

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	6656	-4	<b>-0.1</b>
<b>NZX 50</b>	11531	-62	<b>-0.5</b>
<b>DJIA Futures</b>	28602	0	0.0
<b>S&amp;P 500 Futures</b>	3236	0	0.0
<b>NASDAQ Futures</b>	8810	0	0.0

## Local Markets Commentary

The Australian market commences the first full trading week of the new year amid heightened international geopolitical tensions, in particular following warnings associated with the US attack against a key Iranian military leader in Iraq Friday.

In addition, some key data is due today both domestically and regionally, and for the euro zone and UK tonight.

Further, anytime from today, the US and China are expected to provide further information on the US plan to sign an initial trade pact mid next week.

**Regionally** today, Caixin is scheduled to publish its December services PMI for **China 12.45pm** AEDT.

A manufacturing PMI is due for **Japan 11.30am** AEDT.

**Locally** today, AiG is due to reveal its December **manufacturing** sector activity index pre-trade.

In overnight Friday commodities trade, **oil** was propelled higher.

**US gold** futures (February) also rallied.

**Iron ore** (Nymex CFR China, 62% Fe) continued higher, trading beyond \$US93.40/t.

LME (3mth official) **copper** fell. **Nickel** tumbled. **Aluminium** again rose sharply.

The **\$A** traded within a narrow range after dropping to ~\$US69.45c by early Friday evening, but has since traded below \$US69.35c.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	28635	-234	<b>-0.8</b>
<b>S&amp;P 500</b>	3235	-23	<b>-0.7</b>
<b>NASDAQ</b>	9021	-71	<b>-0.8</b>
<b>FTSE 100</b>	7622	18	<b>0.2</b>
<b>DAX 30</b>	13219	-167	<b>-1.3</b>
<b>Shanghai Comp</b>	3084	-1	<b>-0.1</b>

## Overseas Markets Commentary

Major mainland European and US equities markets fell on opening overnight Friday, with little subsequent recovery.

The UK's FTSE 100 ultimately rallied to a positive settlement, however.

The **US** had earlier announced responsibility for an air attack, within the Iraqi capital Baghdad's airport precinct, that had reportedly

First full trading week of 2020

## Today's Stock Watch

### PointsBet Holdings (PBH)

PBH has secured an exclusive agreement to provide online and mobile sports wagering and gaming (casino) in Michigan, US, pending regulatory licence grants.

Michigan State laws enabling sports betting and online gambling were signed 20 December 2019.

### Aspen Group (APZ)

APZ NSW south coast holiday season properties business has been materially impacted, lowering expected revenue and net operating income for the two properties combined by a minimal \$500,000.

Neither property (Barlings Beach and Tween Waters) has been damaged.

### CannPal Animal Therapeutics (CP1)

The CSIRO has granted CP1 an exclusive, world-wide licence to commercialise the CSIRO's patented MicroMAX microencapsulation technology for animal therapeutics.

The encapsulation protects sensitive hemp-derived oils from oxidation.

Further, the CP1 oil formulation used in CP1's evaluation of the CSIRO microencapsulation has delivered pre-clinical data confirming anti-inflammatory activity.

This has been sufficiently significant to prompt CP1 to apply for a patent for the anti-inflammatory formulation, and to plan a small-scale commercial evaluation during the current quarter.

## Resources

### Resolute Mining (RSG)

RSG has hedged a further 22,800oz of gold, at \$US1553/oz. The gold is due to be delivered monthly from July through December 2020. RSG appreciated 3.6% Friday, settling at \$1.28.

### Mincor Resources (MCR)

Resuming from a trading halt with further high-grade nickel intersected during step-out diamond drilling within the Kambalda, WA Cassini sulphide target. MCR last traded at 64.75c.

## Energy

### Cooper Energy (COE) / APA Group (APA)

Non-essential personnel were evacuated from the East Gippsland, Victoria Orbest gas processing plant, for which upgrade work is being completed by APA in order to process COE gas from the Sole gas field.

The upgrade work is expected to be delayed by ~two weeks.



killed the head of the **Iran's** foreign division of the Islamic Revolutionary Guards Corps, together with other key Iran-backed, Iraqi-based militia.

