December. \$495M cash and bullion.

December quarter operational statistics lodged pre-trade.

Patriot Battery Metals (PMT)

Heralding drilling results for the Corvette lithium project, Quebec, Canada.

Assays lodged this morning.

Energy
Santos Ltd (STO)

2022 production rose 12% to 103.2MMboe.

December quarter sales revenue tallied \$US1.9B, pushing 2022 sales revenue to \$US8.7B, 65% more than for 2021.

December quarter production fell (for the three months) to 25.6MMboe, impacted by WA John Brookes unplanned maintenance.

Paladin Energy (PDN)

\$US163.2M cash at 31 December.

December quarter activities report lodged this morning.



Overseas Markets Commentary

Choppy trade featured across major European and UK equities markets overnight.

US markets opened cautiously, but sentiment soon dropped.

Economic growth fears appeared foremost among considerations.

The US Federal Reserve published its periodic district-by-district economic roundup (beige book) report which included half the Fed's 12 districts reporting at best no change in economic activity over this new reporting period.

Five districts reported at best a modest increase in activity and one a significant decline.

Most districts also reported a weak economic growth outlook, but expectations for inflationary pressures to ease.

In addition, despite other data suggesting a moderation of interest rate rises this year, two Federal Reserve district presidents maintained rates needed to be raised beyond 5.0%.

Further, one finance sector analyst ventured the US economy was already in recession.

Meanwhile, the International Monetary Fund (IMF) indicated some economic growth forecasts may be upgraded for the second half of 2023 through into 2024, and suggested global inflation may have peaked last year.

Earlier yesterday, the Bank of Japan (BoJ) convened a policy meeting at which the central bank maintained the short-term interest rate at -0.1% and that for 10-year government bonds at 0.0%.

Further, the bank retained the 0.5% government bond purchase cap despite yields jumping during recent weeks.

This pushed the Japanese yen from recent highs against the \$US.

The BoJ also released a quarterly outlook report which lowered expected 2022 GDP growth from 2.0% to 1.9%.

The bank also reduced its GDP forecast for 2023, from 1.9% to 1.7%.

The report also included forecasts for inflation to run at ~3% for FY 22 and 1.6% for FY 23.

Yesterday afternoon (AEDT), **China** revealed a 6.3% increase in 2022 foreign direct investment (FDI), against forecast for a 6.1% rise.

In a wave of overnight data releases, the **UK** December inflation growth was reported on par with expectations at 0.4% for the month.

The annualised rate fell from 10.7% to 10.5%, this result mostly attributed to a fall in fuel prices.

However, food and drink prices were estimated to have risen by the steepest gradient since 1977. This raised fears for the size of further potential interest rate increases by the Bank of England from next month.

Meanwhile, UK December new domestic vehicle registrations also rose on a par with forecasts, representing an 18.3% increase on registrations for December 2021.

The **euro zone** announced 0.4% December deflation for the month, in a final reading following forecasts for 0.1% inflation after November's 0.1% deflation.

Pre-Open Announcements

Transurban Group (TCL)

Expecting to open the 7.5km M4-M8 link (formerly M4-M5 link) tunnels Friday.

The twin tunnels represent the final development for the \$16.8B WestConnex project.

Resources

Magmatic Resources (MAG)

Pleading ignorance in response to an ASX price and volume query, other than to point out a 20 December drilling activities update which indicated results could be available within the next two - three weeks.

In addition, MAG issued an early January announcement noting potential to place the shortfall from the recent SPP.

MAG traded as high as 13c yesterday before settling at 12.5c, up 30.21% for the session. ~4M shares were traded, against ~20,000 on Tuesday and 431,483 Monday.

King River Resources (KRR)

\$781,697 2021-2022 R&D rebate in hand, boosting KRR cash to ~\$1.846M.

Trading Halts

Company	Code	Resuming
Arovella Therapeutics	ALA	19 Jan
Aston Minerals	ASO	19 Jan
Black Cat Syndicate	BC8	19 Jan
Cyclone Metals	CLE	19 Jan
Openn Negotiation	OPN	19 Jan
Bio-Gene Technology	BGT	20 Jan
Imdex Ltd	IMD	20 Jan
Mayfield Childcare Centre	MFD	20 Jan
Nickel Industries	NIC	20 Jan
Sunshine Gold	SHN	20 Jan

Suspensions *(selected)*

Company	Code	Since
CFOAM Ltd	CFO	10 Jan

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
KPG	Today	0.4	100	1.36
PL8	Today	0.55	100	5.31
SEC	Today	2.2	100	5.04
MIR	Tue (24 Jan)	3.5	100	3.56



The annualised inflation rate was confirmed in line with expectations, at 9.2%.

Euro zone December new domestic vehicle registrations were reported 12.8% higher than for December 2021, following expectations for an 11.1% increase.

In **Germany**, December new domestic vehicle registrations were calculated 38.1% higher than for December 2021, in line with forecasts.

