

Friday 25 January 2019

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document.

Markets

SFE 200 Futures (9.30am AEDT)	5828	20	0.3
NZX 50	9113	4	0.0
DJIA Futures	24487	29	0.1
S&P 500 Futures	2634	-4	-0.2
NASDAQ Futures	6675	10	0.2

Local Markets Commentary

The Australian market opens Friday trade again on vacillating overnight international equities and commodities sentiment, ahead of a domestic Monday public holiday weekend.

In overnight commodities trade, **WTI crude** settled higher.

US **gold** futures (April) closed slightly lower.

Iron ore (China port 62% Fe fines) turned to record a modest gain.

LME **copper** and aluminium headed lower. **Nickel** continued higher.

The **\$A** traded in a narrow range after dropping below US71.0c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24553	-22	-0.1
S&P 500	2642	4	0.1
NASDAQ	7073	48	0.7
FTSE 100	6819	-24	-0.4
DAX 30	11130	59	0.5
Shanghai Comp	2592	11	0.4

Overseas Markets Commentary

Choppy trade featured across major European and US equities markets overnight, investors wading through a spate of economic growth commentary, and decidedly mixed data, amid a \$US rally.

US commerce secretary Wilbur Ross debunked any views of a near-term trade agreement with **China**.

International Monetary Fund (IMF) MD Christine Lagarde indicated to World Economic Forum participants that China's slowdown was acceptable, against previous unsustainable economic growth rates.

Wednesday, China VP Wang Qishan had asserted sustainable domestic economic growth was achievable.

European Central Bank (ECB) Mario Draghi pushed the euro to an eight-month low against the \$US with a post-policy meeting declaration the regional economic growth was facing 'increasing threats' amid 'the persistence of uncertainties related to geopolitical factors and the threat of protectionism, vulnerabilities in emerging markets and financial market volatility'.

The official ECB post-policy meeting statement assured status quo for rates would remain 'as long as necessary', and predicted this would be at least through this year's northern summer.

The **ASX** will be **closed** for trading **Monday** due to the Australia Day **public holiday**

Today's trades will settle Wednesday next week (**30 January**)

Yesterday's trades will settle Tuesday (**29 January**)

Today's Stock Watch

AMP Ltd (▲ AMP)

Anticipating a \$A30M 2018 NPAT and \$A680M underlying profit. AMP reported an \$A848M NPAT for 2017, and \$A1.04B underlying profit.

Expecting to pay a 4c final 2018 dividend.

Planning to lodge full year results 14 February.

ResMed Inc (RMD)

\$US30.4M NPAT for the six months to 31 December, following \$US95.7M a year earlier.

December quarter NPAT rose year-on-year from \$US9.5M to \$US124.6M.

Six-month revenue rose 10% to \$US1.2B and December quarter by 8%, to \$US651.1M.

Paying a December quarter US37c dividend.

Amcort Ltd (AMC)

US antitrust approval and a Securities & Exchange Commission documentation review related to the planned \$US6.8B, all-stock AMC-Bemis merger has been delayed due to the US government services partial shutdown.

Consequently, AMC and Bemis do not now anticipate closure until during the June quarter.

Resources

OceanaGold Corporation (OGC)

Produced 533,300oz of gold and 15,000t of copper during 2018, at an unaudited \$US767/oz AISC.

Sold 532,700oz of gold and 14,500t of copper.

During the December quarter, OGC produced 126,700oz of gold and 2,900t of copper and sold 132,200oz and 3,100t respectively.

Additional December quarter and full year details, plus comparisons, lodged post-trade yesterday.

OGC plans to lodge the company's 2018 audited financial and operational results pre-TSX open 19 February.

Iluka Resources (ILU)

2018 mineral sands production fell 11.5% to 1.13Mt.

Sales fell 3.7% to 1.05Mt. Sales revenue grew 22.3% however, to \$A1.24B. \$A2M net cash.

Sierra Leone Pejebu deposit initial resource estimated at 23.4Mt @ 0.95% in-situ rutile, for 220,000t of rutile.

Pilbara Minerals (PLS)

Produced 47,859t of 6% spodumene concentrate, and 56,634lb of tantalite concentrate during the December quarter.

\$A70.2M cash.

Energy

Oil Search (OSH)

Outlaying \$US8M for operatorship of, and a 50% holding in, 120 additional Alaska North Slope leases covering a total ~195,200 acres.

In early overnight data releases, **euro zone** initial January PMIs mostly disappointed, the region's manufacturing estimate falling to 50.5 from 51.4 and services sector activity coming in at 50.8 from 51.2.

Germany's respective readings were 49.9 and 53.1, from 51.5 and 51.8 respectively.

In the **US**, Markit initial January PMI estimates came in at 54.2 for the services sector and 54.9 for manufacturing, following 54.4 and 53.8 respective in final December readings.

The Conference Board's leading index was reported at -0.1%, from 0.2%.

A Kansas City Fed manufacturing index jumped to two from -13.

Weekly new unemployment claims fell by 13,000 to a sub-200,000 tally for the first time in ~40 years.

Tonight in the **US**, durable goods orders were scheduled for release, but the report is expected to be delayed.

Companies expected to report earnings for the December quarter, or provide a trading update, include: AbbVie, Colgate-Palmolive, Ericsson and Vodafone.

In overnight corporate news, a regulatory clearance for California-fires shackled utility **PG&E** propelled the stock more than 70% higher.

Two chip manufacturers, **Texas Instruments** and **Xilinx** supported tech sentiment, in particular with relatively pleasing guidance.

