

## Markets

SFE 200 Futures (9.30am AEDT)	7351	2	0.0
NZX 50	12896	-75	-0.6
DJIA Futures	36107	0	0.0
S&P 500 Futures	4668	0	0.0
NASDAQ Futures	15581	0	0.0

## Local Markets Commentary

The Australian market opens the first full week of trade for 2022 with material domestic economic reports due late morning, national and international Covid-19 management and geopolitical tensions remaining firmly in focus.

Since overnight Friday trade, Russia and the US have each warned this week's Ukraine-focused talks may achieve little.

NATO has also expressed concern at the unpredictable outcomes of talks scheduled with Russia mid-week, following the US-Russia discussions.

China has revealed a Covid-19 outbreak in the key port city Tianjin.

**Locally** today, the Australian Bureau of Statistics (ABS) reports December **building approvals** at 11.30am AEDT.

The Melbourne Institute is also expected to publish its December **inflation gauge** report at 11am.

The Reserve Bank of Australia (RBA) releases December **official reserve assets** post-ASX trade. November reserve assets tallied \$A80.37B, foreign exchange accounting for \$A51.81B and \$A18.76B in SDRs (special drawing rights, as determined by the IMF).

**Regionally** today, no major economic indicators are listed for release.

Post-ASX trade Friday, China released December **foreign exchange reserves**, these tallying \$US3.25 trillion against \$US3.222 trillion for November.

In addition, over the weekend, Chinese property developer **Evergrande** was reported to have requested to defer coupon and redemption payments for a 4.5B yuan (~\$US157M) bond for six months.

**Japan's** markets are closed today, due to a public holiday.

In overnight Friday commodities trade, Brent and WTI **crude** declined variously, Brent by fewer than US25c per barrel.

US **gold** futures comprehensively reversed Thursday's drop.

**Iron ore** (China port CFR, 62% Australian fines) reportedly rose US20c/t to \$US127.75/t.

LME (3mth evening) **copper** and **nickel** swung higher and rallied.

**Aluminium** settled slightly lower.

The **\$A** appreciated to ~US71.80c after trading at ~US71.55c early Friday evening.

Earlier this morning, the \$A traded as low as US71.70c.

*Best wishes from all at State One for a successful 2022*

*\* Health & aged care technology listing – 11am AEDT – CTQ \**

## Today's Stock Watch

### Incitec Pivot (IPL)

Proposing to outlay €91M for Titanobel Group holding company Explinvest.

IPL plans to fund the purchase using existing cash and debt reserves. Conditions included regulatory approvals.

Webcast investor update scheduled for 10am AEDT 20 January (Thursday next week).

### Dough Ltd (DOU)

DOU's US and Australia platform customer tally grew 60% during the December quarter to 80,533.

Platform revenue increased 161% to an annualised run rate of ~754,000.

Accumulated customer deposits rose by 78% for the three months, to \$22M.

### ResApp Health (RAP)

US-based SARS-CoV2 clinical study COVID-Cough recruitment completed.

### Austin Engineering (ANG)

\$60M worth of orders received during November and December 2021. Details lodged pre-trade.

### GQG Partners (GQG)

\$US91.2B FUM at 31 December, from \$US87.3B at the end of November.

## Resources

### Novonix Ltd (NVX)

NASDAQ listing registration statement filed with the US Securities & Exchange Commission.

### Kingfisher Mining (KFM)

WA Gascoyne field Mick Well prospect drilling assays lodged pre-trade, including 12m @ 1.12% total rare earth oxides (TREO), incorporating 4m @ 1.73% TREO.

## Energy

### Jupiter Energy (JPR)

JPR has temporarily shut down production due to civil unrest around Aktau, Kazakhstan.

The unrest has blocked access roads to and from the Mangistau Basin oil field hosted by Block 31.

Field maintenance will continue.

JPR traded as high as 4.5c Friday before settling at 4.4c after closing out 2021 (Friday 31 December) at 4c.



## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	36232	-5	-0.0
<b>S&amp;P 500</b>	4677	-19	-0.4
<b>NASDAQ</b>	14936	-145	-1.0
<b>FTSE 100</b>	7485	35	0.5
<b>DAX 30</b>	15948	-104	-0.7
<b>Shanghai Comp</b>	3580	-7	-0.2

## Overseas Markets Commentary

Weakened sentiment was evident early across most European, UK and US equities markets overnight Friday.

Covid-19 management and data releases sparking further monetary policy timeline conjecture remained forefront among investor considerations, financial stocks again receiving support on both sides of the Atlantic.

