

Markets

SFE 200 Futures (9.30am AEDT)	7356	63	0.9
NZX 50	12845	14	0.1
DJIA Futures	36128	176	0.5
S&P 500 Futures	4705	43	0.9
NASDAQ Futures	15831	223	1.4

Local Markets Commentary

The Australian market opens mid-week trade with an overnight \$A appreciation and inflation data due out of China early afternoon, ahead of a CPI reading for the US tonight.

Overnight US equities and key commodities trade proved positive.

Locally today, the Australian Bureau of Statistics (ABS) releases a November **job vacancies** report, 11.30am AEDT.

At the same time the Reserve Bank of Australia (RBA) publishes monthly card transactions.

Regionally today, **China** is expected to release December **producer prices** and **CPI 12.30pm** AEDT.

Tankan indices and a December bank lending report are due for **Japan** this morning.

In addition, **Bank of Japan** governor Haruhiko Kuroda is scheduled to speak publicly **midday** AEDT.

In overnight commodities trade, **oil** swung higher and rallied.

US **gold** futures also headed higher, settling decisively above \$1810/oz.

Iron ore (Nymex CFR China, 62% Fe) turned higher, trading beyond \$US126.00/t.

LME (3mth evening) **copper** reportedly rose more than 0.5%.

Nickel was reported to have traded at seven-year peaks, gaining greater than 3.0% intra-session. **Aluminium** was reported 1.0% higher intra-session. *Last night's LME final price updates were unavailable from IRESS at time of publication.*

The \$A was pushed beyond US72.00c after trading at ~US71.90c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	36252	183	0.5
S&P 500	4713	43	0.9
NASDAQ	15152	209	1.4
FTSE 100	7491	46	0.6
DAX 30	15942	-6	-0.0
Shanghai Comp	3567	-26	-0.7

Overseas Markets Commentary

Positive sentiment but choppy trade featured variously across most major European, UK and US equities markets overnight.

Today's Stock Watch
Openpay Ltd (OPY)

December total transactional value (TTV) reached \$34.6M.

December quarter Australian business TTV tallied \$87M.

Planning to focus on US market opportunities early 2022.

Compumedics Ltd (CMP)

Second, \$4.2M MEG sale secured, this one to Tianjin Normal University, China.

Details lodged this morning.

Installation for the initial sale, to Barrow Neurological Institute, is expected to be completed by year's end.

In addition, CMP has estimated an 33% increase in H1 FY22 sales orders to \$27.0M.

Due to logistics and supply issues however, revenue is anticipated 7% lower, at \$17.0M.

Expecting to lodge interim results 24 February.

Resources
Pacgold Ltd (PGO)

Northern Queensland Alice River gold project diamond drilling has delivered further high-grade gold below and along strike of the historical open pit.

Assays lodged pre-trade.

Results for an additional seven holes expected within five weeks, including for multiple visible gold occurrences.

Suvo Strategic Minerals (SUV)

Supply agreement with Norske Skog Boyer extended until December 2024.

SUV will supply ~25,500t of paper-grade kaolin.

Additional details lodged pre-trade.

Eagle Mountain Mining (EM2)

Arizona, US Oracle Ridge project drilling has returned multiple high-grade copper intersections.

Assays lodge this morning.

Results for a further 28 holes pending.

Peak Minerals (PUA)

The PUA gold spin-off Vertex Minerals listing is anticipated 10.30am 17 January (Monday next week) under the code VTX.

The in-specie distribution of VTX shares has been completed.

OZ Minerals (OZL)

OZL has appointed several new executives, including one to the newly created role of technology executive.

Details lodged pre-trade.



Investors faced plenty to consider, and key US indices again trended notably higher during second-half trade.

Central bank commentary was on tap.

US Federal Reserve chair Jerome Powell met with a parliamentary committee as part of the confirmation process for his nominated second term, assuring that the central bank viewed impacts from the current Covid-19 surge as ‘short-lived’ and that the US economy was sufficiently strong for the bank to implement tighter monetary policy.

He was keen to reiterate that the bank would not allow above-target inflation to become ‘entrenched’, pointing out that maximum employment required price stability.

Mr Powell also acknowledged the bank had initially anticipated international supply chains to adjust to demand.

He gave no indication of likely interest rate change timetables, opting to offer that the Fed would be ‘humble but nimble’.

European Central Bank (ECB) president Christine Lagarde promoted regional central bank co-operation through times of change while speaking at the welcoming of the new president for Germany’s central bank the Bundesbank.

For his part, the incoming Bundesbank president Joachim Nagel warned in his inaugural speech that inflation was not entirely due to temporary factors and that it could remain elevated for longer than the ECB anticipates.

In the meantime, ECB chief economist Philip Lane repeated his view that regional inflation would drop below 2.0% in 2023 and 2024, citing in part, weak wages growth.

Among overnight geopolitical considerations, **Russia** was reported to have commenced live-fire military tank exercises near the border with Ukraine.

Russia is scheduled to hold talks with NATO (North Atlantic Treaty Organisation) in Brussels tonight and with the Organisation for Security and Cooperation in Europe (OSCE) in Vienna overnight tomorrow.

In **Covid-19** developments, the World Health Organisation (WHO) predicted 50% of European residents would have contracted the virus within six – eight weeks.

In the US, new record peaks for hospitalisations and new daily cases were reported.

Earlier yesterday, China had suspended some US flights as it announced the shutdown of a third city in an attempt to curb Covid-19 spread ahead of next month’s Winter Olympics.

