

Markets

SFE 200 Futures (9.30am AEDT)	5864	43	0.7
NZX 50	9115	18	0.2
DJIA Futures	24687	0	0.0
S&P 500 Futures	2672	0	0.0
NASDAQ Futures	6793	0	0.0

Local Markets Commentary

The Australian market opens a new week's trade ahead of influential data out of **China** today, and a revised plan due to be presented in the **UK** parliament tonight governing arrangements for the UK to leave the euro zone, during a Monday public holiday weekend in the **US**.

Over the weekend, a US presidential concessional immigration offer, in exchange for funds for a Mexico-US border wall, appeared to be rejected by key Democrat parliamentary leaders.

In overnight Friday commodities trade, **oil** settled sharply higher.

US (February) **gold** futures fell.

Iron ore (China port 62% Fe fines), LME **copper** and other key base metals rallied.

The **\$A** slipped to ~US71.65c after trading at ~US71.85c early Friday evening.

China's December quarter **GDP**, plus December industrial sales, retail sales and fixed asset investment are anticipated **1pm** AEDT.

The figures, together with any China administrative economic support comments, are likely to swing some of today's trade.

Locally today, the Australian Bureau of Statistics publishes November lending finance 11.30am AEDT.

A weekly capital city residential property price report is due pre-trade.

Meanwhile, political leaders, World Bank and International Monetary Fund (IMF) officials, economists, corporate heads, central bankers and other stakeholders are preparing to meet in Davos, Switzerland for the annual **World Economic Forum** (WEF), scheduled for later tomorrow through Friday. This year's theme is 'globalisation'.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24706	336	1.4
S&P 500	2671	35	1.3
NASDAQ	7157	73	1.0
FTSE 100	6968	133	2.0
DAX 30	11206	287	2.6
Shanghai Comp	2596	36	1.4

Overseas Markets Commentary

Major European and US equities markets rallied overnight Friday, following a new report supporting China-US trade optimism, this in turn benefiting key commodities trade and hence select sectors.

Mixed data appeared largely ignored.

China – Dec Q GDP 1pm AEDT

December **industrial production, retail sales and fixed asset investment** also

Today's Stock Watch

Sims Metal Management (↓ SGM)

Anticipating a 12.2% fall in 1H FY 2019 underlying EBIT, to \$109.8M.

Additional statistics, together with commentary, lodged this morning.

Planning to lodge interim results 20 February.

Ausdrill Ltd (↓ ASL) / Regis Resources (RRL)

ASL has secured an additional \$171M worth of mining services contracts, including a \$113M contract with RRL's Rosemont gold project.

ASL's Barminco expects to employ 100 personnel at Rosemont, with onsite works commencing this quarter.

Adveritas Ltd (AV1)

MoU secured with China digital marketing consultancy SparkX, with the aim of offering AV1's Trafficguard fraud prevention software to mobile phone app developers/advertisers in China.

Resources

Saracen Mineral Holdings (SAR)

Hosting a teleconference commencing 11am AEDT. Access details, plus December quarter presentation, lodged this morning.

Raising FY 2019 gold production guidance to 345,000oz - 365,000oz, from 325,000oz - 345,000oz.

Produced 88,833oz of gold, at a \$A1067/oz AISC, during the December quarter.

Sold 85,049oz at \$A1724/oz, for \$A146.6M revenue.

\$A142.6M cash and equivalents.

Sandfire Resources (SFR) / MOD Resources (MOD)

SFR is confirming a media report of interest in acquiring MOD.

SFR says any transaction will initially be dependent on satisfactory due diligence, binding agreements and board approvals.

SFR added 6.0% Friday, settling at \$7.06, after closing out the previous week at \$6.50.

Energy

Whitebark Energy (WBE)

Wizard Lake Rex flow testing has produced 305bbl/d of oil (17 API). Flow is increasing, and WBE anticipates commercial production will ultimately boost the company's oil output by 200%. WBI 30% working interest.

Real Energy Corporation (RLE)

The Queensland Cooper Basin ATP 927 Tamarama 2 gas well has been flowing at 2.0MMcf/d during initial flow testing.

Tamarama 3 flow testing is expected to commence within a few weeks.

