

Friday 13 January 2017

Markets

| | | | |
|---------------------------------------|-------------|----------|------------|
| SFE 200 Futures (9.30am AEDST) | 5735 | 7 | 0.1 |
| NZX 50 | 7057 | -7 | -0.1 |
| DJIA Futures | 19803 | 0 | 0.0 |
| S&P 500 Futures | 2264 | -7 | -0.3 |
| NASDAQ Futures | 5035 | -12 | -0.2 |

Local Markets Commentary

The Australian market opens Friday trade on positive commodities leads ahead of key data out of China.

Major international equities mostly fell overnight, however.

China's December trade figures are anticipated 1pm AEDST.

In overnight commodities trade, **gold, oil** and **iron ore** continued higher. **Copper** swung positive and rallied.

Nickel stocks could experience pressure, due to Indonesia's plans to ease an ore export curbs.

The **\$A** maintained gains after reaching US75.0c yesterday evening.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|--------------|------|-------------|
| Dow Jones | 19891 | -63 | -0.3 |
| S&P 500 | 2270 | -5 | -0.2 |
| NASDAQ | 5547 | -16 | -0.3 |
| FTSE 100 | 7292 | 2 | 0.0 |
| DAX 30 | 11521 | -125 | -1.1 |
| Shanghai Comp | 3119 | -17 | -0.6 |

Overseas Markets Commentary

Major European and US equities markets mostly settled lower overnight, finance, tech and biotech sentiment compromised.

In the **US**, weekly new unemployment claims rose 10,000 but the four weekly moving average fell by 1750.

Import prices rose 1.8% year-on-year, the most in ~five years, boosted by a 0.4% monthly increase in turn inflated by a 7.9% gain for petroleum products. The national deficit reached \$US28B in December, on a 9% drop in the value of receipts against a 5% fall for outlays, compared with December 2015.

European Central Bank (ECB) December policy meeting minutes revealed discussion surrounding increasing political uncertainty and the need for supportive action, at least through 2017.

Euro zone November industrial production was reported 3.2% higher.

In **Germany**, the national statistics office estimated 1.9% 2016 GDP growth, even while a final December quarter figure is being finalised for release in February.

Imports were reported to have risen 3.4% and exports 2.4%, household spending 2%, and government spending, boosted by asylum seeker

China – trade figures expected 1pm AEDST

Today's Stock Watch

Mayne Pharma Group (MYX)

US launch underway for MYX's amiodarone 100mg tablets for the treatment of recurring ventricular arrhythmia. MYX already is selling 400mg strength tablets, but the US 100mg market was estimated to be worth \$US23M during 2016.

YPB Group (YPB)

Thai Government 'board of investment status' awarded to YPB. This means YPB is exempt from corporate tax for eight years and that expatriate staff can receive residency benefits.

BUBS Australia (BUB)

Chairman Alan van Noort has retired from the BUB board. BUB is the reincarnation of Hillcrest Litigation Services and resumed ASX quotation 3 January.

UnitedNetworks Ltd (UNL)

Communications advice and services specialist completed a successful ASX listing yesterday, following a \$7.1M IPO at 20c per share. Opened at 28c and slipped to 24.5c before settling at 26c. ~3.2M shares changed hands across 297 trades.

Resources

Gold Road Resources (GOR)

Morgan Stanley has commenced GOR coverage with an overweight rating.

Zenith Minerals (ZNC)

Heralding Arizona, US Burro Creek lithium clay project surface sampling, mapping and geophysical surveying indications, and planning to exercise the company's option to continue with the project. Drilling planned. Metallurgical test work is continuing. Details lodged this morning.

Rio Tinto (RIO)

December quarter activities report expected early next week.

Energy

AGL Energy (AGL)

AGL's application to terminate the Loy Yang enterprise agreement has been granted by the Fair Work Commission. AGL is hoping to finalise a new agreement to operate from 30 January.

88 Energy (88E)

Total Alaska Icewine project conventional resource potential has been boosted by a prospectivity review to 1.47 billion bbl gross mean prospective resources unrisks, and 1.14 billion bbl net mean prospective resources unrisks for 88E. The operations plan for the Icewine #2 production test well was approved in December.

Whitehaven Coal (WHC)

Due to report for the December quarter Monday.

costs, 4.2%.

Tonight in the US, December retail sales and producer prices, November business inventories, and a consumer sentiment reading are due.

