

Futures Indices (Source: IRESS)

INDEX	CLOSE	+/-	%
E-mini S&P 500 Futures	3097	0	0
E-mini Dow Futures	27746	0	0
E-mini NASDAQ 100 Futures	8268	2.5	0.03
SFE 200 Futures	6761	22	0.33

Local Market Commentary
Trade-talks and growth data dominate overnight trade:

The last 24-hours in financial markets has all been about the trade-war, and global growth. Stock markets traded lower generally, as hopes for a phase-one trade deal between the US and China hang by a thread. Anti-growth assets generally prospered, after a spate of high-impact economic data, overall, renewed concerns about the strength of the global economy.

Australian received its own dose of nasty news, too. Australian jobs data was released and revealed a surprise contraction in jobs growth last month. Forecast to have added around 16k jobs, the economy shed 19k jobs in October. That proved enough to push the unemployment rate up to 5.3 per cent, even despite a drop in the participation rate to 66.0%. The clear signs of increasing slack in the labour market has stoked expectations the RBA will be forced to cut interest rates sooner than previously thought. According to interest rate markets, the next rate cut is more than likely to come in February.

World Indices (Source: IRESS)

INDEX	CLOSE	+/-	%
Dow Jones	27781.96	-1.63	-0.01
S & P 500	3096.63	2.59	0.08
NASDAQ	8479.0171	-3.0836	-0.04
FTSE 100	7292.76	-58.45	-0.8
DAX 30	13180.23	-49.84	-0.38
CAC 40	5901.08	-6.01	-0.1
Milan MIB30	23481.35	-97.08	-0.41
Nikkei	23141.55	-178.32	-0.76
Hang Seng	26323.69	-247.77	-0.93
Hang Seng China Enterprises	10427.38	0	0
Straits Times	3231.85	-7.37	-0.23
Shanghai Composite	2909.8697	4.6288	0.16

Australian Stock Watch

Afterpay Touch Group Ltd (APT): Afterpay Touch shares could bounce following AUSTRAC's report into the buy now, pay later provider, according to Morgan Stanley, which says its release would remove a key concern for investors. The broker assessed three possible outcomes that could arise when the report from the financial intelligence agency is handed down later this month. First, minimum penalties of \$30 million or less are imposed. Or Afterpay receives the maximum penalties of \$42 million for technical breaches. Finally, and most severe, penalties significantly greater than \$42 million are imposed and some sort of intervention follows, reports AFR.

AMP Ltd (AMP): A group of AMP's financial planning practices have separately sought a new avenue of complaint by lodging grievances with the Australian Financial Complaints Authority. This column understands AFCA will consider the concerns of unhappy advisers who were given large loans by AMP to buy their businesses, ahead of terms changing for many under a radical overhaul of the division. Reports The Australian.

Australia and New Zealand Banking Group (ANZ): The heads of National Australia Bank and ANZ will be grilled over a perceived lack of commitment to offloading their troubled wealth management subsidiaries when they front a parliamentary committee hearing today. Shadow assistant treasurer Andrew Leigh, the deputy chairman of the committee, is concerned the major banks are backtracking on their stated goal to "simplify" their business models. "We've had the crisis, we've had the royal commission and now there is an expectation that they will actually become simpler," Dr Leigh told The Australian Financial Review, reports AFR.

Bank of Queensland Ltd, Bendigo and Adelaide Bank Ltd, ING, Macquarie Group Ltd & Suncorp Group Ltd (BOQ, BEN, MQG, ING & SUN): Bank of Queensland, Bendigo and Adelaide Bank, Macquarie, Suncorp and ING risk being swamped with loan applications from low quality borrowers because they are not participating in the "comprehensive credit reporting" regime. Brokers working for some less credit-worthy customers, who might have been late on their credit card bills or other repayments, could hoodwink these banks - and others not participating in the CCR regime - by sending them the riskier credit applications. Credit experts say the lenders would be none the wiser to this problem of adverse selection, given the regime operates under a principle of reciprocity, reports AFR.

BHP Group Ltd (BHP): Incoming BHP chief executive Mike Henry has vowed to double down on the cost cutting and productivity improvements that have helped turbocharge the resource giant's returns. A 16-year BHP veteran who currently heads the group's



Overseas Markets & Gold Commentary

Stock indices, especially those on Wall Street, aren't really showing it yet; however, doubts are building about the prospect of a US-China trade-deal. Again, it would seem that the countries negotiators are hitting a few roadblocks, apparently around the matter of US agricultural purchases, and forced technology transfers.

Several headlines in the last day-or-so attest to the challenges, and that's seen safe-haven assets generally climb. Wall Street stocks are still dancing around all-time highs, with the S&P500 trading practically flat again overnight. But momentum is waning, and there's the niggling fear that the market has moved too quickly in pricing in a trade-deal.

