

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	7061	-15	-0.2
<b>NZX 50</b>	11898	9	0.1
<b>DJIA Futures</b>	29105	-35	-0.1
<b>S&amp;P 500 Futures</b>	3317	-3	-0.1
<b>NASDAQ Futures</b>	9188	-8	-0.1

## Local Markets Commentary

The Australian market opens today's trade with material domestic and regional data due by late-morning, following overnight potential pandemic-related international economic growth concerns, ahead of a domestic Monday public holiday weekend and with China's markets closed for a week from tomorrow.

Since ASX trade yesterday, fears of a coronavirus pandemic have prompted several international responses.

In Hubei province capital city Wuhan, administrators wishing to curb the spread have announced flights from, and public transport within, will be suspended today. Wuhan's population is estimated at 11 million.

The World Health Organisation is expected to release a statement tonight after scheduling a dedicated coronavirus emergency committee meeting for later today.

**Regionally today, Japan is expected to report December trade statistics 10.50am AEDT.**

**Locally today, the Australian Bureau of Statistics (ABS) publishes December employment figures 11.30am AEDT.**

**The Melbourne Institute also releases its monthly consumer inflation expectations report this morning.**

In overnight commodities trade, **oil** picked up the pace of Tuesday's fall.

US **gold** futures (CME February) continued slightly lower.

**Iron ore** (Nymex CFR China, 62% Fe) slipped US4c/t, remaining above US94.75/t.

LME (3mth evening) **copper** continued lower. **Nickel** settled almost flat. **Aluminium** turned and fell.

The **\$A** appreciated to ~US68.45c after falling to ~US68.35c early yesterday evening.

Meanwhile, the World Economic Forum continues through tomorrow, spawning further global issues commentary from influential attendees.

*China's markets will be closed from tomorrow for one week, due to the Lunar New Year/Autumn Festival holiday season.*

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	29186	-10	-0.0
<b>S&amp;P 500</b>	3322	1	0.0
<b>NASDAQ</b>	9384	13	0.1

**Australia – December employment – 11.30am AEDT**

**\* Food products listing 11am AEDT – HVM \***

**ASX trade - the ASX will be closed Monday 27 January**  
**Today's trades will settle Tuesday next week (28 January)**  
 Tomorrow's will settle Wednesday next week

## Today's Stock Watch

### CIMIC Group (CIM)

Leaving the Middle East region.

Will record a \$1.8B post-tax charge in relation to BIC Contracting (45%-held) exposure.

Anticipating \$800M 2019 NPAT, in line with guidance.

Planning to lodge full year results 4 February.

### Westpac Banking Corporation (WBC)

WBC has appointed former Barclays chairman John McFarlane as non-executive chairman, to take over from Lindsay Maxsted 2 April. Mr McFarlane will join the board as a non-executive director next month.

### Commonwealth Bank of Australia (CBA)

A class action has been filed against CBA subsidiary Colonial First State Investments and non-consolidated subsidiary The Colonial Mutual Life Assurance Society.

### Downer EDI (DOW)

Anticipating \$300M FY 2020 NPATA. Details of impacting factors, including reduced revenue and greater restructuring costs, lodged this morning.

In addition, DOW has secured a new \$600M mining and services contract with Stanwell Corporation for the Meandu coal operation, Queensland. The contract is for five years from 1 July.

### Keytone Dairy Corporation (KTD)

Launching a new range of frozen purees to be sold in Woolworths supermarkets from April. Sales for the first year are expected to tally a minimum \$2.5M.

### Cann Global (CGB)

EPCO Foods Vietnam has requested 50% more food products supply.

In addition, Costco Australia will take a new range of T12 products.

## Resources

### Galaxy Resources (GXY)

Produced 43,222t of lithium concentrate at a \$US406/t cash cost during the December quarter

Sold 29,778t, with only 14,788t shipped by 31 December.

Debt-free.



FTSE 100	7572	-39	-0.5
DAX 30	13516	-40	-0.3
Shanghai Comp	3061	9	0.3

### Overseas Markets Commentary

Major European and US equities markets forfeited early gains in varying degrees overnight, onlookers attributing this to commentary regarding the potential impacts of any broader spread of the coronavirus.