RLE, which holds 100% of the permit, is anticipating commercial production.

RLE settled at 8.8c Friday, after closing out the previous week at 8c.

Earlier Friday, a media report claimed China had offered to boost its US imports to an annual \$US1 trillion over the period 2019 – 2024.

Reports, US and China administrative comments and speculation are expected to continue ahead of the 30 January planned resumption of formal talks in Washington, ahead of Lunar New Year.

Following a North Korea envoy visit to Washington late last week, the US administration announced a planned US-North Korea leaders' meeting late February.

In the meantime, the US Federal Reserve New York regional president warned of US economic growth risk, from both international and domestic factors.

In the **UK**, December retail sales disappointed, falling 0.9% for the month after rising 1.3% in November. Year-on-year, sales were 3.0% higher, against November's 3.4%.

Excluding fuel, retail sales dropped 1.3% during December.

The figures pushed the British pound 0.3% lower against the \$US.

US December industrial production rose 0.3% for the month and 4.0% year-on-year, following respective 0.4% and 4.1% figures for November.

The University of Michigan calculated a 7.6-point drop in consumer sentiment, to a preliminary January reading of 90.7.

Tonight in the **US**, equities markets will not trade, due to Martin Luther King Jr Day observance.

The **International Monetary Fund** (IMF) is nonetheless scheduled to release its latest global economic outlook report, ahead of the four-day World Economic Forum commencing in Davos later tomorrow.

Companies expected to report earnings for the December quarter, or provide a trading update, include Aveva and William Hill.

In overnight Friday corporate news, Netflix was pushed ~4% lower on December quarter revenue that missed forecasts, plus 2019 expenditure versus price rise analysis.

Tesla plans to reduce employee numbers by seven per cent, in order to cut costs, were revealed.

A December quarter profit warning also concerned, helping push the stock more than 10% lower.

NB: US equities markets will not trade tonight due to a public holiday. Commodities trade will be limited.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1282.6	oz	-9.7	-0.8
Silver (NY) (Mar)	15.40	oz	-0.14	-0.9
Gold (LON)	1284	oz	-7	-0.5
Platinum	797	oz	-12	-1.5
WTI Crude (Feb)	53.8	bbl	1.73	3.3
Brent Crude (Mar)	62.7	bbl	1.52	2.5
Iron Ore (CHN port 62%)	75.7	t	1.15	1.5
Copper (LME,3mth,PM)	6052	t	60	1.0
Nickel	11820	t	230	2.0
Aluminium	1870	t	12	0.6
Lead	1998	t	35	1.8
Zinc	2580	t	33	1.3
Tin	20625	t	40	0.2
CBT Wheat (Mar)	5.19	bshl	0.02	0.3

Pre-Open Announcements

Creso Pharma (↓ CPH)

Three-year supply agreement secured with TerrAscend Corp, for a minimum 100kg of cannabis flower each month, commencing when CPH is licensed to sell cannabis in Canada.

GR Engineering Services (* GNG)

EPC contract secured with Tellus Holdings for a storage facility for waste from the WA Koolyanobbing region kaolin mining operation.

Resources

Magnis Energy Technologies (↓ MNS)

MNS holds 20% of LIBCOI, which, with Bharat Heavy Electricals, is negotiating with authorities in India, to build the nation's first lithium-ion battery gigafactory.

Metals X (MLX)

WA Nifty copper project Region 6 and 9 resource definition significant-width and/or high-grade drilling results lodged this morning.

MLX says Nifty mineralisation remains open to the east, and that further Region 6 and 9 resource definition drilling is anticipated during the second half of 2019.

MLX anticipates an updated project resource by 30 June.

Nzuri Copper (* NZC)

Democratic Republic of Congo Kalongwe copper-cobalt project regional Monwezi 7 prospect drilling has produced significant-width cobalt assays, including a high-grade intersection.

Details, plus development activity and plans, lodged this morning.

Quarterly activities report lodged this morning, highlighting zinc concentrate production totalling 25,500t plus initial sales with customers in China and Europe.

A shipment to China has been completed and another loaded for Europe.