The trade-war wasn't the biggest issue yesterday, though. A spate of economic data was released across the globe, and the net-effect of all the news was renewed concern about the strength of the global economy. Chinese data missed expectations considerably, with softness in industrial production and fixed asset investment pointing to constrained investment in China's economy. Japanese GDP also missed expectations.

German GDP data *did* surprise to the upside, and defied expectations that the German economy entered technical recession last quarter. But the impact of that was, counterintuitively, negative for European equities, as it lowers the chances of German fiscal stimulus.

This combination of growing doubts about trade-talks, along with disappointing economic data, delivered something of an ant-risk feel to trade yesterday. First and foremost, global bond yields retraced considerably: the yield on the benchmark US 10 Year Treasury note fell 6 basis points. Lower global bond yields pushed gold prices 0.5 per cent higher, and off recent lows.

US Retail Sales data is released tonight and will be closely examined for signs that the US consumer remains in a strong spot. Despite signs of weakness in business activity, and a mild slow-down in jobs growth this year, US consumption has been the shining light pointed to as evidence that the US economy remains in a strong spot. Confirmation that this remains true ought to ease investors' fears, while a miss in tonight's data will certainly fan them.

Australian mining operations, Mr Henry is seen as a safe but unsurprising internal choice to replace outgoing Andrew Mackenzie, who will retire at the end of the year after more than six years at the helm, reports AFR.

Bellamy's Australia Ltd (BAL): Frydenberg attaches conditions to FIRB approval for takeover of infant milk formula company. Treasurer Josh Frydenberg has approved a Chinese government-backed \$1.5 billion takeover of infant milk formula group Bellamy's Australia, but with conditions to head off a domestic backlash. Following what the Treasurer said was a unanimous recommendation by the Foreign Investment Review Board (FIRB) that the takeover was not contrary to the national interest, the bid by China Mengnui Dairy Company has been given the green light, reports AFR.

G8 Education Ltd (GEM): Investor confidence in Australia's largest listed childcare operator, G8 Education, has been shattered after a second profit downgrade in three months. G8's shares plunged more than 17 per cent at the close of trading yesterday after chief executive Gary Carroll revealed that occupancy rates were growing by about 1 per cent, and not the 1.5 per cent needed to deliver a previously lowered forecast made in August, reports AFR.

Graincorp Ltd (GNC): GrainCorp has a lot riding on a decision from the competition watchdog after delaying moves to spin off its global malting assets, as its core business suffers through one of the worst droughts in Australia's history. The east coast grain handler has blamed a prolonged inquiry by the Australian Competition and Consumer Commission into the sale of its Australian bulk liquid terminals business for the hold-up in the malt demerger. The ACCC is due to hand down its findings today after raising concerns that the planned \$350 million sale to ANZ Terminals would lead to a heavy concentration of storage capacity in three states, reports AFR.

Harvey Norman Holdings Ltd (HVN): A corporate adviser to super fund giants is urging investors to sack one of the country's most high profile businesswomen from the board of retailer Harvey Norman and replace her with a shareholder activist who has run for board positions on major Australian companies 49 times and failed every time. In a calculated move expected to draw a strong rebuke from corporate Australia, proxy firm Ownership Matters has advised its clients to vote against the re-election of highly regarded Harvey Norman chief executive Katie Page at the company's annual general meeting on November 27, reports The Australian.

Incitec Pivot Ltd (IPL): Incitec Pivot wasn't lying when it told investors it was ready to test buyer appetite in its fertilisers business, which is likely to be worth more than \$1 billion. It already had adviser UBS sending a seven-point pitch to potential buyers and had them follow up the teaser document with meetings. The sale is expected to ramp up in coming weeks, with more formal documents due in front of potential strategic and financial buyers. In the meantime, all interested parties must go on are the publicly announced 2019 financial year result, released



International Economic Data

CN Industrial Production - China's industrial production increased by 4.7 percent year-on-year in October of 2019, slowing from a 5.8 percent rise in the previous month and missing market consensus of 5.4 percent. Output growth eased for both manufacturing (4.6% vs 5.6% in September) and mining (3.9% vs 8.1%). Meantime, utilities production rose faster (6.6% vs 5.9%). By industry, production advanced at a slower pace for chemicals (3% vs 3.3% in September), non-metal minerals (4.1% vs 7%), ferrous metals (6.3% vs 9.5%), transport equipment (3% vs 4.7%), computer, communication (8.2% vs 11.4%) and electrical machinery (10.7% vs 12.1%). In addition, production of textiles fell (-1.3% vs 0.6%). In contrast, output growth accelerated for power equipment (6.7% vs 5.4%), reports TradingEconomics.