Among **data** releases, the December BRC **UK** retail sales monitor (reported during ASX trade yesterday) represented a 0.6% year-on-year increase following expectations for a 1.5% gain.

In the **US**, the NFIB December business optimism index was estimated at 98.9 from 98.4, against expectations of a decline to 98.0.

The IBD/TIPP January economic optimism index dropped to 44.7 from 48.4 however, following forecasts for 48.3.

Tonight in the **US**, December CPI is keenly anticipated, together with the Federal Reserve’s district-by-district economic roundup ‘beige book’ report.

The December budget statement and weekly mortgage applications are also expected tonight.

Pre-Open Announcements

Zoono Group (ZNO)

Pleading ignorance in response to an ASX price query. ZNO traded as high as 49c yesterday before settling at 46c, 16.46% higher for the session.

ZNO closed out 2021 at 37.5c.

Credit Clear (CCR)

~2.95M shares will be released from voluntary escrow 19 January (Wednesday next week).

Resources

iTech Minerals (ITM)

Analysis of resampling of historical drilling within the South Australia Eyre Peninsula Ethiopia prospect has delivered further significant total rare earths (TREO) intersections.

Assays lodged pre-trade.

QMinerals Ltd (QML)

~9.86M shares will be released from escrow 18 January (Tuesday next week).

Trading Halts

Company	Code	Resuming
Castle Minerals	CDT	12 Jan
Emerald Resources	EMR	12 Jan
PVW Resources	PVW	12 Jan
Elsight Ltd	ELS	13 Jan
Liontown Resources	LTR	13 Jan
OZZ Resources	OZZ	13 Jan
Rent.com.au Ltd	RNT	13 Jan

Suspensions *(selected)*

Company	Code	Since
IRIS Metals	IR1	10 Jan
Xantippe Resources	XTC	11 Jan
Zenith Minerals	ZNC	11 Jan



A 10-year US note auction is also scheduled.

Elsewhere, Germany reports December wholesale prices. Germany also hosts a 30-year bond auction.

Companies listed to report earnings or provide trading updates later today or tonight include Infosys and Wipro.

In overnight corporate news, Pfizer Covid-19 vaccine co-developer **BioNTech** revealed it anticipated €17B worth of vaccine revenue this year.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1818.5	oz	19.7	1.1
Silver (NY) (Mar)	22.75	oz	0.29	1.3
Gold (LON) (10 Jan)	1794	oz		
Platinum	971	oz	33	3.5
WTI Crude (NYMEX Feb)	81.22	bbbl	2.99	3.8
Brent Crude (ICE EUR Mar)	83.72	bbbl	2.85	3.5
Iron Ore (NYMEX CHN port;62%Fe)	126.75	t	2.27	1.8
Copper (LME 3mth Evening) (10 Jan)	9564	t		
Nickel	20797	t		
Aluminium	2931	t		
Lead	2276	t		
Zinc	3475	t		
Tin	39918	t		

Commodities Commentary

Oil – a weaker \$US, supply and demand considerations and Federal Reserve expectations of only ‘short-lived’ domestic economic impacts from the recent Covid-19 surge helped push prices decidedly higher overnight.

Libya announced the suspension of exports from the Es Sider terminal.

In addition overnight, US government agency the EIA published a short-term energy outlook report which included a prediction the US would be producing 12.41MMbbl/d of crude in 2023, but that 2022 output was likely to be lower than initially forecast.

Further, reports anticipated OPEC supply during 2022 could undershoot demand growth.

Meanwhile, Iraq was reported to be planning to lift daily production by up to 250,000bbl to as much as 3.45MMbbl/d during the June quarter.

Earlier yesterday, China’s CNOOC was reported to be targeting 600MMboe – 610MMboe of output for 2022.

Chevron in the meantime revealed production had resumed as usual from the Tengizchevroil Tengiz oilfield operation, Kazakhstan.

A US weekly petroleum inventories report is due tonight from the EIA.

Overnight, post-US trade, the American Petroleum Institute released a report which included an estimated 1.077MMbbl draw on crude stocks last week.

Gold – a weaker \$US (ICE \$US index -~0.4%) and a retreat (to ~1.748%) for US 10-year bond yields supported overnight gold prices.

Parliamentary testimony by US Federal Reserve chair Jerome



Powell overnight, during his confirmation hearing, offered no new indication of the likely timing of any interest rate increases, but confirmed FOMC monetary policy tightening, including expectations of rate rises by the end of the year.

Base metals – overnight LME trade was impacted by a five-hour outage, but sentiment in general was supported by a weaker \$US.

China's December producer prices and CPI, due today, could influence some of tonight's trade sentiment.

China is also expected to report December trade statistics this week. Hence, some caution is anticipated from as early as tonight's trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7211	0.0024	0.34
EUR – USD	1.1368	0.0028	0.24

Australian Data Today

ABS	Job vacancies	Nov
RBA	Card transactions	Dec

US Data Tonight

CPI	Dec
Fed Reserve beige book	Jan
Budget statement	Dec
MBA mortgage applications	7 Jan

Other Overseas Data Today & Tonight

China	CPI	Dec
China	PPI	Dec
Japan	Tankan indices	Jan
Japan	Bank lending	Dec
Japan	Eco watchers survey (4pm AEDT)	Dec
Germany	Wholesale prices	Dec
Euro zone	Industrial production	Nov

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