

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>5543</b>	<b>-39</b>	<b>-0.7</b>
<b>NZX 50</b>	6780	-18	-0.3
<b>DJIA Futures</b>	19824	0	0.0
<b>S&amp;P 500 Futures</b>	2257	-16	-0.7
<b>NASDAQ Futures</b>	4932	-6	-0.1

## Local Markets Commentary

Australian market trade opens on negative international equities and mixed commodities leads, ahead of key domestic reports and influential data out of China.

In overnight commodities trade, **oil** fell. **US gold** futures settled higher, as did **copper**. **Iron ore** dropped.

The **\$A** was pushed ~US1c lower after trading at US75.0c yesterday evening.

Locally today a raft of reports is due, including November **employment** figures (11.30am AEDST), the **Reserve Bank of Australia's** quarterly bulletin (11.30am), industrial trends, consumer inflation expectations and forex reserves.

**China** is expected to reveal foreign direct investment **1pm** AEDST.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>19793</b>	-119	<b>-0.6</b>
<b>S&amp;P 500</b>	2253	-18	-0.8
<b>NASDAQ</b>	5437	-27	-0.5
<b>FTSE 100</b>	6949	-19	-0.3
<b>DAX 30</b>	11245	-40	-0.4
<b>Shanghai Comp</b>	3141	-15	-0.5

## Overseas Markets Commentary

Major European markets chopped through overnight trade. US equities fell immediately following the Federal Reserve's rates announcement, soon swung higher, but then headed lower again.

The **US Federal Reserve** forecast up to three further short-term interest rate rises next year, after raising the rates range 0.50% to 0.75%.

Also in the US, November retail sales growth was reported at 0.1% for the month, sparking lower December quarter GDP forecasts. Annually, sales were 3.8% higher.

Industrial production slipped 0.4%, after rising 0.1% in October and falling for each of August and September.

November producer prices rose 0.4%, even when removing the energy and food components. Services sector prices rose 0.5%. October's overall index was reported flat.

Earlier in the **UK**, October unemployment was estimated to have remained at 4.8%, but average earnings to have dropped 2.5% for the October quarter.

**Euro zone** October industrial production was reported 0.6% higher year-on-year, following

**Australia** – November employment **11.30am** AEDST.

**China** – November foreign direct investment **1pm**.

## Today's Stock Watch

### Virgin Australia Holdings (VAH)

VAH has secured a code-sharing agreement with Air Canada, covering Los Angeles – Toronto, Calgary, Montreal and Vancouver flights.

### Flight Centre (FLT)

The Australian Competition & Consumer Commission has won the right to appeal, via the Federal Court, a July 2015 High Court decision that FLT be refunded an \$11M penalty.

### TPG Telecom (TPM)

TPM is paying \$S105M for two lots of 2 x 5MHz of 900MHz spectrum and eight lots of 5MHz of 2.3GHz spectrum following a successful bid in a Singapore new entrant auction. Establishing TPM's national mobile network by September 2018 is expected to require \$S200M - \$S300M capex.

### Orora Ltd (ORA)

Outlaying \$US44M for US-headquartered point-of-purchase retail display specialist The Register Print Group. Completion is anticipated in January.

### Boral Ltd (BLD)

BLD is resuming trade having completed the retail entitlement offer shortfall book-build. ~51M shares were sold for \$5.15 each in the book-build, which followed a 50% take-up of the initial \$4.80-per-share offer. BLD last traded at \$5.21.

### Australia & New Zealand Banking Group (ANZ)

AGM tomorrow. In the meantime, ANZ has appointed Australia's national ombudsman Colin Neave AM as customer fairness advisor, effective early-January.

### Orica Ltd (ORI)

AGM today.

