

Markets

SFE 200 Futures (9.30am AEST)	6724	42	0.6
NZX 50	10852	20	0.2
DJIA Futures	26757	-23	-0.1
S&P 500 Futures	3003	-1	0.0
NASDAQ Futures	7930	2	0.0

Local Markets Commentary

The Australian market opens Friday trade with scant new developments on issues impacting international relations, overnight equities trade largely influenced by domestic corporate reports and mixed economic indicators, and an improved S&P Australia risk assessment.

Locally today, the Australian Bureau of Statistics publishes comprehensive national accounts details, including revisions, for FY 2019, 11.30am AEDT.

PMV trades ex-dividend.

In overnight commodities trade, **oil** continued its current run higher.

US **gold** futures (December) also continued to rise.

Iron ore (Nymex CFR China, 62% Fe) pulled back further.

LME **copper** settled slightly higher. **Nickel** picked up the pace of Wednesday's gain.

The **\$A** traded below US68.20c after falling beneath US68.30c early yesterday evening.

New Zealand's markets will be **closed Monday**, due to a public holiday weekend.

China is expected to report September industrial profits over the weekend.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26806	-28	-0.1
S&P 500	3010	6	0.2
NASDAQ	8186	66	0.8
FTSE 100	7328	68	0.9
DAX 30	12872	74	0.6
Shanghai Comp	2941	-1	-0.0

Overseas Markets Commentary

Mixed data releases and another large swag of corporate earnings reports toyed with major European and US equities markets overnight, producing divergent trade.

International relations, and potential outcomes from several unresolved issues, also remained in focus.

The **US** vice president denounced **China's** stance on Hong Kong, also declaring the US was not wishing to promote confrontation

Major Australian Banks – S&P has cited an orderly house price correction and modest private debt growth in raising its Australian economic risk assessment and, in association, banks' stand-alone credit profiles and ratings

Today's Stock Watch
Myer Holdings (MYR)

The Federal Court of Australia has determined 'an anticipated profit growth' statement was not misleading or deceptive when delivered 11 September 2014.

However, the court determined that MYR failed to correct the statement 21 November 2014, from when it became aware FY 2015 NPAT would come in materially lower than for FY 2014.

The court also ruled no evidence of loss or damage to those who initiated relevant shareholder class action against MYR.

The decisions may be appealed.

ResMed Inc (RMD)

September quarter financial and operational report lodged pre-trade, featuring 16% higher, \$US681.1M revenue. US\$3.9c dividend. A webcast was scheduled for 7.30am AEDT.

Synlait Milk (SM1)

Planning to outlay \$NZ112M for New Zealand every-day dairy specialist Dairyworks.

Insurance Australia Group (IAG) / Carsales.com Ltd (CAR)

Materials lodged pre-trade for today's AGMs.

Austal Ltd (ASB)

€83M catamaran design and construction contract secured with Denmark-headquartered Molslinjen.

Resuming from a trading halt having last traded at \$4.07.

Fleetwood Corporation (FWD) / Rio Tinto (RIO)

FWD has secured a \$17M contract to design, manufacture and supply modular buildings for RIO's WA Pilbara Koodaideri iron ore project accommodation village.

IOOF Holdings (IFL)

Former IFL chairman (2016 – 2018) George Venardos plans to retire from the IFL board at the 28 November AGM.

Resources
Silver Lake Resources (SLR)

Board approval in hand to develop Santa underground mining within the Mt Belches project area, south east WA goldfields.

Energy
Strike Energy (STX) / Warrego Energy (WGO)

The onshore Perth Basin EP 469 West Erregulla-2 well has flowed up to 69MMscf/d during testing.

In addition, STX (50% and operator) and WGO (50%) are touting Kingia reservoir quality.



with China.

Meanwhile, a China industry website reportedly claimed **North Korea** would enable China to access rare earths from a border mine, in return for Chinese investment in solar energy.

In the **UK**, the PM promoted a 12 December general UK election should **European Union** leaders grant the UK an extension to the 31 October UK-EU separation deadline.

EU leaders and envoys meet tonight to discuss the issue, but should no agreement be reached a Monday (28 October) emergency meeting is touted.

In **Syria**, Kurds claim **Turkey** is still attacking Kurdish regions.

The **European Central Bank's** (ECB) last policy meeting under president Mario Draghi concluded with last month's policy changes and rationale intact. This included a €20B-per-month bond purchase program commencing in November.

