

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>5631</b>	<b>37</b>	<b>0.7</b>
<b>NZX 50</b>	7087	23	0.3
<b>DJIA Futures</b>	19844	0	0.0
<b>S&amp;P 500 Futures</b>	2275	13	0.6
<b>NASDAQ Futures</b>	5096	33	0.7

## Local Markets Commentary

The Australian market commences mid-week trade ahead of a domestic public holiday (Australia Day) tomorrow.

US equities leads are positive.

In overnight commodities trade, US **gold** futures turned to settle lower. **Oil** swung higher. **Copper** picked up the pace of Monday's gains. **Iron ore** continued higher.

The **\$A** appreciated to ~US75.80c after trading at ~US75.60c yesterday evening.

Locally today, December quarter **CPI** growth is due **11.30am** AEDST.

Westpac and the Melbourne Institute are expected to publish their monthly leading economic indices report 10.30am. A skilled vacancies report is also expected, at 11am.

**Japan** is expected to release December trade figures **10.50am** AEDST.

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

**China's** markets will be closed from **Friday** (Lunar NYE) **through next week**. December industrial profits are anticipated tomorrow.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>19913</b>	113	<b>0.6</b>
<b>S&amp;P 500</b>	2280	15	<b>0.7</b>
<b>NASDAQ</b>	5601	48	<b>0.9</b>
<b>FTSE 100</b>	7150	-1	<b>-0.0</b>
<b>DAX 30</b>	11595	49	<b>0.4</b>
<b>Shanghai Comp</b>	3143	6	<b>0.2</b>

## Overseas Markets Commentary

Overnight trade varied across major European and US equities markets, key US indices trading decisively higher amid a swag of high-profile corporate earnings and outlook reports.

In the **UK**, the Supreme Court dismissed an appeal by the UK government against requiring parliamentary approval to formally trigger the process to separate from the European Union.

The government had intended to commence formal negotiations by the end of March, but the ruling may delay this, should parliament introduce amendments to the government's separation proposal bill.

In **US** data releases, December existing home sales fell 2.8% for the month, but rose 0.7% year-on-year.

**Australia - CPI 11.30am** AEDST

**Japan - trade balance 10.50am** AEDST

Today's trades will settle **Monday 30 January**, due to the **Australia Day** holiday tomorrow.

Yesterday's trades settle **Friday 27 January**.

## Today's Stock Watch

### Harvey Norman (HVN)

HVN properties in Australia have been valued at ~\$21.3M, \$70M more (pre-tax) than they were at 30 June 2016. New Zealand HVN properties have increased in value by ~NZ9M. Planning to report interim results 28 February.

### Brambles Ltd (BXB)

Credit Suisse has re-assessed BXB as underperform, from neutral.

### Bendigo & Adelaide Bank (BEN)

UBS has placed a 'sell' on BEN.

### Mirvac Group (MGR)

Goldman Sachs is recommending MGR as a 'buy'.

## Resources

### Rio Tinto (RIO) / Yancoal Australia (YAL)

RIO is selling subsidiary Coal & Allied Industries to YAL for up to \$US2.45B. \$US1.95B cash is payable on completion, plus \$US100M each year for five years from completion.

YAL can alternatively pay consideration comprising one cash payment of \$US2.35M, on completion, if it elects to do so prior to 24 February. Whatever the cash consideration, a coal price-linked royalty will also be payable. Conditions include Australian and Chinese regulatory approvals.

Meanwhile, RIO's NSW Mount Thorley Warkworth thermal coal resources have grown, those for the Mount Thorley mine by 208Mt to 322Mt, and for Warkworth by 353Mt to 966Mt. Coal & Allied holds 80% of the Mount Thorley mine and 55.6% of the Warkworth mine.

RIO recorded 30,718 ASX trades yesterday, with ~233.4M shares turning over. The lowest price was \$63.03 and the highest, the closing price of \$64.76, 3.8% higher than Monday's settlement.

### BHP Billiton (BHP)

Iron ore production rose 4% year-on-year, during the six months to 31 December, to 118Mt. Petroleum output fell 15% to 106Mmboe. Metallurgical coal output increased 1% to 21Mt but energy coal fell 4% to 14Mt. Copper production fell 7% to 712,000t. The average achieved LNG price slid 23% year-on-year and 11% for the six months. Iron ore prices appreciated 25%, hard coking coal 118%, weak coking coal 82%, thermal coal 51%, copper 14%, US natural gas 19% and oil 7%. December quarter statistics also lodged this morning.

### Independence Group (IGO)

\$A10.2M (unaudited) December quarter NPAT. \$A43.7M underlying EBITDA. December quarter Tropicana project gold revenue grew 47%. Jaguar concentrate revenue rose 49% for the quarter. Planning to host a live webcast of the December quarter presentation 11am AEDST.

A 55.1 initial estimate for Markit's US January manufacturing PMI represented a 0.8 point rise on December's final reading.

The Richmond Fed PMI was reported at 12, following 8 for December. The Philadelphia Fed services PMI came in at 37.7, against 19.5 for December.

**Germany** and the overall **euro zone's** initial January manufacturing PMIs each rose a little for the month, but the services PMIs declined slightly.

