

Markets

SFE 200 Futures (9.30am AEDT)	5988	18	0.3
NZX 50	9119	45	0.5
DJIA Futures	25314	-13	-0.1
S&P 500 Futures	2728	-3	-0.1
NASDAQ Futures	6996	-12	-0.2

Local Markets Commentary

The Australian market commences today's trade following an overnight weakening of international equities sentiment, ahead public comments from the US Federal Reserve today, with new domestic data in hand and another swag of high-profile domestic companies reporting earnings.

Locally pre-trade, AiG has published a 43.1 January **construction** sector activity index pre-trade. This, following 42.6 for December.

NAB is due to release its December quarter **business** surveys report **11.30am** AEDT.

The Reserve Bank of Australia (RBA) reports monthly official reserve assets post-trade.

US Federal Reserve chairman Jerome Powell speaks at a *Conversation with the Chairman* event **11am** AEDT.

In overnight commodities trade, **oil** turned higher. US **gold** futures (April) continued to pull back.

LME **copper** extended gains to three consecutive sessions. **Nickel** and **aluminium** fell.

The **\$A** slipped to ~US71.20c, after falling to ~US71.25c early yesterday evening, and has declined further this morning.

China's markets remain closed due to Golden Week (Lunar NY/Spring Festival holidays).

Meanwhile, **Japan's** markets are heading towards a Monday public holiday weekend.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25390	-21	-0.1
S&P 500	2732	-6	-0.2
NASDAQ	7375	-27	-0.4
FTSE 100	7173	-4	-0.1
DAX 30	11325	-43	-0.4
Shanghai Comp	2618	Public	Holiday

Overseas Markets Commentary

Weaker, and decidedly vacillating, sentiment was demonstrated across major European and US equities markets overnight.

High-profile stocks continued to deliver mixed results and forecasts.

In the State-of-the-Union address Tuesday evening (US time; yesterday AEDT), the US president had promoted bipartisanship, repeated US requirements for any trade agreement with China, again berated the investigation into alleged Russian interference in the 2016 presidential election, and confirmed plans to meet with North Korea's leader by month's end.

Today's Stock Watch

AMP Ltd (AMP)

Craig Ryman has been appointed as COO, in an expanded role. Alex Wade has been appointed CEO Australian Wealth Management, replacing Paul Sainsbury. Megan Beer has been appointed AMP Life CEO. Blair Vernon has been appointed CEO NZ Wealth Management.

CYBG Plc (CYB)

Mortgage lending grew 1.5% during the December quarter, to £60.0B.

SME lending rose 1.2% to £7.6B.

14.5% CET1 at 31 December, against 15.1% at 30 September 2018. £1.95B net assets.

Acknowledging the potential impact of UK politics (in association with plans to withdraw from the European Union) on the UK economy 'remains unclear'.

Downer EDI (DOW)

11.1% lower, \$134.2M interim NPAT.

8.6% higher \$6.62B total income.

14c, 50%-franked interim dividend.

Mirvac Group (MGR)

39% higher, \$648M interim NPAT.

59% higher, \$1.56B revenue. 5.3c interim dividend, up 0.3c. \$2.44 NTA.

IDP Education (IEL)

34.04% higher, \$40.83M interim NPAT.

25.75% higher, \$304.27M revenue. 12c, 50%-franked interim dividend. 6.54c NTA.

Service Stream (SSM)

A live webcast commenced 9am AEDT.

21.0% higher, \$24.09M interim NPAT.

18.3% higher, \$347.95M revenue.

3.5c fully franked interim dividend, up 0.5c. 19.12c NTA.

\$69.5M net cash.

Implementing a new DRP. The original DRP was suspended in 2009. SSM reported post-trade yesterday, after settling higher for a fourth consecutive session.

Ausdrill Ltd (ASL)

ASL's Barminco has secured a \$100M underground mining services contract with Hindustan Zinc's Rampura Agucha project.

News Corporation (NWS)

Due to report in the US overnight (early tomorrow AEDT).

Resources

Arafura Resources (ARU)

Northern Territory Nolans NdPr project DFA outcomes lodged this morning, including a \$A729M NPV and 17.43% IRR.

Energy

AGL Energy (AGLA)

Webcast teleconference scheduled to commence 10.45am AEDT.

52.9% lower, \$A290M interim NPAT.

1.8% lower, \$A6.34B revenue. 55c, 80%-franked interim dividend against 54c, 80%-franked a year ago. \$7.61 NTA.

Anticipating \$970M - \$1.1B full year underlying PAT.

