

**Markets**

<b>SFE 200 Futures</b> (9.30am AEDT)	6947	17	<b>0.3</b>
<b>NZX 50</b>	11708	31	<b>0.3</b>
<b>DJIA Futures</b>	29035	6	0.0
<b>S&amp;P 500 Futures</b>	3294	0	0.0
<b>NASDAQ Futures</b>	9062	2	0.0

**Local Markets Commentary**

The Australian market commences today's trade following the overnight signing of a US-China preliminary trade agreement and vacillating international equities sentiment, ahead of additional key international data releases and reports tonight.

In overnight commodities trade, **oil** seesawed lower.

US **gold** futures (February) recorded their first higher settlement for the week.

**Iron ore** (Nymex CFR China, 62% Fe) swung a little lower, trading just below \$US94.60/t.

LME (3mth evening) **copper** turned to post a slight fall. **Nickel** swung to a robust gain. **Aluminium** turned modestly lower.

The **\$A** traded a little above US69.00c after falling beneath ~US68.90c early yesterday evening.

**Overseas Markets**

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	29030	91	<b>0.3</b>
<b>S&amp;P 500</b>	3289	6	<b>0.2</b>
<b>NASDAQ</b>	9259	7	<b>0.1</b>
<b>FTSE 100</b>	7643	20	<b>0.3</b>
<b>DAX 30</b>	13432	-24	<b>-0.2</b>
<b>Shanghai Comp</b>	3090	-17	<b>-0.5</b>

**Overseas Markets Commentary**

Major European and US equities markets again mostly chopped and swung overnight, as the US-China trade pact and constitutional change news for Russia competed for attention with key international economic indicators and some high-profile earnings reports.

The DJIA and S&P 500 set new settlement and intra-session peaks nonetheless, the NASDAQ also achieving a new record intra-day high.

A **US-China** trade accord was signed middle of the day US ET time. Under the initial agreement, China will reportedly purchase \$US200B worth of US goods over two years.

The US president said he would not lift US import tariffs on goods from China until after a second agreement, one he expected would be the final one.

China's vice premier Liu He spoke of the need for both sides to lift co-operation.

\* US-based drug R&D listing **11am AEDT – NYR \***

**Today's Stock Watch**
**Wisr Ltd (WZR)**

Resuming from a trading halt having completed a \$33.5M, 18.5c-per-share placement. A \$1.5M SPP is also planned. WZR last traded at 23.5c.

**LiveTiles Ltd (LVT)**

Annualised recurring revenue grew to \$52.7M from \$42.9M during the December quarter. For the year, annualised recurring revenue rose 130%. Additional statistics lodged this morning.

**Nyrada Inc (\* NYR) / Noxopharm Ltd (NOX)**

NOX spinoff, drug researcher and developer NYR is scheduled to list on the ASX **11am AEDT**, following an \$8.5M IPO at 20c per CDI. ~76.1M quoted CDIs. NOX holds 30.51%.

**Resources**
**South32 Ltd (S32)**

December quarter operational statistics include a 12% quarterly drop in energy coal production and 27% for metallurgical coal. For 1H FY 2020, energy coal and metallurgical coal output respectively declined 2% and 7%.

Payable nickel production fell 6% for the quarter and 2% for the half-year. Aluminium production came in flat.

Most realised prices fell 12% - 40% year-on-year for the six months to 31 December.

FY 2020 output guidance also lodged this morning.

**Perseus Mining (PRU)**

Produced 69,155oz of gold, at a \$US962/oz AISC, during the December quarter. Sold 61,176oz at \$US1415/oz. \$US80.6M cash and bullion. \$US50M corporate debt.

**Alumina Ltd (AWC)**

AWC's AWAC JV partner Alcoa has reported in the US this morning, post-US trade.

The figures included a \$US303M December quarter loss, against a \$US51M net profit a year earlier. Revenue came in at \$US2.44B, following \$US3.34B.

**Energy**
**Caltex Australia (CTX)**

\$US7.51/bbl December quarter (Caltex) refiner margin (CRM), against \$US7.77bbl a year earlier, and \$US10.53/bbl for the September quarter.

