

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>5822</b>	<b>-139</b>	<b>-2.3</b>
<b>NZX 50</b>	8242	-0.0	-0.0
<b>DJIA Futures</b>	24041	103	0.4
<b>S&amp;P 500 Futures</b>	2608	0	0.0
<b>NASDAQ Futures</b>	6429	0	0.0

## Local Markets Commentary

Australian market trade opens on plummeting overnight US equities sentiment, but some key base metals rallies, ahead of influential domestic data and a post-policy meeting statement from the Reserve Bank of Australia (RBA).

The **RBA** holds a policy meeting from which an outcomes statement is expected **2.30pm** AEDST.

Prior to this (**11.30am**), the Australian Bureau of Statistics is scheduled publish December **trade** and **retail sales** figures.

Pre-trade, a weekly consumer sentiment reading is due.

In overnight commodities trade, **gold** futures settled little changed.

**Oil** fell further. **Iron ore** (China port, 62% Fe) extended Friday's gains, surpassing \$US75.50/t.

LME **copper** and **nickel** turned higher and rallied.

The **\$A** dropped below US78.90c after rising to ~US79.35c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>24346</b>	-1175	<b>-4.6</b>
<b>S&amp;P 500</b>	2649	-113	-4.1
<b>NASDAQ</b>	6968	-273	-3.8
<b>FTSE 100</b>	7335	-108	-1.5
<b>DAX 30</b>	12687	-98	-0.8
<b>Shanghai Comp</b>	3487	25	0.7

## Overseas Markets Commentary

Major European and US equities markets headed lower from the outset overnight, US sentiment notably dropping further in late trade, and sliding stock prices triggering stop-loss selling. The DJIA had never dropped as much in one session.

Again, trade was conducted amid a relative \$US recovery, yet lower US 10-year sovereign bond prices, falling oil prices, and mixed data releases and corporate reports.

Meanwhile, speaking in the European Parliament, **European Central Bank** (ECB) president Mario Draghi promoted 'close monitoring' of currency volatility.

Mr Draghi described regional core inflation as 'subdued' and put his case for 'patience and persistence' with regards to current monetary policy.

Among early data releases, the **euro zone's** December retail sales were reported to have fallen 1.1% for the month, following a 1.5% improvement in November. Year-on-year, sales rose 1.9%,

**Australia** – trade and retail sales figures **11.30am** AEDST

**RBA** – policy meeting outcomes statement **2.30pm** AEDST

## Today's Stock Watch

### Macquarie Group (MQG)

10.7% CET1 ratio as at 31 December 2017. \$A4.1B surplus capital, against APRA Basel III requirements.

December quarter trading conditions described as 'satisfactory'.

### Shopping Centres Australasia Property Group (SCP)

66% fall in interim NPAT to \$69.6M. 0.6% lower, \$107.4M revenue (continuing activities). 6.8c interim distribution, up 0.4c (6.3%). 5.2% higher, \$2.23 NTA. 9.3c (basic) EPS.

### Magellan Financial Group (MFG)

Planning to outlay a total \$US15M cash and ~4.5M MFG shares, to acquire Australian-headquartered equities fund manager Airlie and MFG North American distribution partner Frontier Partners Group.

MFG and Airlie are proposing to establish an ASX-listed ETF to be known as the Airlie Industrial Share Fund.

The Frontier acquisition was completed overnight. The Airlie purchase is expected to complete 28 February.

Meanwhile, MFG is this morning reporting 33.2% lower, \$65.7M interim NPAT and 27.5% higher, \$195.8M revenue.

44.5c fully-franked interim dividend, against 38.4c a year ago.

Teleconference and live audio webinar scheduled for **2pm** AEDST. Access details lodged this morning.

### Ausdrill Ltd (ASL)

MD Ron Sayers is retiring after 30 years at ASL's helm. Mr Sayers will remain with ASL through a transition period.

### LifeHealthcare Group (LHC)

Resuming from a trading halt with an agreed \$3.75 cash-per-share takeover by Pacific Health Supplies BidCo. LHC last traded at \$2.57.

### ASX Ltd (ASX)

January activity report lodged post-trade yesterday, highlighting 12 new listings and five de-listings.

