

Markets

SFE 200 Futures (9.30am AEDST)	5637	8	0.1
NZX 50	7047	-12	-0.2
DJIA Futures	19735	0	0.0
S&P 500 Futures	2267	4	0.2
NASDAQ Futures	5055	14	0.3

Local Markets Commentary

The Australian market opens on mostly lacklustre international equities leads.

In overnight commodities trade, **gold** continued lower and **oil** turned so. LME **copper** turned higher, but not COMEX trade. **Iron ore** (China port, 62% Fe) swung higher again.

The **\$A** fell after trading at ~US75.40c yesterday evening.

Locally today, the ABS releases December employment figures **11.30am** AEDST.

The Melbourne Institute also publishes a monthly inflation expectations report this morning. The Reserve Bank of Australia (RBA) releases forex figures.

China's December quarter GDP, plus December industrial production, fixed assets investment and retail sales are anticipated tomorrow.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	19805	-22	-0.1
S&P 500	2272	4	0.2
NASDAQ	5556	17	0.3
FTSE 100	7248	27	0.4
DAX 30	11599	59	0.5
Shanghai Comp	3113	4	0.1

Overseas Markets Commentary

Major European and US equities markets chopped and swung their way through last night's respective trade sessions.

US Federal Reserve chair Janet Yellen predicted domestic rates would reach 3% by late 2019, following a few rises each year.

Also in the US, December CPI growth was reported at 0.3%, following 0.2% for November. For 2016, CPI rose 2.1%, and core CPI 2.2%.

December industrial production improved 0.8%, but November's was revised to a 0.7% tumble, rather than the originally estimated 0.4% fall.

The Federal Reserve's region-by-region economic summary (beige book) revealed labour tightening and manufacturing improvements appeared common over the previous six weeks.

A homebuilders sentiment index slipped two points to 67.

Tonight in the US, weekly new unemployment claims are due, together with December housing starts and building approval, and a regional manufacturing index.

Australia – December employment report due 11.30am AEDST.

Today's Stock Watch

Bega Cheese (BGA)

Outlaying \$460M for Mondelez International's Australian and New Zealand grocery and cheese business, including the Vegemite, Zoosh and Bonox brands and other KRAFT products. BGA will fund the purchase from bank debt. Access details for a teleconference, scheduled to commence 9.30am AEDST, also lodged this morning.

Carsales.com Ltd (CAR)

CEO, MD and CAR founder Greg Roebuck is retiring. CAR COO Cameron McIntyre has been appointed CEO, effective 17 March. CAR was founded in 1997 and Mr Roebuck has been MD and CEO since 2002.

Cynata Therapeutics (CYP)

Trading halt called this morning. Fujifilm is purchasing \$A3.97M worth of CYP shares at ~49.11c each. These will give Fujifilm ~10% of CYP and will be escrowed for 12 months. A licence option agreement secured with Fujifilm will support the development and commercialisation of CYP technology, initially CYP-001, and potentially result in milestone and upfront payments to CYP totalling ~\$A60M. In addition, CYP would receive double-digit net sales royalties on any CYP-001 product.

Yowie Group (YOW)

December quarter sales increased 44% year-on-year to \$US4.4M, boosting 1H FY 2017 net sales to \$US9.3M, representing a 70% improvement. \$US28.9M cash. Nil debt.

G8 Education (GEM)

Ord Minnett has placed an accumulate recommendation on GEM, replacing previous hold advice.

Incitec Pivot (IPL)

RBC Capital Markets has reassessed IPL as sector performer, from outperform.

Resources

Resolute Group (RSG)

Declaring the Mali Syama gold project Nafolo prospect a major gold discovery on recent drilling results, lodged this morning. These include 41m @ 4.9g/t Au from 281m; 29m @ 4.7g/t Au from 446 where the hole ended in mineralisation; and 37m @ 3.1g/t Au from 372m. A second rig commenced mid-December.

Metalicity Ltd (MCT)

WA Pilgangoora South Stannum project maiden drilling has intersected lithium mineralisation with intercepts measuring 28m – 124m. MCT says the drilling area adjoins Mineral Resources' (ASX: MIN) Wodgina lithium project.

South32 Ltd (* S32)

Expected to report for the December quarter.

