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Market Opener

Wednesday 13 February 2019

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Markets

SFE 200 Futures (9.30am AEDT)	6045	29	**0.5**
NZX 50	9307	26	0.3
DJIA Futures	25410	4	0.0
S&P 500 Futures	2745	36	1.4
NASDAQ Futures	7019	104	1.5

Local Markets Commentary

The Australian market opens mid-week trade with a major domestic bank trading ex-dividend, several large-cap domestic stocks reporting earnings, and a broad overnight international equities rally, ahead of influential data releases in the US and UK tonight.

US Federal Reserve chair Jerome Powell has this morning highlighted disparities in US regional economic growth.

In overnight commodities trade, **oil** and US **gold** futures (April) turned higher.

Iron ore (China port, 62% Fe) swung lower.

LME **copper** and other key base metals extended Monday's falls.

The **$A** approached US71.0c after trading at ~US70.85c early yesterday evening.

Locally today, Westpac and the Melbourne Institute release their monthly consumer sentiment report **10.30am** AEDT.

In addition, **CBA**, **MLT** and **SCG** trade **ex-dividend** today. *Please see pp3-4 for details.*

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25426	373	**1.5**
S&P 500	2745	35	1.3
NASDAQ	7415	107	1.5
FTSE 100	7133	4	0.1
DAX 30	11126	111	1.0
Shanghai Comp	2672	18	**0.7**

Overseas Markets Commentary

Major European and US equities markets rallied from open overnight, early reports buoying hope for potential a US funding resolution and China trade agreement progress this week.

The FTSE fell notably however, remarks from the **Bank of England** governor, plus seemingly little progress on negotiations to deliver a palatable **UK-European Union** separation deal to parliament, dousing optimism.

Late Monday, a two-party agreement on a proposal regarding the release of further **US** budget **funding** through 30 September was declared.

The US president expressed his disapproval of it, but promised to study it, playing down the likelihood of a new partial government services shutdown from midnight Friday at the same time as blaming the Democrats should one eventuate.

* Telecommunications listing **11am** AEDT – **UWL** *

Today's Stock Watch

Commonwealth Bank of Australia (CBA)

Trading ex-dividend ($2.00) today.

CYBG Plc (CYB)

CYB subsidiary Clydesdale Bank has formed a 50:50 JV with fintech specialist Salary Finance, boosting personal lending business.

Clydesdale and Salary Finance are each paying an initial £500,000 cash into the JV and Clydesdale is providing a £100M six-month rolling credit facility.

CSL Ltd (CSL)

6.8% higher, $US1.2B interim NPAT.
8.6% higher, $US4.5B revenue.
US85c interim dividend, against US79c a year ago.

Orora Ltd (ORA)

9.5% higher, $A113.7M interim NPAT.
9.9% higher, $2.31B revenue.
6.5c 50%-franked interim dividend, from 5c 30%-franked. 88c NTA.

Computershare Ltd (CPU)

51.5% higher $259.37M interim NPAT.
0.2% lower, $1.12B revenue.
21c 30%-franked interim dividend.
Expecting 12.5% FY 2019 management EPS growth, from previous 10% guidance.

Virgin Australia Holdings (VAH)

$54.8M interim NPAT, following a $10.3M net loss a year ago.
10% higher, $3.07B income. 5c NTA.

Tabcorp Holdings (TAH)

642% higher $182.5M interim NPAT, following the Tatts Group merger.
108% higher, $2.79B revenue.
11c fully franked interim dividend.
TAH CFO Damien Johnston is planning to retire from his CFO and director roles during FY 2020.

Resources

Evolution Mining (EVN)

26% lower, $91.11M interim NPAT.
3% lower, $756.2M revenue.
3.5c fully franked interim dividend. $1.38 NTA.

Northern Star Resources (NST)

4.0% higher, $82.09M interim NPAT.
43% higher $633.52M revenue.
6c fully franked interim dividend. $1.61 NTA.

Energy

Beach Energy (BPT)

196% higher, $A282.9M interim NPAT.
169% higher, $1.06B sales revenue.
1c fully franked interim dividend. 93c NTA.
$204.2M cash.