Annual CRM also lodged pre-trade.

1586ML December quarter CRM sales from production, following 1055ML and 1472ML respectively.



Earlier, **Russia's** PM and his cabinet resigned following muted constitutional change, Russia's president Vladimir Putin announcing plans for a referendum on constitutional changes he wants.

Mr Putin announced the PM would commence a newly-created role as deputy of the nation's security council.

In overnight data releases, **Germany's** 2019 GDP growth was estimated at 0.6%, the slowest rate since 2013, and following 1.5% for 2018.

**Euro zone** November trade figures included a drop in the trade surplus, from €28B to €20.7B.

November industrial production picked up 0.2% for the month after dropping 0.9% in October. Year-on-year however, November output was down 1.5%.

In the **UK**, the December CPI rose 1.3% year-on-year, following 1.5% in November, and representing the least annual increase in 37 months.

For the December quarter, the CPI grew 1.4%.

Among **US** data releases, December producer prices rose 0.1%, following no change in November. Prices appreciated 1.3% for the year, the least annual increase since 2015.

The Federal Reserve's district-by-district economic summary 'beige book' report again concluded overall 'modest' growth over a six-week period.

The New York Fed regional January manufacturing index jumped from 3.3 to 4.8.

Weekly mortgage applications rose 30.2% as 30-year rates fell on average by 0.04% to 3.87%.

**Tonight** in the **US**, weekly new jobless claims, December retail sales, import and export prices, business inventories, a housing market index and the Philadelphia Fed manufacturing index are due.

Elsewhere, the **European Central Bank** publishes December policy meeting minutes.

Companies scheduled to report earnings include: Bank of NY Mellon, Charles Schwab, CSX Corp, Morgan Stanley, PPG Industries and Taiwan Semiconductor.

In overnight corporate news, **Goldman Sachs** reported 26% fall in December quarter net income, undershooting expectations for a second consecutive quarter, this time largely attributed to \$US1.1B worth of litigations costs.

*Meanwhile, **US** markets are heading towards a **Monday public holiday weekend.***

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Feb)</b>	<b>1554</b>	oz	9.4	<b>0.6</b>
<b>Silver (NY) (Mar)</b>	<b>17.988</b>	oz	0.246	<b>1.4</b>
<b>Gold (LON) (14 Jan)</b>	<b>1545</b>	oz		
<b>Platinum</b>	<b>1019</b>	oz	38	<b>3.9</b>
<b>WTI Crude (Feb)</b>	<b>57.81</b>	bbl	-0.42	<b>-0.7</b>
<b>Brent Crude (Mar)</b>	<b>64.00</b>	bbl	-0.49	<b>-0.8</b>
<b>Iron Ore (NYMEX,CHN,62%)</b>	<b>94.59</b>	t	-0.24	<b>-0.3</b>
<b>Copper (3mth,evening)</b>	<b>6305</b>	t	-12	<b>-0.2</b>

## Pre-Open Announcements

### Michael Hill International (\* MHJ)

December quarter revenue grew 3.3% (\$A basis) year-on-year, same stores revenue rising 4.0%.

Website sales rose 47.1% for the quarter and by 44.3% for the six months to 31 December.

### Esports Mogul (\* ESH)

The Team Secret branded hub and tournament series are due to launch on Mogul tonight, ESH retaining 60% of paid subscription revenue.

Additional details lodged pre-trade.

### DroneShield Ltd (DRO)

Director Robert Clisdell has resigned, but will remain a DRO advisor.

DRO has subsequently appointed Mercury Retail Group co-founder and CEO Jethro Marks as a non-executive director.

## Resources

### Rio Tinto (\*\* RIO)

December quarter operational statistics anticipated later today. Teleconference scheduled for 8.30am tomorrow.

## Energy

### Whitehaven Coal (\* WHC)

December quarter ROM coal production fell 58% year-on-year, to 3.1Mt.

Saleable coal output fell 44%.

