

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>6020</b>	<b>0</b>	<b>0.0</b>
<b>NZX 50</b>	8398		
<b>DJIA Futures</b>	24735	0	0.0
<b>S&amp;P 500 Futures</b>	2668	-8	-0.3
<b>NASDAQ Futures</b>	6385	-24	-0.4

## Local Markets Commentary

The Australian market opens 2018 trade following influential China data released over the weekend ahead of more due today, and with key regional markets remaining closed.

**China's** official December manufacturing and services PMIs, reported over the weekend, came in at 51.6 and 55.0 respectively, versus 51.8 and 54.8 for November.

Caixin is due to publish its China December manufacturing PMI **12.45pm** AEDST.

Locally pre-trade, AiG is due to report its December manufacturing activity index.

A December residential property price report is also expected today.

In mixed overnight Friday commodities trade, US **gold** futures and **oil** rallied. **Iron ore** (China port, 62% Fe) also gained.

LME **copper** and **aluminium** turned lower. **Nickel** continued Thursday's strong gains.

The **\$A** moved nominally after appreciating to ~US 78.10c early Friday evening.

**Markets in China and New Zealand are closed today** due to public holidays.

**Japan's** markets are **closed both today and tomorrow**, due to public holidays.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>24719</b>	-118	<b>-0.5</b>
<b>S&amp;P 500</b>	2674	-14	<b>-0.5</b>
<b>NASDAQ</b>	6903	-47	<b>-0.7</b>
<b>FTSE 100</b>	7688	65	<b>0.9</b>
<b>DAX 30</b>	12918	-62	<b>-0.5</b>
<b>Shanghai Comp</b>	3307	11	<b>0.3</b>

## Overseas Markets Commentary

Major European and US equities markets settled largely lower in mostly shortened and quiet trading sessions overnight Friday, amid some continued end-of-year profit-taking following several notable market gains.

US equities ended 2017 with their best gains in four years, the S&P 500 adding 19.5%, the DJIA 25.2% and the NASDAQ exchange 28.2%.

The FTSE 100 appreciated 7.6% and the DAX 30 12.5%.

Among Friday data releases, **Germany's** initial December CPI growth reading came in at 0.6% for the month and 1.7% annually against

**Tonight** in the US, a final Market-calculated

**State One wishes all readers a safe and successful 2018.**

**China - Caixin PMI manufacturing 12.45pm AEDST**

**Trades** executed **Thursday** last week (28 December) **settle** today.

**Friday's** (29 December) trades will settle tomorrow.

## Today's Stock Watch

### Fonterra Shareholders' Group (FSF)

Lowering expected FY 2018 milk collections from 1525 million kilograms of milk solids (kgMS) to 1480 million kgMS.

The new forecast represents a 4% reduction on FY 2017 collections. Weather conditions have adversely impacted both year's results.

### Pharmaxis Ltd (PXS)

Confirming Bronchitol is reimbursable under the Australian Pharmaceutical Benefits Scheme (PBS), as of yesterday, for cystic fibrosis sufferers also using Pulmozyme.

### Vicinity Centres (VCX)

Confirming the commencement of Grant Kelley as CEO and MD, effective 1 January, following the retirement of Angus McNaughton.

## Resources

### Galaxy Resources (GXY)

GXY has appointed awarded natural resources law practitioner and academic Florencia Heredia as an independent, non-executive director. Dr Heredia is a senior partner of Allende & Brea.

### Cazaly Resources (CAZ)

High-grade cobalt assays lodged this morning, following rock chip sampling within the Bungonia project, New South Wales.

In addition, CAZ is advising that it is unlikely to proceed with the option agreement to purchase 85% of the Tsumkwe base metal project, Namibia.

CAZ is dissatisfied with historical data assessed during ongoing due diligence.

## Energy

### Buru Energy (BRU)

WA Canning Basin Ungani 5 wireline logging has confirmed an ~53m oil column, and similar reservoir quality to the previously drilled Ungani field wells.

Production testing is likely to commence within two - three weeks.

### Byron Energy (BYE) / Otto Energy (OEL)

SM71 F2 will be completed for production following confirmation of four discrete hydrocarbon-bearing sands. In addition, SM71 F3 drilling has been brought forward, to follow immediately. F1, F2 and F3 are expected to be brought into production early-March.

### Cokal Ltd (CKA)

Potential 2.5Mt BBM PCI project off-take customer Renjian International Trading (Shanghai) Co last week pushed back a meeting to finalise pricing negotiations until this week.

December manufacturing PMI is due.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Feb)</b>	<b>1309</b>	oz	12	0.9
<b>Silver (NY) (Mar)</b>	17.1	oz	0.2	1.4
<b>Gold (LON)</b>	1291	oz		
<b>Platinum</b>	928	oz	-2	-0.2
<b>WTI Crude (Feb)</b>	<b>60.4</b>	bbl	0.6	1.0
<b>Brent Crude (Feb)</b>	<b>66.9</b>	bbl	0.7	1.1
<b>Iron Ore (CHN port 62%)</b>	<b>71.8</b>	t	1.0	1.4
<b>Copper</b>	<b>7247</b>	t	-42	-0.6
<b>Nickel</b>	12760	t	410	3.3
<b>Aluminium</b>	2268	t	-16	-0.7
<b>Lead</b>	2488	t	-36	-1.4
<b>Zinc</b>	3319	t	14	0.4
<b>Tin</b>	20025	t	100	0.5
<b>CBT Wheat (Mar)</b>	<b>4.27</b>	bshl	-0.01	-0.2

### Commodities Commentary

**Oil** – supported in part overnight Friday by a fall in weekly US production, reported the previous session, plus positive inventories data.

