

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	5831	-20	<b>-0.3</b>
<b>NZX 50</b>	9101	-14	<b>-0.2</b>
<b>DJIA Futures</b>	24459	-14	-0.1
<b>S&amp;P 500 Futures</b>	2642	-22	-0.8
<b>NASDAQ Futures</b>	6702	-90	-1.3

## Local Markets Commentary

The Australian market opens a new week's trade with new China data in hand, and ahead of a week filled with:

- influential data releases;
- earnings reports from high-profile stocks;
- a new UK parliamentary vote on plans governing leaving the European Union;
- a US Federal Reserve policy meeting; and
- the resumption of high-level face-to-face China-US trade talks in Washington overnight Wednesday.

Yesterday, **China** reported a 1.9% year-on-year fall in December industrial profits, following a 1.8% November decline.

For 2018, profits were estimated 10.3% higher, against 2017's 11.8% increase.

In overnight commodities trade, **oil** swung lower.

US **gold** futures (April) closed higher for a second consecutive session.

Overnight Friday, gold had turned and rallied beyond \$US1304.0/oz.

**Iron ore** (China port 62% Fe fines) surged.

LME **copper** and other key base metals fell.

Overnight Friday, copper and aluminium had turned higher.

The **\$A** has been trading at ~US71.65c.

Overnight Friday, the \$A was pushed higher, to ~US71.80c.

**Locally** today, NAB's monthly **business** survey results are due, 11.30am AEDT.

CommSec's State of the States report is also expected today.

Regionally, **New Zealand** has this morning reported a better-than-anticipated \$NZ264M December trade surplus.

Overall 2018 trade produced a \$NZ5.9B trade deficit, the largest in 11 years.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	24528	-209	<b>-0.8</b>
<b>S&amp;P 500</b>	2644	-21	<b>-0.8</b>
<b>NASDAQ</b>	7086	-79	<b>-1.1</b>
<b>FTSE 100</b>	6747	-62	<b>-0.9</b>
<b>DAX 30</b>	11210	-71	<b>-0.6</b>
<b>Shanghai Comp</b>	2597	-5	<b>-0.2</b>

## Overseas Markets Commentary

Major European and US equities markets headed lower overnight, impacted early by corporate and

\* Finance IT listing **11am** AEDT – **SPT** \*

Trades executed **Thursday** last week (24 January) **settle today**

**Friday's** (25 January) trades **settle tomorrow**

## Today's Stock Watch

### Credit Corp (↓ **CCP**)

Raising 2019 earnings growth guidance to 7% - 9%.

Anticipating \$69M - \$70M full year NPAT, from the previously forecast \$67M - \$69M.

13% higher, \$33.57M interim NPAT. 8% higher \$159.16M revenue.

Paying a 36c fully franked interim dividend, up 5c year-on-year. 69.8c EPS. \$6.339 NTA.

13% consumer loan book growth, to \$203M.

\$11.07M cash and equivalents.

### Incitec Pivot (↑ **IPL**)

Anticipating a \$A45M adverse impact on FY 2019 EBIT from unplanned outages at the group's Louisiana ammonia plant and Phosphate Hill phosphoric acid facility.

### Synlait Milk (**SM1**)

2018-2019 milk price forecast revised lower, from \$NZ6.75kgMS to \$N6.25/kgMS.

SM1 expects to provide another price update before the end of May.

### SkyCity Entertainment Group (**SKC**)

Anticipating \$NZ97M interim NPAT, ~11% higher than for 1H FY 2018.

Normalised EBITDA is expected to come in at \$NZ189M, up 10%. Planning to publish half year results 13 February.

### Austal Ltd (**ASB**)

Confirming co-operating with US investigations and legal processes with regards to Littoral Combat Ship earnings and contract activity.

### Splitit Payments (\* **SPT**)

Credit card scheduled payments specialist scheduled to list on the ASX 11am AEDT following a \$12M IPO at 20c per share.

173M quoted securities.

## Resources

### Resolute Mining (**RSG**)

Live-streamed teleconference and Q&A commencing 10.30am AEDT. Access details lodged post-trade Friday.

