

Markets

SFE 200 Futures (9.30am AEDST)	5650	-11	-0.2
NZX 50	7129	-5	-0.1
DJIA Futures	20015	3	0.0
S&P 500 Futures	2290	1	0.0
NASDAQ Futures	5165	3	0.1

Local Markets Commentary

The Australian market commences a new week's trade on: little change in overnight Friday US equities trade; mostly negative key commodities leads; and increased political and related corporate employee uncertainty.

In overnight Friday commodities trade, US **gold** futures settled slightly higher. **Oil** turned lower. **Copper** swung higher.

The **\$A** was pushed higher towards US75.50c, after falling to US75.20c Friday evening.

Locally today, a weekly house price report is expected from CoreLogic.

Japan is due to report December trade and retail sales figures from **10.50am** AEDST. The **Bank of Japan** also commences a monetary policy meeting, from which outcomes will be announced tomorrow.

China's markets are **closed through Thursday** due to the Lunar New Year/Spring Festival holiday season.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	20094	-7	-0.0
S&P 500	2295	-2	-0.1
NASDAQ	5661	6	0.1
FTSE 100	7184	23	0.3
DAX 30	11814	-34	-0.3
Shanghai Comp	3159	Lunar	NYear

Overseas Markets Commentary

Choppy trade again featured across most major European and US equities markets overnight Friday, amid mixed data releases and high-profile corporate earnings reports.

Oil turned lower early, impacting energy sector trade.

In **US** data releases, an initial 1.9% December quarter GDP growth estimate contrasted with the September quarter's 3.5%. Full-year growth came in also at 1.9%, against 2.6% for 2015.

A large rise in soybean exports during the September quarter followed by a drop during the December quarter was cited as mostly producing the difference. Excluding soybean trade, economists estimated GDP growth for each quarter would have come in at 2.7%.

December durable goods orders were reported 0.4% lower, following forecasts for a 2.5% rise. Excluding defence orders, the result would have come in as a 1.7% rise, against a 6.8% ex-defence drop in November.

Japan – trade **11.30am** AEDST; retail sales **10.50am**.

Second last trading day of the month.

Trades executed Wednesday last week settle today.

Today's Stock Watch

Warrnambool Cheese & Butter Company (WCB)

Saputo Dairy Australia is planning to offer a WCB-recommended \$8.85 cash-per-share, off-market, for the ~12% of WCB that Saputo Inc does not already hold. FIRB approval is already in hand. Saputo is expecting to lodge its bidder's statement by close-of-trade tomorrow. WCB trading update lodged this morning. WCB traded at \$7.08 - \$7.09 Friday.

Sonic Healthcare (SHL)

Acquiring Medical Laboratory Bremen for €63M, pending regulatory approvals. SHL says the purchases will be funded from existing cash and debt facilities. Completion is anticipated in July.

Servcorp Ltd (SRV)

Lifting anticipated FY 2017 interim and final dividend guidance from 11c to 13c, but lowering expected FY 2017 NPBT from a minimum \$56M to ~\$47M. SRV says unfavourable December quarter trading conditions adversely impacted business in the US and South East Asia. Expecting cash balances to grow from a current \$115M.

Technology One (TNE)

In response to a Brisbane City Council announcement last week regarding an IT systems replacement program contract review, TNE says it is retaining previous full-year guidance. Details lodged this morning.

Neuren Pharmaceuticals (NEU)

Anticipating results from the Phase 2 clinical trial of NEU's trofinetide treatment for Rett syndrome in children by the end of March. The last trial patient has been treated.

Resources

Newcrest Mining (NCM)

December quarter production totalled 614,715oz of gold, 25,176t of copper and 266,203oz of silver. The AISC fell 4.9% for the quarter, to \$751/oz, and the AISC margin 11.1%, to \$478/oz. The realised price for gold came in at \$1229/oz, for copper \$2.43/lb and for silver \$16.09/oz, against \$1328/oz, \$2.14/lb and \$20.86/oz for the September quarter.

Oz Minerals (OZL)

Produced 29,758t of copper and 32,205oz of gold during the December quarter at a US77.9c/lb C1 cash cost. For the September quarter the comparative figures came in at 28,756t, 28,466oz and US70.7c/lb. Shipped 59,211t of concentrate. \$656M cash as at 31 December. 200,263oz of gold hedged at \$A1731/oz.

Energy

Senex Energy (SXY)

Trading halt called this morning, ahead of an announcement regarding a 'potential strategic deal'.

A final 98.5 January reading for the University of Michigan consumer sentiment index represented a 0.4-point rise on the initial estimate.

Tonight in the US, December pending home sales, personal income and spending and a Texas region manufacturing index are due.