\$176M worth of initial capital and \$2.6B worth of secondary capital was raised.

Total capital raised represented a 230% increase on January 2017.

Year-on-year, the average daily number of cash markets (equities, interest rate and warrant) trades rose 14%, but the average daily value traded on-market (\$3.6B) fell 1%.

### Skyfii Ltd (SKF)

Proposing to acquire US-headquartered marketing services firm Causely for 25M SKF shares at 14c each (\$3.5M total).

SKF expects a minimum \$US1.625M contribution to net profit from Causely customer contracts over an initial three years.

December quarter presentation lodged this morning.

## Resources

### Gold Road Resources (GOR)

Planning to achieve full ownership of the 6.8Moz South Yamarna gold project by paying \$A7M cash for Sumitomo Metal Mining Oceania's 50% interest. Sumitomo will hold some first refusal and negotiation rights.

against 2.8%.

The euro zone January composite (manufacturing and services) PMI rose 0.2 to a robust 58.8.

**Germany's** 59 also represented a 0.2-point increase.

The **UK's** January services PMI fell 1.2 to 53.

In the **US**, the ISM's January services sector PMI reached a 12+—year high of 59.9, supported by the employment and new orders components, and 3.9 points greater than December's reading.

**Tonight** in the US, December trade figures, a job opportunities report and economic optimism index are due.

Archer Daniels Midland, BNP Paribas, BP, Disney, General Motors and Toyota Motor Corp are among companies scheduled to report earnings or provide trading updates.

In overnight corporate news, Singapore's **Broadcom** lifted its offer by (\$US12 per share to \$US82) for fellow chip manufacturer **Qualcomm** to a total \$US146B (debt included).

**Wells Fargo** was propelled ~9% lower after the Federal Reserve on Friday issued an effective limit on its growth, due to regulatory 'non-compliance'.

**Bristol-Myers Squibb** modestly exceeded December quarter expectations, but was pushed ~3% lower.

**Archer Daniels Midland**, which is due to report tonight, revealed negotiations to acquire commodities trader **Bunge**, helping push Bunge ~4% higher.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Feb)</b>	<b>1333</b>	oz	-1	-0.1
<b>Silver (NY) (Mar)</b>	16.7	oz	-0.0	-0.0
<b>Gold (LON)</b>	1334	oz	2	0.2
<b>Platinum</b>	989	oz	-1	-0.1
<b>WTI Crude (Mar)</b>	<b>64.2</b>	bbl	-1.3	-2.0
<b>Brent Crude (Apr)</b>	<b>67.6</b>	bbl	-1.0	-1.4
<b>Iron Ore</b> (CHN port 62%)	<b>75.7</b>	t	1.3	1.8
<b>Copper</b>	<b>7169</b>	t	124	1.8
<b>Nickel</b>	13745	t	310	2.3
<b>Aluminium</b>	2211	t	1	0.1
<b>Lead</b>	2647	t	-34	-1.3
<b>Zinc</b>	3548	t	46	1.3
<b>Tin</b>	21920	t	390	1.8
<b>CBT Wheat (Mar)</b>	<b>4.40</b>	bshl	-0.07	-1.5

### Commodities Commentary

**Oil** – an extension of Friday's \$US bounce plus growing fear across equities markets, pushed prices lower for a second consecutive session.

For some, it was the first chance to trade following a US government agency report which revealed 18 more oil rigs became operational within US territory over two weeks.

**Gold** – pushed and pulled overnight by some safe-haven demand, slippery oil prices and a \$US rally.

Historically influential data, a US vote on extending government funding, and Bank of England post-policy meeting commentary, yet to come this week, could play with prices over the next few sessions.

**Base metals** – international January PMIs have mostly encouraged, as has a majority of recent US economic indicator reports, and hence pronounced

## Pre-Open Announcements

### Helloworld Travel (\* HLO)

HLO has appointed former STA CEO John Constable as GM retail and commercial, effective 12 February (Monday next week).

### Rhinomed Ltd (\* RNO)

Wholesale purchase and distribution agreement secured with US-headquartered company Cardinal Health, under which Cardinal will offer RNO's range of Mute sleep improvement/snoring reduction products to an independent pharmacies network across the US.

