

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	7061	42	<b>0.6</b>
<b>NZX 50</b>	11882	-17	<b>-0.1</b>
<b>DJIA Futures</b>	29524	1	0.0
<b>S&amp;P 500 Futures</b>	3381	0	0.0
<b>NASDAQ Futures</b>	9624	-2	0.0

## Local Markets Commentary

The Australian market commences today's trade with another major domestic bank providing a trading update, a further swag of high-profile domestic stocks reporting earnings, and forum discussion comments expected from the Reserve Bank of Australia (RBA) governor late-morning.

**RBA** governor Philip Lowe is scheduled to join a panel discussion at the Australia-Canada Economic Leadership forum, **11.15am** AEDT.

Also today, a monthly **consumer inflation** expectations report is due from the Melbourne Institute, 11am.

Meanwhile, another batch of large-cap stocks, including **AMP, BRG, GMG, NCM, TLS, TWE** and **WPL**, reports earnings today.

In addition, **DDR, IGO** and **SCG** trade ex-dividend.

In overnight commodities trade, **oil** rallied, recording a second consecutive higher settlement for both WTI and Brent crude.

US **gold** futures (CME April) turned to settle slightly higher.

**Iron ore** (Nymex CFR China, 62% Fe) extended Tuesday's rally.

LME (3mth evening) **copper** and **nickel** continued to gain.

**Aluminium** swung to settle slightly lower.

The **\$A** appreciated to ~US67.35c after trading at US67.25c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	29551	275	<b>0.9</b>
<b>S&amp;P 500</b>	3379	22	<b>0.7</b>
<b>NASDAQ</b>	9726	87	<b>0.9</b>
<b>FTSE 100</b>	7534	35	<b>0.5</b>
<b>DAX 30</b>	13750	122	<b>0.9</b>
<b>Shanghai Comp</b>	2927	25	<b>0.9</b>

## Overseas Markets Commentary

Major European and US equities markets mostly opened higher overnight, US indices convincingly so and ultimately dragging key European indices to close at or near session highs.

US Federal Reserve chairman Jerome Powell again promoted the health and likely ongoing buoyancy of the US economy, this time to a Senate banking committee.

However, he was more definitive regarding coronavirus views on his second day of parliamentary testimony.

**RBA** governor Philip Lowe is scheduled to join an Australia-Canada Economic Leadership forum panel discussion **11.15am** AEDT

## Today's Stock Watch

### National Australia Bank (NAB)

Unaudited \$1.70B December quarter NPAT. \$1.65B cash profit, up 1.0% for the three months. 10.6% CET1, up 0.2%.

### AMP Ltd (AMP)

\$2.47B full year net loss, against a \$28M profit a year ago. 186% higher, \$23.72B income. Nil final dividend.

Mike Wilkins is retiring as an AMP director, effective tomorrow.

Michael Sammells has been appointed a non-executive AMP director, effective 1 March.

### Telstra Corporation (TLS)

Conceding that a draft of the CEO's comments regarding interim results may have become public earlier than intended.

7.6% lower, \$1.14B interim NPAT. 2.8% lower, \$13.41B income. 5c interim and 3c special dividends, each fully franked.

### Breville Group (BRG)

14.1% higher, \$A49.67M interim NPAT. 25.4% higher, \$A552.03M revenue. 20.5c, 60%-franked interim dividend, against 18.5c 60%-franked.

### Goodman Group (GMG)

12.8% lower, \$810.6M interim NPAT. 22.55 lower, \$1.39B income. Flat, 15c interim distribution.

### AGL Energy (AGL)

11.4% higher, \$A323M interim NPAT. 0.4% lower, \$A6.31B revenue. 47c, 80%-franked interim dividend, against 55c (80%).

## Resources

### Newcrest Mining (NCM)

Flat, \$US236M interim NPAT. 3% higher, \$US1.79B revenue. US7.5c fully franked interim dividend.

### South32 Ltd (S32)

84% lower, \$US99M interim NPAT. 16% lower, \$US3.22B revenue. US1.1c fully franked interim and special dividends.

### Rio Tinto (RIO)

Conducting a strategic review of the ISAL smelter, Iceland, due to uncompetitive energy costs and low aluminium prices.

RIO is targeting an economically viable business, but concedes closure is one option, as the operation remains unprofitable even after cutting output to 85% of the facility's capacity.