US treasury secretary Steven Mnuchin later confirmed plans to resume US-China trade talks in Beijing next week.

These would be led by himself and key US trade ambassador Robert Lighthizer, Mr Mnuchin said.

An evening *Conversation with the Chairman* address by US **Federal Reserve** chair Jerome Powell was also anticipated, but is not scheduled until 11am AEDT (today).

In the **UK**, PM Theresa May faced further pressure to appease parliamentarians disquiet with certain arrangements governing the UK's planned late-March withdrawal from the European Union (EU).

EU council president Donald Tusk reiterated the EU would not be offering any new proposals regarding arrangements for EU member Ireland's border with the UK. Rather, Mr Tusk admonished the UK PM to come up with realistic proposals.

Among overnight data releases, the **US** November trade surplus was reported 11.5% lower, at \$US49.3B, due to a 2.9% drop in imports (to \$US259.2B) against a 0.6% fall in exports (to \$US209.9B).

Meanwhile, the US commerce department issued a new schedule for the release of keenly anticipated December quarter GDP, personal income and spending, December trade and December retail sales reports. These are promised for 28 February, 1 March, 6 March and 14 February, respectively.

Weekly mortgage applications fell 2.5% for the week, after tumbling 3% the previous week, and despite a fall in 30-year loan interest rates.

Germany's December factory orders dropped 1.6% for the month, following a 0.2% November pullback and forecasts of a 0.3% pickup.

A January construction PMI also disappointed, falling to 50.7 from 53.3.

In **Venezuela**, the opposition claimed government funds in European Union banks not been able to be transferred since Monday this week.

Tonight in the **US**, weekly new unemployment claims and January consumer credit are due.

Elsewhere, the **Bank of England** holds a policy meeting, the post-meeting commentary and growth and inflation forecast updates keenly awaited.

Across the channel, a European Central Bank economic bulletin and European Commission economic forecasts, together with Germany's December industrial production, are more keenly anticipated following a swag of disappointing growth indicators, including Germany's factory orders reported overnight.

Companies scheduled to report **earnings** later today or tonight include: ArcelorMittal, Expedia, Fiat Chrysler, Intercontinental Exchange, Kellogg, Marathon Petroleum, Mattel, Motorola, News Corporation, Sanofi, Total, Twitter, Tyson Foods, Unilever and Yum! Brands.

In overnight corporate news, **Snap** (owns Snapchat) was propelled more than 20% higher on a smaller-than-feared December quarter loss, plus better-than-expected active users and revenue per user.

Forecasts bruised videogame stocks, but boosted the semiconductor sector.

Pre-Open Announcements

Rural Funds Group (* RFF)

Outlaying \$35M (excluding stamp duty) for a 6486ha property in Victoria.

RFF plans to lease the property for 10 years to Wagyu producer Stone Axe Pastoral Company, and to review the rental charge after five years.

RFF intends to pay for the purchase from an existing debt facility. Settlement is anticipated next month.

Navitas Ltd (* NVT)

Ten-year agreement secured with Lancaster University to help establish and operate a campus in Leipzig, Germany.

Push Pay Holdings (* PPH)

35.2% higher, \$US27.7M interim revenue.

Alliance Aviation Services (* AVQ)

38.9% higher, \$9.8M interim NPAT.

17.5% higher, \$137.8M revenue.

6.8c fully franked record interim dividend.

\$48.5M net debt.

eSense-Lab Ltd (* ESE)

Distribution agreement secured with VaporSpec to sell e-Juice in the US and Canada.

Details lodged this morning

Senetas Corporation (SEN)

Expecting \$10.1M - \$10.2M interim operating revenue and a \$0.2M - \$0.4M operating pre-tax net operating loss, in part due to a \$1.9M Smart Antenna Technologies impairment.

Planning to lodge half year results ~27 February.

Resources

Millennium Minerals (MOY) / Gold Road Resources (GOR)

Investor presentations lodged.

