

Markets

| | | | |
|--------------------------------------|-------|------|------------|
| SFE 200 Futures (9.30am AEDT) | 4944 | 119 | 2.5 |
| NZX 50 | 9197 | 82 | 0.9 |
| DJIA Futures | 19650 | -353 | -1.8 |
| S&P 500 Futures | 2362 | -41 | -1.7 |
| NASDAQ Futures | 7189 | -105 | -1.4 |

Local Markets Commentary

The Australian market opens Friday trade with China due to announce rates revisions and following concerted efforts by central banks overnight to calm financial markets, in particular trying to improve debt-management access to \$US for financial institutions, governments and businesses.

US equities futures have turned notably lower this morning.

Regionally today, **China** is expected to announce loan prime rates monthly revisions **12.30pm** AEDT.

Locally, the **Australian Government** is expected to offer more detail on additional proposed **stimulus**, as an increasing number of businesses are impacted by travel and 'distancing' curbs.

In overnight commodities trade, **oil** rebounded.

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

Iron ore (Nymex CFR China, 62% Fe) seesawed lower, below \$US90.0/t.

LME (3mth evening) **copper** swung higher. **Nickel** and **aluminium** continued lower, but slightly so.

The **\$A** rose to ~US\$57.40c after trading at US\$57.20c early yesterday evening.

The \$A had appreciated ~1% immediately following a US Federal Reserve announcement of a 'swap line' to central banks, including the RBA.

This morning, the \$A has traded lower again, trading below US\$57.30c.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|-------|-----|-------------|
| Dow Jones | 20087 | 188 | 1.0 |
| S&P 500 | 2409 | 11 | 0.5 |
| NASDAQ | 7151 | 161 | 2.3 |
| FTSE 100 | 5152 | 71 | 1.4 |
| DAX 30 | 8610 | 169 | 2.0 |
| Shanghai Comp | 2702 | -27 | -1.0 |

Overseas Markets Commentary

Major European and US equities markets settled higher overnight, following concerted central bank and government efforts to support financial markets and business, despite broadening lockdowns and other Covid-19 – related community containment measures.

China loan prime rates – 12.30pm AEDT

S&P/ASX March quarter indices rebalance postponed, but timing update promised by month's end

Today's Stock Watch

Air New Zealand (AIZ)

Resuming from suspended trade with an up to \$NZ900M debt funding agreement secured with the New Zealand Government. The plan is conditional, in part on the NZ Government agreeing with an AIZ operating finance plan.

Under the agreement, AIZ is prohibited from paying dividends.

Premier Investments (PMV)

12.15% higher, \$A99.61M interim NPAT. 7.53% higher, \$733.87M revenue. 34c fully franked dividend, up 1c.

Wesfarmers Ltd (WES)

Anticipating sales impacts and additional operating costs from the Covid-19 outbreak. Unable to provide estimates.

Orora Ltd (ORA)

Foreign Investment Review Board (FIRB) approval in hand for Nippon Paper Industries to acquire ORA's fibre business.

Sims Ltd (SGM)

Withdrawing 2H FY20 guidance. Some ferrous scrap demand remains, but at reduced prices.

Scentre Group (SCG)

Suspending FY20 guidance, but will update at the 8 April AGM.

Vicinity Centres (VCX)

Withdrawing FY20 earnings and distribution guidance and suspending the current buy-back.

Retains \$1.3B worth of undrawn facilities and holds sufficient flexibility to defer capital spending on major projects.

SeaLink Travel Group (SLK)

Scaling back marine services and suspending some tourism-related operations, due to Covid-19.

McMillan Shakespeare (MMS)

Expecting June quarter sales and earnings to be impacted by the Covid-19 outbreak, and consequently withdrawing FY20 earnings guidance. Trading for the March quarter to date has been in line with expectations and comparable with the same period in 2019.

Resources

Talga Resources (TLG)

MoU secured with Mitsui to assess the potential joint development of the Vittangi anode project, north Sweden. Mitsui had been provided with due diligence following the completion last year of a project PFS.



The **US Federal Reserve** (Fed) announced a third-in-two-days emergency credit plan, offering temporary swap lines (for \$US access, as it had in 2007 - 09) to the central banks of Australia, Brazil, Denmark, Mexico, Singapore, South Korea and Sweden.

The Fed already has permanent such lines in place for the Bank of Canada, the Bank of England, the European Central Bank, the Bank of Japan and the Swiss National Bank.

The new temporary lines would offer up to a combined \$US450B over six months to the additional nine central banks.

By enabling central banks to support domestic financial institutions and governments to service \$US-denominated debt, more credit would potentially become available to businesses and individuals.

The US administration and parliamentarians also continued to progress a second planned stimulus package.

For its part, the **Bank of England** (BoE) cut key rates for the second time in eight days, this time by 0.15% to a record low 0.1%.

In addition, the BoE announced plans to buy up to an additional £200B worth of UK government and corporate bonds (to £645B), again to lower borrowing costs.