The US president had boosted some early sentiment with a promise of a new tax cut, this one within three months.

The US president also again threatened import tariffs on vehicles from the European Union, should trade agreement negotiations not prove successful.

Germany countered with a warning. France and the EU vehicle industry suggested all would be done to prevent retaliatory taxes.

In the meantime, the **World Economic Forum** continued, with high-profile attendees espousing views across several international issues.

Among **US data** releases, December existing home sales increased 3.6% for the month.

A November house price index indicated a 0.2% price rise following a 0.4% October appreciation.

The Chicago Fed national activity index fell to -0.35 from 0.41.

Earlier in the **UK**, a CBI January industrial trends orders index improved to -22 from -28.

The CBI March quarter business optimism index offered some cheer, jumping to 23 from -44.

**Tonight** in the US, the Kansas City Fed manufacturing index, Conference Board leading index and weekly new unemployment claims are due.

Elsewhere, the **European Central Bank** (ECB) holds a policy meeting, after which a media conference with president Christine Lagarde is keenly anticipated.

Companies scheduled to report earnings include: American Airlines, Bristol-Myers Squibb, Comcast, e\*trade, Freeport McMoRan, Hyundai Motor, Intel, Kimberly-Clark, Procter & Gamble, Starbucks and Travelers.

*China's markets will be closed for a week from tomorrow, due to Lunar New Year/Autumn Festival holidays. Tomorrow is Lunar New Year's Eve.*

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY)</b> (Feb)	<b>1556.7</b>	oz	-1.2	-0.1
<b>Silver (NY)</b> (Mar)	<b>17.828</b>	oz	0.02	0.1
<b>Gold (LON)</b> (21 Jan)	<b>1551</b>	oz		
<b>Platinum</b>	<b>1013</b>	oz	15	1.5
<b>WTI Crude</b> (Mar)	<b>56.74</b>	bbl	-1.64	-2.8
<b>Brent Crude</b> (Mar)	<b>63.21</b>	bbl	-1.38	-2.1
<b>Iron Ore</b> (NYMEX,CHN,62%)	<b>94.76</b>	t	-0.04	-0.0
<b>Copper</b> (3mth,evening)	<b>6104</b>	t	-47	-0.8
<b>Nickel</b>	<b>13660</b>	t	-5	-0.0
<b>Aluminium</b>	<b>1811</b>	t	-15	-0.8

## Pre-Open Announcements

### Happy Valley Nutrition (\* HVM)

New Zealand-focused milk processing specialist scheduled to list on the ASX **11am** AEDT, following a \$12.5M IPO at 20c per share. 168.9M quoted shares.

### Netwealth Group (\* NWL)

FUA grew \$3.2B to \$28.5B during the December quarter. The 2019 increase came to \$9.5B (+50.2%).

### Austal Ltd (\* ASB)

\$15.5M contract secured to design and supply a 41M catamaran ferry for STGM Mauritius.

STGM Mauritius has operated a pre-owned ASB-built ferry since 2013.

The new ferry will be constructed at ASB's Vietnam shipyard. Construction is expected to commence in March and to take (including commissioning) ~12 months.

### Iress Ltd (IRE)

IRE has appointed Michael Dwyer and Trudy Vonhoff as directors, effective 1 February.

Details lodged this morning.

### Salmat Ltd (SLM)

Shareholders will vote on the proposed sale of SLM's MicroSourcing business 21 February.

### COSOL Ltd (\* COS)

Business optimisation IT products and services provider scheduled to list on the ASX 1pm AEDT **tomorrow**, following a \$12M IPO at 20c per share.

127.5M quoted shares.

## Resources

### Alacer Gold Corporation (\* AQG)

Produced 391,213oz of gold at a \$US710/oz AISC during 2019. \$US47M net debt.

2020 guidance also lodged this morning.

## Energy

### Senex Energy (\*\* SXY)

Produced 447,000boe during the December quarter, ~35% more than for the September quarter.

Sales rose 25% to 400,000boe, and revenue 23%, to \$29.4M.

Oil prices were ~12% higher, and overall prices 1% lower.

### Liquefied Natural Gas (\* LNG)

Delta Offshore Energy has secured investment registration for the proposed 3200MW LNG-to-power project in Bac Lieu Province, Vietnam.

