

Markets

SFE 200 Futures (9.30am AEDT)	6989	7	0.1
NZX 50	12341	52	0.4
DJIA Futures	35492	218	0.6
S&P 500 Futures	4577	42	0.9
NASDAQ Futures	15115	120	0.8

Local Markets Commentary

The Australian market opens today's trade with material domestic economic data due late morning, and some in hand pre-trade, following further overnight gains across US equities markets and ahead of two key central bank policy meetings tonight.

Locally today, the Australian Bureau of Statistics (ABS) publishes December **trade balance** and also **building approvals** at **11.30am AEDT**.

Also this morning, the December quarter NAB **business confidence and conditions** survey report is due.

Pre-trade, the AiG has released a contractionary **45.9** January **construction** index following a decidedly expansionary 57 for November and forecasts for 55 for the first reading for 2022.

Regionally today, finalised January services PMIs are due for Japan and South Korea.

In addition, Japan conducts a 30-year bond auction.

China's markets will remain **closed today and tomorrow** due to the Lunar New Year/Spring Festival holiday season.

Hong Kong's markets are expected to resume tomorrow.

Markets in South Korea and Singapore resume today.

New Zealand's markets will be closed Monday due to a public holiday.

In overnight commodities trade, Brent **crude** turned modestly higher. WTI settled slightly higher for a second consecutive session.

US **gold** futures added to this week's gains.

Iron ore (Nymex CFR China, 62% Fe) rose further, approaching \$US140.00/t.

LME (3mth evening) **copper** reportedly rose by more than 1% and **nickel** by ~0.5%. **Aluminium** was reported to have fallen ~1%. *Last night's LME final price updates were unavailable from IRESS at time of publication.*

The **\$A** rose beyond US71.45c after trading at ~US71.25c - ~US71.35c early yesterday evening, but has fallen to US71.35c this morning.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	35629	224	0.6
S&P 500	4589	43	0.9
NASDAQ	14418	72	0.5

Today's Stock Watch
Westpac Banking Corporation (WBC)

\$1.815B December quarter (unaudited) NPAT. \$1.58B cash earnings represented a 20% year-on-year fall.

Net interest margin (NIM) fell 0.08% to 1.91% during July - December.

12.2% CET1. An off-market buy-back is due to close Friday next week.

Operational restructure update, including combining the chief risk officer and financial crime, compliance and conduct executive roles, also lodged this morning.

Current chief risk officer David Stephen will leave WBC in May after three years with WBC. Current financial crime, compliance and conduct executive Les Vance plans to leave WBC later this year.

WBC has appointed Federal National Mortgage Association (Fannie Mae) executive VP and chief risk officer Ryan Zanin as chief risk officer.

WBC also plans to create two new umbrella divisions, namely corporate services and customer services and technology.

The restructuring will result in a 'small' charge to be included in interim results and additional charges for the full year.

Nick Scali (NCK)

35c fully franked interim dividend, against 40c a year ago.

17.4% lower, \$33.55M interim NPAT.

5.4% higher, \$180.32M revenue.

4.53c NTA from \$1.1836.

Emeco Holdings (EHL)

Expecting \$122M 1H FY21 operating EBITDA and \$250M - \$260M FY22 operating EBITDA.

Also commencing a 12-month 10% on-market buy-back.

Planning to release interim results 16 February.

Serko Ltd (SKO)

The Covid omicron variant spread will adversely impact full year (to 31 March) revenue.

SKO consequently anticipates \$NZ18M - \$NZ20.5M revenue, against previous \$NZ21M - \$NZ25M guidance.

Starpharma Ltd (SPL)

Viraleze anti-viral nasal spray exclusive sales and distribution agreement secured for Saudi Arabia and eight other regional nations.

Nufarm Ltd (NUF)

36% higher year-on-year December quarter revenue, supported by more favourable weather.

Today's virtual investor event presentation lodged pre-trade.



FTSE 100	7583	47	0.6
DAX 30	15614	-6	-0.0
Shanghai Comp	3361	Public	Holiday

Overseas Markets Commentary

Choppy, vacillating trade featured across most major European, UK and US equities markets overnight, but sentiment largely proved positive, in particular during second-half trade.

Strong results and stock split plans out of Alphabet, and pleasing results and outlook from Advanced Micro Devices, each reported post-US trade Tuesday helped support sentiment.

This, amid ongoing geopolitical wrangling and a swag of central bank policy commentary, some related to new data releases.

In Russia – Ukraine developments, the US administration reportedly assigned an additional 3000 military personnel to eastern Europe.

Among Covid-19 reports, an increasing number of European nations announced plans to ease restrictions, as the UK reported the most Covid-related deaths for one day in almost 12 months.

