

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>5584</b>	<b>18</b>	<b>0.3</b>
<b>NZX 50</b>	7052	-16	-0.2
<b>DJIA Futures</b>	19735	0	0.0
<b>S&amp;P 500 Futures</b>	2262	-4	-0.2
<b>NASDAQ Futures</b>	5064	5	0.1

## Local Markets Commentary

The Australian market opens today's trade on mixed leads amid a plethora of commentary on likely international trade relationships.

In overnight commodities trade, **gold** rallied. **Oil** swung lower. **Copper** traded decidedly higher. **Iron ore** (China port) rallied, but in quiet trade, ahead of Lunar New Year, which commences late-week.

The **\$A** was pushed to ~US75.75c after trading at ~US75.55c yesterday evening, and appreciated further this morning.

Locally today, a weekly consumer sentiment index is due pre-trade and the Conference Board monthly leading index later in the morning.

The **ASX** will not trade **Thursday**, due to Australia Day.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>19800</b>	-27	<b>-0.1</b>
<b>S&amp;P 500</b>	2265	-6	<b>-0.3</b>
<b>NASDAQ</b>	5553	-2	<b>-0.0</b>
<b>FTSE 100</b>	7151	-47	<b>-0.7</b>
<b>DAX 30</b>	11546	-84	<b>-0.7</b>
<b>Shanghai Comp</b>	3137	14	<b>0.4</b>

## Overseas Markets Commentary

Major European equities markets swung decidedly red overnight, while key US indices trade vacillated before settling a little lower. The \$US was pushed to ~seven-week lows.

In the meantime, the **US** officially withdrew from the Trans-Pacific Partnership (TPP) trade agreement.

The **UK** and **China** confirmed plans for the UK PM to visit China for trade talks 'relatively soon' after this week's discussions with the US.

**European Central Bank** (ECB) president Mario Draghi cited history while promoting European unity, and international co-operation in general, while receiving an award in Italy.

In data releases, the European Commission reported **euro zone** consumer confidence had risen from -5.1 to -4.9, the most positive reading since April 2015.

**Tonight** in the US, existing home sales, a regional manufacturing index and an initial January Market manufacturing PMI are due.

Alcoa, Alibaba, Johnson & Johnson, Lockheed Martin, Philips Electronics, Samsung, and Verizon are expected to report earnings.

Today's trades will settle Friday 27 January, due to the Australia Day holiday Thursday.

## Today's Stock Watch

### ResMed Inc (RMD)

17% higher, \$US530.4M December quarter revenue. Excluding Brightree, revenue rose 9% to \$US496.6M. Paying a US33c quarterly dividend. Webcast scheduled to commence 1.30pm US Pacific time Tuesday 24 January. Access details lodged this morning.

### Brambles Ltd (BXB) / Boral Ltd (BLD)

UBS is recommending both BXB and BLD as 'buy's.

### Pinnacle Investment Management (PNI) / Hunter Hall (HHL) / Washington H Soul Pattinson (SOL)

PNI's Pinnacle Ethical Investment Holdings is intending to launch an off-market \$1.50 cash-per share takeover bid for HHL. In association, PNI has completed a \$30M placement at \$2.40 per share. PNI has traded at \$2.40 - \$2.53 this past week, and HHL at \$2.18 - \$2.90. PNI's offer for HHL is in competition with one by SOL, launched in December.

PNI has also reported \$23.3B FUM (by PNI's seven affiliates) as at 31 December. Proposing to pay a 2.2c quarterly dividend.

## Resources

### BlueScope Steel (BSL)

Anticipating a 160% improvement in 1H FY 2017 EBIT to ~600M, against \$510M guidance. Citing higher steel and iron ore prices, plus productivity improvements.

### Sandfire Resources (SFR)

Planning to repay the \$50M balance of a revolver facility a year ahead of schedule, on 31 January. Held \$107M as at 31 December. Still holds an undrawn \$85M revolver facility and a \$25M working capital facility.

Produced 33,740t of copper and 19,914oz of gold (in concentrate) over the six months to 31 December, 18,130t and 10,183oz respectively during the December quarter.

For the quarter, this represented 73,763t of concentrate at 24.6% Cu and 4.3g/t Au. C1 costs for the quarter and half-year came in at US81c/lb and US92c/lb respectively.

Hosting a webcast teleconference commencing 1pm AEDST. Presentation and access details lodged this morning.

### Saracen Mineral Holdings (SAR)

Produced a record 127,692oz of gold during 1H FY 2017, 66,222oz during the December quarter. Sold 62,914oz during the December quarter, realising \$A1628/oz against a \$A1416/oz AISC. \$43.9M cash and equivalents.

### BHP Billiton (BHP)

December quarter and six-month operational statistics expected tomorrow.

## Energy

### Oil Search (OSH)

Produced 30.24MMboe during 2016, representing a 3% increase. Sold 30.59MMboe, 6% more than for 2015. Revenue fell 22% to \$US1.2B, but during the December quarter rose 12%, to \$US345.6M. \$US863M cash and \$US750M available facilities. \$US3.9B debt.

In overnight corporate news, **McDonald's** results ultimately disappointed, all-day breakfast apparently eating away at other sales. Overall quarterly (+2.7%) and 2016 sales grew, but US like-for-like December quarter revenue slipped 1.3% year-on-year.