Bank of America, BlackRock, JP Morgan Chase and Wells Fargo are among those expected to report earnings.

In overnight corporate news, **Fiat Chrysler** dropped as much as 18% after being accused by the US Department of Justice of failing to disclose diesel-fuelled vehicles were fitted with emissions software.

UK department store **Marks & Spencer** reported better-than-anticipated Christmas season sales and supermarket chain **Tesco** a 1.5% rise in like-for-like sales for the November quarter.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|------------------------------|-------------|-------|------|------|
| Gold (NY) (Feb) | 1200 | oz | 2.9 | 0.3 |
| Silver (NY) (Mar) | 16.8 | oz | 0.02 | 0.1 |
| Gold (LON) | 1205 | oz | 27 | 2.3 |
| Platinum | 974 | oz | 4 | 0.4 |
| WTI Crude (Feb) | 53.0 | bbl | 0.8 | 1.5 |
| Brent Crude (Feb) | 56.0 | bbl | 0.9 | 1.7 |
| Iron Ore (China port) | 81.0 | t | 0.6 | 0.7 |
| Copper (LME) | 5842 | t | 128 | 2.2 |
| Nickel | 10275 | t | 95 | 0.9 |
| Aluminium | 1790 | t | 32 | 1.8 |
| Lead | 2200 | t | 66 | 3.1 |
| Zinc | 2727 | t | 27 | 1.0 |
| Tin | 21070 | t | -80 | -0.4 |
| CBT Wheat (Mar) | 4.26 | bshl | 0.08 | 1.8 |

Commodities Commentary

Oil – continued to gain overnight, on comments out of **China, Iraq** and **Saudi Arabia**.

Saudi Arabia revealed its daily production had dropped below 10MMbbl, the least in two years, while Iraq said daily exports had fallen by 170,000bbl and would be reduced by a further 40,000bbl in the coming week.

China said it would import more crude during 2017, but that petrol and diesel demand was expected to fall.

A US weekly petroleum drill rig count is due tonight.

Gold – Comex futures traded beyond \$US1200/oz but reported profit-taking pushed prices from their peaks.

Base metals – **China's** December trade figures, due today, are likely to influence tonight's trade. \$US weakness, plus China's December domestic bank lending figures, supported overnight trade.

Exchange Rates

| CURRENCIES | LAST | +/- | % |
|------------------|--------|--------|------|
| AUD – USD | 0.7486 | 0.0001 | 0.01 |
| EUR – USD | 1.0618 | 0.0005 | 0.05 |

US Data Tonight

| | |
|---|-----|
| Retail sales | Dec |
| PPI | Dec |
| Business inventories | Nov |
| Uni of Michigan consumer sentiment (1 st) | Jan |

Pre-Open Announcements

Bapcor Ltd (BAP)

BAP has declared its Hellaby takeover offer unconditional after achieving a 52.55 holding. The \$3.60 cash-per-share offer has been extended to 7 February.

Suncorp Group (SUN)

Planning to release interim results 9 February. Template lodged this morning, after adopting a new operating model.

Resources

Doray Minerals (* DRM)

Non-executive DRM chairman Peter Lester is retiring from the DRM board, effective Monday, in order to focus on other business interests.

Freehill Mining (* FHS)

Scheduled to list 11am AEDST Monday following a \$4M IPO at 20c per share. Proposing to finalise the completion of a magnetite sands mining operation in Chile.

Kalamazoo Resources (* KZR)

Gold and base metals explorer scheduled to list 1pm AEDST Monday following a \$5M IPO at 20c per share. Initially planning to focus on the Snake Well project, WA.

Trading Halts

| Company | Code | Resuming |
|---------------|------|----------|
| Octanex NL | OXX | 16 Jan |
| Victory Mines | VIC | 16 Jan |

Suspensions (selected)

| Company | Code | Since |
|-------------------------|------|--------|
| Skyland Petroleum Group | SKP | 12 Jan |

Ex-Dividends

| Code | Ex-Div | Div (c) | Fr (%) | Yield (%) |
|------|--------|---------|--------|-----------|
| AGD | Tue | 0.9 | 0 | 0.00 |
| CUP | Wed | 2 | 100 | 9.41 |
| EZL | Wed | 1.75 | 100 | 3.77 |

**Other Overseas Data Today & Tonight**

| | | |
|--------------|------------------------|-----|
| China | Trade balance | Dec |
| Japan | Corporate insolvencies | Dec |
| UK | BoE credit conditions | Dec |

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