Yesterday, **China** had pledged fiscal stimulus worth trillions of yuan and **South Korea** announced a 50 trillion won (~\$US39B) support package.

Also yesterday, the **Reserve Bank of Australia** (RBA) cut the key cash rate by 0.25%, to 0.5%, introduced a bond-buying program to bring down yield rates, and initiated a 0.25% interest term funding facility for financial groups qualifying as 'authorised deposit taking institutions (ADIs). The ADIs will be able to apply for up to 3% of outstanding credit, and hence better support small-medium businesses.

Further, the Australian Government's treasury announced the Australian Office of Financial Management (AOFM) would be given \$15B 'to invest in wholesale funding markets used by small ADIs and non-ADI lenders'.

Late-Wednesday, the **European Central Bank** (ECB) had announced plans to buy up to €750B worth of corporate and government bonds through to at least the end of 2020, and to offer cheaper credit (potentially down to -0.75%) to commercial banks.

Overnight, ECB president Christine Lagarde repeated the bank was ready for more action, including in bond markets, as needed.

Bond yields notably jumped overnight in the UK, a five-year auction producing 0.640% yields against 0.222%.

Forecasters were in the meantime venturing revised international economic growth predictions, JP Morgan proffering a 40% March quarter tumble in China's GDP and a 14% June quarter GDP drop for the US.

US overnight data releases concerned, the Philadelphia Fed manufacturing index sliding to -12.7 from 36.7.

The Conference Board's February leading index report was estimated at 0.1% from 0.7%.

Weekly new unemployment claims rose by 70,000 to 281,000, amid predictions of significantly greater weekly increases.

Earlier in the **euro zone**, January construction output was reported 6% higher year-on-year, following a 2.3% decline in

Pre-Open Announcements

Michael Hill International (** MHJ)

Closing outlets in Canada for at least two weeks.

Sales have already been adversely impacted by Covid-19 in Canada, as well as Australia and New Zealand.

Reviewing labour costs 'across all facets of the business'.

Credit Corp Group (** CCP)

Withdrawing FY20 earnings and investment guidance.

\$170M cash and undrawn credit lines. Conservative gearing.

Vita Group (* VTG)

Cancelling the 9 April 5.3c per share interim dividend payment.

Prime Media (* PRT)

Withdrawing FY20 earnings guidance, following substantial Covid-19 impacts on regional advertising.

PRT settled at 9.5c yesterday, after trading lower the past three sessions.

APN Industrial REIT (* ADI)

Retaining 19.9c FY20 distribution guidance.

In addition, in an update lodged post-trade yesterday, ADI is promoting positives realised from an income, balance sheet and banking review.

Paying a 4.375c March quarter distribution 8 May and trading ex-dividend 30 March.

APN Convenience Retail REIT (* AQR)

Retaining 21.8c FY20 distribution guidance.

The expected completion of some development projects has been pushed out, prompting AQR to revise FY20 FFO guidance from 22.3c – 22.5c to 21.5c – 21.8c.

In addition, in an update lodged post-trade yesterday, ADI is promoting positives realised from an income, balance sheet and banking review.

Paying a 5.45c March quarter distribution 30 April and trading ex-dividend 30 March.

Janison Education Group (JAN)

Two-year agreement secured to supply PISA online testing to schools in Japan through Japan-headquartered Benesse.

Expecting first testing to be made available in November.

Resources

Neometals Ltd (** NMT)

Planning to pay a 2c, 7%-franked special dividend 3 April and trading ex-dividend 26 March (Thursday next week).

Blackham Resources (* BLK)

Revising FY20 guidance to the lower end of the range, as March quarter gold output has been adversely impacted by weather events, equipment issues and personnel shortages.

Four operational management appointments also lodged this



December.

Italy's January construction output jumped 8.4% after a 1.3% December fall.

An Ifo business climate index for **Germany** fell to 87.7 from 96, the expectations component dropping 11.2 points to 82.

Tonight in the **US**, February existing home sales are due.

Elsewhere, the UK reports February public sector borrowing, and Germany February producer prices.

Stocks scheduled to report earnings include CITIC Securities, Oracle Corp, Tiffany & Co and Zijin Mining.

In overnight corporate news, **Tesla** revealed it was suspending US manufacturing operations in California and New York, but not in Nevada.

Netflix offered to alleviate internet speed issues by lowering streaming quality in Europe.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|---------------------------------|---------------|-------|-------|-------------|
| Gold (NY) (Apr) | 1479.3 | oz | 1.4 | 0.1 |
| Silver (NY) (May) | 12.134 | oz | 0.362 | 3.1 |
| Gold (LON) (18 Mar) | 1498 | oz | | |
| Platinum | 588 | oz | -35 | -5.6 |
| WTI Crude (Apr) | 25.22 | bbl | 4.85 | 23.8 |
| Brent Crude (May) | 28.47 | bbl | 3.59 | 14.4 |
| Iron Ore (NYMEX,CHN,62%) | 89.97 | t | -0.47 | -0.5 |
| Copper (LME,3mth Ind,PM) | 4823 | t | 137 | 2.9 |
| Nickel | 11295 | t | -25 | -0.2 |
| Aluminium | 1631 | t | -2 | -0.2 |
| Lead | 1638 | t | -15 | -0.9 |
| Zinc | 1845 | t | -4 | -0.2 |
| Tin | 13900 | t | 325 | 2.4 |

Commodities Commentary

Oil – prices were propelled higher overnight, WTI crude settling with its largest one session gain since March 1983.