Earlier Friday, Japan announced renewed Covid-19 containment restrictions in three regions hosting US military bases, as China continued with strict measures to contain spread ahead of the February Winter Olympics.

Later, Italy confirmed plans to support businesses through the impacts of the latest Covid-19 surge.

**US** December employment figures included fewer jobs created than anticipated but also a 0.3% drop in the unemployment rate, to 3.9%.

The rate supported recent US Federal Reserve consideration of raising interest rates sooner than initially anticipated last year.

The jobs tally rose by just 199,000 however, against expectations of a 425,000 increase.

The participation rate remained at 61.9%.

Mean average hourly earnings were reported 0.6% higher for the month after November's 0.4% rise, and came in 4.7% higher than for November 2020.

Mean hours worked remained at 34.7.

With the next US Fed policy meeting not until 25 – 26 January and various US regions reporting business constraints due to rising new Covid cases, overnight Friday speculative commentary, based on the new workforce figures, varied in emphasis.

US 10-year treasury yields remained at ~nine-month peaks and the \$US fell.

Among overnight Friday **data** releases, the **euro zone** reported 0.4% December **CPI** growth on a monthly basis and 5.0% annualised inflation. November CPI had been finalised at 0.4% growth, representing 4.9% annual inflation.

Meanwhile, European Central Bank (ECB) chief economist Philip Lane asserted regional inflation would below 2.0% fall by year's end, and that hence, recent CPI readings did not constitute a reason to change interest rate policy.

In other data releases, the euro zone's December economic sentiment index was calculated at 115.3 from 117.6, following forecasts for a slighter decline to 116.4.

## Pre-Open Announcements

**Careteq Ltd (\* CTQ)**

Health and aged care technology specialist scheduled to list **11am** AEDT following a \$6M IPO at 20c per share. ~113.63M quoted shares.

**Australian Pharmaceutical Industries (\*\* API) / Wesfarmers Ltd (WES)**

API settled at \$1.515 Friday after closing out 2021 (Friday 31 December) at \$1.73.

Pre-trade Friday, Woolworths Group (ASX: WOW) announced it was withdrawing its \$1.75 cash-per-share API acquisition proposal.

WES proposes to pay \$1.55 per share (less at least 2c paid in dividends) for API.

**James Hardie Industries (JHX)**

JHX has appointed former 3M senior VP R&D and consumer commercialisation Joe Liu as chief technology officer.

**VGI Partners (VGI)**

Confirming potential transaction talks with several parties, including Regal Funds Management.

**My Foodie Box (\* MBX)**

Food technology and logistics specialist completed a successful ASX listing Friday following a \$6M IPO at 20c per share.

Opened at 25.5c and traded at 24c – 26.5c before settling at 25c. ~1.975M shares changed hands across 186 transactions. ~33.50M quoted shares.

## Resources

**Adriatic Metals (\* ADT)**

\$US145M debt financing package completed with Orion with unchanged terms from October 2021.

Funds will support development of the Vares silver project, Bosnia & Herzegovina.

**Metals X (\* MLX)**

MLX has completed the sale of the company's nickel assets to NICO Resources following last week's ASX conditional approval of NICO's proposed listing.

The in-specie distribution of NICO shares is expected to be effected 13 January (Thursday), ahead on an anticipated 19 January (Wednesday next week) NICO ASX listing.

**Ardiden Ltd (ADV)**

ADV has appointed investor relations specialist and TSX\_V – listed Maple Gold Mines chair Michelle Roth as an independent non-executive director.

**Beacon Minerals (BCN)**

Non-executive BCN director Jason Bontempo has resigned from the BCN board in favour of other commitments.



In the meantime, November retail sales surprised on the upside, improving 1.0%, and hence soundly defying expectations of a 0.6% fall.

Against November 2020, sales were up 7.8%.

Germany's November trade figures, also reported overnight Friday, included a €12B surplus following forecasts for a €14.2B surplus. The October trade surplus had been calculated at €12.7B.

Seasonally adjusted, Germany's exports rose 1.7% during November, and imports by 3.3%.

November industrial production slipped 0.2% for the month, against expectations for a 0.9% rise following a 2.4% October increase.

In the UK, a house price index indicated residential property prices had risen 1.1% during December, and 9.8% over January – December, reportedly the fastest annual appreciation since 2007.

A UK December construction PMI fell to 54.3 from 55.5 for November. A decline to 54.4 had been anticipated by forecasters.

In the US, in addition to the December workforce statistics November consumer credit was reported to have climbed by \$US39.99B, against expectations for a \$US22B increase after November's \$US16B rise.

Earlier Friday (afternoon AEDT), Japan hosted a 30-year government bond auction which delivered a 0.719% yield from 0.673% previously.