Earlier yesterday, Reserve Bank of Australia (RBA) governor Philip Lowe revealed his view domestic interest rates ought not rise while the extent and duration of supply constraints and current limited wage pressures remained undetermined.

In addition, he offered that the bank would not restrict itself to the traditional ‘wage price index’ when assessing wages growth.

The governor did not rule out any rate increases during 2022, but maintained current market predictions for an overall 1.0% increase seemed inappropriate.

Meanwhile in the **UK**, commentary continued regarding expectations of a rate increase out of tonight’s Bank of England monetary policy meeting.

Overnight **data** releases included an initial forecast-defying January CPI estimate for the **euro zone** which supported views the European Central Bank’s (ECB) regional inflation predictions could prove in error. Inflation was calculated 0.3% higher for the month against expectations of 0.3% deflation.

Against January 2021, euro zone inflation had grown 5.1%.

In the **US**, a private sector January employment change report included an estimated 301,000 fewer jobs for the month, following an additional 776,000 for December. Forecasters had anticipated a 220,000 jobs growth tally, but the reported figure was mostly attributed to the effects of the Covid omicron variant winter spread.

Weekly mortgage applications jumped 12% following a 7.1% drop the previous week.

The mean average 30-year mortgage rate rose to 3.78% from 3.72%.

Tonight in the **US**, the ISM’s influential non-manufacturing index is due for January, together with weekly new unemployment claims and a January job cuts report ahead of tomorrow night’s January employment statistics.

December factory orders and December quarter productivity figures are also due tonight.

Elsewhere, the **Bank of England** and **European Central Bank** (ECB) each convene policy meetings and announce outcomes.

Pre-Open Announcements

Aristocrat Leisure (* ALL)

An overnight vote by Playtech shareholders regarding ALL’s proposed and recommended acquisition failed to realise the required 75% threshold, meaning ALL’s offer has effectively lapsed.

ALL has closed higher the past four sessions, trading as high as \$41.64 yesterday before settling at \$41.29.

Pinnacle Investment Management Group (PNI)

17.5c fully franked interim dividend, from 11.7c a year ago.

32.0% higher, \$40.06M interim NPAT.

50.1% higher, \$21.585M continuing activities revenue.

\$1.98 NTA from \$1.09.

Australian Unity Office Fund (AOF)

Independent valuations assessed AOF’s seven assets as worth a collective \$586.5M effective 31 December, \$4M more than the immediately preceding book value and \$10M more than the previous independent valuations.

Artrya Ltd (AYA)

December quarter-focused teleconference scheduled for 2pm AEDT Tuesday.

Access link lodged post-trade yesterday.

AYA lodged the company’s December quarter report Monday (31 January).

Resources

De Grey Mining (* DEG)

Hemi gold project Falcon deposit resource definition and extensional drilling has delivered several near-surface, high-grade intersections and significant depth extension results.

Assays lodged this morning.

Energy

Calima Energy (CE1)

Webinar presentation plus webinar access link lodged post-trade yesterday.

CE1 is presenting 12.30pm AEDT tomorrow.

Trading Halts

Company	Code	Resuming
Emperor Energy	EMP	3 Feb
3D Oil	TDO	4 Feb
3D Resources	DDD	4 Feb
Arcadia Minerals	AM7	4 Feb
Caprice Resources	CRS	4 Feb
Gratiffi Ltd	GTI	4 Feb
Powerhouse Ventures	PVL	4 Feb
Triangle Energy Global	TEG	4 Feb
Pivotal Systems Corporation	PVS	7 Feb



Economists are anticipating these to include a UK interest rate increase.

Companies listed to report earnings or provide trading updates later today or tonight include: ABB, Activision Blizzard, Amazon, Biogen, ConocoPhillips, Eli Lilly, Ford Motor Co, Estee Lauder, Honeywell, Itochu, Marubeni Corp, Merck, Mitsubishi, Mitsui, News Corp, Nikon, Nintendo, Nokia, Ralph Lauren, Roche Holding, Shell, Snap, Softbank, Sony, Takeda Pharmaceutical and Unilever.

In overnight corporate news, **Facebook** parent **Meta** Platforms disclosed post-US trade that it was anticipating \$US27B - \$29B March quarter revenue, this undershooting market expectations of greater than \$US30B.