### Ausdrill Ltd (ASL) / NTM Gold (NTM)

ASL is subscribing for \$1M worth of NTM shares in a drilling-for-equity agreement in association with the WA goldfields Redcliffe gold project. In addition, NTM is placing \$1.275M worth of shares at 5c each to sophisticated investors, including \$200,000 worth to ASL (separate to the drilling agreement). NTM is resuming from a trading halt, having last traded at 5.4c.

## Resources

### Kingsgate Consolidated (KCN)

Metallurgical engineer Leonardo Hermosilla has been appointed KCN's VP project development.

## Energy

### Caltex Ltd (CTX)

Expecting full-year (2016) historic cost after tax operating profit (HCOP) growth to \$560M - \$580M, but a fall for replacement cost of sales operating profit (RCOP), to \$500M - \$520M.

### Santos Ltd (STO)

Planning to support plans presented at last week's investor day with a \$A1.04B fully-underwritten institutional placement at \$4.06 per share, followed by a \$A500M SPP. STO traded at \$4.39 - \$4.55 yesterday and completed the placement overnight.

forecasts of a 0.8% rise.

**Tonight** in the US, November CPI, weekly unemployment claims, a home builders' sentiment index, two regional business conditions indices, an initial December Markit manufacturing PMI and September quarter current account figures are due.

In the UK, the Bank of England holds a policy meeting and announces outcomes.

Adobe Systems, John Wood, Oracle Corp, Petrofac and PZ Cussons are due to report earnings or provide trading updates.

Associated British Foods and United Utilities trade ex-dividend on the FTSE 100.

In overnight commodities trade, **Johnson & Johnson** and Switzerland's **Actelion** announced they could not agree on a propose merger. Actelion's share price suffered as did European biotech and health sector sentiment.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Feb)</b>	<b>1164</b>	oz	5	0.4
<b>Silver (NY) (Mar)</b>	17.2	oz	0.3	1.1
<b>Gold (LON)</b>	1162	oz	4	0.3
<b>Platinum</b>	922	oz	-11	-1.2
<b>WTI Crude (Jan)</b>	<b>51.0</b>	bbl	-1.9	-3.7
<b>Brent Crude (Feb)</b>	<b>53.9</b>	bbl	-1.8	-3.3
<b>Iron Ore (Tianjin)</b>	<b>79.2</b>	t	-4.2	-5.1
<b>Copper (LME)</b>	<b>5722</b>	t	32	0.6
<b>Nickel</b>	11420	t	30	0.3
<b>Aluminium</b>	1746	t	5	0.3
<b>Lead</b>	2316	t	-7	-0.3
<b>Zinc</b>	2810	t	105	3.9
<b>Tin</b>	21100	t	-225	-1.1
<b>CBT Wheat (Mar)</b>	<b>4.18</b>	bshl	0.00	0.1

### Commodities Commentary

*Oil* – prices were lower in early trade, in part due to a higher \$US, and expectations by some of a US stored crude build for the previous week.

The EIA's weekly report showed a 2.6MMbbl drawdown, but the \$US rose sharply (0.5% against the €; 0.9% against the ¥) on confirmation of the US rate rise. In addition, crude inventories at a key Oklahoma centre rose.

OPEC's monthly report confirmed the proposed member cuts from 1 January would be insufficient to wipe out oversupply next year, and that the non-member agreements to reduce output were crucial.

*Gold* – traded at new 10-month lows following the US Federal Reserve rate rise announcement.

*Base metals* – LME daily copper stockpiles rose 22,500t. Most of the \$US rise came in later trade. A swag of PMIs, due today and tonight, could influence tonight's trade.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7407	0.0002	0.03
<b>EUR – USD</b>	1.0532	0.0002	0.02

### Australian Data Today

ABS	Employment	Nov
RBA	Bulletin (quarterly)	Dec
MInst	Inflation expectations	Dec

## Pre-Open Announcements

### Corporate Travel Management (\* CTD)

Ord Minnett is recommending CTD as a buy.