Among overnight **data** releases, the **euro zone's** initial October PMI readings came in flat (45.7) for manufacturing and 0.2 higher, at 51.8, for the services sector.

In **Germany**, the manufacturing sector index rose 0.2 to 41.9, and the services index fell 0.2 to 51.2.

UK September mortgage approvals came in at ~42,300, following ~42,500 for August.

In the **US**, Markit's initial October PMI estimates moved higher, a 51.5 manufacturing reading representing a 0.4-point improvement on September's final figure, and the services index rising 0.1 to 51.0.

September durable goods orders dropped 1.1% for the month, following a 0.3% August increase.

September new home sales fell 0.7% for the month, against a 6.2% August rise.

Weekly new unemployment claims declined by 6000 to 212,000.

The Kansas City Fed manufacturing index tumbled to eight, from 11.

Tonight in the US, a University of Michigan final October consumer sentiment reading is due.

Elsewhere, any decision from the **EU** regarding the **UK's** 31 October departure deadline is expected to be followed by currency swings and new wrangling.

Companies scheduled to report earnings later today and tonight include: Anheuser Busch InBev, Barclays, Colgate-Palmolive, ENI, Exxon Mobil, Fujitsu, Goodyear, Hyundai Engineering, LafargeHolcim, LG Chemicals, Phillips 66, Total and Verizon.

Glencore, Rolls-Royce and WPP are listed to provide trading updates.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1504.7	oz	9.00	0.6
Silver (NY) (Dec)	17.804	oz	0.224	1.3
Gold (LON)	1494	oz		
Platinum	921	oz	6	0.7
WTI Crude (Dec)	56.23	bbl	0.26	0.5
Brent Crude (Dec)	61.67	bbl	0.50	0.8
Iron Ore (NYMEX,CHN,62%)	90.11	t	-0.34	-0.4

Pre-Open Announcements

Serko Ltd (* SKO)

Resuming from a trading halt having completed a \$NZ56M placement at \$NZ4.04 per share.

A \$NZ5M SPP is also planned.

SKO traded on the ASX at \$2.96 - \$3.63 the first three trading sessions of the week.

Althea Group Holdings (* AGH)

Resuming from a trading halt with Aphria planning to sell 36.697M AGH shares (15.7% of AGH) in a block sale to institutional investors.

Aphria will retain 5.25% (12.25M shares) of AGH, with this holding escrowed until late September 2020.

Meanwhile, AGH and Aphria have negotiated a variation and extension of a product supply agreement, the agreement now set to continue until 2027.

AGH expects 4000 patients in Australia to have been prescribed AGH medicinal cannabis products by year's end.

The current Australian tally is 2705.

Acrux Ltd (ACR)

ACR has received the company's first R&D tax incentive rebate from the Australian Tax Office (ATO).

The rebate tallies \$501,605, in association with ACR R&D spending during FY 2019.

A \$1.5M rebate is anticipated during calendar 2019.

Resources

Mineral Resources (* MIN)

Shipped 3.5Mt of iron ore during the September quarter, following 3.3Mt for the June quarter and 1.62Mt during the September quarter 2018.

Shipped 99,000t of spodumene, against 81,000t and 91,000t respectively.

TNG Ltd (* TNG)

The European Patent Office has granted a patent for TNG's vanadium extraction process Tivan.

Patents are already in hand for Australia, Canada, the Russian Federation, US and Vietnam.

Metals X (MLX)

MLX non-executive director Simon Heggen has been elected MLX chairman, due to the previously flagged resignation of Peter Newton.

Brett Lambert, Patrick O'Connor and Tony Polglase have been elected MLX independent non-executive directors.



Copper (LME,3mth,PM)	5885	t	8	0.1
Nickel	16850	t	250	1.5
Aluminium	1722	t	-3	-0.2
Lead	2224	t	6	0.3
Zinc	2500	t	30	1.2
Tin	16775	t	180	1.1

Commodities Commentary

Oil – US durable goods orders underscored international demand fears overnight, but prices ultimately delivered a third consecutive higher settlement.

Meanwhile, **Russia's** Rosneft confirmed it was using the euro as the default currency for all export contracts, in an attempt to circumvent US sanctions.

In addition, the state-owned oil major claimed the **US** had become the world's oil market regulator through broadening sanctions.

Further, the company asserted **Saudi Arabia's** status as a reliable oil supplier had become questionable given mid-September attacks on oil facilities within Saudi Arabia.