## Energy

### Woodside Petroleum (WPL)

74.9% lower, \$US343M full year NPAT. 7.0% lower, \$US4.87B revenue. US55c fully franked final dividend, against US91c.



Mr Powell stated he expected some US economic slowing due to the virus, and that economic indicators would start to point to this 'soon'.

He warned against national debt, and bemoaned workplace participation, associating lower-than-optimal levels to lack of education achievement.

In overnight data releases, **euro zone** December industrial production dropped 2.1% for the month and 4.1% year-on-year.

A 10-year bond auction in **Germany** returned -0.38% yields against -0.25%.

The spread of the coronavirus (named COVID-19 Tuesday) remained in focus, but China's daily reporting of fewer new cases appeared to boost some sentiment.

In the **US**, a 10-year treasury auction pushed yields to 1.622% from 1.869%, after Mr Powell confirmed QE was on the table in the event of a new significant economic slowing.

A January US budget statement in the meantime placed the month's deficit at \$US33B, against a \$US13.3B December shortfall.

Weekly mortgage applications rose 1.1% following the previous week's 5% gain, as 30-year mortgage rates grew by 0.1% to 3.72%.

**Tonight** in the **US**, a January CPI reading and weekly new unemployment claims are due.

Elsewhere, **Germany** reports a final CPI reading for January and the European Commission releases its latest economic forecasts for the European Union.

Companies scheduled to report **earnings** include: Airbus, Alibaba, American International Group, Barclays, CBS, Commerzbank, Credit Suisse, Duke Energy, Kraft Heinz, Linde, Mattel, Nestlé, Nissan, Nvidia, Pepsico, Sapporo, Seiko and Tullow Oil.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1571.6</b>	oz	1.5	<b>0.1</b>
<b>Silver (NY) (Mar)</b>	<b>17.497</b>	oz	-0.10	<b>-0.6</b>
<b>Gold (LON) (11 Feb)</b>	<b>1571</b>	oz		
<b>Platinum</b>	<b>961</b>	oz	-9	<b>-0.9</b>
<b>WTI Crude (Mar)</b>	<b>51.17</b>	bbl	1.23	<b>2.5</b>
<b>Brent Crude (Apr)</b>	<b>55.79</b>	bbl	1.78	<b>3.3</b>
<b>Iron Ore (NYMEX,CHN,62%)</b>	<b>84.47</b>	t	1.11	<b>1.3</b>
<b>Copper (LME,3mth,PM)</b>	<b>5762</b>	t	36	<b>0.6</b>
<b>Nickel</b>	<b>13160</b>	t	55	<b>0.4</b>
<b>Aluminium</b>	<b>1734</b>	t	-2	<b>-0.1</b>
<b>Lead</b>	<b>1849</b>	t	0	<b>0.0</b>
<b>Zinc</b>	<b>2152</b>	t	-4	<b>-0.2</b>
<b>Tin</b>	<b>16570</b>	t	95	<b>0.6</b>

### Commodities Commentary

**Oil** – prices fluctuated overnight on coronavirus and US data and commentary, China reporting a second consecutive day of fewer new detected cases of the virus.

OPEC's monthly oil market report, published overnight, cited the coronavirus outbreak in reducing the organisation's 2020 international crude demand growth prediction by 230,000bbl/d, to 990,000bbl/d.

## Pre-Open Announcements

### ASX Ltd (\* ASX)

1.8% higher, \$250.4M interim NPAT.

0.9% higher, \$546.1M revenue.

\$1.164 fully franked interim dividend.

\$6.29 NTA, against \$7.41.

### Treasury Wine Estates (\* TWE)

Confirming CEO Michael Clarke's TWE retirement as from 1 July.

Consequently, incoming CEO Tim Ford will be TWE CEO for the full financial year commencing 1 July.

Post-trade yesterday, TWE reported 0.9% lower, \$211.4M interim NPAT, and 0.9% higher, \$1.55B ordinary activities revenue.

Paying a 20c fully franked final dividend, up 11.1% (2c).

\$3.50 NTA, against \$3.33. \$335.6M cash and equivalents.

### Sky City Entertainment (\* SKC)

\$NZ328M interim NPAT, up 296%.

53% higher, \$NZ721.7M revenue.

NZ10c, 3.89c-franked interim dividend.

### Magellan Financial Group (\* MFG)

12.8% higher, \$195.68M interim net profit.

