

Markets

| | | | |
|-------------------------------|-------|----|-----|
| SFE 200 Futures (9.30am AEDT) | 6829 | 14 | 0.2 |
| NZX 50 | 11594 | 56 | 0.5 |
| DJIA Futures | 28924 | -5 | 0.0 |
| S&P 500 Futures | 3275 | -1 | 0.0 |
| NASDAQ Futures | 9009 | 0 | 0.0 |

Local Markets Commentary

The Australian market commences Friday trade following largely positive overnight international equities trade, with additional influential domestic data both in hand and due late morning, ahead of employment figures out of the US tonight, and amid Iranian media reports citing military sources' claims of plans for additional action against US positions in the Middle East.

Locally today, the Australian Bureau of Statistics (ABS) publishes November **retail sales 11.30am AEDT**.

Pre-trade, the AiG has revealed its December **services sector activity** index tumbled to a contractionary **48.7** from an expansionary 53.7 for November.

Among other economic and community well-being considerations, bushfire threats in at least four States are increasing heading into the weekend.

Regionally, **China's** December new lending figures are expected anytime from today.

In overnight commodities trade, **oil** settled little changed.

US **gold** futures (February) extended Wednesday's fall.

Iron ore (Nymex CFR China, 62% Fe) seesawed lower.

LME (3mth evening) **copper** turned lower. **Nickel** continued higher.

Aluminium closed flat.

The **\$A** continued lower, to ~US68.55c, after falling to ~US68.65c early yesterday evening.

Japan's markets will be **closed Monday**, due to a public holiday.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|---------------|-------|-----|-----|
| Dow Jones | 28957 | 212 | 0.7 |
| S&P 500 | 3275 | 22 | 0.7 |
| NASDAQ | 9203 | 74 | 0.8 |
| FTSE 100 | 7598 | 23 | 0.3 |
| DAX 30 | 13495 | 175 | 1.3 |
| Shanghai Comp | 3095 | 28 | 0.9 |

Overseas Markets Commentary

Major European and US equities markets headed higher on opening overnight, sentiment never looking seriously threatened through to settlement.

Australia – November retail sales – 11.30am AEDT

* Australia's December **services sector activity index** revealed this morning at **48.7** from 53.7 *

Today's Stock Watch

ECS Botanics Holdings (ECS) / Woolworth Group (WOW)

WOW will stock two ECS Botanics 'with Hemp' soups under an ECS distribution partnership with Just Foods Australia.

Australia & New Zealand Banking Group (ANZ)

Planning an early redemption (30 January) of wholesale CNY 2,500,000,000 4.75% fixed rate notes due 30 January 2025.

Bega Cheese (BGA)

Overall milk supply to BGA, and BGA's ongoing operations, have been minimally directly impacted by recent fires in eastern Australia.

Milk supply is expected to be down by 900,000L out of an annual one billion litre intake.

Two BGA suppliers plan to dry off herds earlier than anticipated, however, and this may reduce BGA supply by an additional 1ML. Some farmers and employees have suffered significantly, and some road access remains restricted.

BGA is continuing to provide feed, fencing and generators and to help connect generators.

BGA recouped 3.9% yesterday, settling at \$4.22.

MyState Ltd (MYS)

MD and CEO Melos Sulicich is intending to retire from MYS in July, in favour of returning home to permanently be with family.

Resources

Evolution Mining (EVN)

Revising FY 2020 Queensland Mt Carlton expected output to 70,000oz – 75,000oz, from 95,000oz – 105,000oz.

In addition, water restrictions may increase for the NSW Cowal operation.

Some detail lodged this morning, but an update is promised with the full December quarter report to be published 29 January.

Produced 170,890oz of gold at a \$A1069/oz AISC during the December quarter.

FY 2020-to-date output reached 362,857oz, at a \$A1040 AISC.

Debt-free.

Planning to lodge updated resources and reserves 12 February.

Ramelius Resources (RMS)

Produced 47,902oz of gold during the December quarter. \$A87.7M cash plus gold. Full quarterly report by month's end.



Earlier, **China's** administration confirmed vice premier Liu He and other China-US trade negotiators intended to be in Washington this coming Monday through Wednesday, with a view to signing an initial trade pact.

Japan's yen subsequently fell sharply against the \$US.

In the meantime, buyers from China were reported to have ordered ~800,000t of soybeans from Brazil this week.

Among overnight data releases, **Germany's** November trade surplus fell to €18.3B from €21.3B.

Exports fell 2.3%. Imports declined 0.5%.

November industrial production heartened, rising 1.1% for the month after falling 1.0% during October.

Euro zone November unemployment remained steady in December, at 7.5%.

In the **UK**, a BRC retail sales monitor report concluded retailers have just completed the worst year on record, based on comprehensive sales analysis.

Meanwhile, the European Union commissioner claimed a comprehensive UK-EU deal was unlikely before year's end.

In the **US**, weekly new unemployment claims fell by 9000 to 214,000.

Tonight in the **US**, December employment figures, including the number of jobs created and wages growth, are anticipated. November wholesale inventories are also due.

