

## Markets

|                                      |       |    |            |
|--------------------------------------|-------|----|------------|
| <b>SFE 200 Futures</b> (9.30am AEST) | 6708  | 17 | <b>0.3</b> |
| <b>NZX 50</b>                        | 10846 | 10 | <b>0.1</b> |
| <b>DJIA Futures</b>                  | 27767 | 6  | 0.0        |
| <b>S&amp;P 500 Futures</b>           | 3096  | 1  | 0.0        |
| <b>NASDAQ Futures</b>                | 8270  | 5  | 0.1        |

## Local Markets Commentary

The Australian market commences today's trade ahead of influential data releases for Australia, China and Japan, with a major domestic bank trading ex-dividend, another batch of high-profile domestic stocks hosting AGMs and providing updates, and material data releases due in the UK and euro zone tonight.

**China** is expected to report October **industrial production** and **retail sales**, and January – October **fixed asset investment 1pm AEDT**.

**Japan's** September quarter **GDP** is due **10.50am AEDT**.

**Locally** today, the Australian Bureau of Statistics reports **October employment** statistics **11.30am AEDT**.

The Melbourne Institute is due to publish a monthly consumer inflation expectations report 11am.

Reserve Bank of Australia (**RBA**) assistant governor (financial markets) Michele Bullock is a panel participant at an Association of Superannuation Funds of Australia event in Melbourne from 9.50am AEDT.

Stocks trading ex-dividend today include **NAB** and **SFR**. Please see p3 for a detailed ex-dividend list.

In overnight commodities trade, **oil** and US **gold** futures (December) swung higher.

**Iron ore** (Nymex CFR China, 62% Fe) slipped US10c/t to below \$US81.30/t again.

LME **copper** and other key base metals settled lower, **nickel** decidedly so again.

The **\$A** appreciated to ~US68.40c after dropping below US68.35c early yesterday evening.

## Overseas Markets

| INDEX                | CLOSE | +/- | %           |
|----------------------|-------|-----|-------------|
| <b>Dow Jones</b>     | 27784 | 92  | <b>0.3</b>  |
| <b>S&amp;P 500</b>   | 3094  | 2   | <b>0.1</b>  |
| <b>NASDAQ</b>        | 8482  | -4  | <b>-0.1</b> |
| <b>FTSE 100</b>      | 7351  | -14 | <b>-0.2</b> |
| <b>DAX 30</b>        | 13230 | -53 | <b>-0.4</b> |
| <b>Shanghai Comp</b> | 2905  | -10 | <b>-0.3</b> |

## Overseas Markets Commentary

Overnight trade across major European and US equities markets highlighted investment jitters.

|  |
|--|
| <b>Australia</b> – October employment - <b>11.30am AEDT</b>                                  |
| <b>China</b> – industrial production, fixed asset investment, retail sales – <b>1pm AEDT</b> |
| <b>Japan</b> – September quarter GDP – <b>10.50am AEDT</b>                                   |

## Today's Stock Watch

### GrainCorp Ltd (GNC)

\$113.0M full year net loss, following a \$71M net profit a year ago. 14.0% higher, \$4.45B revenue.

Nil final dividend. \$5.62 NTA.

### Webster Ltd (WBA)

\$A9.11M full year net loss, following a \$27.09M net profit a year ago. 27.5% lower \$153.996M revenue.

Nil final dividend, after paying a 3c final dividend last year. \$1.25 NTA (incl water rights), against \$1.31.

Anticipating 2020 will also prove challenging.

### GDI Property Group (GDI)

Call option secured to acquire 17 metropolitan Perth, WA car dealership and service centre properties for a combined \$98M.

Details, including regarding an associated trust, lodged this morning.

### Medibank Private (MPL)

Today's AGM materials lodged pre-trade.

### G8 Education (GEM)

Selling 25 centres in Western Australia, for a combined ~\$6.4M, to Sparrow Early Learning. Investor day today.

### Emeco Holdings (EHL)

Anticipating \$118M - \$120M 1H FY 2020 operating EBITDA, and additional growth during 2H. AGM today.

### Immutep Ltd (IMM)

European patent in hand for the use of IMM's LAG525 in treating cancer and infectious diseases.

### Althea Group (AGH)

UK Care Quality Commission licence granted for AGH's MyAccess Clinics' Bristol medicinal cannabis clinic.