Deutsche Enhanced Commodity Strategy Fund reported hedging through December that pointed to broad expectations of increased US shale production during 2018.

**Gold** – appreciated 1.6% during December, and 12.7% for 2017, the best annual increase in seven years, at the end of quiet overnight Friday trade reportedly dominated by technicals.

Industry outlooks appear mixed for 2018, Goldman Sachs predicting a fall, IG Markets undecided and ABN Amro warning of vulnerability.

**Base metals** – end-of-year and end-of-quarter positioning reported overnight Friday.

**China's** official December PMIs, released over the weekend, and a Caixin manufacturing PMI today, are likely to influence some of tonight's trade.

Updated PMIs for the UK, euro zone and US could also swing sentiment if markedly different from initial estimates.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7804	-0.0001	-0.01
<b>EUR – USD</b>	1.2009	0.0001	0.01

### Australian Data Today

AiG	PMI	Dec
CLgc	Residential property prices	Dec
ANZ/RMgn	Consumer sentiment	31 Dec

### US Data Tonight

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

<b>China</b>	Caixin PMI manufacturing	Dec
<b>UK</b>	PMI manufacturing (final)	Dec
<b>Germany</b>	PMI manufacturing (final)	Dec
<b>Euro zone</b>	PMI manufacturing (final)	Dec

### Pre-Open Announcements

#### Dongfang Modern Agriculture Holding Group (DFM)

Anticipating record 2017 revenue following a 23% greater camellia seeds annual harvest and 70% higher navel orange harvest.

#### Infigen Energy (IFN)

Non-executive IFN director Len Gill has been appointed IFN chairman.

As previously flagged, most recent IFN chair Mike Hutchinson retired from the IFN board, effective Sunday.

#### Kyckr Ltd (KYK)

KYK plans to appoint a UK-domiciled CEO in association with the 1 March commencement of Tesco Bank CEO Benny Higgins as KYK's new chairman.

Consequently, Australia-based CEO David Cassidy is planning to step down 31 March.

#### DroneShield Ltd (DRO)

Non-executive director Samantha Ravich has resigned, due to other commitments.

In association, DRO has appointed Washington DC-based former Rapisan Systems North Americas president Bradley Buswell as a director.

#### iCollege Ltd (ICT)

William Light Institute and Manthano, a company ICT is proposing to acquire, are negotiating a new marketing agreement.

#### Neptune Marine Services (NMS)

NMS has appointed Readymix Group CEO Nicholas Cocks as an independent director.

Mr Cocks is also lead independent director of MTQ Corporation. Dominic Siu has resigned as an NMS director after 4.5 years on the NMS board.

### Resources

#### Anson Resources (\* ASN)

Nevenka Jackson has been appointed ASN CFO and company secretary.

Current CFO and company secretary Michael van Uffelen will take up a position assisting the MD with strategic development, in particular fast-tracking the Paradox brine project, Utah, USA. Drilling site preparations have been completed.

#### S2R Resources (\* S2R)

No significant gold encountered in Nevada, US Pluto project initial RC drilling.

Meanwhile in Sweden, S2R is planning to commence drilling within the Gransbergs and Nasvattnet targets early this month.

#### Greenpower Energy (GPP)

Heralding latest Morabisi lithium/rare earths project Turesi Ridge prospect lithium sampling assays.

Additional results are anticipated over the next several weeks.

#### Nova Minerals (\* NVA)

Reporting encouraging results from sampling within the Thompson Brothers lithium project, Manitoba, Canada.

#### Primary Gold (PGO)

Part-time executive PGO director Marat Abzalov has resigned from the PGO board, effective 31 December.

### 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).

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## Energy

### Armour Energy (\* AJQ)

Kincora plant LPG and condensate production underway and expected to boost AJQ's gas sales revenue by ~25%.

AJQ has achieved the requirements for MH Carnegie & Co funds to purchase an additional \$5M worth of AJQ convertible notes, lifting MH Carnegie's AJQ investment to \$13.25M.

### Sino Gas & Energy (SEH)

SEH has submitted an Ordos Basin Sanjiaobei overall development plan (ODP) to PSC partner PetroChina CBM. SEH 49%.

### Trading Halts

Company	Code	Resuming
First Growth Funds	FGF	2 Jan
Yowie Group	YOW	3 Jan

### Suspensions (selected)

Company	Code	Since
AJ Lucas Group	AJL	29 Dec
Blackham Resources	BLK	18 Dec
Black Mountain Resources	BMZ	27 Dec
China Dairy Corporation	CDC	11 Dec
Dawine Ltd	DW8	30 Nov
Eastern Iron	EFE	20 Dec
Jatenergy Ltd	JAT	13 Dec
Mobilarm Ltd	MBO	6 Dec
Mount Ridley Mines	MRD	13 Dec
OrotonGroup Ltd	ORL	30 Nov
Success Global Media	SGU	27 Dec
Vector Resources	VEC	20 Dec

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
CAM	Tomorrow	1.25	100	5.47
TGA	Thu	1	100	4.46
ALR	Fri	1	100	3.94
HNG	Mon (8 Jan)	1.5	100	5.67
MPP	Mon (8 Jan)	3.25	0	7.72

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>16 Jan</b>	RIO	Dec Q
<b>18 Jan</b>	BHP	Dec Q