**Halliburton** reported a 21% drop in revenue, outdoing forecasts which had nonetheless pointed to a significant fall.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Feb)</b>	<b>1216</b>	oz	12	0.9
<b>Silver (NY) (Mar)</b>	17.2	oz	0.2	1.2
<b>Gold (LON)</b>	1213	oz	12	1.0
<b>Platinum</b>	980	oz	2	0.2
<b>WTI Crude (Mar)</b>	<b>52.8</b>	bbl	-0.5	-0.9
<b>Brent Crude (Mar)</b>	<b>55.2</b>	bbl	-0.3	-0.5
<b>Iron Ore (China port)</b>	<b>81.1</b>	t	0.7	0.9
<b>Copper (LME)</b>	<b>5795</b>	t	47	0.8
<b>Nickel</b>	9710	t	10	0.1
<b>Aluminium</b>	1850	t	5	0.2
<b>Lead</b>	2357	t	48	2.1
<b>Zinc</b>	2790	t	23	0.8
<b>Tin</b>	20125	t	-85	-0.4
<b>CBT Wheat (Mar)</b>	<b>4.33</b>	bshl	0.05	1.2

### Commodities Commentary

*Oil* – Iraq disclosed most, but not all, major oil companies operating within its borders were participating in the six-month overall production cut agreement.

Weekend talk of likely significant US shale production this year, plus Friday's jump in the weekly oil rig count, damaged sentiment.

*Gold* – \$US weakness, reduced equities sentiment and falling government bond yields favoured gold trade. Prices were pushed to two-month highs, >\$US1219/oz.

*Base metals* – \$US softness reportedly proved the largest support for LME trade.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7591	0.0005	0.06
<b>EUR – USD</b>	1.0767	0.0001	0.01

### Australian Data Today

ANZ/RyMgn	Consumer sentiment	22 Jan
Conf Board	Leading index	Jan
ABS	Labour force (more detail)	Dec

### US Data Tonight

Existing home sales	Dec
Richmond Fed manufacturing	Jan
Markit PMI manufacturing (initial)	Jan

### Other Overseas Data Today & Tonight

<b>Japan</b>	PMI manufacturing	Jan
<b>UK</b>	Public sector borrowing	Dec
<b>Germany</b>	PMI manufacturing, services	Jan

## Pre-Open Announcements

### SpeedCast International (SDA)

Former Globalstar president and COO David Kagan has been appointed SDA COO, effective March.

### Emeco Holdings (EHL)

December quarter revenue totalled \$46.5M, while EBITDA margins rose to 38%. \$34M cash balance.

## Resources

### Lynas Corporation (\* LYC)

Produced a record 1331t of NdPr during the December quarter and achieved positive cash follow. Invoiced sales totalled \$A65.0M, against \$A53.8M for the September quarter. Operating costs came in at \$A53.3M, down \$A1/kg.

### Atlas Iron (\* AGO)

Shipped 4.0Mt of iron ore during the December quarter at an average realised \$A66/t CFR, against C1 operating costs tallying \$A34/t FOB. Freight rates in part pushed full cash costs (CFR) to \$55/t from \$50/t for the September quarter. \$134M cash on hand as at 31 December, but has since repaid \$54M debt.

### Independence Group (IGO)

Planning to host a live webcast of the company's December quarter presentation tomorrow morning, commencing 11am AEDST. Access details lodged post-trade yesterday.

### Blackstone Minerals (BSX)

Completed a successful ASX listing yesterday following a \$3.5M IPO at 20c per share. Opened at 20c and rose to 20.5c where it closed. 212,500 shares changed hands across 22 transactions. Initially focusing on three gold projects within Western Australia.

## Energy

### Sino Gas & Energy Holdings (\* SEH)

2017 SEH net capital budget set at \$US20M - \$US25M. ~33% will go towards production maintenance and the balance is assigned as growth capital. Expecting to drill 30 - 35 (Linxing JV) wells. \$US44M in cash as at 31 December.

## Trading Halts

Company	Code	Resuming
Xped Ltd	XPE	24 Jan
AirXpanders Inc	AXP	25 Jan
Ausnet Financial Services	AU1	25 Jan
Brookside Energy	BRK	25 Jan
De Grey Mining	DEG	25 Jan
Dimerix Ltd	DXB	25 Jan
Flinders Mines	FMS	25 Jan
Gulf Industrials	GLF	25 Jan
Helix Resources	HLX	25 Jan
Liontown Resources	LTR	25 Jan
Moko Social Media	MKB	25 Jan
Sumatra Copper & Gold	SUM	25 Jan

## Suspensions (selected)

Company	Code	Since
Leaf Resources	LER	23 Jan
Pura Vida Energy	PVD	18 Jan

**Euro zone** PMI manufacturing, services Jan**Need More Information?**

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**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
APZ	Tomorrow	2.1	0	6.38
AOD	30 Jan	0.35	0	6.13
DJW	30 Jan	10	100	6.11
OZG	1 Feb	0.25	100	2.94
WIC	1 Feb	3	100	5.94
BKI	10 Feb	3.6	100	4.39

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