

Futures Indices (Source: IRESS)

INDEX	CLOSE	+/-	%
E-mini S&P 500 Futures	3105	-4	-0.13
E-mini Dow Futures	27765	-35	-0.13
E-mini NASDAQ 100 Futures	8276.25	-15.5	-0.19
SFE 200 Futures	6708	36	0.54

Local Market Commentary

The Australian sharemarket is poised to shrug off a soft lead from global overseas markets and open higher on Friday morning. At 7.45am AEDT, futures are pointing to a gain of 36 points, or 0.5 per cent, at the open.

What looks like a solid pop higher for the ASX today comes off the back a couple of day's of heavy losses across the market. Australian equities have had to battle the combination of both negative macro and micro news.

Just yesterday, that lead the ASX200 0.74 per cent lower, in what was a day of very high activity, and poor market breadth. From a price perspective, too, the ASX200 broke with an uptrend it had been building upon since the beginning of October. Although the trend remains firmly pointed to the upside, it appears the ASX200 faces a slightly greater battle in reclaiming its record highs.

World Indices (Source: IRESS)

INDEX	CLOSE	+/-	%
Dow Jones	27798.26	-22.83	-0.08
S & P 500	3105.19	-3.27	-0.11
NASDAQ	8514.8365	-11.8958	-0.14
FTSE 100	7238.55	-23.94	-0.33
DAX 30	13137.7	-20.44	-0.16
CAC 40	5881.21	-12.82	-0.22
Milan MIB30	23279.78	-72	-0.31
Nikkei	23038.58	-109.99	-0.48
Hang Seng	26466.88	-422.73	-1.57
Hang Seng China Enterprises	10450.22	-169.29	-1.59
Straits Times	3192.21	-37.57	-1.16
Shanghai Composite	2903.6379	-7.4155	-0.25

Australian Stock Watch

A2B Australia Ltd (A2B): The company that runs the taxi brand 13cabs has set up a cut-price brand called CHAMP to ensure it has all parts of the market covered in the battle against ride-sharing firms like Uber, Ola and DiDi. A2B Ltd, known as Cabcharge until a name change last year, now has about 300 CHAMP brand taxis on the road in Melbourne, Sydney and Perth after finding there was demand for such a service at the lower end of the market, reports AFR.

Argo Investments Limited (ARG): Argo Investments chief executive Jason Beddow, who runs the nation's second-biggest listed investment company with more than \$6bn in Australian shares, has blunt advice for Harvey Norman shareholders hostile to its out-of-favour corporate governance structure. "It's like those people who buy a house next door to a noisy pub and then complain about the noisy pub next door," Mr Beddow told *The Australian*. "As a shareholder you need to be aware of these things going in and if you are not comfortable with that you shouldn't be a buyer and own those shares.", reports *The Australian*.

Atlas Arteria Group (ALX): Atlas Arteria will pay former owner Macquarie Group \$100 million to sever all remaining ties after raising \$1.3 billion to increase its stake in French toll road Autoroutes Paris-Rhin-Rhone (APRR). The Australian toll road company will lift its stake in the 1880-kilometre French toll road, which connects Paris with Lyon and is the fourth-biggest tolled road network in Europe, by 6.1 per cent to 31.1 per cent, reports AFR.

Australia and New Zealand Banking Group & Westpac Banking Corp (ANZ & WBC): Westpac and ANZ could be forced to pay out tens of millions of dollars to customers sold junk consumer credit insurance, in a new class action launched by Slater and Gordon. The law firm said hundreds of thousands of customers sold "worthless" insurance products alongside credit cards and personal loans could be eligible for compensation, reports AFR.

BlueScope Steel Ltd (BSL): BlueScope Steel says there's been a "modest" pick-up in demand for steel products in the Australian construction sector and its United States operations are tracking solidly, but overall conditions are still being hampered by weaker commodity steel prices. BlueScope chief executive Mark Vassella said on Thursday there had been no shift in the profit guidance made in August, which forecast the group's underlying earnings before interest and tax in the first half of 2019-2020 being about 45 per cent down on the June half EBIT of \$499 million, reports AFR.

BWX Ltd (BWV): BWX chairman Ian Campbell has looked to ease investor concerns by revamping the natural skincare group's long-term incentive plans after narrowly missing a strike against its



Overseas Markets & Gold Commentary

The Dow Jones industrials edged less than 0.1% lower, the S&P 500 slipped more than 0.1% and the Nasdaq fell 0.2%. Small caps tracked by the Russell 2000 fared worse, down 0.4%. Volume was tracking lower on both exchanges vs. the same time Wednesday.

