

Markets

SFE 200 Futures (9.30am AEDT)	5743	15	0.3
NZX 50	8942	-17	-0.2
DJIA Futures	23950	0	0.0
S&P 500 Futures	2595	0	0.0
NASDAQ Futures	6613	0	0.0

Local Markets Commentary

The Australian market commences a new week's trade ahead of influential data out of China today, following an overnight Friday oil price retreat and relatively sluggish international equities sentiment.

China is expected to report December trade statistics 2pm AEDT.

Locally today, weekly capital city residential property prices are due pre-trade.

A monthly inflation gauge report from TD Securities and the Melbourne Institute is scheduled for release 11am AEDT.

In overnight Friday commodities trade, **oil** swung lower.

Iron ore (China port 62% Fe fines) turned slightly higher.

US (February) **gold** futures recovered from Thursday's push lower to settle essentially flat.

LME **copper** traded slightly higher. **Nickel** rallied. **Aluminium** turned and fell.

The **\$A** traded in a narrow range after appreciating to ~US72.15c early Friday evening.

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

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	23996	-6	-0.0
S&P 500	2596	-0.4	-0.0
NASDAQ	6971	-15	-0.2
FTSE 100	6918	-25	-0.4
DAX 30	10887	-34	-0.3
Shanghai Comp	2554	19	0.7

Overseas Markets Commentary

US equities markets opened lower overnight, but in choppy trade generally trended higher to settle at or near session peaks.

Major European indices had opened higher, but were ultimately dragged down by disappointing data from the UK and US, falling oil prices and generally weaker US equities sentiment.

In addition, earlier Friday, China was reported to be preparing to officially revise its annual growth target from ~6.5% to 6% - 6.5%.

Further, the China Banking and Insurance Regulatory Commission confirmed the bad loan tally for commercial banks had reached two trillion yuan (~\$US296.5B) in 2018, representing a ratio of 1.89%, the highest in a decade.

China - December trade figures 2pm AEDT

Today's Stock Watch

Wesfarmers Ltd (WES)

Kmart comparable sales fell 0.6% in the six months to 31 December. Total Kmart sales grew 1.0%, excluding Kmart Tyre & Auto.

Target comparable sales rose 0.5% and total sales 0.2%.

Net debt has been reduced from \$3.6B as at 30 June 2018 to ~\$0.3B, mostly due to the Coles demerger, Kmart Tyre & Auto sale, and the offloading of the Bengalla coal business and Quadrant Energy holding.

WES also lodged estimated significant item figures for each of the divestments this morning.

The group plans to publish interim results 21 February.

Nick Scali (NCK)

CFO Kevin Fine has resigned, effective 6 February.

NCK GM finance Christopher Malley has been appointed to take over from Mr Fine.

Euroz Ltd (EZL)

Anticipating a \$2.1M interim net loss, following a \$13.7M net profit for 1H FY2018.

Drops in the share prices of Westoz Investment Company (ASX: WIC) and Ozgrowth Ltd (ASX: OZG) were responsible of \$5.9M worth of EZL's headline reported losses.

Euroz Securities raised \$277M worth of equity capital, against \$270M a year earlier.

FUM came in at \$1.425B, against \$1.46B for 30 June 2018.

Paying a 1.75c fully franked interim dividend.

Trading ex-dividend Wednesday.

Payment is scheduled for 30 January.

Pendal Group (PDL)

\$A92.8B FUM as at 31 December, against \$A101.6M at the end of the September quarter 2018.

HeraMED Ltd (HMD)

Dale Group International will distribute at least 9000 HMD HeraBEAT baby monitoring unit under a three-year agreement.

Dale Group is a supplier to retailers including Woolworths group's (ASX: WOW) BigW and Baby Bunting (ASX: BBN).

HMD is also planning to sell Hera BEAT in Israel this year under a previously-announced exclusive rights agreement with NADAQ-listed TEVA.

Resources

Syrah Resources (SYR)

Mozambique Balama graphite project commercial production achieved, effective 1 January.

During the December quarter, the project produced 33,000t of natural graphite, pushing the full year total to 104,000t.

December quarter recovery averaged 70%, against 53% for the September quarter.

Proposing to lodge a December quarter activities report 30 January, rather than the previously nominated 24 January.

Commission personnel sought to reassure, however, asserting non-performing loan disposal rates had picked up and that risk was 'generally' under control.

In overnight Friday data releases, **US** December CPI was estimated to have declined 0.1% for the month, following a flat result for November.

Year-on-year, inflation came in 1.9% higher, against November's 2.2%.

None of the figures surprised, and supported the Federal Reserve's recent 'patience on future rate rises' stance, but nonetheless were considered uninspiring against a backdrop of uncertain global economic growth.

Earlier, **UK** November GDP was estimated to have grown 0.2% for the month following a 0.1% October gain. Year-on-year, GDP fell 1.4%.

November industrial production was reported 0.4% lower for the month and down 1.5% year-on-year, following respective 0.6% and 0.9% October declines.

Construction output rose 3% year-on-year following a 3.8% October increase.

The November trade deficit was estimated at £2.904B against £3.037B at the end of October.

Meanwhile, a partner in **Greece's** coalition government signalled it was pulling out of the coalition, consequently triggering expectations of a confidence vote in the PM this week.

Tonight in the **US**, November trade balance and new home sales are among a batch of data scheduled for release, including some reports held over due to the US government services partial shutdown.

Elsewhere, a euro zone industrial production update will attract more attention than usual, due to China and US trade figures, also anticipated today and tonight, and likely to influence global economic growth views.

In addition, ahead of an expected vote in the UK parliament tomorrow on arrangements for withdrawing from the European Union (EU), further speculation and debate is expected regarding a possible pushing back of the previously determined March separation date.

