

## Markets

|                                      |       |    |             |
|--------------------------------------|-------|----|-------------|
| <b>SFE 200 Futures</b> (9.30am AEDT) | 6007  | -4 | <b>-0.1</b> |
| <b>NZX 50</b>                        | 9184  | 8  | <b>0.1</b>  |
| <b>DJIA Futures</b>                  | 25081 | 0  | 0.0         |
| <b>S&amp;P 500 Futures</b>           | 2706  | 0  | 0.0         |
| <b>NASDAQ Futures</b>                | 6917  | 0  | 0.0         |

## Local Markets Commentary

The Australian market opens a new week's trade with domestic corporate reporting season heating, China's markets reopening, US negotiators in China for a new round of US-China trade talks, and a batch of influential data releases keenly anticipated in the UK tonight.

Overnight Friday international equities trade leads are uninspiring and commodities mixed.

**Locally** today, the Australian Bureau of Statistics (ABS) is expected to release additional details regarding December building approvals 11.30am AEDT.

A weekly capital city residential property price report is due pre-trade.

Regionally, **China's** January foreign direct investment (FDI) is anticipated anytime from today.

In overnight Friday commodities trade, **oil** turned higher, Brent crude sentiment rising the most.

US **gold** futures (April) settled modestly higher.

LME **copper** and **aluminium** extended Thursday's falls. **Nickel** swung lower and dropped.

The **\$A** appreciated slightly after trading as low as ~US70.85c early Friday evening.

**China's** reopen today.

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

## Overseas Markets

| INDEX                | CLOSE | +/-    | %           |
|----------------------|-------|--------|-------------|
| <b>Dow Jones</b>     | 25106 | -63    | <b>-0.3</b> |
| <b>S&amp;P 500</b>   | 2708  | 2      | <b>0.1</b>  |
| <b>NASDAQ</b>        | 7298  | 10     | <b>0.1</b>  |
| <b>FTSE 100</b>      | 7071  | -22    | <b>-0.3</b> |
| <b>DAX 30</b>        | 10907 | -115   | <b>-1.1</b> |
| <b>Shanghai Comp</b> | 2618  | Public | Holiday     |

## Overseas Markets Commentary

Major European and US equities markets opened lower overnight Friday, key European indices soon swinging and then chopping their way through, and the NASDAQ and S&P 500 trending higher to ultimate slight gains.

Early data disappointed, adding to expectations of weaker 2019 international economic growth.

**Germany's** December trade surplus surprised on the downside, falling to €13.9B from €20.4B at the end of November.

Seasonally adjusted however, the surplus rose €0.5B to €19.4B.

## Today's Stock Watch

### Incitec Pivot (↑ IPL)

Shutdown of Phosphate Hill facilities underway, due to the excessive rainfall which has closed the Townsville – Phosphate Hill rail link.

Anticipating a \$A10M per week adverse EBIT impact from Friday through the resumption of full production.

IPL's Townsville fertiliser distribution and port facilities have suffered minor damage but remain operational.

### Australian Agricultural company (↑ AAC)

Anticipating a material FY 2019 (31 March) adverse impact from the north western Queensland flooding.

Four of AAC's 21 properties have been severely impacted.

Extreme losses are expected at the 30,000-head Wondoola station and material losses at the 50,000-head (total) Canobie, Carrum and Dalgonally stations.

### Amcort Ltd (AMC)

18.8% lower, \$US267.6M interim NPAT.

1.1% higher, \$US4.55B revenue.

21.5c interim dividend, up 0.5c.

### Aurizon Holdings (AZJ)

\$80.7M interim NPAT, following \$125.8M a year ago.

\$557.4M revenue, against \$607.6M.

11.4c 70%-franked interim dividend.

\$1.4M cash and equivalents.

### Bendigo & Adelaide Bank (BEN)

12.3% lower, \$203.2M interim NPAT. 2.4% higher, \$219.8M cash earnings. 6.3% lower, \$790.2M income.

8.76% CET1 ratio, up 0.15%.

25.5% higher, \$45.0M net impaired assets.

Flat, 35c fully franked interim dividend.

### GPT Group (GPT)

14.5% higher, \$1.45B full year NPAT.

15.1% higher, \$1.89B income.

12.85c final distribution, previously declared. \$5.58 NTA.

Anticipating 4% FY 2019 distribution growth.

Webcast teleconference scheduled to commence 10am AEDT.

### JB Hi-Fi (JBH)

5.54% higher, \$160.1M interim NPAT.

4.17% higher, \$3.84B revenue.

91c fully franked interim dividend, up 5.8%. 9c NTA.

Anticipating 1.6% - 5.1% higher, \$237M - \$245M FY 2019 NPAT.

January sales update also lodged this morning.

### Charter Hall Long WALE REIT (CLW)

43% lower, \$26.3M interim NPAT. 10% higher, \$35.5M revenue.

12.9c total interim distributions, down 0.1c. \$4.01 NTA.

Inghams Enterprises has agreed to keep leasing several properties recently acquired by REIT.

Details lodged post-trade Friday.