Energy

Woodside Petroleum (WPL)

Produced 94.9Mmboe during 2016, 3% more than for 2015. LNG output reached a record 63.7MMboe, 9% higher than the 2014 record result. Capex came in at \$US1.4B, \$US250M lower than forecast.

The **European Central Bank (ECB)** holds a policy meeting from which subsequent inflation forecast comment appears most anticipated.

Alliance Pharma, American Express, Bank of NY Mellon and IBM are due to report earnings and/or release trading updates.

In overnight corporate news, **Citigroup** produced its first profit gain in a year, but revenue undershot expectations.

Goldman Sachs December quarter profit tripled, exceeding forecasts.

Target Corp fell ~6% on sales and forecasts that disappointed.

Toyota Motor Corp expressed concern for the ongoing competitiveness of its UK operations, on the European Union separation plans outlined this week by the UK PM.

UK educational publishing specialist **Pearsons** dropped almost 30% on a profit warning.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1212	oz	-1	-0.7
Silver (NY) (Mar)	17.1	oz	-0.1	-0.4
Gold (LON)	1215	oz	-1	-0.1
Platinum	961	oz	-13	-1.3
WTI Crude (Feb)	51.1	bbl	-1.4	-2.7
Brent Crude (Feb)	53.9	bbl	-1.6	-2.8
Iron Ore (China port)	82.1	t	0.5	0.6
Copper (LME)	5769	t	15	0.3
Nickel	10175	t	15	0.2
Aluminium	1835	t	37	2.0
Lead	2307	t	12	0.5
Zinc	2776	t	60	2.2
Tin	21100	t	0	0.0
CBT Wheat (Mar)	4.31	bshl	-0.03	-0.6

Commodities Commentary

Oil – OPEC's monthly report put total OPEC December production at 33.1MMbbl/d, 221,000bbl/d fewer than for November. Indonesia in the meantime had left OPEC, so its output was not included in the December tally.

OPEC also forecast 2017 supply to grow by a daily 120,000bbl.

Overnight prices fell in early-trade.

The (US) EIA weekly petroleum inventories report is due tonight.

Gold – sentiment pulled back on a stronger \$US and reasonable growth reported across most regions of the US in the Fed's beige book.

Base metals – despite gains, lower oil and a stronger \$US constrained some sentiment overnight.

In addition, GDP, fixed asset investment, industrial production and retail sales reports are keenly anticipated out of China tomorrow.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7511	0.0005	0.07
EUR – USD	1.0634	0.0005	0.05

Australian Data Today

ABS	Workforce (inc unemployment)	Dec
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Pre-Open Announcements

Recce Ltd (RCE)

RECCE327, under development as a potential E coli treatment, has shown in a US study that it can reduce E coli infection in mice. RCE pulled back 32% yesterday, resuming from a trading halt with the study announcement, and having appreciated 84% immediately before calling the trading halt. RCE settled yesterday at 20c, after closing out last week at 16c.

Djerriwarrh Investments (DJW)

Interim results expected today.

Index Ltd (IMD)

Planning to lodge interim results 20 February and to host a webcast teleconference that day, commencing midday AEDST.

Resources

Red 5 (RED)

Changes to Philippines Siana gold project plans, due to regulatory approval delays, lodged this morning.

Energy

AGL Energy (AGL)

\$36M NSW Silverton wind farm sale financial close achieved.

Trading Halts

Company	Code	Resuming
Celsius Resources	CLA	19 Jan
Kimberley Diamonds	KDL	19 Jan
Boss Resources	BOE	20 Jan
Lion Energy	LIO	20 Jan
Cynata Therapeutics	CYP	23 Jan

Suspensions (selected)

Company	Code	Since
Pura Vida Energy	PVD	18 Jan
Skyland Petroleum Group	SKP	12 Jan

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
VVR	Today	5.28	0	2.22
MIR	Mon	3.5	100	3.44
OZG	1 Feb	0.25	100	2.94
WIC	1 Feb	3	100	5.94



MInst	Inflation expectations	Jan
RBA	Forex transactions	Dec
RBA	Reserve assets	Dec

US Data Tonight

Initial jobless claims	14 Jan
Housing starts	Dec
Building approvals	Dec
Philadelphia Fed manufacturing	Jan

Other Overseas Data Today & Tonight

Japan	Machine tool orders (rev)	Dec
Euro zone	ECB policy statement	Jan

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