Produced 73,691oz of gold at a \$A1360/oz AISC during the December quarter.

Sold 67,211oz for \$A1739/oz.

\$117M cash, bullion and listed investments.

## Energy

### Real Energy (**RLE**)

Cooper Basin ATP 927 Tamarama 3 has initially flowed 2.5MMcf/d.

economic warnings, and a series of confirmations of ongoing unsettling political scenarios.

Full **US** government services resumed following the overnight Friday presidential agreement to approve measures that would temporarily restore activity.

Overnight, however, the president again threatened a shutdown, as early as next month.

In addition, **China** yesterday proceeded with its World Trade Organisation legal challenge against US tariffs, and berated nations placing business restrictions on Chinese companies.

This, ahead of high-level official US-China trade talks, including China VP Liu He, scheduled to commence in Washington Wednesday US time.

In the **UK**, media reports claimed thousands of UK companies had reported to their industry-representative groups plans to leave the UK, should the UK parliament fail to approve a supportive UK withdrawal agreement from the European soon.

Meanwhile, European Central Bank president Mario Draghi publicly admitted the **euro zone's** economy had weakened more than initially envisaged.

Mr Draghi again pointed to soft demand and flailing economic sentiment due to geopolitical uncertainties.

However, he reiterated a remaining optimism regarding the region's economic resilience.

In overnight data releases, the Chicago Fed national activity index rose to 0.27 from 0.21.

The Dallas Fed manufacturing index also improved, from -5.1 to 1.0

**Tonight** in the **US**, the Federal Reserve commences a two-day policy meeting, from which outcomes are expected early AEDT Thursday.

Among data releases, Conference Board's January consumer confidence index, November house price index and December wholesale inventories are expected.

In addition, several held-back releases are anticipated from anytime this week.

Further, reporting season heats, in particular for large tech and defence stocks, including Apple and Lockheed Martin.

Elsewhere, **European Central Bank** president Mario Draghi is again scheduled to speak publicly.

In the **UK**, the PM is expected to present the latest proposal to parliament regarding the planned **European Union** withdrawal. Another vote is anticipated this week, as early as ~6am AEDT tomorrow (Wednesday).

Companies expected to report earnings for the December quarter, or provide a trading update, include: 3M, Advanced Micro Devices, Allergan, Biogen, Amgen, **Apple**, eBay, Lockheed Martin, Pfizer, PZ Cussons, SAP and Verizon Communications.

In overnight corporate news, **Caterpillar** December quarter profit and 2019 guidance disappointed.

Quarterly sales revenue increased 11%, to \$US14.3B, but Caterpillar said this had been adversely impacted by reduced construction business demand in China.

Chip manufacturer **Nvidia** dropped more than 13.5% after reducing its January quarter revenue forecast, also citing weaker Chinese demand.

In association, **Advanced Micro Devices**, due to report tonight, was pushed ~8% lower.

## Pre-Open Announcements

### Vonex Ltd (\* VN8)

26,000 'private branch exchange' (PBX) users registered as at 25 January (Friday last week), representing ~22% annual growth.

### Opthea Ltd (\* OPT)

Japanese patent granted until February 2034 for OPT's OPT-302 soluble VEGFR-3 'trap' molecule.

### Jatenergy Ltd (JAT)

Director Tony Crimmins has resigned from the JAT board, effective Friday (25 January).

Mr Crimmins had been a JAT director since 2012.

### Auckland International Airport (AIA)

Monthly traffic update lodged this morning, highlighting a further increase in both international and domestic passenger numbers.

### BARD1 Life Sciences (BD1)

December quarter update lodged post-trade Friday, highlighting breast cancer test progress.

\$3.7M cash.

### LandMark White (LMW)

Anticipating \$2.8M FY 2019 NPAT, \$55.0M and \$5.3M normalised EBITDA.

At LMW's 2018 AGM, LMW predicted \$4.0M NPAT, \$56.8M revenue and \$7.1M EBITDA.

Provisional 1H and predicted 2H figures also lodged post-trade Friday, together with commentary.