**Tonight** in the US, a house price index is due.

AT&T, Banco Santander, Boeing, eBay, Freeport McMoRan, Fujitsu, Hyundai Motor, Hyundai Steel, LG Electronics, Novartis, POSCO, Procter & Gamble, Qualcomm, Samsung C&T and United Technologies are expected to report earnings today and tonight.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Feb)</b>	<b>1212</b>	oz	-7	-0.5
<b>Silver (NY) (Mar)</b>	17.1	oz	-0.1	-0.4
<b>Gold (LON)</b>	1217	oz	4	0.3
<b>Platinum</b>	994	oz	14	1.4
<b>WTI Crude (Mar)</b>	<b>53.2</b>	bbl	0.4	0.8
<b>Brent Crude (Mar)</b>	<b>55.4</b>	bbl	0.2	0.4
<b>Iron Ore (China port)</b>	<b>82.7</b>	t	1.6	1.9
<b>Copper (LME)</b>	<b>5943</b>	t	148	2.6
<b>Nickel</b>	9800	t	90	0.9
<b>Aluminium</b>	1867	t	18	1.0
<b>Lead</b>	2392	t	35	1.5
<b>Zinc</b>	2827	t	37	1.3
<b>Tin</b>	20400	t	275	1.4
<b>CBT Wheat (Mar)</b>	<b>4.27</b>	bshl	-0.07	-1.5

### Commodities Commentary

*Oil* – contradictory reports emerged estimating **Saudi Arabia's** likely January oil exports.

Meanwhile, approvals were signed for the development of two oil pipelines traversing the **US**, bolstering targeted energy independence.

Weekly US petroleum inventories are due tonight.

*Gold* – \$US moves, technicals, US data releases and profit-taking pushed and pulled overnight trade.

*Base metals* – Yesterday, Japan's initial 52.8 January PMI estimate pleased, especially the new export orders component. PMIs reported overnight in the US and euro zone also exceeded forecasts.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7579	-0.0001	-0.02
<b>EUR – USD</b>	1.0732	-0.0000	-0.00

### Australian Data Today

ABS	CPI	Dec Q
Wespc/MInst	Leading economic indices	Dec
DoEmplyt	Skilled vacancies	Jan

### US Data Tonight

FHFA house price index	Nov
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### Other Overseas Data Today & Tonight

<b>Japan</b>	Trade balance (prelim)	Dec
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## Pre-Open Announcements

### Cimic Group (\* CIM)

\$A145M (AED401M) Dubai construction contract secured by 45% CIM-held HLG Contracting. Construction commences this month and is expected to be completed by 31 March 2018.

### Vicinity Centres (VCX)

Standard & Poor's has raised its VCX credit rating to A, with a stable outlook. The previous S&P VCX rating was A- with a positive outlook. The company's senior secured debt rating has been lifted to A+ from A.

### Rural Funds Group (RFF)

RFF's Kerarbury property has been valued at \$91M as at 31 December 2016, against \$56M as at 30 June 2016. The property is under development by Olam Australia as an almond orchard.

### Australian Pharmaceutical Industries (\* API)

AGM commencing 2pm AEDST.

## Resources

### Evolution Mining (\* EVN)

Produced a record 217,812oz of gold during the December quarter. C1 cash costs dropped 22% for the quarter to \$A585/oz, and the AISC 15% to \$A900/oz. Sold 198,782oz at A1603/oz. Also sold 268,563oz of silver at \$A22/oz and 3507t of copper, at \$A7561/t.

### Northern Star Resources (\* NST)

Produced 124,871oz of gold during the December quarter at an \$A1063/oz AISC. Sold 120,089oz at \$A1645/oz. \$A303M cash and equivalents.

### Resolute Gold (\* RSG)

Produced 91,224oz of gold during the December quarter at an \$A835/oz AISC. By contrast, September quarter production tallied 79,334oz at an \$A1173/oz AISC. Teleconference scheduled to commence 10.15am AEDST. Access details lodged this morning.

### Mt Gibson Iron (\* MGX)

Sold 900,000t iron ore during the December quarter for \$56M (FOB) revenue. \$45/t all-in cash costs, and \$48/t for the six months to 31 December. \$447M cash, term deposits and tradeable investments.

## Energy

### Senex Energy (\* SXY)

Produced 0.41MMboe during the six months to 31 December, 0.20MMboe for the December quarter. Sold 0.39MMboe and 0.20MMboe respectively, at \$A59/bbl and \$A64/bbl, for \$22.8M and \$12.8M respective sales revenue. Holding \$82.8M cash.

### Trading Halts

Company	Code	Resuming
AirXpanders Inc	AXP	25 Jan
Ausnet Financial Services	AU1	25 Jan
Brookside Energy	BRK	25 Jan
Dimerix Ltd	DXB	25 Jan
Flinders Mines	FMS	25 Jan
Gulf Industrials	GLF	25 Jan
Moko Social Media	MKB	25 Jan



<b>UK</b>	CBI sales	Dec
<b>Germany</b>	IFO business climate	Jan

### 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).

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Sumatra Copper & Gold	SUM	25 Jan
Echo Resources	EAR	27 Jan
First Graphite	FGR	27 Jan
Ironbark Zinc	IBG	27 Jan
Suda Ltd	SUD	27 Jan
Thor Mining	THR	27 Jan
GTI Resources	GTR	30 Jan

### Suspensions (selected)

Company	Code	Since
De Grey Mining	DEG	25 Jan
Pura Vida Energy	PVD	18 Jan

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>APZ</b>	Today	<b>2.1</b>	0	6.38
KAT	Fri	0.5	50	5.48
AOD	Mon	0.35	0	6.04
DJW	Mon	10	100	6.14
OZG	Wed	0.25	100	2.86
WIC	Wed	3	100	5.85