

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	5827	0	<b>0.0</b>
<b>NZX 50</b>	9141	-8	<b>-0.1</b>
<b>DJIA Futures</b>	24615	-72	-0.3
<b>S&amp;P 500 Futures</b>	2663	-8	-0.3
<b>NASDAQ Futures</b>	6762	-31	-0.5

## Local Markets Commentary

The Australian market commences today's trade on mixed overnight international equities and commodities trade leads, with some high-profile domestic stocks reporting for the December quarter, and ahead of first equities trade for the week in the US tonight.

In addition, there are no major new economic indicators scheduled for release during today's ASX trade.

In overnight commodities trade, **Brent crude** settled slightly higher.

**Iron ore** (China port 62% Fe fines) continued modestly higher.

LME **copper** and **aluminium** fell. **Nickel** turned to close just slightly lower.

The **\$A** ultimately slipped to ~US71.60c after trading at ~US71.70c early yesterday evening.

**Locally** today, a weekly capital consumer sentiment reading is due pre-trade.

Regionally, the **Bank of Japan** convenes a policy meeting from which outcomes will be announced tomorrow.

Meanwhile, politicians, World Bank and International Monetary Fund (IMF) officials, economists, corporate heads, central bankers and other stakeholders are in Davos, Switzerland for the annual **World Economic Forum** (WEF), which officially commences later today and continues through Friday.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	24706	Public	Holiday
<b>S&amp;P 500</b>	2671	`	`
<b>NASDAQ</b>	7157	`	`
<b>FTSE 100</b>	6971	2	<b>0.0</b>
<b>DAX 30</b>	11136	-69	<b>-0.6</b>
<b>Shanghai Comp</b>	2611	15	<b>0.6</b>

## Overseas Markets Commentary

Major European equities markets headed lower from the outset or in early trade overnight, choppy trade ensuing as investors considered new data out of China, the UK Prime Minister's plan for a revised UK-EU separation proposal to put to parliament, and new international growth forecasts.

US equities markets did not trade, due to a public holiday.

Yesterday, **China** released a mixed set of influential data, including GDP growth, which slowed to 6.4% during the December quarter.

## Today's Stock Watch

### Super Retail Group (SUL)

SUL has appointed SUL outdoor retailing MD Anthony Heraghty as MD and CEO, to take over from Peter Birtles 31 March.

Mr Heraghty is a former Pacific Brands GM and Foster's marketing director.

SUL plans to lodge interim results 14 February.

### Resources

#### BHP Billiton (BHP)

Produced 58Mt of iron ore during the December quarter and 119Mt for 2018, respectively 6% lower for the quarter and 2% higher for the year.

Petroleum output totalled 30MMboe for the quarter (-8%) and 63MMboe for the year (-1%).

December quarter copper production totalled 416,000t (+2%), and for the year, 825,000t (-1%).

Produced 10Mt of metallurgical coal and 7Mt of energy coal during the December quarter, and 21Mt and 13Mt (-5%) respectively for the year.

Realised prices rose significantly for petroleum, but fell for copper and iron ore.

#### Perseus Mining (PRU)

Produced 68,078oz of gold during the December quarter, at a \$US1052/oz AISC.

Sold 66,705oz at \$US1250/oz.

Produced 288,463oz during 2018, at a \$US994/oz AISC, 140,555oz of this during the second half of the year, at a \$US999/oz AISC.

\$A23.3.0M net cash and bullion.

\$US48.5M bank debt.

101,000oz of gold hedged at \$US1304/oz.

#### Lynas Corporation (LYC)

Record 5522t of REO sold during the December quarter.

Invoiced sales revenue totalled \$A79.9M and receipts \$A77.0M.

\$A53.7M cash.

#### MOD Resources (MOD) / Sandfire Resources (SFR)

MOD has secured \$10M in an oversubscribed 30c-per-share institutional placement.

MOD is also planning a \$5M fully-underwritten 24c-per-share rights issue.

MOD is also confirming SFR's admission yesterday morning of a conditional 38c-per-share offer for MOD, but considers the proposal undervalues the company and its Botswana copper production plans.

A decision to mine is anticipated prior to 30 June.

MOD is planning to continue to talk with SFR, after trading at 21c - 24c last week.

### Energy

#### Oil Search (OSH)

Produced 25.21MMboe during 2018, down 17% year-on-year. Sold 25.02MMboe, also down 17%. Revenue rose 6% to \$US1.54B.