Detailed breakdown statistics lodged pre-trade.

### Trading Halts

Company	Code	Resuming
BrainChip Holdings	BRN	17 Jan
Envirosuite Ltd	EVS	17 Jan
Hawkstone Mining	HWK	17 Jan

### Suspensions (select)

Company	Code	Since
Altura Mining	AJM	15 Jan
Coziron Resources	CZR	14 Jan
Force Commodities	4CE	15 Jan
Kangaroo Island Plantation Timbers	KPT	7 Jan

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>PL8</b>	Today	<b>0.5</b>	100	5.00
AIQ	Tomorrow	0.26	0	0.00
TRA	Tomorrow	3.78	85	7.11



<b>Nickel</b>	<b>14340</b>	t	440	<b>3.2</b>
<b>Aluminium</b>	<b>1802</b>	t	-8	<b>-0.4</b>
<b>Lead</b>	<b>2007</b>	t	55	<b>2.8</b>
<b>Zinc</b>	<b>2395</b>	t	21	<b>0.9</b>
<b>Tin</b>	<b>17500</b>	t	70	<b>0.4</b>

CVF	Mon	0.46	100	7.61
MIR	Wed (22 Jan)	3.5	100	3.68

### Commodities Commentary

**Oil** – traders were faced with plenty to consider overnight, including the US-China initial trade pact, key US data releases, new supply-demand forecasts and market status reports.

OPEC's monthly oil market report published overnight, included a 1.22MMbbl/d international oil demand forecast for 2020, up 140,000bbl/d from the previous prediction.

A weekly US petroleum inventories report from government agency the EIA, also released overnight, estimated a 2.55MMbbl draw on stored crude, but 6.68MMbbl rise in petrol inventories. This put petrol stocks 3MMbbl higher than for the same week last year. Distillate stockpiles were reported 8.17MMbbl higher.

Crude imports fell by 595,000bbl.

A monthly report from the International Energy Agency (IEA) is anticipated tonight.

**Gold** – Comex futures reportedly extended overnight gains post-settlement, trading as high as \$US1555.80/oz.

In production news, Mali's official 2019 gold output grew 7% to a record 65.1t, boosted by Resolute Mining (ASX: RSG). Artisanal miners were expected to have pushed the overall total to 71.1t.

In the meantime, the Perth (Western Australia) mint reported 45% higher December gold coin and minted gold bar sales for the month, this also representing a 170% increase on December 2018. The jump was mostly attributed to buying out of Germany, ahead of a 10 January implementation of a new requirement to produce ID for anonymous purchases worth more than €2000 (previously €10,000) and for traders to conduct more stringent buyer checks. Germany's economic pullback was also cited for the increased interest.

**Base metals** – copper was sold lower on the LME prior to overnight signing of the US-China trade accord, this attributed to profit-taking amid caution.

Lead traded at ~eight-week peaks.

Year-on-year overall December semiconductor exports out of South Korea, China and Taiwan were reported higher, this supporting tin.

Meanwhile, Tesla was said to be looking to purchase cobalt for its planned Shanghai battery facility from Glencore. Glencore recently placed a Democratic Republic of Congo cobalt operation on care and maintenance, due to low prices.

Some additional caution could be demonstrated in overnight trade, with China due to report December quarter GDP, plus December industrial production and retail sales, and 2019 fixed asset investment tomorrow, ~one week from the commencement of Lunar New Year holidays.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.6906	0.0000	0.00



EUR – USD                    1.1153                    0.0004                    0.03

### Australian Data Today

ABS	Lending indicators	Nov
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### US Data Tonight

Initial jobless claims		11 Jan
Retail sales		Dec
Import & export prices		Dec
Philadelphia Fed manufacturing		Jan
Business inventories		Nov
NAHB housing market index		Jan

### Other Overseas Data Today & Tonight

Japan	Tankan index	Jan
Japan	Producer prices	Dec
Japan	Machinery orders	Nov
Germany	CPI (final)	Dec
Euro zone	ECB monetary policy meeting minutes	Dec

### 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)

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