

Markets

SFE 200 Futures (9.30am AEDT)	6767	3	0.0
NZX 50	11594	-36	-0.3
DJIA Futures	28502	-24	-0.1
S&P 500 Futures	3233	-2	-0.1
NASDAQ Futures	8844	-9	-0.1

Local Markets Commentary

The Australian market commences mid-week trade amid continuing broad geopolitical disquiet, with the \$A significantly lower, several domestic economic indicator reports due, and following some positive data releases and ambivalent overnight trade across major international equities markets.

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

The Australian Bureau of Statistics (ABS) publishes November **dwelling approvals 11.30am** AEDT.

A job vacancies report is also expected from the ABS, and a monthly chart pack from the Reserve Bank of Australia (RBA), each at 11.30am.

Regionally, yesterday evening (AEDT), **China** reported \$US3.108 trillion worth of foreign reserves as at 31 December, following \$US3.096 trillion at the end of November.

In overnight commodities trade, **oil** swung lower.

US **gold** futures (February) continued higher, but at a more moderate pace than the previous two sessions.

Iron ore (Nymex CFR China, 62% Fe) slipped slightly, but remained above \$US93.70c/t.

LME (3mth evening, 'indicative') **copper** turned higher and **aluminium** lower. **Nickel** picked up the pace of Monday's gain.

The **\$A** dropped beneath US68.70c after falling to ~US69.00c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	28584	-120	-0.4
S&P 500	3237	-9	-0.3
NASDAQ	9069	-3	-0.0
FTSE 100	7574	-1	-0.0
DAX 30	13227	100	0.8
Shanghai Comp	3105	21	0.7

Overseas Markets Commentary

Vacillating trade featured across major European and US equities markets overnight amid a flurry of key data releases, the majority of these better-than-feared, and a plethora of international geopolitical commentary.

Today's Stock Watch

WiseTech Global (WTC)

Acquiring Switzerland-headquartered customs and freight specialist SISA Studio Informatica for ~\$15.5M upfront and up to ~\$8.9M in earn-outs.

PharmAust Ltd (PAA)

Revising forecast FY 2020 revenue to \$3.34M from \$4.2M, due in part to the UNITY Biotechnology Inc contract loss.

PAA subsidiary Epichem has secured a contract extension with Drugs for Neglected Diseases *initiative* (DNDi), however, limiting the revenue impact from the loss of the UNITY contract.

PAA anticipated \$A1.24M revenue from the one-year extension.

Fluence Corporation (FLC)

Financial close achieved for the proposed €165M Ivory Coast water treatment plant.

FLC will immediately qualify for a minimum \$US20M worth of revenue for work largely completed to date.

Resources

Independence Group (IGO)

Fires which have recently closed parts of the Eyre Highway and Coolgardie-Esperance highways have adversely impacted Nova supply delivery and concentrate haulage.

IGO is not anticipating any material impact, however.

IGO is also reporting this morning that second-half 2019 (1H FY 2020) production has exceeded guidance. IGO produced Nova concentrates containing 15,236t of nickel, 6779t of copper and 561t of cobalt. Tropicana gold JV output totalled 257,252oz. On a 30% share basis, IGO sold 77,550oz of gold, 38,612oz of this during the December quarter.

Planning to publish December quarter operational and financial reports 30 January.

Resolute Mining (RSG)

Produced 105,293oz of gold during the December quarter, pushing the 2019 total to 384,731oz, against 400,000oz guidance.

\$A181M cash, bullion and listed investments as at 31 December. \$A380M net debt.

Promising an update 13 January (Monday next week), ahead of the December quarter activities report 17 January.

Mineral Commodities (MRC)

Southern Western Australia Munglinup graphite project DFS outcomes include: a \$US61M capex, \$US111M post-tax NPV (7%) and 2.7-year payback, on 52,000t (mean) annual concentrate production over 14 years. Comprehensive report lodged pre-trade. MRC has traded higher the past two sessions, settling at 29.5c yesterday.



Among overnight data releases, a preliminary December CPI reading for the **euro zone** came in at 1.3% growth year-on-year.

November retail sales rose 1% for the month following a 0.3% October decline. Year-on-year, sales were 2.2% higher.

Germany's December construction PMI also pleased, estimated at 53.8 from 52.5 for November.

In the **UK**, a 10-year treasury gilt auction delivered yields of 0.794% from 0.738% previously.

In the **US**, the November trade deficit narrowed to \$US43.1B from \$US46.9B.

Exports rose by \$US2B in value to \$US209B. Imports declined \$US2B to \$US252B.

The ISM's December non-manufacturing index rose 1.1 to a healthy 55.0. The new orders and employment components fell, but business activity jumped 5.6 points to 57.2.

November factory orders fell 0.7% for the month, against a 0.2% October rise. Excluding the transportation sector, orders rose 0.3%, the same rate as in October.

Meanwhile, **Bank of England** governor Mark Carney conceded central banks would be more limited in support than 12 years ago in the event of a major economic downturn, and again implored governments to reassess fiscal policy.

Tonight in the **US**, a private sector December employment report, November consumer credit and weekly mortgage applications are due.