## Resources

### BHP Billiton (BHP)

BHP has appointed BHP operations minerals Australia president Mike Henry to succeed Andrew MacKenzie as CEO and executive director, effective 1 January 2020.

### Pilbara Minerals (PLS)

Heralding improved recoveries following Pilgangoora lithium-tantalum processing facility modifications.

Sentiment had soured early, but picked up during US trade, before taking a hit, and then largely recovering.

A media report released during second-half US trade suggested **China** was not wanting to commit to some detail within **US** demands for the initial trade accord, these including in relation to technology transfers, agricultural purchases and proposed compliance procedures.

The report also backed up last week's statement out of China that a co-ordinated US and China withdrawal of import taxes was favoured by China.

Over the past several days the US president had asserted he was not yet ready to pull back on import taxes on goods from China, and on Monday (evening AEDT) stated he would increase tariffs should a phase one deal not be agreed.

Together, the new report and statements appeared to temporarily slash optimism for near-term progress.

In the meantime, **Federal Reserve** chair Jerome Powell told a US Congress joint economic committee that negative interest rates were not appropriate for the US economy while inflation remained steady and the labour market relatively strong, with overall growth continuing.

He also suggested rates were likely to remain steady in the near-term, barring any significant change in economic outlook.

Mr Powell declined to comment on government policy, be it tax or trade positions, stating these were not in the Fed's 'lane'.

Also overnight, investors faced plenty of commentary regarding the US president impeachment inquiry, as hearings went public, and digested some mixed international economic indicators, ahead of key data due out of China and Japan today.

Overnight **data** releases included **euro zone** September industrial production, which rose 0.1% after a 0.4% improvement in August.

Against September 2018, output had declined 1.7%.

**Germany's** final October CPI reading of 0.1% growth followed a flat September. Year-on-year, the CPI grew 1.1%.

In the meantime, a German government 10-year bond auction produced a -0.29% yield against the previous -0.41%.

In the **UK**, 0.2% deflation was estimated for October against 0.1% September growth. Year-on-year October CPI growth came in at 1.5%.

In the **US**, October CPI grew 0.4% for the month, and 1.8% year-on-year, following no rise for September.

Weekly mortgage applications jumped 9.6% despite mean 30-year mortgage rates rising to 4.03% from 3.98%.

An October budget statement included a \$US134B deficit, against an \$US83B surplus for September.

**Tonight** in the **US**, **Federal Reserve** chair Jerome meets with the House of Representatives budget committee.

Among data releases, producer prices and weekly new unemployment claims are due.

Elsewhere, material economic indicators are due for the euro zone, Germany and the UK.

Companies scheduled to report earnings or provide trading updates later today and tonight include: Burberry, China Life Insurance, Daewoo Engineering, Daewoo Shipbuilding, Dentsu, Hyundai Robotics, Korea Zinc, LG Corp, Lloyds Banking Group,

## Pre-Open Announcements

### DroneShield Ltd (\* DRO)

Launching DroneSentry-X, a vehicle-mounted drone detection and defeat device.

Available now, but not yet approved for sale or lease in the US.

### Catapult Group International (\* CAT)

CAT has appointed former Australian Broadcasting Corporation MD Michelle Guthrie as an independent non-executive director.

In addition, as planned, Shaun Holthouse has concluded his executive responsibilities and will return to being a CAT non-executive director.

Director Calvin Ng is planning to retire from the CAT board at the conclusion of CAT's AGM.

### Phylogica Ltd (\* PYC)

PYC has outlaid \$15M to increase its holding in PYC-Lions Eye Institute JV Vision Pharma to 90%.

Lions Eye Institute holds a right to increase its interest to 15%.

### Auckland International Airport (AIA)

Total passenger numbers grew 0.8% year-on-year during September. For the financial year-to-date, passenger numbers were 0.4% higher.

Additional statistics lodged this morning.

### VGI Partners Asian Investments (\* VG8)

Investment company completed its ASX listing yesterday, following a \$556.55M IPO at \$2.50 per share.

Opened at \$2.33 and traded as low as \$2.28 before settling at \$2.32. 2.38M shares changed hands across 302 transactions.

222.62M quoted shares.

## Resources

### Chalice Gold Mines (\* CHN)

Victoria Pyramid Hill gold project Ironbark target air-core drilling assays lodged this morning.

