

Friday 11 January 2019

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Markets

SFE 200 Futures (9.30am AEDT)	5749	14	0.2
NZX 50	8925	6	0.1
DJIA Futures	23964	11	0.1
S&P 500 Futures	2594	12	0.5
NASDAQ Futures	6625	21	0.3

Local Markets Commentary

The Australian market opens Friday trade with the US president again threatening declaring a state of emergency in the US in association with US-Mexico border wall funding, with key new domestic data in hand and to come, and following ultimately positive overnight international equities trade and on mixed key commodities sentiment.

Locally this morning, AiG has published a 42.6 December **construction** sector activity index estimate.

The November reading came in at 44.5, after also falling 1.9 points.

November **retail** sales are anticipated **11.30am AEDT**.

In overnight commodities trade, **oil** settled modestly higher.

US (February) **gold** futures turned lower again.

Iron ore (China port 62% Fe fines) fell for a second consecutive session.

LME **copper** was pushed lower. **Aluminium** swung higher. **Nickel** settled flat.

The **\$A** headed to US71.80c after trading at ~US71.75c early yesterday evening.

Japan's markets will be closed Monday, due to a public holiday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24002	123	0.5
S&P 500	2597	12	0.4
NASDAQ	6986	29	0.4
FTSE 100	6943	36	0.5
DAX 30	10922	28	0.8
Shanghai Comp	2535	-9	-0.4

Overseas Markets Commentary

Major European and US equities markets fell on opening overnight, but recovered to close with new gains, at or near session highs.

Yesterday, China had reported relatively lacklustre, sub-forecast December CPI and PPI figures.

In addition, little detail was offered from this week's US-China trade talks, China venturing that the talks essentially proved to be groundwork.

Overnight, however, two key central banks offered accommodative and 'in control' assurances.

Speaking at an Economic Club of Washington DC event, **US Federal Reserve** chair Jerome Powell described the US 2019 economic outlook as 'very strong', despite debt concerns, but also reiterated the

Australia - 42.6 December construction sector activity index
December retail sales **11.30am AEDT**.

Today's Stock Watch

Treasury Wine Estates (TWE)

Anticipating \$A335M - \$A340M 1HFY 2019 EBITs.
Planning to publish interim results 14 February.

iCar Asia (ICQ)

December quarter cash receipts rose 36% to \$A3.0M.
ICQ's Malaysian operations posted a first quarterly positive EBITDA plus net cashflow.

The Thai business turned EBITDA and cash flow positive during December.

Gale Pacific (GAP)

Expecting \$1.25M - \$1.35M pre-tax interim profit, against \$1.73M for 1H FY 2018.

GAP says its business traditionally proves more profitable during the second half of each financial year.

Planning to publish half year results ~15 February.

VanEck Vectors ChinaMAC CSI 300 ETF (CETF)

Management costs will be cut to 0.60% from 0.72%, effective 10 January (US EST).

Advisers' fees will not change.

PM Capital Global Opportunities Fund (PGF)

Post-tax NTA fell 4.7% during December to \$US1.1459.

PM Capital Asian Opportunities Fund (PAF)

December post-tax NTA came in flat, at \$US1.0398.

Resources

Alacer Gold Corporation (AQG)

Produced 170,865oz of gold during 2018 at a \$US615/oz AISC (unaudited).

\$US350M debt. \$US106M cash.

Additional details and a teleconference are planned for ~5 February.

White Cliff Minerals (WCN)

Heralding mapping and rock sampling which has identified outcropping gold and copper zones located between 2km and 4km east of WCN's Kyrgyz Republic Aucu gold project.

Details, including assays of up to 7.8% copper and 6.7g/t gold, lodged this morning.

Energy

Berkeley Energia (BKY)

BKY says it has received no formal notifications of approvals for the Salamanca project, Spain, despite media claims.

BKY has added 16.7%, 7.1%, 2.2% and 6.5% respectively for this week's trading sessions, yesterday settling at 24.5c.

BKY closed out last week at 18c.

central bank was in a position to be patient regarding any future rate rises, and flexible should policy need to change quickly.

As did the Fed, the **European Central Bank** ECB acknowledged existing risk and vowed to keep 'options open'.

December policy meeting minutes described international conditions as 'fragile and fluid'.

Some policy makers appeared keen to discuss possibly offering cheaper loans to banks

Tonight in the **US**, December CPI growth is scheduled for release.

Elsewhere, a batch of influential economic indicators is due for the UK, ahead of next week's planned parliamentary vote on European Union (EU) withdrawal plans.