This pushed the stock ~20% lower in post-settlement trade and could impact select sentiment tonight.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1810.3	oz	8.80	0.5
Silver (NY) (Mar)	22.707		0.11	0.5
Gold (LON) (1 Feb)	1800	oz		
Platinum	1033	oz	8	0.8
WTI Crude (NYMEX Mar)	88.26	bbbl	0.06	0.1
Brent Crude (ICE EUR Apr)	89.47	bbbl	0.31	0.3
Iron Ore (NYMEX CHN port;62%Fe)	139.98	t	1.19	0.9
Copper (LME 3mth Evening) (1 Feb)	9689	t		
Nickel	22689	t		
Aluminium	3030	t		
Lead	2232	t		
Zinc	3595	t		
Tin	42722	t		

Commodities Commentary

Oil – prices were pushed and pulled overnight by a \$US decline, some reported profit-taking, reactions to OPEC+ activity and new data releases and another major winter storm forecast for central – northeast US this week.

OPEC+ members met overnight, deciding to continue with plans to keep easing output curbs by increasing permitted production each month by 400,000bbbl/d.

A weekly US petroleum inventories report from US government agency the EIA, published overnight, included a 1.046MMbbbl fall for stored crude and 2.119MMbbbl increase for petrol stocks.

Petrol production fell a daily 267,000bbbl.

Net crude imports rose by 1.269MMbbbl/d.

Overnight Tuesday post-US trade, the American Petroleum Institute (API) released a weekly report which included an estimated 1.645MMbbbl draw on crude stocks last week.

Gold – Comex futures settled higher for a third consecutive session, supported again by a weaker \$US (ICE \$US ~-0.5%) and less attractive US bond yields (10-year ~1.56%).

A US private sector jobs report also pointed to a weaker national employment report tomorrow night.

Official statements following the Bank of England and European Central Bank policy meetings tonight are keenly anticipated and are expected to swing some currency trade.

Suspensions (selected)

Company	Code	Since
Cassius Mining	CMD	27 Jan
Comet Resources	CRL	31 Jan
Cradle Resources	CXX	13 Jan
Structural Monitoring Systems	SMN	27 Jan

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
ASW	Today	0.5	100	3.28
KKC	Today	1	0	4.89
BLD	Tomorrow	7	0	0.00
AMH	Mon	1	100	2.01
CIA	Mon	11.11	0	0.00
AFI	Wed	10	100	2.76
EZL	Wed	2.5	100	9.88
RMD	Wed	4.15	0	0.46
VUK	Thu (10 Feb)	1.86	0	0.00
BKI	Fri (11 Feb)	4	100	3.00

Reports & Events

(selected; all times AEDT)

When	Company	Report/Event
Today	DW8	Dec Q (webinar 12.30pm)
	JHG	Dec Q; '21 (w/cast tele midnight)
	NWS	Dec Q (NB: tonight in the US)
	NCK	Interim
	NUF	Investor event (w/cast 9am)
	WBC	Dec Q
Mon	ANZ	Dec Q
	CEN	Dec Q (live w/cast 8am)
	IMD	Interim (w/cast tele midday)
	JHX	Q3 (w/cast tele 8.45am)
Tue	GUD	Interim (w/cast 5pm)
Wed	CBA	Interim (w/cast 11am)
Thu (10 Feb)	AMP	Full year
	DOW	Interim
	NAB	Dec Q
	VUL	Interim (w/cast tele 9am)
Fri (11 Feb)	UMG	AGM



Base metals – a further \$US decline and supply commentary regarding China’s production curbs in the lead-up and through the Winter Olympics (commencing Friday) supported overnight gains. This, in addition to reduced smelter activity in Europe due to energy cost considerations.

Tin was further supported following reports of escalating Democratic Republic of Congo civil conflict.

Meanwhile, **cobalt** production out of the Democratic Republic of the Congo was reported to have jumped 22.4% for 2021, to 120,000t.

The US Geological Survey also estimated overall international cobalt output rose by 20% during 2021 to a record 170,000t.

Markets in China and Taiwan are closed all week due to the Lunar New Year/Spring Festival holiday period.

Markets in Singapore and South Korea are expected to resume today, meaning LME trade volumes could pick up this evening.

Hong Kong’s markets are expected to resume tomorrow.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7135	0.0001	0.02
EUR – USD	1.1303	0.0029	0.25

Australian Data Today

NAB	Business survey (confidence, conditions)	Dec Q
ABS	Trade balance	Dec
ABS	Building approvals	Dec
AiG	Construction index	Jan

US Data Tonight

ISM non-manufacturing	Jan
Initial jobless claims	29 Jan
Challenger job cuts	Jan
Factory orders	Dec
Markit services PMI (final)	Jan
Productivity	Dec Q

Other Overseas Data Today & Tonight

Japan	Services PMI (final)	Jan
South Korea	Services PMI (final)	Jan
UK	BoE policy meeting outcomes	3 Feb
UK	Services PMI (final)	Jan
Germany	Services PMI (final)	Jan
Euro zone	ECB policy meeting outcomes	3 Feb
Euro zone	Producer prices	Jan
Euro zone	Services PMI (final)	Jan

Need More Information?

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