China's Ministry of Commerce invited U.S. officials to Beijing for further face-to-face trade talks, the Wall Street Journal reported Thursday. But China has sharply criticized U.S. support for pro-democracy protesters in Hong Kong, raising concerns about how soon a deal could be reached.

The Dow Jones index is off 0.7% this week, poised to snap a four-week win streak. The S&P 500 is on track to halt a six-week advance and the Nasdaq, a seven-week streak. But to keep it in perspective, the three indexes are easing from all-time highs.

Procter & Gamble (PG) and **Visa (V)**, off about 1% each, led the downside among Dow stocks. **Pfizer (PFE)**, **Caterpillar (CAT)** and **Exxon Mobil (XOM)** gained more than 1% apiece.

Gold prices are lower in midday U.S. trading Thursday. The safe-haven metals are suffering from a case of no fresh geopolitical flare-ups and a global economy that is seeing no major shocks. Hong Kong civil unrest remains high and the protestors got a psychological boost this week when the U.S. Congress proposed official U.S. backing of them. That has also angered mainland China. This situation is likely to get worse before it gets better.

In other overnight news, the Paris-based OECD think tank has forecast global economic growth in 2020 at 2.9% and at 3.0% in 2021. Those numbers are steady to slightly lower than the previous forecasts for the time periods. The OECD also forecast China's economic growth in 2021 slowing to 5.5%. **Bitcoin** prices are sharply down at midday Thursday. Some traders and crypto currency watchers are scratching their heads at the sharp downturn today. However, the near-term technical chart posture for Bitcoin has become more bearish recently, amid a strengthening price downtrend in place on the daily chart. That is likely prompting keener selling interest. Also, there is talk China could be taking a harder line on crypto currencies. That country has reportedly taken steps to curb crypto trading despite recently saying it may start to use the blockchain technology more.

remuneration report. Mr Campbell told investors at the annual general meeting in Melbourne “the board takes its responsibilities very seriously” and had taken steps to implement a new remuneration strategy, reports AFR.

Cromwell Group (CMW): Prominent director Gary Weiss has rejected suggestions ARA Asset Management is plotting a takeover from within by nominating him for a seat on Cromwell Property Group's board. The powerful Singapore investment house is Cromwell's biggest investor, with a near 24 per cent stake. Its nomination of Dr Weiss to be voted on at next week's annual shareholder meeting follows months of acrimony between Cromwell and ARA, whose local head David Blight quit the board in July as the relationship turned toxic, reports AFR.

Genex Power Ltd (GNX): Power generation company Genex Power has received credit approval to fund two of its solar projects. The \$175m debt facility would be used to fund the construction of its 50-megawatt Jemalong Solar Project (JSP) in NSW and to refinance the existing debt facility for the 50MW Kidston Solar One Project in Queensland, the company said, reports The Australian.

Harvey Norman Holdings Ltd (HVN): Harvey Norman's institutional shareholders have been urged to attend the annual meeting next week and observe chairman Gerry Harvey's treatment of shareholders first hand before they vote on the remuneration report, the election of directors and a spill motion. Shareholder advocate Stephen Mayne has urged the Australian Council of Superannuation Investors to suggest its members attend the AGM or appoint a representative to vote their proxies, reports AFR.

Medical Developments International Ltd (MVP): Medical Developments International has had an investigative new drug application approved by Beijing authorities for its key Pentrox product, paving the way to clinical trials in China. The company's shares jumped 9.7 per cent to a new high of \$6.59 after yesterday's announcement, raising its market value to \$433 million. The shares have have jumped 46 per cent over the past 12 months, reports AFR.

New Energy Solar Ltd (NEW): The company announced yesterday it had started sales processes for two American solar assets in an effort to close the gap between its net asset value and share price. It is understood New Energy has tapped Jefferies in New York to run the processes alongside management. Up for grabs is a 49 per cent stake in the Boulder Solar Facility in Nevada and a 50 per cent interest in Mount Signal 2 in California. The stakes were worth \$126 million in the company's most recent accounts, reports AFR.