- **CN FDI** - Foreign direct investment into China rose 2.9 percent year-on-year to USD 100.78 billion in January-September 2019, or 6.5 percent to CNY 683.21 billion. For September only, FDI went up 3.8 percent to CNY 79.18 billion, TradingEconomics.

- **CN Retail Sales** - China's retail trade rose by 7.2 percent year-on-year in October 2019, following a 7.8 percent gain in the previous month and missing market estimates of a 7.9 percent advance. This marked the slowest rise in retail trade since April, as sales growth eased for cosmetics (6.2% vs 13.4% in September), home appliances (0.7% vs 5.4%), furniture (1.8% vs 6.3%), and building materials (2.6% vs 4.2%). In addition, sales fell for garments (-0.8% vs 3.6%), jewelry (-4.5% vs -6.6%), oil & oil products (-4.5% vs -0.4%), office supplies (-3.4% vs -0.2%), and automobiles (-3.3% vs -2.2%). In contrast, sales growth was unchanged for personal care (at 12%), while sales of telecoms rose much faster (22.9% vs 8.4%), reports TradingEconomics.

- **US Jobless Claims** - Continuing Jobless Claims in the United States decreased to 1683 thousand in the week ending November 2 of 2019 from 1693 thousand in the previous week. The number of Americans filling for unemployment benefits increased by 14 thousand to 225 thousand in the week ended November 9th from the previous week's unrevised level of 211 thousand and compared with market expectations of 215 thousand. It was the biggest gain in jobless claims since the week ended April 20th and the highest level recorded since the week ended June 22nd as claims for five states and Puerto Rico were estimated due to Veterans' Day holiday. According to unadjusted data, the biggest rises were seen in California (+5,871); New Jersey (+5,099); New York (+2,954); Minnesota (+2,509) and Texas (+2,273) while the largest declines were reported in Colorado (-759) and Arkansas (-702), reports TradingEconomics.

this week, and the teaser, which was obtained by Street Talk, reports AFR.

Karoon Energy Ltd (KAR): Karoon Energy has finally the funds to pay for its transformational Brazilian acquisition. The company and its brokers Macquarie Capital and RBC Capital Markets ruled off the \$284 million equity raising yesterday when they placed stock left over from the retail portion of a one-for-1.06 rights issue. It is understood sub-underwriters took \$59 million of the \$109 million retail entitlement offer, which will provide a juicy little win for those that took the risk, reports AFR.

Macquarie Group Ltd (MQG): The Clean Energy Investor Group, a group of 20 investors that includes Macquarie and BlackRock, argues that reducing that volatility – through using an average instead of a marginal calculation – is the only way to keep downward pressure on wholesale prices, and therefore consumer electricity prices. But AEMC chairman John Pierce says the opposite is the case. He argues that changing to an average number would penalise generators located in strong parts of the networks, and consumers would pay more. The commission said the current system signals the best place to put new plants to minimise costs to consumers, reports AFR.

Medibank Private Ltd (MPL): Medibank Private has fallen short of receiving a strike against its remuneration report as shareholders posited their disappointment with the company's leadership. At the insurer's annual shareholder meeting yesterday, more than 20 per cent voted against the executive pay outline and questioned whether ageing directors were partly to blame for declining youth participation in private health insurance. Chairman Elizabeth Alexander insisted the board had the right expertise for the job, reports AFR.

National Australia Bank Ltd (NAB): The heads of National Australia Bank and ANZ will be grilled over a perceived lack of commitment to offloading their troubled wealth management subsidiaries when they front a parliamentary committee hearing today. Shadow assistant treasurer Andrew Leigh, the deputy chairman of the committee, is concerned the major banks are backtracking on their stated goal to "simplify" their business models. "We've had the crisis, we've had the royal commission and now there is an expectation that they will actually become simpler," Dr Leigh told The Australian Financial Review, reports AFR.

Nearmap Ltd (NEA): ASX-listed aerial imagery business Nearmap has updated its fiscal 2020 guidance, estimating its annualised contract revenue to be between \$116 million and \$120 million. This figure is in line with Royal Bank of Canada Capital Markets analyst Garry Sherriff's forecast of \$118 million. Nearmap's total annualized contract revenue met expectations, and came to a total of \$90 million for the year with growth of 39 per cent on the previous corresponding period, reports AFR.

