

Markets

SFE 200 Futures (9.30am AEDST)	5642	-9	-0.2
NZX 50	7063	-0.1	-0.0
DJIA Futures	19743	0	0.0
S&P 500 Futures	2263	-10	-0.4
NASDAQ Futures	5040	-21	-0.4

Local Markets Commentary

The Australian market opens mid-week trade on largely negative leads.

US equities markets traded for the first time this week.

In overnight commodities trade, **gold** and **WTI** crude continued higher. **Copper** extended Monday's fall. **Iron ore** turned lower.

The **\$A** gained further after appreciating to ~US75.45c early yesterday evening.

Locally today, a monthly consumer sentiment report is due from Westpac and the Melbourne Institute, 10.30am AEDST.

This afternoon, a January employment indicator will be released.

China's December property prices are expected **12.30pm** AEDST. December quarter GDP is keenly anticipated Friday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	19827	-59	-0.3
S&P 500	2268	-7	-0.3
NASDAQ	5539	-35	-0.6
FTSE 100	7220	-107	-1.5
DAX 30	11540	-15	-0.1
Shanghai Comp	3109	5	0.2

Overseas Markets Commentary

Major European and US equities markets mostly fell on or near opening overnight, as the \$US dropped and the British pound soared.

In the **UK**, PM Theresa May proposed a phased, but complete separation from the European Union, with to secure a free trade agreement, and said parliament would vote on the final negotiated deal.

December CPI growth in the meantime was reported at 1.6% year-on-year, against 1.2% for November and predictions of 1.4%.

At the annual World Economic Forum, an adviser to president-elect Donald Trump bemoaned the strength of the **\$US**, echoing comments by Mr Trump late last week, but also stated Mr Trump had been misunderstood, and supported globalisation.

China's president Xi Jinping promoted globalisation, warned of global economic inequalities and assured China would not commence a trade war.

The United Nations (UN) released a 2017 2.7% global economic growth forecast, 0.7% lower than the International Monetary Fund (IMF) forecast, citing both UK-European separation plans and US tax policies as risks.

Today's Stock Watch

Wesfarmers Ltd (WES)

Anticipating \$135M - \$140M interim EBIT for the group's resources business, approximately in line with 1H FY 2016 and greater than previous guidance. December quarter Curragh coal production increased 22.5% from the previous quarter, to 3.2Mt, although the gain was largely due to adverse weather during the September quarter. For the year, metallurgical coal output fell 14.4% to 7.2Mt and steaming coal 1.9% to 3.4Mt. Bengalla attributable coal production rose 2.7% to 3.4Mt.

Incitec Pivot (IPL)

Expecting to receive \$US35.1M in damages related to delays for the Louisiana, US Waggaman ammonia plant.

RCR Tomlinson (RCR) / Pilbara Minerals (PLS)

\$138M - \$148M EPC contract secured by RCR for PLS's WA Pilgangoora lithium-tantalum project.

Integrated Research (IRI)

Expecting \$7.2M - \$8.0M interim PAT, against \$6.2M for 1H FY 2016, and \$42.3M - \$44.0M revenue, against \$39.4M.

Aurizon Holdings (* AZJ)

December quarter and 2016 operational statistics lodged pre-trade.

Resources

Alacer Gold Corporation (AQG)

Produced (an unaudited) 119,036oz of gold from the Çöpler project, Turkey during 2016, at a \$960/oz ASIC. Nil debt. \$215M cash. 2017 guidance also lodged this morning.

St Barbara (SBM)

Produced 98,982oz of gold during the December quarter, at an \$A876/oz AISC. Realised prices averaged \$A1636/oz, against \$A1737/oz during the September quarter. \$87M cash at bank and 14,538oz of gold inventory.

Plymouth Minerals (PLH)

Initial San Jose lithium project RC pre-collar drilling assays lodged this morning, including 84m @ 0.90% Li₂O from 12m downhole.

South32 Ltd (S32)

Expected to report for the December quarter tomorrow.

Energy

Cooper Energy (COE) / AGL Energy (AGL)

Agreement secured for COE to sell an additional 5.4PJ of Sole gas to AGL, bringing the total to 12PJ. COE has now agreed to supply 20PJ - 25PJ of Sole gas each year under binding agreements.

Empire Oil & Gas (EGO)

Production testing has confirmed Red Gully North as a gas condensate discovery. Flow rates and other details lodged this morning. Commerciality is yet to be determined. EGO is resuming from a trading halt having last traded at 31c.

Paladin Energy (* PDN)

December quarter activities report expected later today.