## Resources

### OM Holdings (\* OMH)

December quarter operating update lodged this morning.

### Millennium Minerals (\* MOY)

Heralding WA Nullagine gold project Golden Gate drilling assays. Resource modelling underway.

Details lodged this morning.

### Independence Group (IGO)

Planning to publish December quarter and interim (1H FY 2019) results Thursday.

IGO will also host an audio webcast presentation Thursday, commencing 11am AEDT.

Access details lodged post-trade Friday.

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>CCP</b>	Interim
	<b>RSG</b>	Dec Q
<b>Tomorrow</b>	ANO	Interim
<b>Thu</b>	FLC	Dec Q
	FLN	Dec Q
	IGO	Dec Q; Interim

UK supermarket chain **Tesco** announced up to 9000 job cuts, although some redeployment into new positions was planned.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1309.3</b>	oz	5.1	0.4
<b>Silver (NY) (Mar)</b>	15.77	oz	0.07	0.4
<b>Gold (LON)</b>	1294	oz	10	0.8
<b>Platinum</b>	810	oz	-6	-0.7
<b>WTI Crude (Mar)</b>	<b>51.99</b>	bbbl	-1.7	-3.2
<b>Brent Crude (Mar)</b>	<b>59.93</b>	bbbl	-1.7	-2.8
<b>Iron Ore</b> (CHN port 62%)	<b>78.18</b>	t		<b>4.7</b>
<b>Copper</b> (LME,3mth,PM)	<b>6002</b>	t	-54	-0.9
<b>Nickel</b>	11825	t	-140	-1.2
<b>Aluminium</b>	1867	t	-53	-2.8
<b>Lead</b>	2078	t	-31	-1.5
<b>Zinc</b>	2680	t	7	0.3
<b>Tin</b>	20675	t	0	0.0
<b>CBT Wheat (Mar)</b>	5.19	bshl	-0.01	-0.2

### Commodities Commentary

**Oil** – prices traded at two-week lows overnight, international demand angst spawned by a swag of indications that geopolitical difficulties were unlikely resolved in the near term.

At Friday's close, WTI crude was 0.7% lower for the week and Brent down 1.7%.

Overnight Friday, 10 additional oil rigs were reported to have commenced operation in the US over the previous week.

**Gold** – overnight trade remained supported by economic growth concerns on both sides of the Atlantic.

A plethora of influential corporate reports, data releases plus a US Federal Reserve policy meeting, and an expected new UK parliamentary vote on plans governing the UK's proposed separation from the European Union are expected to deliver some volatility in this week's trade.

**Base metals** – yesterday, **China** reported a 1.9% fall in December industrial profits, following a 1.8% November decrease. This generally bruised early base metals trade sentiment.

Overnight, the US lifted sanctions on Rusal and parent group En+, previously controlled by a Russian billionaire against whom sanctions remain.

The LME's associated approval of Rusal output storage in LME warehouses, also pushed *aluminium* prices lower.

Vale's latest fatal dam failure in Brazil supported high-grade *iron ore* prices at China ports.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7166	0.0002	0.02
<b>EUR – USD</b>	1.1428	0.0002	0.02

### Australian Data Today

NAB	Business confidence	Jan
CommSec	State of the States	Jan

### Trading Halts

Company	Code	Resuming
Novonix Ltd	NVX	30 Jan
Oliver's Real Food	OLI	30 Jan
Kogi Iron	KFE	31 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 (%)
<b>DJW</b>	Today	<b>10</b>	100	5.90
AMH	Tomorrow	3.5	100	7.02
GCI	Tomorrow	0.88	0	2.87
MXT	Thu	1.08	0	5.14
NBI	Fri	0.88	0	1.74
OZG	Fri	0.25	100	3.23
WIC	Fri	3	100	5.58
RMD	6 Feb	US3.7	0	tbc
AFI	8 Feb	18	100	3.82
BKI	8 Feb	5.13	100	4.66



## US Data Tonight

Wholesale inventories	Dec
Case-Shiller house prices	Nov
Consumer confidence	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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