Media reports indicated likely US sanctions against Russia in relation to oil output, and pressure on Saudi Arabia, as energy sector company collapse warnings continued.

A weekly US petroleum drill rig count is due tonight.

Gold – prices moved higher overnight as central banks moved to offer greater liquidity options.

Base metals – pushed and pulled by currency moves and stimulus announcements, amid increasing Covid-19 business and community impacts and warnings of a medium-term rather than shorter term outbreak.

Further announcements of *copper* project operations curtailments came from Codelco, Anglo American and Teck Resources.

Yesterday, Japan reported February inflation had risen 0.4% year-on-year, but was down 0.1% for the month.

morning.

Champion Iron (* CIA)

Cancelling plans, indefinitely, to move from Australia to Canada.

Energy

Marmota Ltd (* MEU)

Chairman Colin Rose is personally gifting a combined one million MEU shares to three key employees.

Dr Rose purchased the shares on-market.

Aurora Tank drilling assays expected within three weeks.

Trading Halts

| Company | Code | Resuming |
|----------------------------|------|----------|
| Arrow Minerals | AMD | 20 Mar |
| Liquefied Natural Gas | LNG | 20 Mar |
| Pacific Star Network | PNW | 20 Mar |
| Alkane Resources | ALK | 23 Mar |
| Euro Manganese | EMN | 23 Mar |
| Flight Centre Travel Group | FLT | 23 Mar |
| Helios Energy | HE8 | 23 Mar |
| MGC Pharmaceuticals | MXC | 23 Mar |
| Prospect Resources | PSC | 23 Mar |
| Southern Gold | SAU | 23 Mar |
| Unibail-Rodamco-Westfield | URW | 23 Mar |
| Webjet Ltd | WEB | 23 Mar |

Suspensions (select)

| Company | Code | Since |
|----------------------------|------|--------|
| 8IP Emerging Companies | 8EC | 16 Mar |
| Advance NanoTek | ANO | 18 Mar |
| Astivita Ltd | AIR | 18 Mar |
| Blina Minerals | BDI | 18 Mar |
| Chalice Gold Mines | CHN | 19 Mar |
| Consolidated Tin Mines | CSD | 2 Mar |
| Decmil Group | DCG | 27 Feb |
| Netlinkz Ltd | NET | 5 Mar |
| Real Estate Investar Group | REV | 3 Mar |
| Respiri Ltd | RSH | 19 Mar |
| Skin Elements | SKN | 10 Mar |
| Smiles Inclusive | SIL | 2 Mar |
| SomnoMed Ltd | SOM | 19 Mar |
| Stone Resources Australia | SHK | 19 Mar |
| TBG Diagnostics | TDL | 19 Mar |

Ex-Dividends

| Code | Ex-Div | Div (c) | Franking (%) | Yield (%) |
|------------|--------|------------|--------------|-----------|
| AHX | Today | 0.8 | 100 | 3.76 |

**Exchange Rates**

| CURRENCIES | LAST | +/- | % |
|------------------|--------|---------|--------------|
| AUD – USD | 0.5728 | -0.0018 | -0.31 |
| EUR – USD | 1.0663 | -0.0031 | -0.29 |

US Data Tonight

| | |
|---------------------|-----|
| Existing home sales | Feb |
|---------------------|-----|

Other Overseas Data Today & Tonight

| | | |
|----------------|------------------------|-----|
| China | Loan prime rates | Mar |
| UK | Public sector finances | Feb |
| Germany | Producer prices | Feb |

Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au

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|------------|-------|--------------|-----|-------|
| BGP | Today | 12.17 | 0 | 4.90 |
| CVF | Today | 0.46 | 100 | 8.76 |
| GDF | Today | 2.25 | 0 | 6.70 |
| KSC | Today | 2 | 100 | 1.35 |
| CWP | Mon | 12.5 | 100 | 6.49 |
| OPC | Mon | 3.6 | 100 | 0.95 |
| PE1 | Mon | 1.2 | 0 | 2.08 |
| BBL | Tue | 1 | 100 | 2.50 |
| COH | Tue | 160 | 100 | 1.88 |
| KPG | Tue | 1.21 | 100 | 6.79 |
| URW | Tue | 32.76 | 0 | 12.66 |
| VEA | Tue | 2.6 | 100 | 5.49 |
| SEK | Wed | 13 | 100 | 3.22 |
| SGF | Wed | 6.94 | 100 | 12.24 |
| SVW | Wed | 21 | 100 | 3.75 |
| VRT | Wed | 12 | 100 | 8.33 |
| WEB | Wed | 9 | 100 | 5.85 |

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