Elsewhere, Germany is scheduled to conduct a 10-year sovereign bond auction.

Companies expected to report earnings include Constellation Brands and Walgreens Boots Alliance.

UK supermarket chain Sainsbury's is due to provide a trading update, ahead of competitor Tesco (tomorrow night).

In overnight corporate news, Sainsbury's other major UK-headquartered competitor **Morrison's** (WM Morrison) reported a 7% drop in sales for the 22 weeks to 5 January.

Travellex revealed its sites were down due to a 31 December hacking. A group claiming responsibility, and demanding a ransom payment, also maintains it has been obtaining sensitive data from Travellex for six months.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1574.3	oz	5.5	0.4
Silver (NY) (Mar)	18.393	oz	0.214	1.2
Gold (LON)	1573	oz		
Platinum	969	oz	7	0.7
WTI Crude (Feb)	62.70	bbl	-0.57	-0.9
Brent Crude (Mar)	68.27	bbl	-0.64	-0.9
Iron Ore (NYMEX,CHN,62%)	93.73	t	-0.12	-0.1
Copper (3mth,evening)	6166	t	22	0.4
Nickel	13910	t	100	0.7
Aluminium	1818	t	-14	-0.7
Lead	1908	t	-14	-0.8
Zinc	2356	t	36	1.6
Tin	16950	t	100	0.6

Pre-Open Announcements

Emeco Holdings (* EHL)

\$35M increase to \$100M secured for EHL's syndicated revolving credit facility, effective 5 February.

Genetic Technologies (* GTG)

Confirming a soft launch of the company's breast cancer test GeneType is planned before 31 March, in 20 medical centres across eight US States.

A full launch is anticipated by 30 June.

Kangaroo Island Plantation Timbers (KPT)

KPT has appointed administrators after an initial assessment, and during ongoing comprehensive assessments, of fire damage from the past two weeks.

Some detail lodged this morning.

Creso Pharma (CPH)

Pointing to international sector interest and a December 2019 announcement outlining plans in response to a price and volume query from the Australian Securities Exchange (ASX).

CPH gained 50% yesterday, settling at 16.5c following 574 transactions.

Resources

Tempus Resources (* TMR)

Heralding results from Blackdome-Elizabeth gold project geochemical surveying.

Details lodged this morning.

TMR has traded higher the past two sessions, settling at 25c yesterday.

Trading Halts

Company	Code	Resuming
Anson Resources	ASN	9 Jan

Suspensions *(select)*

Company	Code	Since
A-Cap Energy	ACB	3 Jan
Bounty Mining	B2Y	19 Dec
Gulf Manganese Corporation	GMC	18 Dec
Kangaroo Island Plantation Timbers	KPT	7 Jan
Kula Gold	KGD	2 Jan
Paringa Resources	PNL	27 Dec

**Commodities Commentary**

Oil – a stay on any new geopolitical developments, no key definitive sector news and a stronger \$US combined to push prices lower overnight.

Venezuela's 2019 oil exports were in the meantime estimated at 1.001MMbbl/d, down 32% on 2018. Rosneft and China National Petroleum Corp were listed as taking the largest volumes of Venezuela's oil amid US-imposed sanctions.

A weekly US petroleum stockpiles report is due tonight from the EIA.

Gold – prices recovered from early falls overnight, Comex futures notably scoring a 10th consecutive positive settlement, with this week's gains continuing to be largely attributed to safe-haven demand.

One researcher also pointed to negative interest rates, which appeared to prompt at least some end-of-2019 positioning towards gold.

Meanwhile, key overnight US economic reports came in largely positive, helping push the \$US ICE index 0.4% higher.

Base metals – pushed and pulled by international geopolitical uncertainty, some positive data releases and a stronger \$US overnight.

In addition, LME-monitored warehoused *copper* was reported at an ~10-month low.

Cash prices for *aluminium* were pushed yet lower against three-month contract prices, indicating plentiful near-term supply against demand.

In industry news, Aluminum Corp of China (Chalco) reported having shipped first bauxite from the Boffa operation, Guinea.

Codelco's November copper production was reported 11% lower than for November 2018, at 155,200t, and BHP's Chile copper output (from Escondida) down 1.5%, at 103,200t.

China's December inflation and trade figures, due tomorrow and Friday respectively, are expected to add some caution to tonight's trade.

Yesterday, Japan's final December services PMI undershot expectations, estimated at 48.6, from 49.8 in November.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6869	0.0000	0.00
EUR – USD	1.1148	-0.0003	-0.02

Australian Data Today

AiG	PCI	Dec
ABS	Building approvals	Nov
ABS	Job vacancies	Nov
RBA	Chart pack	Dec
RBA	Official reserve assets (4.30pm AEDT)	Dec

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
CLF	Today	1.5	100	3.03
TRA	17 Jan	3.78	85	7.11

**US Data Tonight**

ADP (private sector) employment	Dec
Consumer credit	Nov
MBA mortgage applications	3 Jan

Other Overseas Data Today & Tonight

Japan	Consumer confidence (4pm AEDT)	Dec
Germany	Factory orders	Nov
Germany	Business sentiment	Dec
Euro zone	Economic confidence	Dec

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