Citigroup and JD Sports are among companies expected to report earnings or provide trading updates, as December quarter reporting season commences for larger US stocks.

In overnight Friday corporate news, **General Motors** appreciated ~7% after lifting 2019 profit guidance and revealing 2018 earnings would likely come in higher than initially anticipated.

Netflix appreciated 4%, this mostly attributed to a UBS analyst's buy recommendation, plus Credit Suisse raising its Netflix December quarter subscriber prediction.

Apple's pre-loved iPhones were reported to be selling at significantly reduced prices in China.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1287.6	oz	0.2	0.0
Silver (NY) (Mar)	15.6	oz	-0.00	-0.1
Gold (LON)	1289	oz	-3	-0.2
Platinum	808	oz	-10	-1.2
WTI Crude (Feb)	51.59	bbl	-1.0	-1.9
Brent Crude (Mar)	60.48	bbl	-1.2	-2.0
Iron Ore (CHN port 62%)	73.45	t	0.09	0.1

Pre-Open Announcements

Quickstep Holdings (QHL)

QHL's profile is expected to broaden, with Joint Strike Fighter (JSF) partner Northrop Grumman a sponsor to the January - June 2019G'day USA event in Los Angeles.

Defence industry events feature in May.

Connexion Telematics (CXZ)

CXZ's onTRAC fleet management software for General Motors Courtesy Transportation Program is now operational.

Interest in onTRAC has received a boost following GM's sign-on. Statistics lodged this morning.

Resources

Tando Resources (* TNO)

Heralding concentrate results using South Africa SPD vanadium project drill samples.

Details lodged this morning.

Orminex Ltd (* ONX)

ONX's strategic partner and underground mining contractor GBF Mining has secured a right to enter a 12-month lease, and an option to purchase 50%, of the WA goldfields Burbanks mill.

The Burbanks facility has been processing ore from ONX's Comet Vale gold project and has the capacity to cater for all Comet Vale production.

Altura mining (AJM)

24,000t of Pilgangoora, WA Altura lithium project lithium oxide shipped to Chinese-based converters.

Details lodged this morning.

Sheffield Resources (SFX)

UBS will advise SFX in selecting a strategic partner for the funding and development of the northern WA Thunderbird mineral sands project.

SFX says several potential partners have expressed interest and that UBS will undertake a structured, formal process in determining a potential project partner.

Genesis Minerals (GMD)

Significant-width, high-grade results lodged this morning from Orient Well NW prospect drilling, 10km east of GMD's WA goldfields Ulysses gold project.

Energy

Strike Energy (STX) / Petrel Energy (PRL)

Confirming the Perth Basin EP 469 West Erregulla-2 well is expected to spud early May.

STX and JV partner Warrego Energy will share the drill rig mobilisation costs with another regional operator.

STX and Warrego each hold 50% of EP 469, with STX operator. Warrego and PRL are planning to merge via a reverse takeover.

Global Energy Ventures (GEV)

American Bureau of Shipping (ABS) formal approval in hand for the construction of the CNG 200 Optimum ship, pending compliance with ABS regulations and guidelines.

Trading Halts

Company	Code	Resuming
Torian Resources	TNR	14 Jan

Copper (LME,3mth,PM)	5942	t	12	0.2
Nickel	11460	t	210	1.9
Aluminium	1836	t	-25	-1.3
Lead	2002	t	26	1.3
Zinc	2492	t	31	1.3
Tin	20300	t	160	0.8
CBT Wheat (Mar)	5.20	bshl	0.06	1.1

Commodities Commentary

Oil – prices dropped overnight Friday, following a nine-year record for WTI consecutive higher settlements.

WTI crude settled at 7.6% higher for the week and Brent up 6%.

Meanwhile, a media report suggested Russia's 1 – 10 January output had averaged 11.38MMbbl/d, against a daily 11.45MMbbl in December.

Over the weekend, a refinery fire at a key port in Yemen was reported to have spread to encompass two storage tanks.

Saudi Arabia again promoted the nation's efforts in reducing overall international supply and repeated its confidence in ultimate oil market stability.

A weekly US petroleum drill rig count, published overnight Friday, reported four fewer operational oil rigs, representing a second consecutive weekly decline.

Gold – relative price strength is anticipated this week by most industry analysts, pending data including US retail sales, industrial production and region-by-regional growth

A US CPI update, published overnight Friday, failed to inspire, but the \$US nonetheless rose against the euro.

Base metals – a US claim late-Thursday, that China's vice premier would travel to the US later this month to resume trade talks, appeared to boost early overnight base metals sentiment.

Tonight's trade is likely to be influenced by China's December **trade** figures, expected today.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7210	-0.0003	-0.05
EUR – USD	1.1462	0.0003	0.03

Australian Data Today

CLgc	Cptl city rsdntl prpty prices	11 Jan
TD/MInst	Inflation gauge	Dec

US Data Tonight

<i>Trade balance</i>	Nov
<i>Wholesale inventories</i>	Nov
<i>Factory orders</i>	Nov
<i>New home sales</i>	Nov
<i>Construction spending</i>	Nov
<i>Treasury budget statement</i>	Dec

Other Overseas Data Today & Tonight

China	Trade balance	Dec
Euro zone	Industrial production	Nov

The Agency Group Australia	AU1	15 Jan
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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 (%)
EZL	Wed	1.75	100	tbc
PL8	Wed	0.5	100	5.93
CYB	Thu	5.479	0	1.67
TRA	21 Jan	~3.75	0	5.14
OZG	1 Feb	0.25	100	3.13
WIC	1 Feb	3	100	5.69



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