Yesterday, the US **trade** delegation to Beijing did not respond to questions on their way to the second day of talks.

The US president however talked up progress, and said if a China trade deal was imminent come 1 March he could push back his deadline for increased taxes on imports from China.

The US treasury secretary and head trade representative are yet to arrive to join this week's talks, however, suggesting they may not show should progress be deemed insufficient.

Bank of England governor Mark Carney publicly described his 'judgment' of global economic growth as at a 'delicate equilibrium' and predicted it would stabilise, albeit at a slower rate.

Among overnight data releases a **US** a December job openings report estimated an increase in opportunities to 7.34M from 7.17M in November.

A January small business optimism index was reported lower for a fifth consecutive month, at 101.2 from 104.4 in December.

A report from the Federal Reserve Bank of New York included a December quarter rise in household debt to a record $US13.5 trillion.

Federal Reserve chair Jerome Powell spoke publicly from the 15 minutes of US trade, confirming a broad view US regional economic growth had remained 'uneven'.

Tonight in the **US**, January CPI growth is due, together with weekly mortgage applications.

Elsewhere, the UK also reports January CPI and the euro zone December industrial production.

Companies scheduled to report **earnings** later today or tonight include: Akzo Nobel, AIG, Asics, Barrick Gold, Cisco Systems, Heineken (full year), JGC, Shire, Teva Pharmaceutical, Toshiba, Tullow Oil and Yelp.

In overnight corporate news, game publisher **Activision Blizzard** has reported post-US trade, revenue undershooting expectations and offering seemingly underwhelming guidance.

Commodities

COMMODITY	CLOSE	$US/	+/-	%
Gold (NY) (Apr)	**1314**	oz	2.1	0.2
Silver (NY) (Mar)	15.69	oz	0.00	0.0
Gold (LON)	1306	oz		
Platinum	790	oz	5	0.6
WTI Crude (Mar)	**53.1**	bbl	0.69	1.3
Brent Crude (Apr)	**62.42**	bbl	0.91	1.5
Iron Ore (CHN port 62%)	**87.65**	t	-2.93	-3.2
Copper (LME,3mth,PM)	**6119**	t	-26	-0.4
Nickel	12385	t	-85	-0.7
Aluminium	1856	t	-22	-1.2
Lead	2050	t	3	0.2
Zinc	2608	t	-27	-1.0
Tin	20925	t	-100	-0.5
CBT Wheat (Mar)	5.21	bshl		

Commodities Commentary

Oil – a weaker $US and China-US trade optimism appeared to support early overnight price rises.

Prices pulled back from session highs, however, due to mixed information coming from new reports.

Pre-Open Announcements

Aveo Group (AOG)
$128.9M interim net loss.
30.8% lower, $144.0M revenue. $3.83 NTA.

HT&E Ltd (HT1)
292% lower, $225.5M interim NPAT.
13% lower, $425.1M revenue.
4c fully franked final dividend. 49c NTA.

Bapcor Ltd (* BAP)
4.1% higher $45.49M interim NPAT.
3.2% higher, $636.13M revenue.
7.5c fully franked interim dividend.

Sky City Entertainment Group (* SKC)
18.9% lower, $NZ68.8M interim NPAT.
0.3% higher, $NZ411.4M revenue.
NZ10c fully franked (NZ 28%) interim dividend. NZ56.9c NTA.

Carsales.com Ltd (* CAR)
81.68% lower $A11.1M interim NPAT.
17.19% higher, $235.0M revenue.
Flat 20.5c fully franked interim dividend.

Uniti Wireless (* UWL)
Fixed wireless internet provider scheduled to list on the ASX **11am** AEDT following a $13.18M IPO at 25c per share.
100.53M quoted securities.

Resources

Altura Mining (* AJM)
$24.5M to be raised in the placement announced last week, due to additional demand.

OceanaGold Corporation (OGC)
New Zealand WKP gold prospect resource definition drilling has delivered several significant-width, high-grade intersections. Assays lodged post-trade yesterday.

Northern Minerals (NTU)
In addition to 50M shares issued to Liu Xiaohua under a $3M placement, NTU has issued 10M shares to consultant Go & Company and 2.5M shares in part payment to a creditor.
NTU has traded at 4.5c – 5.3c the past five trading sessions.