## Resources

### Mincor Resources (\* MCR)

MCR non-executive director and acting MCR chair Brett Lambert has been appointed MCR chairman, effective immediately. Mr Lambert officially takes over following the passing of David Humann, November 2017.

### West African Resources (\* WAF)

Burkina Faso Sanbrado gold project high-grade and significant-width diamond drilling results lodged this morning. \$21M cash at bank.

### Trading Halts

Company	Code	Resuming
Bentley Capital	BEL	6 Feb
CBL Corporation	CBL	6 Feb
Kingston Resources	KSN	6 Feb
Orion Equities	OEQ	6 Feb
Queste Communications	QUE	6 Feb
TV2U International	TV2	6 Feb
Chapmans Ltd	CHP	7 Feb
Draig Resources	DRG	7 Feb
K2fly Ltd	K2F	7 Feb
Magnis Resources	MNS	7 Feb
New Century Resources	NCZ	7 Feb
Odin Metals	ODM	7 Feb
Ishine International Resources	ISH	8 Feb

### Suspensions (selected)

Company	Code	Since
The Agency Group Australia	AU1	31 Jan
BMG Resources	BMG	10 Jan
Buddy Platform	BUD	2 Feb
Eden Innovations	EDE	5 Feb
Electro Optic Systems	EOS	31 Jan
Genetic Technologies	GTG	31 Jan
GetSwift Ltd	GSW	24 Jan
Haranga Resources	HAR	22 Jan
Metalicity Ltd	MCT	1 Feb
MSM Corporation International	MSM	17 Jan
Pura Vida Energy	PVD	5 Feb
Quest Minerals	QNL	22 Jan
Raven Energy	REL	1 Feb
Sundance Energy Australia	SEA	2 Feb
Sundance Resources	SDL	31 Jan
Tasman Resources	TAS	5 Feb



market ructions over two consecutive sessions appeared to be viewed as temporary, and to have little impact on overnight LME trade.

Caixin's final January services PMI for **China**, reported yesterday, came in at 54.7, following 53.9 for December.

Japan's 51.9 also represented a 0.8-point rise.

China's January **trade** figures and **CPI** update are keenly anticipated later in the week.

**Lunar new year and the broader Spring festival holiday season** commence 15 February, and in particular, will impact China's imports in the leadup, and general industrial activity from commencement.

*China's markets will be closed for a full week beginning 15 February.*

*Singapore's markets will be closed 16 – 17 February, and hence no China port iron ore prices are expected for those days.*

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7884	0.0006	0.07
<b>EUR – USD</b>	1.2379	0.0011	0.09

### Australian Data Today

RBA	RBA policy statement	Feb
ABS	Trade balance	Dec
ABS	Retail sales	Dec/Q
ANZ/RyMgn	Consumer sentiment	4 Feb

### US Data Tonight

Trade balance	Dec
JOLTS job openings	Jan
IBD/TIPP economic optimism	Feb

### Other Overseas Data Today & Tonight

<b>UK</b>	BRC sales	Jan
<b>Germany</b>	Factory orders	Dec
Germany	Construction PMI	Jan
<b>Euro zone</b>	Retail PMI	Jan

### 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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Ventnor Resources	VRX	2 Feb
YPB Group	YPB	10 Jan

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
RMD	Tomorrow	3.07	0	1.02
AFI	Thu	10	100	3.83
BHD	Thu	12	0	0.00
KPG	Fri	1	100	1.18
MFG	Fri	44.5	100	tbc
BKI	12 Feb	3.63	100	4.20
OCA	12 Feb	1.64	0	1.76

### Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>AQG</b> <b>MQG</b> <b>MFG</b>	Dec Q Operational briefing Interim
<b>Tomorrow</b>	BWP CBA GMA RIO	Interim Interim Full year Interim
<b>Thu</b>	AGL AMP CIM MIN MGR NAB TAH	Interim Full year Full year Interim Interim Dec Q Interim
<b>Fri</b>	NWS REA SKC	Interim Interim Interim
<b>12 Feb</b>	ANN AZJ BEN	Interim Interim Interim



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