Infosys and Sakata Seed Corp are among companies expected to report earnings. JD Sports is listed to provide a trading update.

In overnight corporate news, sales updates from **retailers** on both sides of the Atlantic, including Marks & Spencer, JC Penney, Kohl's and Bed Bath & Beyond generally disappointed.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|---------------------------------|---------------|-------|--------|-------------|
| Gold (NY) (Feb) | 1554.3 | oz | -5.9 | -0.4 |
| Silver (NY) (Mar) | 17.936 | oz | -0.231 | -1.3 |
| Gold (LON) | 1572 | oz | | |
| Platinum | 965 | oz | 14 | 1.5 |
| WTI Crude (Feb) | 59.56 | bbl | -0.05 | -0.1 |
| Brent Crude (Mar) | 65.37 | bbl | -0.07 | -0.1 |
| Iron Ore (NYMEX,CHN,62%) | 93.57 | t | -1.04 | -1.1 |
| Copper (3mth,evening) | 6164 | t | -26 | -0.4 |
| Nickel | 14115 | t | 60 | 0.4 |
| Aluminium | 1799 | t | 0 | 0.0 |
| Lead | 1929 | t | 20 | 1.0 |
| Zinc | 2369 | t | -24 | -1.0 |
| Tin | 17205 | t | 75 | 0.4 |

Commodities Commentary

Oil – no new major Middle East geopolitical developments and a surprise rise in US crude stockpiles, revealed the previous session, appeared the main influences in keeping prices effectively trading water overnight.

Even China's confirmation it intended to sign a preliminary trade pact with the US mid-next week, did not propel overnight prices higher.

Pre-Open Announcements

Brainchip Holdings (* BRN)

Pleading ignorance to an ASX price query.

BRN added ~19.6% yesterday, settling at 5.5c following a relative high number of trades.

BRN had closed out 2019 at 4.7c.

Antipodes Global Investment Company (APL)

December update lodged post-trade yesterday.

Top-10 long holds as at 31 December included Alibaba, Facebook, Microsoft, Samsung Electronics, Ping An Insurance, Roche and Siemens.

Resources

Classic Minerals (* CLZ)

Kat Gap drilling is underway again, after being shut down in December due to regional fire activity.

Energy

Eon NRG (* E2E)

Reporting disappointing Govt Kaehne #9-29 Dakota formation completion information, but will now focus on completion of the shallower Muddy formation, pending regulatory approvals.

E2E lost 33.3% yesterday, settling at 0.4c following relatively high-volume trade.

Trading Halts

| Company | Code | Resuming |
|------------------------------|------|----------|
| Elsight Ltd | ELS | 10 Jan |
| Anglo Australian Resources | AAR | 13 Jan |
| AuStar Gold | AUL | 13 Jan |
| Challenger Exploration | CEL | 13 Jan |
| Consolidated Zinc | CZL | 13 Jan |
| Quantify Technology Holdings | QFY | 13 Jan |

Suspensions (select)

| Company | Code | Since |
|------------------------------------|------|--------|
| Bounty Mining | B2Y | 19 Dec |
| Kangaroo Island Plantation Timbers | KPT | 7 Jan |
| Kula Gold | KGD | 2 Jan |
| Paringa Resources | PNL | 27 Dec |



In output updates, Norway's Petroleum Directorate forecast 1.76MMbbl national daily production for 2020 and up to 2.01MMbbl/d from offshore projects by 2024.

A weekly US petroleum drill rig count is due tonight.

Gold – prices continued lower overnight as risk appetite improved, Comex futures trading as low as \$US1541/oz.

In physical trade, Sudan confirmed private traders had begun exporting gold after the easing of some restrictions, although some traders said they would refuse to export if they had to sell 30% of their production to the Central Bank of Sudan.

US December employment statistics, due tonight, are expected to influence at least some end-of-week sentiment.

Base metals – China's confirmation that it intended to sign an initial US-China trade agreement this coming week supported some initial overnight trade, *copper* trading as high as \$US6213.5/t.

China's December CPI figures reported yesterday, were also in focus. These came in flat for the month and 4.5% higher year-on-year.

Producer prices, also released yesterday, were 0.5% lower than for December 2018.

China's December trade statistics are listed for release Tuesday next week.

In the meantime, the Democratic Republic of Congo reported 15.9% higher year-on-year January – November 2019 copper production.

Exchange Rates

| CURRENCIES | LAST | +/- | % |
|------------|--------|---------|-------|
| AUD – USD | 0.6854 | -0.0004 | -0.06 |
| EUR – USD | 1.1105 | -0.0001 | -0.01 |

Australian Data Today

| | | |
|-----|--------------|-----|
| AiG | PSI | Dec |
| ABS | Retail sales | Nov |

US Data Tonight

| | |
|--|-----|
| Employment (incl wages growth, jobs created) | Dec |
| Wholesale inventories | Nov |

Other Overseas Data Today & Tonight

| | | |
|-------|-----------------------------------|-----|
| China | New lending | Dec |
| Japan | Household spending | Nov |
| Japan | Leading economic index (4pm AEDT) | Nov |

Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This market opener and its contents always remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed, and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.