Tonight in the US, November wholesale inventories and a December consumer inflation expectations report are due.

Elsewhere, a key investor confidence reading is expected for the euro zone.

In overnight Friday corporate news, Samsung Electronics announced an anticipated 52% year-on-year increase in December quarter operating profit, citing computer chip demand and higher chip production margins.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1797.4	oz	8.2	0.5
Silver (NY) (Mar)	22.409	oz	0.22	1.0
Gold (LON)	1793	oz		
Platinum	959	oz	-5	-0.5
WTI Crude (NYMEX Feb)	78.90	bbbl	-0.56	-0.7
Brent Crude (ICE EUR Mar)	81.75	bbbl	-0.24	-0.3
Iron Ore (CHN port;62%Fe Aus fines)	127.75	t	0.20	0.2
Copper (LME 3mth Evening)	9646	t	115	1.2
Nickel	20731	t	353	1.7
Aluminium	2913	t	-8	-0.3
Lead	2277	t	-29	-1.3
Zinc	3532	t	-15	-0.4
Tin	39824	t	676	1.7

### Commodities Commentary

Oil – production issues in Kazakhstan and Libya, the US December employment report and Covid-19 reports toyed with crude supply and demand expectations overnight Friday.

Prices for both Brent and WTI crude swung intra-session.

In addition, BCN has disclosed executive chair and MD Graham McGarry's remuneration has been set at \$300,000pa (plus statutory superannuation) from 1 January.

### eMetals Ltd (EMT)

10M shares are due to be released from escrow 24 January.

### Energy

#### Strike Energy (\* STX)

WA Perth Basin EP 503 South Erregulla-1 drilling expected to commence this week. STX 100%.

#### Buru Energy (\* BRU)

Due to WA border closures, operators needed for the flow testing of onshore WA Canning Basin Rafael 1 remain in Queensland and South Australia until at least 5 February.

Meanwhile, Canning Basin L20 Ungani 8H drilling continues.

Drilling had reached 2088m (of 2565m) as of Friday morning.

#### Allegiance Coal (AHQ)

Initial Black Warrior Mine Mary Lee and Blue Creek carbonisation test results lodged pre-trade.

### Trading Halts

Company	Code	Resuming
333D Ltd	T3D	10 Jan
Connected IO	CIO	10 Jan
Hiremii Ltd	HMI	10 Jan
IRIS Metals	IR1	10 Jan
White Cliff Minerals	WCN	11 Jan
Xantippe Resources	XTC	11 Jan
Zenith Minerals	ZNC	11 Jan

### Suspensions (selected)

Company	Code	Since
Geopacific Resources	GPR	15 Dec



Despite ultimate sessional falls, Brent closed with a 5.2% gain for the first week of 2022 and WTI up 5.0%.

Meanwhile, a US oil drill rig count rose by one to 481, as speculation grew regarding potential weather impacts on production out of Dakota, and also Alberta, Canada this week.

Trade and inflation figures out of China this week, and a CPI reading for the US are expected to influence at least some of this week's trade.

**Gold** – overnight Friday trade was pushed and pulled by varying interpretations of US employment statistics, a lower \$US (~0.55%) and US 10-year treasury yields at ~nine-month peaks.

Comex futures settled ~1.7% lower for the week, following Thursday's 2% fall.

Parliamentary testimony by the US Federal Reserve chair, plus a US CPI reading due mid-week, are expected to influence some of this week's gold sentiment.

**Base metals** – a weaker \$US during LME trade and reassurances out of China that economic growth stability would be prioritised benefited early overnight Friday base metals.

Aluminium prices initially received support with LME-registered warehouse stocks of *aluminium* reported at 536,175t, the least since 2005, and smelters continuing to reveal planned production cutbacks due to increased energy costs.

A 285,000tpa aluminium smelter in Dunkirk, France was reported to be planning to cut output by a further 5% after recently reducing production by 10%.

Meanwhile, Chile reported a 21.9% increase in the value of the nation's *copper* exports during December, to \$US4.91B, and a 40.6% jump for 2021, to \$US53.42B.

#### Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7177	-0.0004	-0.06
EUR – USD	1.1358	-0.0005	-0.04

#### Australian Data Today

ABS	Building approvals (prelim)	Dec
Melbourne Institute	Inflation gauge	Dec
RBA	Official reserve assets	Dec

#### US Data Tonight

Wholesale inventories	Nov
Consumer inflation expectations	Dec

#### Other Overseas Data Today & Tonight

Euro zone	Sentix investor confidence	Jan
Euro zone	Unemployment	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](mailto:advice@stateone.com.au)

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