32.1% higher, \$364.19M revenue.

92.9c, 69.68c-franked interim dividend, against 73.8c, 55.35c-franked.

### IPH Ltd (\* IPH)

12.4% higher, \$27.17M interim NPAT. 43.9% higher, \$179.83M revenue

13.5c fully-franked interim dividend, against 12c, 50%-franked.

### Synlait Milk (P SM1)

Anticipating \$NZ26.5M - \$NZ28.5M interim NPAT, against \$NZ37.3M a year ago.

Full year NPAT is expected to come in at \$70M - \$85M.

A teleconference was scheduled to commence 8am AEDT.

### The a2 Milk Company (\* A2M)

In light of SM1's results, confirming A2M business performance remains 'strong'.

Planning to lodge interim results 27 February.

### Pro Medicus (\* PME)

32.7% higher, \$A12.05M interim NPAT.

15.7% higher, \$A29.29M revenue.

6c fully franked interim dividend, against fully-franked 3.5c interim plus 2.5c special dividends a year ago.

### Vmoto Ltd (\* VMT)

VMT's Nanjing, China manufacturing facility is operational, following the Lunar New Year holiday period and regulatory health checks.



A weekly **US** petroleum inventories report from government agency the EIA, also released overnight, included a 7.46MMbbl rise in stored crude, and 95,000bbl draw on petrol stocks.

Crude imports rose by 806,000bbl.

Meanwhile, WTI crude traded as high as \$US51.73/bbl.

The International Energy Agency's (IEA) February report is expected tonight.

**Gold** – prices continued lower early, but recovered, seemingly on US Federal Reserve chair Jerome Powell's declaration that the Fed would utilise QE measures in the event of a significant economic slowdown.

Tonight's US CPI reading will be influential if notably different from the trend.

In the meantime, a Commerzbank analyst pointed out physical gold buying was expected to pick up in China and Hong Kong, once more people are out and about regularly.

**Base metals** – yesterday, Rio Tinto (ASX: RIO) revealed coronavirus-related regulations had slowed Mongolia Oyu Tolgoi project *copper* concentrate transport over the Mongolia-China border.

Late Tuesday, the World Health Organisation (WHO) had warned the new coronavirus, named **COVID-19**, constituted a 'very grave threat'.

A key China medical adviser and epidemiologist ventured the virus spread could end perhaps by the end of April.

Rio Tinto also revealed it was considering further reducing output at an Iceland aluminium smelter, or even shuttering the facility, pending the outcomes of a new review.

In fresh data, post-ASX trade yesterday, **Japan** reported a 35.6% slide in January machine tool orders following a 33.5% December drop.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.6734	-0.0003	-0.04
<b>EUR – USD</b>	1.0874	0.0001	0.01

### Australian Data Today

Melbourne Institute	Inflation expectations	Feb
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### US Data Tonight

CPI	Jan
Initial jobless claims	8 Feb

### Other Overseas Data Today & Tonight

<b>China</b>	Vehicle sales (5pm AEDT)	Jan
China	Foreign direct investment (6pm AEDT)	Jan
<b>Japan</b>	Producer prices	Jan
<b>Germany</b>	CPI (final)	Jan
<b>Euro zone</b>	EC forecasts	Feb

No FY 2020 operational or business planning impacts anticipated.

### oOh!media Ltd (OML)

OML company secretary Melissa Jones has resigned, effective yesterday, in favour of parental leave.

Maria Polczynski remains as OML company secretary.

OML has traded lower the past three sessions, settling at \$3.08 yesterday after closing out last week at \$3.20.

### PYC Therapeutics (PYC)

PYC has appointed Doug Huey as CEO and as a PYC director

Mr Huey is a former McKinsey & Co partner.

Mr Huey will set up a PYC office in Boston, Massachusetts, US.

### Vonex Ltd (VN8)

VN8 recouped 10% yesterday, after completing sufficiently positive due diligence to agree to acquire Queensland-headquartered telecommunications and data wholesaler 2SG Wholesale.

In addition, 2SG co-founder and i-Seek Communications founder, CEO and MD Jason Gomersall will become a VN8 non-executive director.

VN8 expects the purchase will boost annualised recurring revenue (ARR) to ~\$14M.

Completion anticipated 28 February.

