

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	5655	61	<b>1.1</b>
<b>NZX 50</b>	9490	-336	<b>-3.4</b>
<b>DJIA Futures</b>	21948	-1040	-4.5
<b>S&amp;P 500 Futures</b>	2568	-128	-4.8
<b>NASDAQ Futures</b>	7556	-360	-4.5

## Local Markets Commentary

The Australian market opens a new week's trade with:

- an overnight US Federal Reserve rate cut;
- US equities futures drops;
- new data in hand from China late-Friday (13 March);
- a China National Bureau of Statistics press conference and a batch of material China data releases scheduled for early afternoon;
- progress on a US government-approved support package anticipated by tonight;
- a burgeoning tally of businesses across multiple sectors ordered to close by an increasing number of governments; and
- early-morning \$A volatility.

**Overnight**, the **US Federal Reserve** has cut its rates range to 0% - 0.25% and revealed a substantial package of other initiatives, including a further \$US700B spend on assets, and boost to collateral lending.

Post-ASX trade Friday, **China** revealed an 8.6% year-on-year drop in January-February **foreign direct investment (FDI)**.

Regionally **today**, **China's** National Bureau of Statistics (NBS) hosts a press conference as it releases January-February **industrial production, retail sales and fixed asset investment** figures, **1pm AEDT**.

February **house prices** are anticipated **12.30pm**.

**Locally**, a colleague of Reserve Bank of Australia economic analysis head Alexandra Heath is due to speak publicly, on Ms Heath's behalf, in Melbourne, **1pm AEDT**.

**Ex-dividend** season continues. *Please see p4 for a detailed list.*

In overnight Friday commodities trade, **oil** settled higher.

US **gold** futures (CME April) tumbled.

**Iron ore** (Nymex CFR China, 62% Fe) gained, trading above US90.10/t.

LME (3mth evening) **copper** settled almost flat. **Nickel** rebounded. **Aluminium** rallied.

The **\$A** traded below US61.80c after falling beneath US62.90c early Friday evening.

Earlier this morning the \$A slid to ~US61.35c before being propelled again to ~US62.85.

**China – 1pm AEDT – National Bureau of Statistics** press conference, as it releases January-February **industrial production, retail sales and fixed asset investment**.

**China's February residential property price index – 12.30pm AEDT**

## Today's Stock Watch

### Ardent Leisure Group (ALG)

Withdrawing Main Event FY 20 earnings guidance due to reduced attendance and revenue at centres across the US, due to the Covid-19 outbreak.

In addition, ALG's theme parks division is expected to suffer adverse Covid-19 impacts for longer than anticipated.

ALG has traded lower the past six sessions, settling at 36.5c Friday.

### oOh!media Ltd (OML)

Withdrawing FY 20 earnings guidance, and dropping capital expenditure 'materially below' the previously expected \$60M - \$70M.

This is due to Covid-19 impact uncertainty, but OML says year-to-date revenue has been 'in line' with last year, and March quarter performance in line with full year guidance.

### The Reject Shop (TRS)

Demand for certain groceries, toiletries and pet care has pushed comparable sales for the first 11 weeks of 2H FY20 to 7.5% growth, and those for 24 February – 15 March to 15.1%.

In addition, TRS is starting to receive stock from China-based suppliers.

### Auckland International Airport (AIA)

Suspending FY 2020 earnings guidance, due to New Zealand border restrictions.

### Air New Zealand (AIZ)

Further reducing capacity, offering redundancies, and paying directors 85% of regular fees through the end of 2020, due to border closures and hence yet lower travel demand. Trading halt called this morning, to enable a detailed assessment of likely overall impacts.

### Perenti Global (PRN) / Downer EDI (DOW)

PRN has suspended participation in DOW's mining services division sale, due to current market conditions.

### Serko Ltd (SKO)

Suspending full year 2020 revenue guidance.

SKO's financial year ends 31 March.

### Sky New Zealand (SKT)

Assessing the likely impact of Covid-19- related restrictions on sports events. Targeting an update for later this week.