Iran vowed to retaliate, and yesterday announced it would no longer adhere to any commitments made within a 2015 nuclear agreement.

**China** effectively denounced the US attack.

In overnight Friday data releases, **Germany's** initial CPI estimate for December of 0.5% growth for the month heartened against the 0.8% November deflation. Year-on-year, the December CPI was up 1.5%.

In the **UK**, the December construction PMI fell to 44.4 from 45.3.

December residential property prices were reported 0.1% higher for the month and 1.4% higher than for December 2018, following respective 0.5% and 0.8% gains in November.

The Bank of England reported overall net consumer lending declined from £5.6B to £4.5B during December.

In the **US**, the most high-profile economic indicators concerned.

The ISM's influential manufacturing index came in at a contractionary 47.2, the least estimate since June 2009, and against 48.1 for November.

An ISM New York business activity index slumped to 39.1 from 50.4. November construction spending rose 0.6% for the month, against a 0.1% increase during October.

US Federal Reserve December policy meeting minutes confirmed no expectations of any near-term rate changes, but a watch on international economic risks.

**Tonight** in the **US**, final readings for the Markit-calculated December services and composite PMIs are due.

Elsewhere, services PMIs are due for the UK and euro zone, plus retail sales for Germany.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY)</b> (Feb)	<b>1552.4</b>	oz	24.3	<b>1.6</b>
<b>Silver (NY)</b> (Mar)	18.15	oz	0.105	<b>0.6</b>
<b>Gold (LON)</b>	<b>1515</b>	oz		
<b>Platinum</b>	<b>980</b>	oz	2	<b>0.2</b>
<b>WTI Crude</b> (Feb)	<b>63.05</b>	bbl	1.87	<b>3.1</b>
<b>Brent Crude</b> (Mar)	<b>68.60</b>	bbl	2.35	<b>3.6</b>
<b>Iron Ore</b> (NYMEX, CHN, 62%)	<b>93.41</b>	t	0.83	<b>0.9</b>
<b>Copper</b> (3mth, official)	<b>6130</b>	t	-59	<b>-1.0</b>
<b>Nickel</b>	<b>13760</b>	t	-505	<b>-3.5</b>
<b>Aluminium</b>	<b>1824</b>	t	19	<b>1.1</b>
<b>Lead</b>	<b>1919</b>	t	-0.5	<b>-0.0</b>
<b>Zinc</b>	<b>2307</b>	t	-3	<b>-0.1</b>
<b>Tin</b>	<b>16810</b>	t	-390	<b>-2.3</b>

### Commodities Commentary

**Oil** – WTI crude traded as high as \$US64.09/bbl, and Brent at \$US69.50/bbl, overnight Friday.

The killing of a key elite Iranian military leader pushed the risks higher for oil transport through the Strait of Hormuz.

## Pre-Open Announcements

### Retail Food Group (RFG)

RFG has settled the sale of its Hudson Pacific foodservice business.

### Imdex Ltd (IMD)

IMD has completed its \$NZ3M cash acquisition of Flexidrill.

### SCA Property Group (\* SCP)

Moelis Australia Advisory will subscribe for \$13.8M worth of new SCP units, in accordance with a distribution reinvestment plan (DRP) take-up rate underwriting agreement.

### Dexus Prop (DXS)

Confirming GIC is boosting its investment in the Dexus Australian Logistics Trust (DALT) by 24% to 49%.

The additional investment is estimated at \$366.1M.

DXS has earmarked proceeds for debt reduction and future funding commitments.

Settlement is anticipated 1 April.

### KALiNA Power (KPO)

Power Engineers Inc has reported on KPO's combined cycle clean energy plants in Alberta, concluding cost estimates and performance expectations can be substantiated, and approving the standard of process design, engineering and procurement.

The report will support potential equity funders.

KPO is targeting \$C300M to fund five initial power projects planned for Alberta, Canada.

### Magellan Global Trust (MGG)

Targeting a 3.44c cash distribution for the six months ending 30 June 2020.