LNG proposes to supply 2Mtpa of Magnolia project output to Delta Offshore.



Lead	1991	t	28	1.4
Zinc	2397	t	-58	-2.4
Tin	17450	t	-130	-0.7

### Commodities Commentary

**Oil** – overnight trade sentiment was attributed mostly to a mix of: positioning ahead of the **Lunar New Year** holiday season; reactions to the IEA’s surplus comment the previous session; and commentary regarding the potential impact of the spread of **coronavirus** on China’s economy, and from broader, associated international restrictions and travel sentiment.

Meanwhile, a pipeline shutdown prompted Royal Dutch Shell to declare force majeure on select exports from **Nigeria**, effective this past Monday.

The weekly US petroleum inventories report from government agency the EIA is due tonight.

**Gold** – overnight trade appeared mostly pushed and pulled overnight by vacillating equities sentiment.

A US presidential promise of a new tax cut pushed equities higher initially, but gains were not held.

**Base metals** – overnight trade was again influenced by a cocktail of inventories, international economic growth commentary, trader numbers declining due to the pending Lunar New Year, and industry news.

LME *copper* inventories were reported to have rebounded 20% in a day.

Antofagasta reported record annual copper production, but a 5.8% tumble for the December quarter, in part due to civil protests through Chile.

In addition, a copper and *cobalt* refinery in Zambia would be placed under care and maintenance by month’s end, a mine employees’ union revealed.

Meanwhile in Indonesia, a state-owned *aluminium* smelter was reported to be planning to boost capacity from 250,000tpa to 1Mtpa within seven years.

In *nickel* news, the International Nickel Study Group estimated a 1266t global deficit in November, from 3077t for October.

**China’s markets (and traders) will commence a week-long Lunar New Year holiday break from tomorrow. This will further impact trading volumes through next week.**

### Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6845	0.0000	0.01
EUR – USD	1.1094	0.0000	0.00

### Australian Data Today

ABS	Employment	Dec
Melbourne Institute	Consumer inflation expectations	Jan

### US Data Tonight

Conference Board leading index	Dec
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### Trading Halts

Company	Code	Resuming
Comet Resources	CRL	23 Jan
Emerald Resources	EMR	23 Jan
Resolute Mining	RSG	23 Jan
Zenith Minerals	ZNC	23 Jan
88 Energy	88E	24 Jan
Cape Lambert Resources	CFE	24 Jan
Eagle Mountain Mining	EM2	24 Jan
Gladiator Resources	GLA	24 Jan
Homestay Care	HSC	24 Jan
MetalsTech Ltd	MTC	24 Jan
Platina Resources	PGM	24 Jan

### Suspensions (select)

Company	Code	Since
Altura Mining	AJM	15 Jan
AuStar Gold	AUL	20 Jan
Coziron Resources	CZR	14 Jan
Force Commodities	4CE	15 Jan
Hawkstone Mining	HWK	17 Jan
Integrated Green Energy Solutions	IGE	20 Jan
Kangaroo Island Plantation Timbers	KPT	7 Jan
Lake Resources	LKE	22 Jan
MEC Resources	MMR	17 Jan
Reverse Corp	REF	16 Jan
Rumble Resources	RTR	23 Jan

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
KAT	Tomorrow	0.75	100	2.07
DJW	Wed	8.75	100	5.56

### Reports & Events

(selected)

When	Company	Report/Event
<b>Today</b>	<b>GXY</b>	Dec Q (tele 11am AEDT)
<b>Tomorrow</b>	LYC	Dec Q (tele 11am AEDT)
<b>Wed</b> (29 Jan)	EVN NST	Dec Q Dec Q (tele 9.30am AEDT)
<b>Thu</b>	FMG	Dec Q
<b>Fri</b>	GUD	Interim



Kansas City Fed manufacturing Jan  
 Initial jobless claims 18 Jan

**Other Overseas Data Today & Tonight**

<b>Japan</b>	Trade balance	Dec
Japan	Leading economic index (final; 4pm AEDT)	Nov
<b>Euro zone</b>	ECB post-policy meeting outcomes	Jan
Euro zone	Consumer confidence	Jan

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