### Sigma Healthcare (SIG)

Confirming expectations of \$75M FY 2019 underlying EBIT, and predicting \$55M - \$60M FY 220 underlying EBITDA.

Business review outcomes lodged this morning, highlighting ~\$100Mpa worth of identified cost savings.

Planning to lodge FY 2019 results 21 March.

Promising an update with results.

Seasonally adjusted, imports rose 1.2% after a 1.6% November fall.

Exports grew 1.5%, following a 0.4% November decline.

**Tonight** in the **US**, a consumer inflation expectations report is due.

Elsewhere, the **UK** reports December quarter GDP, December trade balance and December industrial production.

Later in the week, the UK parliament is expected to again vote on proposed plans for the UK's scheduled late-March separation from the European Union (EU).

Companies scheduled to report **earnings** later today or tonight include: Loews, Michelin (full year) and Restaurant Brands.

In overnight Friday corporate news, toy manufacturer **Mattel** quarterly results pleased, helping the stock to a more than 20% sessional gain.

Competitor **Hasbro** suffered after revealing a 42% year-on-year drop in adjusted profit following the Toys R Us liquidation.

### Commodities

| COMMODITY                      | CLOSE         | \$US/   | +/-  | %    |
|--------------------------------|---------------|---------|------|------|
| <b>Gold (NY) (Apr)</b>         | <b>1318.4</b> | oz      | 4.3  | 0.3  |
| <b>Silver (NY) (Mar)</b>       | 15.81         | oz      | 0.10 | 0.6  |
| <b>Gold (LON)</b>              | 1315          | oz      |      |      |
| <b>Platinum</b>                | 798           | oz      | 2    | 0.3  |
| <b>WTI Crude (Mar)</b>         | <b>52.72</b>  | bbl     | 0.08 | 0.2  |
| <b>Brent Crude (Apr)</b>       | <b>62.10</b>  | bbl     | 0.47 | 0.8  |
| <b>Iron Ore</b> (CHN port 62%) | <b>85.53</b>  | t Lunar |      | NY   |
| <b>Copper</b> (LME,3mth,PM)    | <b>6210</b>   | t       | -36  | -0.6 |
| <b>Nickel</b>                  | 12570         | t       | -415 | -3.2 |
| <b>Aluminium</b>               | 1881          | t       | -13  | -0.7 |
| <b>Lead</b>                    | 2080          | t       | 0    | 0.0  |
| <b>Zinc</b>                    | 2704          | t       | -27  | -1.0 |
| <b>Tin</b>                     | 21050         | t       | 100  | 0.5  |
| <b>CBT Wheat (Mar)</b>         | 5.18          | bshl    | 0.04 | 0.9  |

### Commodities Commentary

**Oil** – since relatively lacklustre overnight Friday trade, Venezuela's PDVSA has reportedly requested JV partners to place sales income into a (Russian) Gazprombank account.

xxxx.

WTI crude settled ~4% lower for the week and Brent down ~1%.

A weekly US petroleum drill rig count, published overnight Friday, estimated seven additional oil rigs in operation, bringing the tally to 854, against 791 a year earlier.

**Gold** – waning equities sentiment plus some bargain-buying reportedly supported second-half overnight Friday gold trade.

Comments out of the US-China trade talks in Beijing this week are expected to influence some sentiment through the week.

In addition, over the weekend, US budget talks reportedly broke down, again on immigration and security impasses, with no new negotiations scheduled before this Friday night's deadline, potentially leading to either stop-gap funding, or if tis cannot be approved, another partial government services shut down.

### Pre-Open Announcements

#### Wattle Health Australia (\* WHA)

Proposing to outlay \$46M to acquire an additional 46% of China Certification & Accreditation Administration (CNCA)-accredited dairy products processing and packaging business Blend & Pack, boosting WHA's holding to 51%.

In association, WHA is planning to pick up a Mason Holdings put and call option to acquire a further 29% at \$30.1M.

#### Fluence Corporation (\* FLC)

\$US1.7M contract in hand to supply products, including the Aspiral wastewater system, to an international beverage producer in Latin America.

#### Roots Sustainable Agricultural Technologies (ROO)

Resuming from suspended trade with commitments for the purchase of up to \$A1.62M worth of ROO \$A1.00 convertible notes.

In addition, 60% - 283% yield increases have been achieved with ROO's heating system applied to cannabis growing in an open field.

Details lodged post-trade Friday.

### Resources

#### Resolute Gold (\* RSG)

30,000oz of gold added to the company's hedge book at \$A1887/oz.

The gold is scheduled for delivery in 5000oz monthly lots January -June 2020.

### Energy

#### Cooper Energy (\* COE)

\$12.63M interim net loss, following a \$18.83M net profit a year ago. 16% higher, \$36.18M revenue. 26.7c NTA.

#### State Gas (GAS)

GAS has commenced Queensland Supreme Court action in relation to a failure of a Reid's Dome gas project participant to transfer, as agreed within a joint operating agreement, a 20% interest to GAS.

#### Paladin Energy (PDN)

Planning to host an interim teleconference 27 February, commencing midday AEDT. A live online presentation will also be available, plus an audio-with-presentation slides webcast of the briefing audio ~two-four hours following the event.