Post-US trade, an **Intel** forecast has disappointed, however, and is likely to influence at least some of tonight's trade.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1285.9	oz	-4.3	-0.3
Silver (NY) (Mar)	15.3	oz	-0.08	-0.5
Gold (LON)	1280	oz		
Platinum	802	oz	9	1.1
WTI Crude (Mar)	53.13	bbl	0.51	1.0
Brent Crude (Mar)	61.09	bbl	-0.01	-0.1
Iron Ore (CHN port 62%)	74.7	t	0.22	0.3
Copper (LME,3mth,PM)	5922	t	-30	-0.5
Nickel	11770	t	70	0.6
Aluminium	1891	t	-18	-1.0
Lead	2075	t	48	2.4
Zinc	2640	t	20	0.8
Tin	20925	t	225	1.1
CBT Wheat (Mar)	5.23	bshl		

Commodities Commentary

Oil – prices were again pushed and pulled overnight, mostly by speculation regarding the likely implications of the Venezuela leadership stoush (and associated Russia-US tensions), US production predictions and stockpiles, a \$US rally and some disappointing PMIs.

A US weekly petroleum inventories report, released by the EIA overnight, included a 7.97MMbbl rise in crude stocks and a record high 259.7MMbbl of stored petrol (up 4.1MMbbl for the week).

Net crude imports totalled a daily 1.6MMbbl.

The EIA forecast in a separate outlook report that record domestic output would be recorded for most of the 2020s, and that by 2040 in excess of 14.0MMbbl/d would be likely.

Pre-Open Announcements

Westpac Banking Corporation (WBC)

WBC purchased and cancelled \$A355.3M worth of medium term notes yesterday.

Adairs Ltd (ADH)

ADH has appointed two independent non-executive directors, effective yesterday: Sydney Dance Company director former and Pacific Brands director Kiera Grant; and former Max Fashions and EziBuy CEO Simon West.

Netwealth Group (NWL)

\$19.0B FUA as at 31 December, down \$0.3B for the December quarter, but up 23% for 2018.

AusCann Group Holdings (AC8)

AC8 has completed the \$5.25M, cash-funded acquisition of an R&D facility in Perth, Western Australia.

Advance NanoTek (ANO)

Warning that ANO share price projections posted publicly by ANO supporters are not official.

In particular, the ANO board does not foresee a \$10 share price within two years.

ANO plans to publish interim results 30 January (Wednesday next week).

The company has traded at \$1.14 - \$1.355 over the past five trading sessions.

Breville Group (BRG)

Planning to lodge interim results 14 February and to host a teleconference that day, commencing 9.30am AEDT.

Access details lodged post-trade yesterday.

Freelancer Ltd (FLN)

Planning to lodge the company's December quarter update 31 January (Thursday next week), and to host a teleconference that day, commencing 9.30am AEDT.

Access details lodged post-trade yesterday.

Resources

Resolute Mining (* RSG)

Queensland Government agreement achieved for RSG to relocate and build a new government school at Ravenswood, in association with RSG's Ravenswood project expansion.

Energy

Strike Energy (* STX) / Energy World Corporation (* EWC)

Cooper Basin PEL 96 Jaws wells workover and clean-up expected to commence ~mid-February.

STX 66.7% and operator; EWC 33.3%.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	ILU	Dec Q
	RMD	Dec Q
Wed (30 Jan)	ANO	Interim



OPEC again assured it would monitor international crude supply and demand and take definitive action at scheduled 17 – 18 April meetings if needed.

Gold – the \$US traded at three-week peaks, and gold prices at three-week lows overnight.

Meanwhile, retail net gold purchases for 2018 have been calculated at the least since 2000, ~13.8Moz.

Base metals – a stronger \$US, data and supply-demand views variously influenced base metals sentiment overnight.

Reports emerged the US sanctions indirectly against *aluminium* producer Rusal could be cancelled as early as tonight, releasing Rusal's output to the broader market.

Meanwhile, initial January manufacturing PMI estimates for Japan (50.0, from 52.6), the euro zone (50.5, from 51.4; Germany 49.5, from 51.5) and the US (Markit: 54.9, from 53.8) yesterday and overnight provided fodder for further international growth considerations.

In corporate news, Freeport McMoRan forecast reduced 2019 *copper* production. The group's December quarter copper output dropped 17% to 841Mlb.

China is expected to report December industrial profits Monday.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7092	0.0000	0.00
EUR – USD	1.1303	-0.0004	-0.04

Australian Data Today

RBA	Liabilities & assets	25 Jan
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US Data Tonight

<i>Durable goods orders</i>	Dec
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Other Overseas Data Today & Tonight

UK	Mortgage approvals	Dec
UK	CBI distributive trades	Jan
Germany	IFO business climate	Jan

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Thu (31 Jan)	FLC	Dec Q
	FLN	Dec Q

Trading Halts

Company	Code	Resuming
Pura Vida Energy	PVD	25 Jan

Suspensions (select)

Company	Code	Since
Aurora Absolute Return Fund	ABW	21 Jan
Cape Lambert Resources	CFE	8 Jan
Hot Chili	HCH	25 Jan
Zinc of Ireland	ZMI	24 Jan

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
DJW	Tue	10	100	5.95
AMH	Wed	3.5	100	7.10
GCI	Wed	0.88	0	2.87
MXT	Thu	1.08	0	5.14
NBI	Fri (1 Feb)	0.88	0	1.75
OZG	Fri	0.25	100	3.13
WIC	Fri	3	100	5.63
AFI	8 Feb	18	100	3.82
BKI	8 Feb	5.13	100	4.71

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