December quarter sales and revenue rose 5% and 6% respectively against the September quarter.

In the **UK**, the PM told parliament her revised plan for a deal to govern the UK's planned withdrawal from the European Union (EU) was to seek concessions from the EU, in particular regarding temporary regulations for the UK border with Ireland, an EU member.

Ireland reiterated it would not negotiate separately with the UK, rather only as a continuing EU member.

In the face of no agreement within the UK parliament, PM May asserted no guarantees could be offered that the UK and EU would separation with no firm overall deal in place.

The British pound, which had been trading lower for the session, ultimately rose slightly.

The **International Monetary Fund** (IMF) reduced overall international growth forecasts in the latest global economic outlook report, presented overnight.

The IMF now expects 3.5% global growth this year, and 3.6% for 2020, the figures 0.2% and 0.1% lower than the fund's previous predictions.

US and China 2019 growth forecasts remained unchanged, at 2.5% and 6.2% respectively.

The IMF qualified all outlooks with a list of risks, including the UK-EU separation, China and euro zone recent, largely softer economic indicators and international trade issues.

For its part, the United Nations forecast 3.0% 2019 global economic growth, against 3.1% for 2018.

Among scant additional overnight data releases, **Germany's** December producer prices fell 0.4% for the month after increasing 0.1% in November and following forecasts of a 0.2% pull back.

Year-on-year, December PPI rose 2.7%, against 3.3% for November.

**Tonight** in the **US**, December existing home sales and a Philadelphia region manufacturing index are scheduled for release.

Companies expected to report earnings for the December quarter, or provide a trading update, include BHP Billiton, easyJet, IBM, Halliburton, Johnson & Johnson, Stanley Black & Decker and UBS.

In overnight corporate news, **Alphabet's** Google was penalised €50M for allegedly breaching EU data protection regulation.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY)</b> (Feb)	<b>1279.6</b>	oz	-3	
<b>Silver (NY)</b> (Mar)	15.29	oz	-0.11	
<b>Gold (LON)</b>	1284	oz		
<b>Platinum</b>	794	oz	-3	
<b>WTI Crude</b> (Feb)	<b>53.99</b>	bbl	0.19	
<b>Brent Crude</b> (Mar)	<b>62.8</b>	bbl	0.13	0.2
<b>Iron Ore</b> (CHN port 62%)	<b>75.9</b>	t	0.2	0.3
<b>Copper</b> (LME,3mth,PM)	<b>5981</b>	t	-71	-1.2
<b>Nickel</b>	11800	t	-20	-0.2
<b>Aluminium</b>	1852	t	-18	-1.0
<b>Lead</b>	2013	t	15	0.8
<b>Zinc</b>	2588	t	8	0.3
<b>Tin</b>	20650	t	25	0.1
<b>CBT Wheat</b> (Mar)	5.19	bshl		

### Commodities Commentary

**Oil** – yesterday's China data dump came in mixed, but growth for the most recent quarter stymied some

## Pre-Open Announcements

### Australian Dairy Nutritionals Group (AHF)

Flahey's Nutritionals has achieved registration of the Flahey's Future trademark in China, in class five, including infant formula and nutritional powders and supplements.

### AusCann Group Holdings (\* AC8)

AC8-DayaCann JV third-party cultivation activity underway on behalf of TSXV-listed Khiron Life Sciences Corp.

### G Medical Innovations Holdings (\* GMV)

Anticipating 'strong' 2019 revenue growth.

Awaiting the delivery of componentry in order to commence manufacturing Prizma and G medical patches at the Guangzhou facility.

Initial orders are anticipated for delivery before 31 March.

In addition, a loan agreement announced late October 2018 has been formalised, with 10%, 12% and 15% per annum interest rates to be applied for amounts drawn and/or outstanding at varying times.

### Genesis Energy (GNE)

December quarter performance report lodged this morning in presentation format.

### Viva Energy REIT (VVR)

Planning to lodge full year results pre-trade 21 February, and to host a webcast teleconference call that day, commencing 10am AEDT.

Access details lodged post-trade yesterday.

## Resources

### Highfield Resources (\* HFR)

Muga potash project proved and probable ore reserve updated to 108.7Mt @ 10.2% K<sub>2</sub>O.

42.9Mt @ 10.2% K<sub>2</sub>O qualifies for proved status.

### Mineral Resources (\* MIN) / Brockman Mining (BCK)

MIN's 50% farm-in to BCK's WA Pilbara Marillana iron ore project has officially commenced.