### Emerald Clinics (EMD)

Cannabinoid treatment-focused medical clinics network developer completed its ASX listing yesterday, following a \$6M IPO at 20c per share.

Opened at 14.5c and traded at 13c – 15.5c before settling back at 14.5c.

5.14M shares were traded across 240 transactions.

83.81M quoted shares.

### Resources

#### AngloGold Ashanti (\* AGG)

Expecting possible flat full year basic earnings, and perhaps up to a \$US26M basic loss. This, against a basic \$US133M profit for 2018.

The ultimate 2019 result, to be lodged with the JSE 21 February, will include a \$US385M impairment on the sale of the balance of the company's producing assets in South Africa.

AGG is selling these assets to Harmony Gold Mining Company for ~\$US300M in cash and deferred payments.

\$US200M will be payable on transaction close, likely ~30 June at the earliest.

#### Castile Resources (\* CST) / Westgold Resources (WGX)

Northern Territory-focused multi-minerals explorer and WGX spinoff scheduled to list on the ASX 1pm AEDT **tomorrow** following a \$19.97M IPO at 20c per share.

199.69M quoted shares.

CST's non-executive chairman is WGX MD Peter Cook.

**Need More Information?**

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au)

**Pensana Rare Earths Plc (PM8)**

The former Pensana Metals Ltd commenced ASX trade yesterday as Pensana Rare Earths Plc, following a scheme whereby the company moved to the UK.

Opened at 20c and traded at 18.5c – 20.5c before settling at 19c.

831,660 shares/CDIs changed hands across 40 transactions.

152.97M quoted shares/CDIs.

**Energy****88 Energy (88E)**

Expecting to commence drilling the Alaska North Slope Charlie-1 appraisal well before month's end.

All permits, including a drill permit are in hand.

**Trading Halts**

Company	Code	Resuming
Corazon Mining	CZN	13 Feb
Pursuit Minerals	PUR	13 Feb
Comet Resources	CRL	14 Feb
Liontown Resources	LTR	14 Feb
Netlinkz Ltd	NET	14 Feb
Noxopharm Ltd	NOX	14 Feb

**Suspensions *(select)***

Company	Code	Since
AuStar Gold	AUL	20 Jan
Dacian Gold	DCN	3 Feb
Fiji Kava	FIJ	11 Feb
Gulf Manganese Corporation	GMC	10 Feb
Identitii Ltd	ID8	5 Feb
Integrated Green Energy Solutions	IGE	20 Jan
Matador Mining	MZZ	5 Feb
Speedcast International	SDA	5 Feb
Ziptel Ltd	ZIP	28 Jan

**Ex-Dividends**

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>DDR</b>	Today	<b>13</b>	100	3.03
<b>IGO</b>	Today	<b>6</b>	0	1.72
<b>PL8</b>	Today	<b>0.5</b>	100	5.00
<b>QMS</b>	Today	<b>1.3</b>	100	1.78
<b>SCG</b>	Today	<b>11.3</b>	0	5.74
ARG	Tomorrow	16	100	3.64
GUD	Tomorrow	25	100	4.42
JHG	Mon	53.58	0	5.16
SUN	Wed	26	100	5.64
JBH	Thu (20 Feb)	99	100	3.34
KOV	Thu	15	100	4.78



MFD Fri 7.71 100 8.08

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**Reports & Events**

(selected)

When	Company	Report/Event
<b>Today</b>	<b>AGL</b>	Interim
	<b>AMP</b>	Full year
	<b>ASX</b>	Interim
	<b>BRG</b>	Interim
	<b>GMG</b>	Interim
	<b>MFG</b>	Interim
	<b>NAB</b>	Dec Q
	<b>NGI</b>	Interim (teleconf 10am)
	<b>NCM</b>	Interim
	<b>PME</b>	Interim
	<b>S32</b>	Interim
	<b>SKC</b>	Interim (teleconf 10am)
	<b>TLS</b>	Interim
<b>WPL</b>	Interim	
<b>Tomorrow</b>	BBN	Interim (teleconf 9.15am)
	CCX	Interim
	IPH	Interim
	MSB	Interim
	PXS	Interim
	SFC	Interim
<b>Mon</b>	ALU	Interim (post-ASX trade; tele 5pm AEDT)
	BEN	Interim (teleconf 10am)
	BXB	Interim
	GWA	Interim
	IMD	Interim
	QBE	Full year