## Trading Halts

| Company                               | Code | Resuming |
|---------------------------------------|------|----------|
| Collaborate Corporation               | CL8  | 14 Nov   |
| Jayride Group                         | JAY  | 14 Nov   |
| Azure Healthcare                      | AZV  | 15 Nov   |
| Byron Energy                          | BYE  | 15 Nov   |
| Digital Wine Ventures                 | DW8  | 15 Nov   |
| Fitzroy River Corporation             | FZR  | 15 Nov   |
| Proteomics International Laboratories | PIQ  | 15 Nov   |
| Royalco Resources                     | RCO  | 15 Nov   |
| Talga Resources                       | TLG  | 15 Nov   |
| TAO Commodities                       | TAO  | 15 Nov   |



Merck, Nvidia, Sumitomo Mitsui, Walmart and Weibo.

GlaxoSmithKline, Sainsbury and Royal Dutch Shell trade ex-dividend on the FTSE 100.

### Commodities

| COMMODITY                       | CLOSE         | \$US/ | +/-   | %           |
|---------------------------------|---------------|-------|-------|-------------|
| <b>Gold (NY) (Dec)</b>          | <b>1463.3</b> | oz    | 9.6   | <b>0.7</b>  |
| <b>Silver (NY) (Dec)</b>        | 16.913        | oz    | 0.221 | <b>1.3</b>  |
| <b>Gold (LON)</b>               | 1452          | oz    |       |             |
| <b>Platinum</b>                 | 874           | oz    | 7     | <b>0.8</b>  |
| <b>WTI Crude (Dec)</b>          | <b>57.12</b>  | bbl   | 0.32  | <b>0.6</b>  |
| <b>Brent Crude (Jan)</b>        | <b>62.37</b>  | bbl   | 0.31  | <b>0.5</b>  |
| <b>Iron Ore (NYMEX,CHN,62%)</b> | 81.26         | t     | -0.1  | <b>-0.1</b> |
| <b>Copper (LME,3mth,PM)</b>     | <b>5836</b>   | t     | -14   | <b>-0.3</b> |
| <b>Nickel</b>                   | 15400         | t     | -245  | <b>-1.6</b> |
| <b>Aluminium</b>                | 1767          | t     | -14   | <b>-0.8</b> |
| <b>Lead</b>                     | 2042          | t     | -17   | <b>-0.8</b> |
| <b>Zinc</b>                     | 2428          | t     | -45   | <b>-1.8</b> |
| <b>Tin</b>                      | 16070         | t     | -270  | <b>-1.7</b> |

### Commodities Commentary

**Oil** – overnight, OPEC’s secretary general Mohammad Barkindo appeared keen to talk up the chances of a US-China trade deal and also to promote the organisation’s view that an international recession did not seem likely.

OPEC’s outlook for 2020 included a potential market upside, in part due to slowing shale production, Mr Barkindo added.

Prices were also supported by US economic growth comments from US Federal Reserve chair Jerome Powell.

In the meantime, US government agency the EIA raised its forecast 2019 and 2020 domestic oil output, by a daily 30,000bbl to 12.29MMbbl/d, and a daily 1MMbbl to 13.29MMbbl/d respectively.

In addition to predicting new output records over the next two years, the EIA also boosted its 2019 domestic demand forecasts for petroleum products.

October US oil production was estimated at a record 13MMbbl/d.

The EIA will report weekly US petroleum inventories tonight.

A media survey, released overnight, calculated a likely 1.6MMbbl rise for stored crude.

**Gold** – the first higher settlement in five sessions for Comex futures was attributed overnight some safe-haven buying, in part this put down to increased hesitancy regarding a US-China trade solution and subsequent, temporary, intra-session falls for the \$US and bond yields.

Material international data releases from today through tonight are expected to influence at least some of tonight’s general sentiment.

**Base metals** – a general fall in overnight trade sentiment was mostly attributed to reduced optimism regarding any near-term China-US trade accord.