**Overseas Markets**

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	23186	1985	<b>9.4</b>
<b>S&amp;P 500</b>	2711	230	<b>9.3</b>
<b>NASDAQ</b>	7875	673	<b>9.4</b>
<b>FTSE 100</b>	5366	129	<b>2.5</b>
<b>DAX 30</b>	9232	71	<b>0.8</b>
<b>Shanghai Comp</b>	2887	-36	<b>-1.2</b>

**Overseas Markets Commentary**

Major European and US equities markets gained overnight Friday, following concerted government and central bank moves.

In late US trade, the US president declared a national emergency, stating this would effectively make available an additional \$US50B of funding.

This pushed the major US indices yet higher in the last half-hour of trade.

Also in late-US trade, Canada's central bank voted for a 0.5% key rate cut to 0.75%.

Key European indices had already closed, well off session highs.

Earlier Friday, the **Bank of Japan** announced it would make available an additional 1.5 trillion yen for two-week loans, and would purchase 200B yen worth of five- and ten-year government bonds.

Friday afternoon (AEDT) the **Reserve Bank of Australia** (RBA) announced it would provide \$A8.8B in short-term funding (utilising collateral swaps) for commercial banks, to boost accessibility in increasingly tight international credit markets.

This followed the **US Federal Reserve's** same-style liquidity boost early Friday (AEDT; pre-US Thursday market close), for a third consecutive day, this time injecting \$US500B ahead of heralded plans for \$US1 trillion Friday.

In addition, the Fed had vowed to purchase \$US37B worth of Treasuries in one day.

Earlier overnight Thursday, the **European Central Bank** (ECB) also boosted cheaper lending for banks, and vowed to purchase €120B worth of bonds. The ECB retained its main deposit rate at -0.5 per cent.

In overnight Friday data releases, a final reading for **Germany's** February CPI confirmed 0.4% growth for the month and 1.7% against February 2019.

February wholesale prices dropped 0.9% for the month, following a 1% January rise.

Prices were also 0.9% lower than for February 2019.

In the **US**, February import prices fell 0.5% for the month after rising 0.1% in January. Prices declined 1.2% year-on-year, due mostly to energy prices.

Export prices dropped 1.1% for the month, following a 0.6% January rise, and came in 1.3% lower year-on-year.

The University of Michigan's initial March consumer confidence estimate fell to 95.9 from 101.

**Pre-Open Announcements****Event Hospitality & Entertainment (\* EVT)**

In response to Covid-19 outbreak impacts, CEO Jane Hastings is reducing her base pay by \$200,000 for up to 12 months from 1 April.

The chairman and other directors have also decided to forego 20% of director fees for the same period of time.

Due to pay a 21c interim dividend Thursday.

EVT recouped 1.96% Friday, settling at \$9.35 after trading as high as \$9.87 intra-session.

EVT closed out the previous week at \$10.23.

**SRG Global (\* SRG) / Saracen Mineral Holdings (SAR)**

SRG has secured a five-year, \$70M drilling and blasting services contract with SAR's WA Thunderbox and Carosue Dam operations.

**Sezzle Ltd (\* SZL)**

February underlying merchant sales reached a record \$US40.2M.

SZL has suspended business travel, and staff are working from home.

SZL does not expect any disruption to services for customers or business partners.

Expecting to lodge March quarter figures 27 April.

**ECS Botanics Holdings (\* ECS)**

New industrial hemp special research licence in hand for ECS's Tasmanian farm, enabling additional flexibility with THC use.

The licence is valid for 6 March 2020 – 3 April 2023.

**Splitit Payments (SPT)**

No SPT merchant sales volume or revenue material impact from Covid-19.

New merchants and partnerships growth is anticipated, despite likely 'softer' international consumer spending.

**Fluence Corporation (FLC)**

Clarifying that the Aspiral supply contract with China Rail in Inner Mongolia, announced Friday morning, is worth \$US126,000.

FLC is keen to point out however, that for the company, the contract more importantly heralds a 'new strategic market'.

FLC recouped 16.67% Friday, settling at 35c.

**Regis Healthcare (REG)**

Confirming Rick Rostolis is commencing as REG's CFO today.