NEC is expected to report earnings, ahead of a swag of major Asia-Pacific stocks this week.

In overnight Friday corporate news, UK supermarket chain **Tesco** surprised with the proposed £3.7B purchase of food wholesaler **Booker**.

Chevron suffered due to quarterly revenue missing forecasts, even though sales rose 7.7% to \$US31.5B.

Colgate-Palmolive dropped following a 2017 warning, based on forex volatility and market uncertainty.

Post-Thursday US trade, Google parent company **Alphabet** profits undershot expectations.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1191	oz	-2	-0.1
Silver (NY) (Mar)	17.1	oz	0.3	1.8
Gold (LON)	1190	oz		
Platinum	984	oz	8	0.8
WTI Crude (Mar)	53.2	bbl	-0.6	-0.6
Brent Crude (Mar)	55.5	bbl	-0.7	-1.3
Iron Ore (China port)	83.3	t	Lunar	NYear
Copper (LME)	5899	t	42	0.7
Nickel	9475	t	65	0.7
Aluminium	1816	t	-4	-0.2
Lead	2288	t	-39	-1.7
Zinc	2749	t	-15	-0.5
Tin	19935	t	-40	-0.2
CBT Wheat (Mar)	4.21	bshl	-0.07	-1.5

Commodities Commentary

Oil – in contrast to other sessions last week, overnight trade remained within a comparatively narrow range.

A weekly US petroleum drill rig count revealed 15 additional oil rigs were in operation. A 29-rig rise had been reported the previous week.

Gold – a mix of central bank statements (Japan, US, UK) and influential US data (including manufacturing and employment) is likely to influence gold trade during the coming week. Geopolitical events and sentiment could also swing the \$US, and hence gold prices.

Base metals – expectations of industrial action at the Escondida mine, Chile, supported *copper* during overnight Friday trade. In addition, another Chile copper operation suspended operations Thursday, due to a fatality.

Chinese traders were absent for Lunar NY Eve and will remain so while holidays continue through Thursday.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7559	-0.0003	-0.04
EUR – USD	1.0714	-0.0010	-0.09

Pre-Open Announcements

CSG Ltd (CSV)

An entity previously owned by CSV has been adversely named in a report on the Ultraset project designed for the Victoria Department of Education. CSG says it has officially replied to the comments and does not believe the company or its officers committed any offence.

Jack-In Group (JIP)

Two civil and structural works contracts worth a combined \$A15M secured in Malaysia.

Resources

Teranga Corporation (TGZ)

Produced a record 216,735oz of gold during 2016. Expecting to produce 205,000oz – 225,000oz during 2017. Details lodged this morning. \$95.2M cash as at 31 December.

Dakota Minerals (DKO)

Heralding RC drilling results for the Sepeda lithium project, Portugal. Details lodged this morning.

Energy

Liquefied Natural Gas (* LNG)

Magnolia EPC contract validity again extended. Details lodged this morning.

Pilot Energy (PGY) / Key Petroleum (KEY)

Detailed WA-481-P prospective resources update lodged this morning.

Trading Halts

Company	Code	Resuming
AVZ Minerals	AVZ	31 Jan
Kula Gold	KGD	31 Jan
Laconia Resources	LCR	31 Jan
Lucapa Diamond Company	LOM	31 Jan

Suspensions (selected)

Company	Code	Since
Ausnet Financial Services	AU1	25 Jan
De Grey Mining	DEG	25 Jan
Moko Social Media	MKB	25 Jan
Pura Vida Energy	PVD	18 Jan
Suda Ltd	SUD	27 Jan

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AOD	Today	0.35	0	6.13
DJW	Today	10	100	6.08
OZG	Wed	0.25	100	2.86
WIC	Wed	3	100	5.77

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	NCM	Dec Q

**Australian Data Today**

CoreLogic Capital city house prices 29 Jan

US Data Tonight

Personal income & spending	Dec
Pending home sales	Dec
Dallas Fed manufacturing	Jan

Other Overseas Data Today & Tonight

Japan	Exports & imports	Dec
Japan	Retail sales	Dec
Japan	Trade (1 st 10 days)	Jan
Japan	Steel trade	Dec
Germany	CPI	Jan
Euro zone	Consumer, economic confidence	Jan

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	OZL	Dec Q
Tomorrow	AWE	Dec Q
	BPT	Dec Q
	CCP	Interim
	CYB	AGM
	ERA	Full year
	FMG	Dec Q
	ILU	Dec Q
	IFN	Dec Q
	NVT	Interim
	ORG	Dec Q
Wed	GUD	Interim
Thu	DOW	Interim
	TAH	Interim
Fri	JHX	Dec Q

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