In addition, Chinese metals research firm Antaika predicted consumption of *aluminium* in China would fall for 2019, representing the first annual fall in ~30 years, in part due to

### Suspensions *(select)*

| Company                     | Code | Since  |
|-----------------------------|------|--------|
| Alexium International Group | AJX  | 31 Oct |
| CFOAM Ltd                   | CFO  | 12 Nov |
| Creso Pharma                | CPH  | 5 Nov  |
| dorsaVi Ltd                 | DVL  | 11 Nov |
| Invigor Group               | IVO  | 30 Oct |
| Micro-X Ltd                 | MX1  | 6 Nov  |
| OBJ Ltd                     | OBJ  | 5 Nov  |
| Panoramic Resources         | PAN  | 13 Nov |
| UltraCharge Ltd             | UTR  | 21 Oct |
| Vanadium Resources          | VR8  | 30 Oct |

### Ex-Dividends

| Code       | Ex-Div   | Div (c)    | Franking (%) | Yield (%) |
|------------|----------|------------|--------------|-----------|
| <b>ACQ</b> | Today    | <b>3.5</b> | 100          | 2.73      |
| <b>NAB</b> | Today    | <b>83</b>  | 100          | 2.88      |
| <b>PL8</b> | Today    | <b>0.5</b> | 100          | 5.05      |
| <b>RTE</b> | Today    | <b>0.5</b> | 0            | 0.00      |
| <b>SFR</b> | Today    | <b>16</b>  | 100          | 1.16      |
| CVF        | Tomorrow | 0.46       | 100          | 7.11      |
| EPW        | Tomorrow | 8.5        | 100          | 3.73      |
| JHX        | Tomorrow | 11.6       | 0            | 1.42      |
| SOL        | Tomorrow | 34         | 100          | 2.51      |
| ALF        | Mon      | 2.5        | 50           | 2.00      |
| ELD        | Mon      | 9          | 100          | 2.69      |

### Reports & Events

*(select)*

| When         | Company         | Report/Event |
|--------------|-----------------|--------------|
| <b>Today</b> | <b>ALC</b>      | AGM          |
|              | <b>ANN</b>      | AGM          |
|              | <b>BD1</b>      | AGM          |
|              | <b>CNI</b>      | AGM          |
|              | <b>EHL</b>      | AGM          |
|              | <b>GEM</b>      | Investor day |
|              | <b>GNC</b>      | Full year    |
|              | <b>MPL</b>      | AGM          |
|              | <b>NEA</b>      | AGM          |
|              | <b>NST</b>      | AGM          |
|              | <b>RHC</b>      | AGM          |
|              | <b>SGM</b>      | AGM          |
|              | <b>VCX</b>      | AGM          |
|              | <b>WES</b>      | AGM          |
|              | <b>Tomorrow</b> | ABP          |
| CCL          |                 | Investor day |
| LNK          |                 | AGM          |



lower domestic demand.

In *lead* news, Glencore confirmed the permanent closure by year's end of the New Brunswick, Canada lead smelter, due to 'uneconomic' conditions.

In Indonesia, prices charged by domestic *nickel* smelters were confirmed as officially under investigation.

Private warehousing of increased refined *zinc* output in China was the focus of another report speculating on potential supply-demand scenarios.

**China's** October industrial production, retail sales and January – October fixed asset investment, due today, are expected to influence at least some of tonight's trade.

Yesterday, Japan reported a 1.1% increase in October producer prices following no change in September. October prices were 0.4% lower than for October 2018.

### Exchange Rates

| CURRENCIES       | LAST   | +/-    | %    |
|------------------|--------|--------|------|
| <b>AUD – USD</b> | 0.6837 | 0.0000 | 0.00 |
| <b>EUR – USD</b> | 1.1007 | 0.0000 | 0.00 |

### Australian Data Today

|          |  |     |
|----------|--|-----|
| ABS      | Employment (incl wages growth, new jobs) | Oct |
| MelbInst | Consumer inflation expectations          | Nov |

### US Data Tonight

|                        |       |
|------------------------|-------|
| PPI                    | Oct   |
| Initial jobless claims | 9 Nov |

### Other Overseas Data Today & Tonight

|                  |                         |         |
|------------------|-------------------------|---------|
| <b>China</b>     | Industrial production   | Oct     |
| China            | Fixed asset investment  | Jan-Oct |
| China            | Retail sales            | Oct     |
| <b>Japan</b>     | GDP                     | Sep Q   |
| Japan            | Tertiary industry index | Sep     |
| <b>UK</b>        | Retail sales            | Oct     |
| <b>Germany</b>   | GDP (initial)           | Sep Q   |
| <b>Euro zone</b> | GDP (final)             | Sep Q   |
| Euro zone        | Employment              | Sep Q   |

### 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)

|            |     |     |
|------------|-----|-----|
| <b>Mon</b> | LIC | AGM |
|            | NAN | AGM |
|            | NML | AGM |
|            | SXY | AGM |

### Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This market opener and its contents always remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed, and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.