REG announced the appointment of the former Pro-Pac Packaging (ASX: PPG) CFO in December 2019, only offering that Mr Rostolis would commence with REG by May 2020.

**Resources****Battery Minerals (\* BAT)**

Resuming from a trading halt with a binding agreement to acquire the balance 33% of Gippsland Prospecting Pty Ltd, and



**Tonight** in the **US**, the New York Fed Empire State manufacturing activity index is due, together with January Treasury net capital flows.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1516.7</b>	oz	-73.6	<b>-4.6</b>
<b>Silver (NY) (May)</b>	<b>14.5</b>	oz	-1.505	<b>-9.4</b>
<b>Gold (LON) (12 Mar)</b>	<b>1571</b>	oz		
<b>Platinum</b>	<b>765</b>	oz	1	<b>0.1</b>
<b>WTI Crude (Apr)</b>	<b>31.73</b>	bbl	0.23	<b>0.7</b>
<b>Brent Crude (May)</b>	<b>33.85</b>	bbl	0.63	<b>1.9</b>
<b>Iron Ore (NYMEX,CHN,62%)</b>	<b>90.13</b>	t	0.65	<b>0.7</b>
<b>Copper (LME,3mth,PM)</b>	<b>5443</b>	t	-2	<b>-0.0</b>
<b>Nickel</b>	<b>12315</b>	t	445	<b>3.8</b>
<b>Aluminium</b>	<b>1684</b>	t	24	<b>1.5</b>
<b>Lead</b>	<b>1751</b>	t	-14	<b>-0.8</b>
<b>Zinc</b>	<b>1981</b>	t	34	<b>1.8</b>
<b>Tin</b>	<b>15750</b>	t	-225	<b>-1.4</b>

### Commodities Commentary

**Oil** – both Brent crude and WTI settled with session gains, overnight Friday, but for the week, recorded respective 25% and 23% drops.

Increasing travel curbs announced by various governments during the week, exacerbated supply-demand fears, further fuelled Thursday by the cancellation of the OPEC joint technical committee scheduled for Wednesday this week.

The organisation also reduced its 2020 global demand growth by a daily 920,000bbl from its previous prediction, to 60,000bbl/d.

Among the forecasters, Goldman Sachs predicted a 6MMbbl/d international crude surplus for April.

The US president claimed the US would fill to capacity the 'Strategic Petroleum Reserve', meaning an additional 77MMbbl of oil would be purchased. No funding details were offered.

The current emergency reserve level has been estimated at 635MMbbl.

A weekly US petroleum drill rig report, published overnight Friday, included one additional operating oil rig, bringing the total to 683.

**Gold** – overnight prices continued most of the week's trend, heading lower, with this attributed to investors seeking to bolster funds, in part to cover margin calls on equities holdings.

US futures settled 9.2% lower for the week, the most in a week for almost 8.5 years.

Following concerted drops in prices for bullion coins, the US Mint announced Thursday that stocks of American Silver Eagle coins were depleted, meaning 1 – 12 March sales had effectively tripled total February sales.

A US Federal Reserve meeting this week was expected to influence sentiment, but the Fed has already moved, again out-of-schedule, to cut rates overnight (early today AEDT), meaning tonight's trade will likely react.

**Base metals** – a mix of inventories, a stronger \$US (ICE index ~1.3% higher) and Covid-19 updates influenced overnight Friday sentiment.

hence hold 100% of the Gippsland copper-gold project, pending shareholder approval.

Additional details lodged this morning.

### Liontown Resources (LTR)

LTR has appointed former Nzuri Copper (ASX: NCZ) COO and executive director Adam Smits to the company's newly created role of COO, effective immediately.

### Vulcan Energy Resources (VUL)

Resuming from suspension after clarifying the company's capital structure post-trade Friday.

VUL last traded at 20.5c.

### Energy

### Stanmore Coal (SMR)

SMR has appointed former Wesfarmers (ASX: WES) Resources CEO Craig McCabe as CEO, effective 1 April.