### Resources

### Panoramic Resources (PAN)

Produced 1042t of nickel, 695t of copper and 55t of cobalt in concentrate during the December quarter, nickel and copper output down 22% and 19% respectively compared with the September quarter.

Shipped 6% less concentrate, totalling 14,866t.

A 5100t shipment is expected 11 January (Saturday this week). \$14.9M cash.

Planning to lodge a comprehensive December quarter report later this month.

### Prospect Resources (PSC)

PSC's iron petalite has passed a second qualification process with a European-headquartered glass-ceramic manufacturer.

A pilot plant is planned, for testing the product in a manufacturing kiln.

### Adriatic Metals (\* ADT)

ADT has appointed former Avesoro Resources CFO Geoff Eyre as CFO, in association with Sean Duffy's plan to leave ADT 6 March. In the meantime, Mr Duffy will hand over to Mr Eyre.



The US administration's instruction for US petroleum industry personnel, among other US citizens, to leave Iraq, also underscored the broader risks.

The US government agency EIA weekly petroleum inventories report published overnight Friday included an 11.46MMbbl drop in stored crude, mostly attributed to a reduction in imports compared with exports.

Petrol stocks rose by 3.21MMbbl.

An industry weekly drill rig report, also released overnight Friday, estimated seven fewer active oil rigs. This followed an eight-rig decline the previous week, and pegged back the total number of operational oil rigs to 670.

**Gold** – geopolitical concerns, specifically US-Iran-Iraq relations, and China's response to the US drone attack at Baghdad's airport, buoyed gold trade overnight Friday.

US Federal Reserve December policy meeting minutes were released post-gold price settlement, but prior to close, the ISM's manufacturing index, which dropped further into contractionary territory, and the New York index, which returned to contractionary mode, also supported gold interest, further reducing equities sentiment.

Apart from geopolitical developments, US employment figures Friday and the ISM's services sector activity index are among several reports which could influence some of this week's gold sentiment.

**Base metals** – heightened international geopolitical risk added to global economic progress concerns overnight Friday, propelling oil prices higher and hence damaging general base metals trade sentiment.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.6943	0.0001	0.02
<b>EUR – USD</b>	1.1161	-0.0006	-0.05

### Australian Data Today

AiG	PMI	Dec
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### US Data Tonight

Markit services PMI (final)	Dec
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### Other Overseas Data Today & Tonight

<b>China</b>	Caixin services PMI	Dec
<b>Japan</b>	Manufacturing PMI	Dec
<b>UK</b>	Services PMI	Dec
<b>Germany</b>	Retail sales	Nov
Germany	Services PMI (final)	Dec
<b>Euro zone</b>	Services PMI (final)	Dec
Euro zone	PPI	Nov
Euro zone	Sentix investor confidence	Jan

In addition, ADT has appointed former Toachi Mining project manager Phillip Fox as chief geologist, following the retirement of Bob Annett last month.

### Pensana Metals (PM8)

PM8 has appointed former Petra Diamonds finance manager corporate and head of treasury Robert Kaplan as CFO and company secretary of Pensana Rare Earths Plc.

Pensana Rare Earths is expected to list on the main board of the London Stock Exchange (LSE) in February and is proposing to acquire PM8 via a scheme of arrangement.

PM8 shareholders will vote on the scheme of arrangement proposal 15 January (Wednesday next week).

### Energy

#### Otto Energy (\* OEL)

Onshore Texas, US, Lightning field Green #2ST well will be completed as a production well.

Details lodged this morning. OEL 37.5% (JV) and 28.5% net revenue interest.

### Trading Halts

Company	Code	Resuming
Cape Lambert Resources	CFE	6 Jan
Kangaroo Island Plantation Timbers	KPT	7 Jan

### Suspensions (select)

Company	Code	Since
A-Cap Energy	ACB	3 Jan
Bounty Mining	B2Y	19 Dec
Gulf Manganese Corporation	GMC	18 Dec
Kore Potash	KP2	24 Dec
Kula Gold	KGD	2 Jan
Paringa Resources	PNL	27 Dec

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
SLK	Tomorrow	6.5	100	3.04
CLF	Wed	1.5	100	4.04



### Need More Information?

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