### Eden Innovations (\* EDE)

\$US25,000 European order for 1000 gallons of EdenCrete in hand. EDE says this is the maiden EdenCrete order from Europe. The product will be whipped from Colorado.

### Forager Australian Shares Fund (\* FOR)

Scheduled to list 11am AEDST tomorrow.

## Resources

### Kingsrose Mining (KRM)

Voluntary administrators appointed.

## Energy

### Paladin Energy (\* PDN) / Deep Yellow (\* DYL)

PDN has sold its entire DYL holding at 1c per share, for ~\$A2.6M, and non-core Australian exploration assets to Uranium Africa for \$A2.5M. DYL traded at 1.5c – 1.8c yesterday.

### Bathurst Resources (BRL)

L&M Coal Holdings (LMCH) is planning to initiate legal action against BRL in relation to a dispute regarding a \$US40M performance payment BRL is allegedly due to pay LMCH. Details lodged this morning.

## Trading Halts

Company	Code	Resuming
Dampier Gold	DAU	15 Dec
Mustang Resources	MUS	15 Dec
Skyfii Ltd	SKF	15 Dec
Vango Mining	VAN	15 Dec
Volt Resources	VRC	15 Dec
Azure Minerals	AZS	16 Dec
Bass Metals	BSM	16 Dec
Kin Mining	KIN	16 Dec
Silver Mines	SVL	16 Dec
Surefire Resources	SRN	16 Dec

## Suspensions (selected)

Company	Code	Since
Atrum Coal	ATU	14 Dec
Bellamy's Australia	BAL	14 Dec
CMI Ltd	CMI	18 Nov
Dragon Energy	DLE	12 Dec
EVE Investments	EVE	14 Dec
Fe Ltd	FEL	6 Dec
Gulf Manganese Corporation	GMC	13 Dec
Horseshoe Metals	HOR	22 Nov
Kingsrose Mining	KRM	14 Dec
Kollakorn Corporation	KKL	28 Nov
Mission NewEnergy	MBT	28 Nov
Netlinkz Ltd	NET	13 Dec
Pegasus Metals	PUN	22 Nov
Sovereign Gold Company	SOCDA	14 Dec



ACCI/Wpc	Industrial trends survey	DecQ
RBA	Forex transactions	Nov
RBA	Reserve assets	Nov

### US Data Tonight

Initial jobless claims	10 Dec
CPI	Nov
Markit PMI manufacturing (initial)	Dec
NY Fed (Empire State) manufacturing	Dec
Philadelphia Fed business outlook	Dec
NAHB housing market index	Dec
Current account	SepQ

### Other Overseas Data Today & Tonight

<b>China</b>	FDI	Nov
<b>Japan</b>	Nikkei PMI manufacturing	Dec
Japan	Machine tool orders (rev)	Nov
<b>UK</b>	BoE policy statement	Dec
UK	Retail sales	Nov
UK	PMI manufacturing (initial)	Dec
<b>Germany</b>	PMI manufacturing (initial)	Dec
<b>Euro zone</b>	PMI manufacturing, services (1st)	Dec

### 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).

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This morning note and its contents at all times remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>GEM</b>	Today	<b>6</b>	100	6.61
LTN	Tomorrow	2	0	0.00
JHX	20 Dec	~10.59	0	1.95
RFF	28 Dec	2.41	0	5.72
RFP	28 Dec	~2.51	100	0.00

### Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>ORI</b>	AGM
<b>Tomorrow</b>	ANZ	AGM
	BTT	AGM
	ELD	AGM
	IPL	AGM
	NAB	AGM

### December quarter S&P/ASX indices re-balance

The following changes will be effected **from close of trade tomorrow** (16 December):

#### S&P/ASX 100

**Out:** INM

**In:** LNK

#### S&P/ASX 200

**Out:** OFX

**In:** NAN

#### S&P/ASX All Australian 200

**Out:** CAB, MSB, VRL

**In:** IFN, NAN, WEB