Conditions include MIN spending \$250,000 within six months.

### Pioneer Resources (\* PIO)

WA Sinclair caesium project first shipment expected to leave Esperance port before 31 January.

### Sheffield Resources (\* SFX) / Woodside Petroleum (WPL)

WPL will supply 1950TJpa of LNG over 15 years to SFX's northern Western Australia Thunderbird mineral sands project.

A WPL-Energy Developments JV will own and operate a purpose-built road tanker fleet to transport the LNG from a WPL Karratha, WA facility to a Thunderbird storage facility.

### Echo Resources (\* EAR)

EAR's ~\$2.5M rights issue allowing for the issue of up to ~24.432M shares attracted applications for ~70.299M shares, totalling ~\$7.38M.

EAR has consequently called back applications and will allot the new shares tomorrow.

overnight sentiment, although Brent crude traded beyond \$US63.00/bbl intra-session.

China's official NBS figures included a 6.8% year-on-year increase in refinery crude oil usage, to a daily 12.1MMbbl.

A US public holiday meant limited US trade and thinner overall volumes.

An EIA (US government agency) drilling productivity report is due tonight.

**Gold** – limited US futures trade overnight, due to public holiday.

Tonight's trade could react to: China's growth data and further analysis, in particular regarding possible outcomes from trade talks with the US; China stimulus speculation; UK-EU plans; and commentary ahead of the European Central Bank and Bank of Japan policy meetings this week.

**Base metals** – yesterday, **China** reported 6.4% year-on-year December quarter GDP, and 6.6% 2018 growth (the least since 1990).

This followed 6.5% year-on-year growth for the September quarter and was in line with forecasts.

December industrial production rose 5.7% year-on-year, from 5.4% for November, and following 5.3% predictions.

Retail sales grew 8.2% year-on-year, following 8.1% in November, and matched expectations.

2018 fixed asset investment increased 5.9%, the same rate as for January – November. Forecasters had opted for 6.0%.

Meanwhile, reports of some Guangdong manufacturers shutting down earlier than usual for Lunar New Year (4 – 8 February) continued.

Production and employee hour reduction reports have also persisted since the commencement of this past year's US-China trade tariff argy-bargy.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7158	-0.0000	-0.01
<b>EUR – USD</b>	1.1367	-0.0002	-0.01

### Australian Data Today

ANZ/RyMgn	Consumer sentiment	20 Jan
-----------	--------------------	--------

### US Data Tonight

Philadelphia Fed manufacturing	Jan
Existing home sales	Dec

### Other Overseas Data Today & Tonight

<b>UK</b>	Public sector finances	Dec
UK	Earnings	Nov
UK	ILO unemployment	Nov
UK	Jobless claims change	Dec
<b>Germany</b>	ZEW conditions	Jan
<b>Euro zone</b>	ZEW sentiment	Jan

### Black Rock Mining (\* BKT)

In response to an ASX compliance query, BKT is pointing to a company-commissioned research report, released 19 January (Friday last week), and a third Mahenge graphite project off-take agreement, announced 7 January.

BKT appreciated 10.87% in relatively high-volume trade yesterday, settling at 5.1c after trading at 5.6c intra-day.

BKT closed out the week ending 4 January at 3.6c.

### Redbank Copper (RCP)

RCP settled at 4.7c yesterday, after adding 34.29% for the session, and 16.67% Friday last week.

Post-trade yesterday, RCP revealed it had appointed former RCP exploration manager and current RCP contractor Craig Hall as a non-executive director.

Craig Readhead resigned as a RCP director, effective yesterday. Michael Fotios remains RCP executive chairman.

### Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>BHP</b>	Dec Q
	<b>LYC</b>	Dec Q
	<b>PRU</b>	Dec Q
<b>Tomorrow</b>	NST	Dec Q
	RRL	Dec Q
<b>Fri</b>	RMD	Dec Q

### Trading Halts

Company	Code	Resuming
Black Rock Mining	BKT	23 Jan
Kin Mining	KIN	23 Jan
ServTech Global Holdings	SVT	23 Jan

### Suspensions (select)

Company	Code	Since
Aurora Absolute Return Fund	ABW	21 Jan
Cape Lambert Resources	CFE	8 Jan

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>MIR</b>	Today	<b>13.5</b>	100	3.66
DJW	29 Jan	10	100	5.93
OZG	1 Feb	0.25	100	3.03



### **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).

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

This morning note and its contents at all times 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.