### Reports & Events

(selected scheduled)

| When            | Company    | Report/Event |
|-----------------|------------|--------------|
| <b>Today</b>    | <b>AMC</b> | Interim      |
|                 | <b>AZJ</b> | Interim      |
|                 | <b>BEN</b> | Interim      |
|                 | <b>CLW</b> | Interim      |
|                 | <b>COE</b> | Interim      |
|                 | <b>GPT</b> | Full year    |
|                 | <b>HSO</b> | Interim      |
|                 | <b>JBH</b> | Interim      |
| <b>Tomorrow</b> | BPT        | Interim      |
|                 | CGF        | Interim      |
|                 | NST        | Interim      |



Further, key US data, including CPI and retail sales are scheduled for release this week and could swing the \$US.

**Base metals** – China's markets reopen today, following Lunar New Year and Spring Festival holidays last week, meaning LME trading volumes are expected to pick up.

In addition, key economic figures are expected out of China this week, hence potentially producing preliminary cautions and subsequent swings.

Among individual company production news Friday, Codelco announced that it had suspended the Chile Chuquicamata and Ministro Hales *copper* operations due to exceptionally high rainfall.

Operations have been reportedly ramping again, however, since later Saturday.

Russia's Rusal predicted Friday that *aluminium* demand would rise this year.

### Exchange Rates

| CURRENCIES       | LAST   | +/-    | %    |
|------------------|--------|--------|------|
| <b>AUD – USD</b> | 0.7090 | 0.0001 | 0.02 |
| <b>EUR – USD</b> | 1.1318 | 0.0000 | 0.00 |

### Australian Data Today

|      |                                    |       |
|------|------------------------------------|-------|
| CLgc | Captl city rsdntl propty prices    | 8 Feb |
| ABS  | Building approvals (addtnl detail) | Dec   |

### US Data Tonight

|                                 |     |
|---------------------------------|-----|
| Consumer inflation expectations | Jan |
|---------------------------------|-----|

### Other Overseas Data Today & Tonight

|              |                                  |      |
|--------------|----------------------------------|------|
| <b>China</b> | <i>Foreign Direct Investment</i> | Jan  |
| <b>UK</b>    | GDP                              | DecQ |
| UK           | Trade balance                    | Dec  |
| UK           | Industrial production            | Dec  |
| UK           | Construction PMI                 | Dec  |
| UK           | NIESR CPI estimate               | 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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|            |     |         |
|------------|-----|---------|
|            | RKN | Interim |
|            | TCL | Interim |
| <b>Wed</b> | AOG | Interim |
|            | BAP | Interim |
|            | COH | Interim |
|            | CPU | Interim |
|            | CSL | Interim |
|            | HT1 | Interim |
|            | SKC | Interim |
|            | TAH | Interim |
| <b>Thu</b> | AMP | Interim |
|            | ASX | Interim |
|            | EVN | Interim |
|            | GMG | Interim |
|            | IPH | Interim |
|            | MFG | Interim |
|            | NCM | Interim |
|            | SUN | Interim |
|            | TGR | Interim |
|            | TLS | Interim |
|            | TWE | Interim |
|            | WPL | Interim |
| <b>Fri</b> | ABP | Interim |
|            | DHG | Interim |
|            | MPL | Interim |
|            | WHC | Interim |

### Trading Halts

| Company                 | Code | Resuming |
|-------------------------|------|----------|
| Aurora Labs             | A3D  | 11 Feb   |
| Australian Potash       | APC  | 11 Feb   |
| Pepinnini Lithium       | PNN  | 11 Feb   |
| Spark Infrastructure    | SKI  | 11 Feb   |
| Titanium Sands          | TSL  | 11 Feb   |
| Wattle Health Australia | WHA  | 11 Feb   |
| White Cliff Minerals    | WCN  | 11 Feb   |
| Focus Minerals          | FML  | 12 Feb   |
| Intermin Resources      | IRC  | 12 Feb   |
| Laneway Resources       | LNK  | 12 Feb   |

### Suspensions (select)

| Company                     | Code | Since  |
|-----------------------------|------|--------|
| Affinity Energy & Health    | AEB  | 5 Feb  |
| Aurora Absolute Return Fund | ABW  | 21 Jan |
| Coolgardie Minerals         | CM1  | 8 Feb  |
| Covata Ltd                  | CVT  | 30 Jan |
| Creso Pharma                | CPH  | 5 Feb  |
| Freedom Insurance Group     | FIG  | 7 Feb  |
| 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 (%) |
|------|----------|---------|--------------|-----------|
| GXL  | Tomorrow | 19      | 100          | 2.79      |
| GUD  | Tomorrow | 25      | 100          | 4.37      |



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|     |          |     |     |      |
|-----|----------|-----|-----|------|
| IAG | Tomorrow | 12  | 100 | 4.23 |
| CBA | Wed      | 200 | 100 | 5.77 |
| MLT | Wed      | 9   | 100 | 4.27 |
| IGO | Thu      | 2   | 100 | 0.87 |
| JHG | Thu      | 36  | 0   | 6.05 |
| ARG | Fri      | 16  | 100 | 4.00 |