Origin Energy Ltd (ORG): Origin Energy's dividend is a source of optimism at broker Macquarie, which dialled up its enthusiasm for the stock following Origin's investor day. Origin's guidance for energy markets EBITDA of \$1.4 billion to \$1.5 billion is only changed to accommodate the new lease standard accounting. It also hinted the dividend would be at the upper end of the 30 to 50 per cent free cash flow range, versus 30 per cent in 2018-19, according to Macquarie, reports AFR.



International Economic Data

- **US Philadelphia Fed Manufacturing Index** - The Philadelphia Fed Manufacturing index for current general activity rose by 4.8 points from the previous month to 10.4 in November 2019, beating market expectations of 7.0. Meanwhile, the indexes for current shipments and new orders fell 17.8 points and 9.1 points respectively. In addition, the current employment index decreased 11.4 points to 21.5. Both the unfilled orders and delivery times indexes remained positive this month, suggesting higher unfilled orders and slower delivery times, reports TradingEconomics.
- **US Jobless Claims** - The number of Americans filling for unemployment benefits was unchanged at 227 thousand in the week ended November 16th, the highest level since the week ended June 22nd, and compared with market expectations of 219 thousand. Continuing Jobless Claims in the United States increased to 1695 thousand in the week ending November 9 of 2019 from 1692 thousand in the previous week, reports TradingEconomics.

Prosopa Group Ltd (PGL): Prosopa Group shares were also hit after UBS dropped its price target on the small business lender by 40 per cent following the substantial downgrades to its prospectus guidance earlier in the week, reports AFR.

Qantas Airways Ltd (QAN): DHL's plan to halve its carbon emissions by 2025 has received a boost from Qantas Airways signing a three-year deal to offset the courier's output. Under the agreement, Qantas will divert funds to sustainability projects on behalf of DHL Supply Chain, including the conservation of Tasmanian forest land and Indigenous land management activities in the North Kimberley, reports AFR.

Qube Holdings Ltd (QUB): Falling new car sales and lower consumer spending on imported goods such as clothes and shoes have hurt Qube's Patrick container ports business as volumes fell 6.6 per cent in the September quarter. Managing director Maurice James yesterday told the AGM in Sydney the slide in container volumes from a year ago also came from weaker exports of grain, forest products, steel, scrap metal and lithium. New vehicle sales fell 6.7 per cent in the September quarter compared with a year earlier, while sales of shoes and clothing as well as hardware and gardening equipment have also been dropping, reports AFR.

Regional Express Holdings Ltd (REX): Regional airline Rex has issued a fresh profit warning for the first four months of the financial year and said it would suspend its interim dividend. *"The board has amended its profit guidance to a 20-30 per cent reduction in profits for fiscal year 2020"* Rex said in a statement. Previously the airline had been targeting a profit fall of between 15-20 per cent, reports The Australian.

Seven West Media Ltd (SWM): Prime chairman John Hartigan has urged the regional broadcaster's shareholders to vote in favour of a merger with Seven West Media as a matter of survival for both the company and journalism outside metropolitan cities. Last month, Seven made a move on Prime with an all-scrip merger proposal which was unanimously recommended by Prime's board. *"The common theme is, as much as I loathe to use the descriptor, this is survival for us,"* Mr Hartigan said. *"You've seen the collapse of regional newspapers, you've seen the beginning of the collapse of broadcast television under the current model"*, reports AFR.

Star Entertainment Group Ltd (SGR): The Star Entertainment Group and its partners have bounced back from the rejection of their planned luxury tower in Sydney, with the Queensland government announcing it would begin direct negotiations to fast-track a proposed \$2bn revamp of its Gold Coast casino holdings, reports The Australian.

Surfstitch Group Ltd (SRF): Returns to former shareholders of online surfwear company SurfStitch have been thrown into doubt by the sale of ecommerce business EziBuy to womens wear retailer Noni B. Investment bank Alceon bought SurfStitch out of administration two years ago after promising to return investors in the online surfwear company between \$6 million and \$20 million through a float or trade sale of EziBuy. Ezibuy, which