European Metals Holdings (EMH)
1.5M CDIs will be released from escrow 26 February.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	**AOG**	Interim
	BAP	Interim
	CAR	Interim
	CPU	Interim
	CSL	Interim
	EVN	Interim
	HT1	Full year
	NST	Interim
	ORA	Interim
	SKC	Interim
	TAH	Interim

A monthly OPEC report, published overnight, included a 797,000bbl/d drop in output for January, to a daily 30.81MMbbl.

OPEC also revised this year's demand growth forecast by 50,000bbl/d to 1.49MMbbl/d.

Libya's production could soon rise again, according to reports a 300,000bbld field had remained under Libya's military control for several days.

A monthly report from US government agency EIA raised predictions for US output during both 2019 (by 1.45MMbbl/d, to 12.41MMbbl/d) and 2020 (by 790,000bbl/d, to 13MMbbl/d), and WTI and Brent prices for 2019.

The EIA pulled back price forecasts for 2020 by 4%, however.

Meanwhile Saudi Arabia declared Aramco would broaden hydrocarbon exploration beyond the kingdom's borders.

The International Energy Agency (IEA) is due to publish its monthly report tonight.

In addition, the EIA is scheduled to release US weekly petroleum inventories.

Gold – a $US pullback (~-0.4%) and renewed oil appetite supported overnight gold interest.

Tonight's CPI figures for both the US and UK, plus an industrial production report from the euro zone, could swing currencies, hence toying with gold sentiment.

Base metals – a weaker $US failed to support overnight base metals trade as economic growth views appeared to continue to weigh.

Yesterday, Japan's machine tool orders were reported to have dropped 18.8% during January, after an 18.3% December tumble.

China's January trade figures are expected tomorrow, adding additional caution early-week.

These will follow key economic indicators out of the euro zone, UK and US tonight.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7095	-0.0000	-0.01
EUR – USD	1.1330	0.0003	0.02

Australian Data Today

Wstpc/MI	Consumer sentiment	Feb

US Data Tonight

CPI	Jan
MBA mortgage applications	8 Feb

Other Overseas Data Today & Tonight

China	*Foreign direct investment*	Jan
Japan	PPI	Jan
UK	CPI	Jan
Euro zone	Industrial production	Dec

Need More Information?

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	VLW	Interim
	VAH	Interim
Tomorrow	AMP	Full year
	ASX	Interim
	BRG	Interim
	GMG	Interim
	HSO	Interim
	IPH	Interim
	MFG	Interim
	NCM	Interim
	IPH	Interim
	IRI	Interim
	S32	Interim
	SUN	Interim
	SUL	Interim
	TGR	Interim
	TLS	Interim
	TWE	Interim
	WPL	Interim
Fri	ABP	Interim
	BBN	Interim
	DHG	Interim
	MPL	Interim
	SHL	Interim
	WHC	Interim

Trading Halts

Company	Code	Resuming
Experience Co	EXP	13 Feb
Galan Lithium	GLN	13 Feb
Orinoco Gold	OGX	13 Feb
YPB Group	YPB	13 Feb
Carnarvon Petroleum	CVN	14 Feb
Emerge Gaming	EM1	14 Feb
Liontown Resources	LTR	14 Feb
Threat Protect Australia	TPS	14 Feb
Thred Ltd	THD	14 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
Freedom Insurance Group	FIG	7 Feb
Pepinnini Lithium	PNN	12 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 (%)
CBA	Today	**200**	100	5.88
MLT	Today	**9**	100	4.28
SCG	Today	**11.08**	0	5.39
DDR	Tomorrow	7	100	6.52
FSI	Tomorrow	4	100	4.71

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IGO	Tomorrow	2	100	0.86
JHG	Tomorrow	36	0	6.07
ARG	Fri	16	100	4.01
PL8	Fri	0.5	100	tbc
AGL	20 Feb	55	80	5.41
DOW	20 Feb	14	50	3.88
JBH	21 Feb	91	100	5.93
KOV	21 Feb	9	100	5.33