Blackrock and Infosys are among companies expected to report earnings or provide trading updates.

In overnight corporate news, **Liberty Media** (Formula One is a client) confirmed discussions with **Creative Artists Agency** (Cristiano Ronaldo and Lady Gaga are clients) regarding a potential Liberty investment in Creative Artists.

UK retailers **Macy's** and **Kohl's** issued disappointing festive season sales updates, Macy's consequently reducing full year guidance and dropping more than 17%.

Target however, reported a 5.7% same-store sales rise.

Ford and UK-headquartered **Jaguar Land Rover** announced thousands of job cuts, as the vehicle manufacturers targeted \$US14B and £2.5B worth of cost savings respectively.

Twitter benefited from a buy recommendation.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1287	oz	-4.6	-0.4
Silver (NY) (Mar)	15.6	oz	-0.09	-0.7
Gold (LON)	1289	oz		
Platinum	818	oz	-5	-0.6
WTI Crude (Feb)	52.6	bbbl	0.23	0.4
Brent Crude (Mar)	61.7	bbbl	0.24	0.4
Iron Ore (CHN port 62%)	73.36	t	0.54	-0.7
Copper (LME,3mth,PM)	5930	t	-28	-0.5
Nickel	11250	t	0	0.0
Aluminium	1861	t	8.5	0.5
Lead	1976	t	5	0.3
Zinc	2461	t	-31	-1.2
Tin	20140	t	75	0.4
CBT Wheat (Mar)	5.13	bshl	-0.07	-1.4

Commodities Commentary

Oil – prices rose early overnight, Brent trading at \$US61.91/bbl and WTI at \$US52.70/bbl.

No new production reports came to hand and the \$US swung, leaving trade to follow equities sentiment, which reacted to central bank statements and corporate developments.

A weekly US petroleum drill rig count is due tonight.

Gold – Comex February futures traded as high as \$US1298/oz overnight but pulled back in second-half trade, in part due to a \$US appreciation.

Pre-Open Announcements

AJ Lucas Group (AJL)

An update from the operator of the Balcombe licence, UK has indicated generally greater salinity than for the region.

Resources

Latrobe Magnesium (LMG)

India hydromet process patent now in hand.

Patents have previously been granted in Australia, China, the European Union and Indonesia.

Matsa Resources (MAT)

Confirming the completion of Red Dog gold project mining, WA.

Trading Halts

Company	Code	Resuming
Environmental Clean Technologies	ECT	11 Jan
Torian Resources	TNR	14 Jan

Suspensions (select)

Company	Code	Since
Alice Queen	AQX	21 Dec
Alliance Mineral Assets	A40	27 Dec
Cape Lambert Resources	CFE	8 Jan
Castillo Copper	CCZ	27 Dec
Frontier Diamonds	FDX	27 Dec
Valor Resources	VAL	21 Dec
Vector Resources	VEC	4 Jan

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
PL8	Wed (16 Jan)	0.5	100	5.87
CYB	Thu (17 Jan)	5.479	0	1.64
TRA	21 Jan	~3.75	0	5.14
OZG	1 Feb	0.25	100	3.13
WIC	1 Feb	3	100	5.71



US Federal Reserve chair Jerome Powell's new public comments echoed the caution and considered approach assurances of earlier this week.

A US CPI update is scheduled for release tonight.

In the meantime, one forecaster broke ranks with the majority of analysts, Blackstone Private Wealth Solutions vice chair Byron Wien offering a prediction of gold at \$US1000/oz during 2019.

Base metals –no definitive statements came of this week's US-China trade talks, producing some overnight caution.

In addition, China's December CPI growth, published yesterday, was flat for the month and 1.3% higher year-on-year. In November, inflation pulled back 0.3%, but was 2.2% higher year-on-year.

December producer prices appreciated 0.9% for the month, against a 2.7% November rise.

The new figure represented the least monthly increase in ~two years and undershot expectations by 0.7%.

China is expected to report December **trade** statistics **Monday**.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7185	-0.0003	-0.04
EUR – USD	1.1499	-0.0001	-0.01

Australian Data Today

AiG	PCI	Dec
ABS	Retail trade	Nov

US Data Tonight

<i>CPI</i>	Dec
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Other Overseas Data Today & Tonight

Japan	Household spending	Nov
Japan	Bank lending	Dec
Japan	Eco watchers survey (4pm AEDT)	Dec
UK	Trade balance	Nov
UK	Industrial production	Nov
UK	GDP	Nov
UK	NIESR GDP estimate	Dec
UK	Construction output	Nov

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