Adriatic Metals (↓ ADT)

Heralding Bosni & Herzegovina Vares zinc polymetallic project Rupice target drilling results.

Assays lodged this morning.

Anticipating an initial project resource by 30 June.

Gulf Manganese Corporation (GMC)

All parent company convertible notes have been redeemed or converted to shares.

GMC made the final redemption payment Friday.

Energy

Yancoal Australia (* YAL)

Produced 32.9Mt of (attributable) saleable coal during 2018, 78% more than for 2017.

December quarter (attributable) saleable coal output totalled 8.4Mt, 18% higher year-on-year.

Sold 10.1Mt of coal during the December quarter, 4% more than a year earlier.

Additional statistics, plus commentary, contained in YAL's December quarter report, lodged post-trade Friday.

Carnarvon Petroleum (CVN)

Commodities Commentary

Oil – the International Energy Agency’s (IEA) monthly report, published overnight Friday, included an unchanged 1.4MMbbl/d 2019 oil demand estimate.

The IEA also predicted an international economic slowing plus increase in US oil production would constrain oil prices during 2019.

December global supply fell ~1% (950,000bbl/d), the IEA calculated, in part due to OPEC members reducing output ahead of the 1 January commencement of the new cutback agreement.

The IEA predicted non-OPEC nations would boost oil output by a daily 1.6MMbbl output during 2019, against a 2.6MMbbl/d boost during 2018.

Meanwhile, overnight Friday crude prices appeared mostly supported by China-US trade optimism.

Brent crude settled 3.7% higher for the week, and WTI up 4.3%.

A weekly US petroleum drill rig count, also released overnight Friday, included 21 fewer operational oil rigs, the largest drop in almost three years.

After three consecutive weekly declines the oil rig tally stood at 852.

An EIA (US government agency) drilling productivity report is due tomorrow night.

Gold – positive equities sentiment, and in association, oil and base metals trade, failed to support overnight Friday gold interest, futures ultimately settling lower for the week for the first time since mid-December.

Analysts’ gold price predictions for the coming week vary, mostly due to uncertain geopolitical outcomes on both sides of the Atlantic, key data out of China today, and central bank meetings in Japan and the euro zone this week.

Base metals – a media report claiming China was prepared to substantially boost US imports supported overnight Friday base metals sentiment in general.

Tonight’s trade is expected to be largely influenced by data due out of **China** today.

China is expected to report December quarter GDP, and December industrial production, retail sales and fixed asset investment.

Japan’s December CPI, reported Friday, fell 0.2% for the month, the same rate as for November. Year-on-year, December CPI was 0.3% higher.

Further Japan inflation commentary is anticipated this week, in particular in the Bank of Japan’s mid-week post-policy meeting statements.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7166	-0.0000	-0.01
EUR – USD	1.1366	0.0004	0.04

Australian Data Today

ABS	Lending finance	Nov
CLgc	Captl city rsdntl propty prices	18 Jan

Overseas Data Today & Tonight

China	GDP	Dec Q
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December quarter activities report lodged this morning, highlighting activity and plans following the 2018 Dorado find. \$A48.3M cash.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	AFI	Interim
Tomorrow	BHP	Dec Q
	LYC	Dec Q
	PRU	Dec Q
Wed	NST	Dec Q
	RRL	Dec Q
Fri	RMD	Dec Q

Trading Halts

Company	Code	Resuming
Pure Minerals	PM1	21 Jan
Zicom Group	ZGL	21 Jan
Roots Sustainable Agricultural Tech	ROO	22 Jan

Suspensions (select)

Company	Code	Since
(The) Agency Group Australia	AU1	15 Jan
Cape Lambert Resources	CFE	8 Jan

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
TRA	Today	~3.75	0	5.16
URF	Today	5	0	3.70
MIR	Tomorrow	13.5	100	3.61
DJW	29 Jan	10	100	5.93
OZG	1 Feb	0.25	100	3.03
WIC	1 Feb	3	100	5.63



China	Industrial production	Dec
China	Retail sales	Dec
China	Fixed asset investment	Dec
Japan	Tankan index	Jan
Germany	PPI	Dec
Germany	GfK consumer confidence	Jan

Need More Information?

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