China's CNOOC in the meantime, claimed while US sanctions on COSCO shipping units would impact business, China's key offshore oil and gas producer was not anticipating any impact on production. CNOOC reported producing 100.3MMbbl of oil during the September quarter.

Among fresh figures, Genscape reported a 1.6MMbbl rise in inventories at the Cushing centre for the week to 22 October.

A weekly US petroleum drill rig count is due tonight.

Gold – Comex futures notably settled above \$US1500/oz overnight, in part ultimately supported by US durable goods orders which surprised on the downside.

The **European Central Bank's** (ECB) post-policy meeting statement and press conference confirmed last month's policy changes and rationale.

The US Federal Reserve policy meeting is keenly anticipated next week.

In the meantime, China's September net gold imports via Hong Kong were reported 9% lower for the month, at 11.829t. This was mostly attributed to yuan support and reduced demand.

Base metals – overnight trade was influenced by plenty of industry news and a batch of largely better-than-feared international manufacturing PMI updates.

Late yesterday, MMG declared the full restoration of Peru Las Bambas *copper* project logistics services and production levels, following blockades which ended late last week.

In Chile, large copper producers maintained output had been minimally affected by national community protests, but that some projects were adversely impacted by port, supply and public transport disruptions.

Papua New Guinea (PNG) authorities were reported to have closed Metallurgical Corporation of China's Ramu *nickel* processing facility mid-week, in order to complete an investigation into a large spill in August.

In Indonesia, mining overseers were reportedly investigating complaints local smelters were pushing nickel ore prices lower.

Mid-week, Indonesia Weda Bay nickel facility owner Eramet

Trading Halts

Company	Code	Resuming
Atomos Ltd	AMS	25 Oct
Digital Wine Ventures	DW8	25 Oct
Ironbark Zinc	IBG	25 Oct
TAO Commodities	TAO	25 Oct
Aruma Resources	AAJ	28 Oct
Genetic Signatures	GSS	28 Oct
Horseshoe Metals	HOR	28 Oct
Kazia Therapeutics	KZA	28 Oct
Zenith Minerals	ZNC	28 Oct

Suspensions (select)

Company	Code	Since
AuKing Mining	AKN	30 Sep
Costa Group Holdings	CGC	23 Oct
Environmental Clean Technologies	ECT	23 Oct
Family Insights Group	FAM	1 Oct
Force Commodities	4CE	7 Oct
iSignthis Ltd	ISX	2 Oct
New Standard Energy	NSE	14 Oct
Peppermint Innovation	PIL	11 Oct
Troy Resources	TRY	15 Oct
UltraCharge Ltd	UTR	21 Oct
Wattle Health Australia	WHA	2 Oct

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
PMV	Today	37	100	3.42
ASG	Mon	3	100	1.17
CLV	Tue	1.75	100	0.64
NST	Tue	7.5	100	0.62
TER	Tue	1	0	0.00
MXT	Thu	0.88	0	5.45
FNP	Fri	3.25	0	0.89

Reports & Events

(selected)

When	Company	Report/Event
Today	ADH	AGM
	CAR	AGM
	IAG	AGM
	JHC	AGM (1.45pm AEDT webcast)
	PAA	AGM
	QAN	AGM
	RMD	Sep Q (7.30am AEDT webcast)



revealed it was ahead of schedule in would likely commence operations before mid-2020.

Among data releases yesterday and overnight, Japan's initial October PMI readings, each fell for the month, the manufacturing activity index to 48.5 from 48.9, and the services sector reading to 50.3 from 52.8.

An August leading economic index was finalised at 91.9, against 93.7 for July.

China's September industrial profits, expected on Sunday, could influence some Monday trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6815	-0.0003	-0.04
EUR – USD	1.1104	0.0000	0.00

Australian Data Today

ABS	National accounts (incl revisions)	2018-19
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US Data Tonight

University of Michigan consumer sentiment (final)	Oct
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Other Overseas Data Today & Tonight

Germany	IFO business climate	Oct
Germany	GfK consumer confidence	Nov

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Mon	BKI	AGM
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	FMG	AGM
	LOV	AGM
	SXE	AGM
	VOC	AGM
Wed	IAP	Interim (teleconf 5pm AEDT)
	JHG	Sep Q
	MYR	AGM
	NCZ	AGM
	NXT	AGM
	NHF	AGM
Thu	BKL	AGM
	CNU	AGM
	OGC	Sep Q (post-trade; tele 8am Fri)
	PNI	AGM
	RWC	AGM
Fri (1 Nov)	CLH	AGM
	IMM	AGM

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