**Commodities (Source: IRESS)**

COMMODITY	CLOSE	+/-	%
COMEX			
Gold Feb 10	1471.7	-9.3	-0.63
Silver Mar 10	17.23	-0.031	-0.18
Copper Mar 10	2.639	-0.0215	-0.81
NYMEX			
Platinum Jan 10	918	-2	-0.22
Palladium Dec 19	1733.2	-8.6	-0.49
LONDON METAL			
Gold (AM Fix)	1475.7	10.8	0.74
Gold (PM Fix)	1471.7	3.25	0.22
ENERGY			
Light Crude Jan 10	58.42	1.41	2.47
Brent Crude Oil	63.76	1.3	2.08
CBT			
Wheat Dec 19	511.75	-7	-1.35
Soybeans Nov 19	901	-4	-0.44
Corn Dec 19	379	1.75	0.46
OTHER			
Iron Ore (China Port)	84.5	0.5	0.6
Coal (ICE-GC Newcastle)	73.18	0.16	0.22
LME Indicative			
Copper - Cash	5809.75	-45.25	-0.77
Copper - 3Mth	5821.5	-37.5	-0.64
Lead - Cash	1946	-30.5	-1.54
Lead - 3Mth	1958	-28	-1.41
Zinc - Cash	2318	-20.5	-0.88
Zinc - 3Mth	2310	-0.5	-0.02
Aluminum - Cash	1747.5	-3.5	-0.2
Aluminum 3Mth	1743	0	0
Nickel - Cash	14442.5	125.5	0.88
Nickel - 3Mth	14495	185	1.29
Tin - Cash	16376	371	2.32
Tin - 3Mth	16400	370	2.31

AUD exchange Rates (Source: IRESS)

CROSS	CLOSE	+/-	%
AUDUSD	0.6809	0.0008	0.11
AUDJPY	73.9545	0.082	0.11
AUDGBP	0.5261	-0.0001	-0.03
AUDCAD	0.9058	0.0009	0.1
AUDNZD	1.0584	-0.0015	-0.14
AUDHKD	5.3249	0.004	0.08
AUDSGD	0.9269	0.0007	0.07
AUDMYR	2.8391	0.0072	0.25
AUDEUR	0.6144	0.0002	0.04

Alceon had bought from Woolworths for just \$10 million in 2017, was valued for the purposes of the Alceon transaction at between \$188 million and \$293 million, reports AFR.

Telstra Corporation Ltd (TLS): Telstra will contact almost 180,000 customers who upgraded to high-speed NBN plans after failing to comply with a court-enforceable undertaking it signed in 2017. The telco was forced to refund about 42,000 customers in November 2017 for failing to deliver advertised NBN speeds. The bulk of affected customers were on the NBN fibre-to-the-node or fibre-to-the-building connections. Apart from the refunds, Telstra also offered affected customers the option to change speed plans, and exit contracts without a fee, reports The Australian.

Westpac Banking Corp (WBC): Attorney-General: breaches 'off the charts' Threatens steeper fine than CBA's \$700m ASIC, APRA consider action Attorney-General Christian Porter said the money laundering breaches levelled against Westpac are "off the charts" and indicated that the bank can expect a fine well over the \$700 million slapped on Commonwealth Bank of Australia for similar offences. Mr Porter, who would approve any settlement, said the "unbelievably serious" allegations of millions of money laundering compliance breaches, some related to financing child pornography and exploitation, were of "enormous concern" to the Morrison government, reports AFR.

Woodside Petroleum Ltd (WPL): Woodside Petroleum chief executive Peter Coleman is keen to get involved in solar-powered energy exports to Indonesia, as the oil and gas producer looks beyond its current suite of LNG projects to longer-term exports of clean energy. Mr Coleman said that projects such as the proposed Sun Cable venture, which would use solar power generated in the Northern Territory for export to Singapore, presented an "opportunity" for the company, reports AFR.

Worley Ltd (WOW): Jacobs Engineering does not have long-term plans to keep its 9.9 per cent stake in Worley because it's moved out of traditional energy markets to focus on faster-growing opportunities in infrastructure, cybersecurity and space intelligence, says the US company's global chief executive, Steve Demetriou. Jacobs, which is Worley's second biggest shareholder after Dubai-based Dar Group, acquired 58.2 million shares as part of the \$4.6 billion cash and stock sale of its energy, chemicals and resources division to the Australian group in April, reports AFR.



Economic News This Week

- Today **EU Consumer Confidence**
- Today **US Existing Home Sales**
- Today **US EIA Natural Gas Stocks Change**
- Saturday **US Markit Composite PMI**
- Saturday **US ISM Manufacturing PMI**
- Saturday **US Markit Services PMI**
- Saturday **US Michigan Consumer Sentiment**
- Saturday **US Baker Hughes Oil Rig Count**

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