### Paladin Energy (\* PDN) / Lotus Resources (LOT)

PDN has completed the sale of its 85% holding in Paladin (Africa) Ltd, and hence the Kayelekera uranium project, Malawi.

The buyers are LOT (65%) and Lily Resources (20%)

PDN retains this interest in trust, however, pending receipt of final in-country approvals.

Details lodged post-trade Friday.

PDN estimates it will hold ~\$US35M unrestricted cash following transaction costs.

PDN settled at 5.7c Friday, after closing out the previous week at 7.8c.

### Trading Halts

Company	Code	Resuming
AVZ Minerals	AVZ	16 Mar
Minbos Resources	MNB	16 Mar
Arafura Resources	ARU	17 Mar
Bardoc Gold	BDC	17 Mar
BidEnergy	BID	17 Mar
Cann Glonal	CGB	17 Mar
Carnaby Resources	CNB	17 Mar
Leigh Creek Energy	LCK	17 Mar
Sultan Resources	SLZ	17 Mar
Air New Zealand	AIZ	18 Mar
Euroz Ltd	EZL	18 Mar
Golden Rim Resources	GMR	18 Mar

### Suspensions (select)

Company	Code	Since
Alto Metals	AME	13 Mar
Consolidated Tin Mines	CSD	2 Mar
Decmil Group	DCG	27 Feb



China research company Antaika published survey results showing smelters in China had produced 656,000t of copper in February, the same as for January.

Antaika forecast March output would reach 690,000t.

Meanwhile, China's Ministry of Housing and Urban-Rural Development claimed work on 58% of China's property and infrastructure construction projects had resumed, but also noted personnel shortages.

In addition, mill steel inventories were reported down 600,000t in the week to 12 March, at 12.9Mt, but overall inventories remained at a record 38.91Mt.

### Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6162	0.0020	0.32
EUR – USD	1.1171	0.0104	0.94

### US Data Tonight

NY Fed Empire State manufacturing	Mar
Treasury net capital flows	Jan

### Other Overseas Data Today & Tonight

China	Industrial production	Jan-Feb
China	Fixed asset investment	Jan-Feb
China	Retail sales	Jan-Feb
China	House prices	Feb
Japan	Machinery orders	Jan

### 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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HHY Fund	HHY	27 Feb
Horizon Minerals	HRZ	13 Mar
Kalium Lakes	KLL	24 Feb
LionHub Group	LHB	24 Feb
Netlinkz Ltd	NET	5 Mar
Pearl Global	PG1	13 Mar
Real Estate Investar Group	REV	3 Mar
Skin Elements	SKN	10 Mar
Smiles Inclusive	SIL	2 Mar

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
AQZ	Today	7.3	100	9.45
ASB	Today	3	0	2.08
CNU	Today	9.55	0	3.21
DTL	Today	5.1	100	3.30
FFI	Today	11	100	4.40
MAH	Today	0.25	30	2.22
NCC	Today	3.75	100	3.89
PL8	Today	0.5	100	6.21
TNK	Today	5	100	9.44
TOP	Today	0.73	100	3.75
AEG	Tomorrow	2.5	100	4.02
GNE	Tomorrow	7.88	0	6.12
PPK	Tomorrow	1	100	0.66
PWH	Tomorrow	1.9	100	2.49
REH	Tomorrow	6	100	1.98
CAR	Wed	22	100	3.21
CEN	Wed	14.5	0	5.82
GDG	Wed	1	0	4.08
PSQ	Wed	2.4	100	4.30
SNL	Wed	6.5	100	4.14
AIA	Thu	10.4	0	3.15
CIW	Thu	1	100	5.00
CUP	Thu	1.25	100	2.22
CWN	Thu	30	25	7.32
EMB	Thu	20	100	3.64
FBU	Thu	8.97	0	4.30
ONT	Thu	13.25	100	4.59
PPC	Thu	0.5	100	5.32
RXP	Thu	1	100	16.04
SWK	Thu	0.3	100	4.29
VLS	Thu	2.25	100	5.28
AHX	Fri	0.8	100	4.00
GDF	Fri	2.25	0	6.25
KSC	Fri	2	100	1.31