In US data releases, a New York region manufacturing index was estimated 1.1 points lower for the month, at 6.5.

Tonight in the US, December **CPI**, industrial production figures and the Federal Reserve's region-by-region economic beige book report are due, together with a homebuilders sentiment index.

Federal Reserve chair Janet Yellen is also scheduled to speak publicly.

Burberry Group, Citigroup, Goldman Sachs, Netflix, Premier Foods are due to report earnings and/or release trading updates.

In overnight corporate news, **Morgan Stanley** suffered despite 83% higher December quarter profit and 17% higher sales.

Health insurer **UnitedHealth** also fell after reporting 56% higher profit and a 9% rise in revenue.

US retailer **Wal-Mart** revealed it was planning to create 10,000 jobs in the US this year.

General Motors announced it would invest \$US1B in US facilities this year.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1213	oz	10	1.4
Silver (NY) (Mar)	17.2	oz	0.4	2.3
Gold (LON)	1216	oz	13	1.1
Platinum	974	oz	-7	-0.7
WTI Crude (Feb)	52.5	bbl	0.1	0.2
Brent Crude (Feb)	55.5	bbl	-0.4	-0.7
Iron Ore (China port)	81.6	t	-2.1	-2.6
Copper (LME)	5754	t	-111	-1.9
Nickel	10160	t	-100	-1.0
Aluminium	1798	t	6	0.3
Lead	2295	t	27	1.2
Zinc	2717	t	-34	-1.2
Tin	21100	t	75	0.4
CBT Wheat (Mar)	4.34	bshl	0.10	1.8

Commodities Commentary

Oil – overnight trade supported by a \$US drop, and the previous day's (during a US holiday) assertion by Saudi Arabia that the OPEC agreement would help market prices.

Prices slipped notably from session highs however, having appreciated as much as \$US1/bbl in earlier trade.

Gold – US futures settled at an eight-week peak, supported by a weaker \$US.

Base metals – risk-averse sentiment noted overnight, ahead of GDP, industrial production and retail sales data out of **China** Friday.

Aluminium notably swung to a gain.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7558	-0.0008	-0.11
EUR – USD	1.0710	-0.0002	-0.02

Australian Data Today

Wstpc/MInst	Consumer sentiment	Jan
DoEmplyt	Employment indicator	Jan

Pre-Open Announcements

Cromwell Property Group (CMW)

Extending the maximum 10% stapled security buy-back another year to 19 January 2018, but does not expect to purchase any securities while current market conditions prevail.

The Mitula Group (MUA)

Iflix Ltd CRO and former iProperty Group (ASX: IPP) CEO and MD Georg Chmiel has been appointed as an MUA director. Mr Chmiel is also a former LJ Hooker CEO and MD, and CFO and international GM of REA Group (ASX: REA). He is a director of Centrepont Alliance (ASX: CAF) and iCar Asia (ASX: ICQ).

Aveo Group (AOG)

Planning to lodge half-year results 15 February and to host a webcast that day at 10.30am AEDST.

Resources

Echo Resources (EAR)

Julius gold deposit stage one BFS has estimated a \$A41M EBITDA, \$A17.5M capex, and \$A832/oz C1 cash cost for an initial reserve totalling 868,000t @ 2.44g/t Au, for 63,965oz. Mining lease in hand.

MZI Resources (MZI)

December quarter WA Keysbrook mineral sands project production totalled 15,636t. Sold 10,061t for \$7.5M. Port congestion pushed back a planned December (70%) leucoxene shipment.

Energy

Santos Ltd (STO)

Planning to lodge December quarter operational statistics Friday.

Trading Halts

Company	Code	Resuming
Pura Vida Energy	PVD	18 Jan
Recce Ltd	RCE	18 Jan
Stonewall Resources	SWJ	18 Jan
Celsius Resources	CLA	19 Jan
Kimberley Diamonds	KDL	19 Jan

Suspensions (selected)

Company	Code	Since
Skyland Petroleum Group	SKP	12 Jan

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
CUP	Today	2	100	9.20
EZL	Today	1.75	100	3.81
VVR	Tomorrow	5.28	0	2.18
MIR	Mon	3.5	100	3.47

**US Data Tonight**

CPI	Dec
Industrial production	Dec
Beige book	Dec
NAHB housing market index	Jan

Other Overseas Data Today & Tonight

China	Property prices	Dec
UK	Unemployment	Nov
UK	Average earnings	Nov
UK	Unemployment claims	Dec
Euro zone	CPI (final)	Dec

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