Kingsrose Mining (KRM)

MD Paul Jago has resigned from his KRM roles due to personal reasons.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	AGL	Interim
	DOW	Interim
	ERA	Full year
	FLN	Full year
	MGR	Interim
	NWS	Interim (tonight)
	PPH	Interim
Tomorrow	PGC	Interim
	REA	Interim
Mon	AMC	Interim
	AZJ	Interim
	BEN	Interim
	COH	Interim
	GPT	Full year

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1314.4	oz	-4.8	-0.4
Silver (NY) (Mar)	15.7	oz	-0.14	-0.9
Gold (LON)	1312	oz		
Platinum	804	oz	-13	-1.6
WTI Crude (Mar)	54.01	bbl	0.35	0.7
Brent Crude (Apr)	62.69	bbl	0.71	1.2
Iron Ore (CHN port 62%)	85.53	t Lunar		NY
Copper (LME,3mth,PM)	6279	t	46	0.7
Nickel	12925	t	-115	-0.9
Aluminium	1907	t	-15	-0.8
Lead	2090	t	-12	-0.6
Zinc	2704	t	-37	-1.4
Tin	21000	t	150	0.7
CBT Wheat (Mar)	5.29	bshl	0.02	0.3

Commodities Commentary

Oil – swinging prices again featured overnight, WTI crude futures trading as low as \$US52.86/bbl as the \$US remained buoyant.

The weekly EIA US petroleum inventories report included a 1.3MMbbl rise in stored crude, against forecasts of a 3.7MMbbl increase.

Petrol stocks rose by 513,000bbl, following expectations of a 1.6MMbbl gain.

In addition, net daily crude imports fell by 863,000bbl.

Reports had also emerged Tuesday that OPEC was targeting an alliance with 10 non-OPEC nations, and hoped to begin negotiating new market arrangements in Vienna the week commencing 18 February.

Gold – continuing relative \$US strength further damaged gold interest overnight, despite weakened equities sentiment.

In the meantime, claims emerged Venezuela had sold 73t of gold to Turkey and the UAE last year, without the required parliamentary approvals. 30 November central bank reserves were reported at 132t.

Base metals – some renewed US-China trade talk outcomes optimism, a resilient \$US and industry news pushed and pulled overnight trade.

Vale's force majeure, declared on some *iron ore* contracts, kept fuelling fears that reduced iron ore supply would mean cutbacks in steel production and hence *nickel* demand.

Yesterday, licences for a Vale dam and iron ore mine were cancelled.

China's markets remain closed this week, for Lunar New Year / Spring Festival celebrations.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7105	-0.0004	-0.06
EUR – USD	1.1365	0.0003	0.03

Australian Data Today

AiG	PCI	Jan
NAB	Business conditions	DecQ
RBA	Official reserve assets (4.30pm)	Jan

	HT1	Interim
	HSO	Interim
	JBH	Interim
Tue (12 Feb)	BPT	Interim
	CGF	Interim
	NST	Interim
	TCL	Interim

Trading Halts

Company	Code	Resuming
Alt Resources	ARS	7 Feb
Hammer Metals	HMX	7 Feb
Moho Resources	MOH	7 Feb
Atrum Coal	ATU	8 Feb
Coolgardie Minerals	CM1	8 Feb
Coventry Group	CYG	8 Feb
Recce Pharmaceuticals	RCE	8 Feb
Roots Sustainable Agricultural Tech	ROO	8 Feb
Star Combo Pharma	S66	8 Feb
Titomic Ltd	TTT	8 Feb
Triangle Energy	TEG	8 Feb

Suspensions (select) 8 Feb

Company	Code	Since
Affinity Energy & Health	AEB	5 Feb
Altura Mining	AJM	5 Feb
Aurora Absolute Return Fund	ABW	21 Jan
Covata Ltd	CVT	30 Jan
Creso Pharma	CPH	5 Feb
Freedom Insurance Group	FIG	7 Feb
Indiana Resources	IDA	31 Jan
SciDev Ltd	SDV	6 Feb
Sky & Space Global	SAS	6 Feb
Vector Resources	VEC	4 Feb

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
KAT	Today	0.25	100	3.62
AFI	Tomorrow	18	100	3.76
AYK	Tomorrow	24	100	4.74
AYZ	Tomorrow	57	100	4.62
BKI	Tomorrow	5.13	100	4.47
OCA	Tomorrow	1.7	0	3.70
GUD	Tue (12 Feb)	25	100	4.50
CBA	Wed	200	100	tbc
MLT	Wed	9	100	4.28
IGO	14 Feb	2	100	0.84
IAG	14 Feb	12	100	tbc
JHG	14 Feb	36	0	5.90
ARG	15 Feb	16	100	3.99

**US Data Tonight**

Consumer credit	Jan
Initial jobless claims	2 Feb

Other Overseas Data Today & Tonight

Japan	Leading economic index (4pm)	Dec
UK	BoE policy statement	Feb
Germany	Industrial production	Dec
Euro zone	ECB economic bulletin	Feb
Euro zone	EC economic forecasts	Feb

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