In the **US**, December producer prices declined 0.5% for the month. Prices were reported 6.2% above those for December 2021.

Retail sales fell 1.1% for the month but came in 6.0% higher than for December 2021.

December industrial production also declined, by 0.7%, but output nonetheless proved 1.6% higher than a year earlier.

November business inventories were estimated 0.4% higher for the month following a 0.2% October increase.

A home builders' January housing market index improved to 35 from 31.

In the meantime, weekly mortgage applications surged 27.9%.

Mean average 30-year mortgage rates fell to 6.23% from 6.42%.

A 20-year US bond auction delivered a 3.678% yield from 3.935%.

Earlier overnight, a 30-year bond auction hosted by Germany resulted in a 2.05% yield from 1.94%.

Tonight in the US, the January Philadelphia Fed manufacturing index, weekly new unemployment claims and December building permits and housing starts are due.

Elsewhere, the European Central Bank (ECB) releases December monetary policy meeting minutes and the UK hosts a 10-year index-linked treasury gilt auction.

In addition, ECB president Christine Lagarde is scheduled to speak publicly.

Companies listed to report earnings later today or tonight include: American Airlines, Atlassian Corp, Netflix, PPG Industries and Procter & Gamble.

In overnight corporate news, **Microsoft** confirmed it planned to reduce its workforce by ~5% by the end of March.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (COMEX 100 Feb)	1907	oz	-2.90	-0.2
Silver (COMEX 5000 Mar)	23.65	oz	-0.42	-1.8
Platinum	1038	oz	-1	-0.1
WTI Crude (NYMEX Feb)	79.48	bbbl	-0.70	-0.9
Brent Crude (ICE EUR Mar)	84.98	bbbl	-0.94	-1.1
Iron Ore (NYMEX CHN port;62%Fe)	121.19	t	0.24	0.2
Copper (LME 3mth Evening) ^(17 Jan)	9286	t	182	2.0
Nickel	26689	t	-528	-1.9
Aluminium	2619	t	-2	-0.1
Lead	2225	t	7	0.3
Zinc	3294	t	-10	-0.3
Tin	28423	t	-49	-0.2
Coal (ICE-GC Newcastle; IRESS)	369.25	t	-0.75	-0.2
Wheat (CBT Mar; IRESS)	741.25	t	-10.5	-1.4

Reports & Events

(selected; all times AEDT)

When	Company	Report/Event
Today	BHP	Dec Q
	CVN	Dec Q
	DJW	Interim (w/cast 3.30pm)
	MHJ	Trading update 1H FY23
	NST	Dec Q (w/cast tele 10.30am)
	PDN	Dec Q
	STO	Dec Q
Tue (24 Jan)	AMH	Interim
Wed	FMG	Dec Q
	ILU	Dec Q
	NCM	Dec Q
	RRL	Dec Q (w/cast 11am)
	WDS	Dec Q



Commodities Commentary

Oil – The International Energy Agency’s (IEA) monthly market report, published overnight, included a revised 2023 international oil demand forecast, to ~104MMbbl/d, on expected increased China demand and amid Russian crude sanctions.

Nonetheless crude prices were ultimately pushed lower overnight, following US economic reports which indicated slowing growth to a degree with which investors appeared to feel uncomfortable.

In earlier trade, prices had reached ~six-week peaks, on expectations the US Federal Reserve would moderate interest rate increases.

Meanwhile, Iran was reported to have reduced prices of light crude for delivery to Asia in February, by \$US1.35/bbl to \$US1.80/bbl above the Oman/Dubai average.

A weekly US petroleum inventories report is anticipated from US government agency the EIA tonight.

Overnight, post-US trade, the American Petroleum Institute has released a weekly report which includes a 7.615MMbbl increase for US crude stocks last week.

Gold – further profit-taking from \$US1900+/oz prices, a \$US move higher, US Federal Reserve officials promoting higher rates and select economic reports pushed prices lower again overnight.

Base metals – overnight trade was influenced by a slew of international economic indicator reports, demand and Covid-spread speculation in relation to China’s pending week-long lunar new year holiday season, and currency moves.

Among the producers, Antofagasta reported a 10.4% drop in 2022 copper output to 646,200t. The group also revealed it was expecting to produce 670,00t – 710,000t during 2023.

China’s markets will be closed next week, during the Lunar New Year holiday season.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6943	-0.0049	-0.71
EUR – USD	1.0792	0.0017	0.16

Australian Data Today

ABS	Workforce (incl jobs, wages, unemplmnt, partcptn)	Dec
RBA	Forex transactions & official reserve assets	Dec
MInst	Consumer inflation expectations	Jan

US Data Tonight

Building permits	Dec
Housing starts	Dec
Philadelphia Fed manufacturing	Jan
Initial jobless claims	14 Jan



Other Overseas Data Today & Tonight

Japan	Trade balance	Dec
Euro zone	ECB policy meeting minutes	Dec

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