Qantas Airways Ltd (QAN): From where Qantas CEO Alan Joyce is sitting, there are two key success factors for long-haul routes from Australia's East Coast: increasing the number of premium seats and charging a 20 to 30 per cent premium compared with fares

**Commodities (Source: IRESS)**

COMMODITY	CLOSE	+/-	%
COMEX			
Gold Dec 19	1472	-1.4	-0.1
Silver Dec 19	17	-0.028	-0.16
Copper Mar 10	2.6365	0.0015	0.06
NYMEX			
Platinum Jan 10	883.4	0.6	0.07
Palladium Dec 19	1701.6	-0.5	-0.03
LONDON METAL			
Gold (AM Fix)	1455	-10.5	-0.72
Gold (PM Fix)	1452.05	-6.65	-0.46
ENERGY			
Light Crude Jan 10	56.99	0.11	0.19
Brent Crude Oil	62.4	0.09	0.14
CBT			
Wheat Dec 19	511	-2.75	-0.54
Soybeans Nov 19	917	1.75	0.19
Corn Dec 19	384.5	0.5	0.13
OTHER			
Iron Ore (China Port)	79	1.5	1.94
Coal (ICE-GC Newcastle)	70.75	0.72	1.03
LME Indicative			
Copper - Cash	5787.75	-22.75	-0.39
Copper - 3Mth	5807	-31.5	-0.54
Lead - Cash	2009	-25	-1.23
Lead - 3Mth	2022.5	-18.5	-0.91
Zinc - Cash	2434	-23	-0.94
Zinc - 3Mth	2388.5	-38.5	-1.59
Aluminum - Cash	1737.5	-28	-1.59
Aluminum 3Mth	1746.5	-19.5	-1.1
Nickel - Cash	15154	-230	-1.5
Nickel - 3Mth	15110	-290	-1.88
Tin - Cash	16190	199	1.24
Tin - 3Mth	16330	330	2.06

AUD exchange Rates (Source: IRESS)

CROSS	CLOSE	+/-	%
AUDUSD	0.6786	0	0
AUDJPY	73.6425	0.072	0.1
AUDGBP	0.5268	0	0
AUDCAD	0.8992	0	0
AUDNZD	1.0637	0.0004	0.04
AUDHKD	5.3122	0.0006	0.01
AUDSGD	0.9241	0	0
AUDMYR	2.8184	-0.003	-0.11
AUDEUR	0.6157	-0	-0.01

on the same route with a stopover. Mr Joyce shared these insights hours before he and 50 passengers boarded a Qantas 787-9 Dreamliner at Heathrow for a non-stop journey to Sydney. With the Qantas share price at a record high of \$6.95, Mr Joyce was bullish on the prospects for his ambitious long-haul Project Sunrise, reports AFR.

Ramsay Health Care Ltd (RHC): Ramsay Health Care has joined Worley Parsons in receiving its first strike against its remuneration report at its annual meeting, despite having already conducted a review into its executive pay. Myer had avoided a third strike against its remuneration report after tweaking its executive pay, but Ramsay was not so lucky – 29 per cent of the proxies voted against the pay report. Ramsay, the country's largest private hospital operator, narrowly avoided a strike last year, and had been working with accounting firm KPMG in a "root and branch" review, which resulted in several changes, including modifying STI (short-term incentive) awards with a simpler scorecard, reports AFR.

Vicinity Centres (VCX): Vicinity Centres managing director Grant Kelley has flagged the shopping mall owner's willingness to wade back into the market to buy major retail assets as it looks forward to better times in the sector. "It's time to signal to the market that we have confidence," he told The Australian Financial Review following the annual shareholder meeting. Mr Kelley's fighting words follow an extended period of divestment by Australia's second-largest mall owner and joint owner of Chadstone, reports AFR.

Virgin Australia Holdings Ltd (VAH): Virgin Australia's highest-profile shareholder has vowed to take on Qantas over its ultra-long-range Project Sunrise flights, but at much higher speeds. Speaking at Brisbane Airport on Thursday to promote Virgin Australia's new route to Tokyo, Sir Richard Branson said "improving sustainability was the No 1 priority for any airline but more needed to be done", reports The Australian.

Ex-Dividend

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
CVF	Today	0.46	100	7.11
EPW	Today	8.5	100	3.73
JHX	Today	11.6	0	1.42
SOL	Today	34	100	2.51
ALF	Mon	2.5	50	2.00
ELD	Mon	9	100	2.69



Economic News This Week

- Today [US EIA Crude Oil Stocks Change](#)
- Today [US EIA Gasoline Stocks Change](#)
- Today [US EIA Natural Gas Stocks Change](#)
- Today [EU Balance of Trade](#)
- Today [EU Inflation Rate](#)
- Today [US Retail Sales](#)
- Today [US Export/Import Prices](#)
- Today [US NY Empire State Manufacturing Index](#)
- Saturday [US Industrial Production](#)
- Saturday [US Manufacturing Production](#)
- Saturday [US Baker Hughes Oil Rig Count](#)

Reports & Events

(selected)

When	Company	Report/Event
Today	ABP	AGM
	CCL	Investor day
	LNK	AGM

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