

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	6125	10	<b>0.2</b>
<b>NZX 50</b>	9601	26	<b>0.3</b>
<b>DJIA Futures</b>	25645	-31	-0.1
<b>S&amp;P 500 Futures</b>	2822	-1	0.0
<b>NASDAQ Futures</b>	7377	0	0.0

## Local Markets Commentary

The Australian market commences mid-week trade following a return to positive US equities trade, ahead of high-level US-China trade negotiations set to resume in Beijing from later tomorrow, and with key data out China today.

In overnight commodities trade, WTI **crude** turned to settle higher and Brent continued to gain.

US **gold** futures (April) were pushed lower.

**Iron ore** (China port, 62% Fe) declined further but remained above \$US85.00/bbl.

LME **copper** settled slightly higher. **Nickel** and **aluminium** rallied.

The \$A was supported a little higher after approaching ~US71.30C early yesterday evening.

**Locally** today, the Australian Bureau of Statistics (ABS) releases engineering construction and regional population growth reports.

Reserve Bank of Australia (RBA) assistant governor (financial markets) Christopher Kent participates in a panel discussion at an FX Week event in Sydney, **10.10am** AEDT.

Regionally, **China** is expected to publish January-February industrial profits **12.30pm** AEDT.

*Please see p3 for domestic stocks trading ex-dividend today.*

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25658	141	<b>0.6</b>
<b>S&amp;P 500</b>	2818	20	<b>0.7</b>
<b>NASDAQ</b>	7692	54	<b>0.7</b>
<b>FTSE 100</b>	7196	19	<b>0.3</b>
<b>DAX 30</b>	11419	73	<b>0.6</b>
<b>Shanghai Comp</b>	2997	-46	<b>-1.5</b>

## Overseas Markets Commentary

Major European and US equities markets opened higher for the session, but each key index reversed trends higher or lower intrasession, indicating vacillating sentiment amid largely uninspiring US data releases and political angst in the US and UK.

US political tensions abounded after it was revealed the president had dictated, following his state of emergency declaration, \$US1B of military construction project funding be transferred to funding a US-Mexico border barrier.

**RBA** – assistant governor (financial markets) Christopher Kent is a panel participant at an FX Week event, Sydney, **10.10am** AEDT

**China** – January-February industrial profits **12.30pm** AEDT

## Today's Stock Watch

### Fleetwood Corporation (FWD)

Monitoring potential flooding risks following Cyclone Veronica, WA Pilbara.

The company says 'no staff or residents' at FWD operations 'have been seriously harmed or injured'.

Fewer rooms than normal are available at FWD's Searipple accommodation village, Karratha, but FWD expects to restore full capacity and regular operations within the week.

Clean-up and repairs are underway.

FWD describes damage to the village, including accommodation and ancillary buildings, other infrastructure and vegetation as minor.

FWD does not expect any FY 2019 material earnings impact.

### CropLogic Ltd (CLI)

CLI's trial farm in Oregon, US is ready to go ahead, with the first shipment of hemp seeds in hand and at a nursery for germination. CLI is in the meantime continuing off-take talks.

### Mercury NZ (MCY)

Go-ahead in place to construct 33 of 60 planned wind turbines in the Palmerston North, New Zealand region.

The wind farm is ultimately expected to generate 470GWh.

MCY hosted a webcast teleconference this morning.

## Resources

### Galaxy Resources (GXY)

A local government pre-development agreement has been secured for GXY's James Bay lithium project, Eastmain, Canada.

### Lynas Corporation (LYC) / Wesfarmers Ltd (WES)

LYC has decided not to pursue WES talks, following WES's 'highly conditional' \$A2.25 cash-per-share indicative proposal. LYC appreciated 35% yesterday, settling at \$2.10, following speculation of potential additional offers.

## Energy

### Deep Yellow (DYL)

Extension and infill drilling has boosted DYL's Namibia uranium resources by 51% to 67.4Mlb @ 352ppm U<sub>3</sub>O<sub>8</sub> equivalent.

### Leigh Creek Energy (LCK)

Resuming from a trading halt with a resource update.



In the meantime, the US administration stood by a reported warning not to remain 'idle' should **Russia** continue to send military support to Venezuela in support of Nicolas Maduro.

Further, the US Government Accountability Office was reported to be planning to investigate the US administration's activities surrounding potential nuclear technology collaboration with **Saudi Arabia**.

In the **UK**, the House of Commons debated ways of circumventing the UK leaving the European Union (EU) without parliament ratifying UK-EU agreed arrangements.

Post-northern hemisphere trade Monday, House MPs had voted (329 – 302) in favour of considering alternative proposals to the one negotiated with the EU and twice voted down after being presented to the House by the PM.

Overnight, the UK Labor Party officially presented a customs union-based plan, but others warned no one proposal may attract a majority vote when polling commences tonight.

A swag of overnight **US data** releases included February housing starts, which were reported 8.7% lower for the month, against an 11.7% January climb.

Building permits dropped 1.6% following a 1.4% January rise.

The Richmond Fed manufacturing index dropped by six points to 10.

Two January residential property price indices diverged, Case-Shiller's slipping 0.2%, as for December, and the FHFA's adding 0.6% following a 0.3% December gain.

Conference Board's consumer confidence reading fell 7.3 points to 124.1.

In **Germany**, a GfK consumer confidence index slipped to 10.4 from 10.7.

**France's** final December quarter GDP reading came in at flat, 0.3% growth.

**Tonight** in the **US**, January trade balance, December quarter current account figures and weekly mortgage applications are due.

Elsewhere, **European Central Bank** (ECB) Mario Draghi is scheduled to speak publicly (7pm AEDT). Any new comments or emphases from Mr Draghi could well swing euro trade.

Air China, China Construction Bank, Jiangxi Copper, Lulemon, Paychex and Vale among stocks scheduled to report earnings or provide an update later today and tonight.

In overnight corporate news, **Airbus** announced a \$US34B order from China, which declared plans to suspend safety certification for **Boeing's** 737 MAX 8 craft.

**Uber** disclosed its intention to outlay ~\$US3B for Dubai-headquartered ride service operator **Careem**, ahead of an anticipated NYSE IPO.

**Samsung** warned of a likely lower-than-anticipated quarterly profit, citing softening memory chip and panel display market conditions

**CBS** and **Viacom** were again reported to be considering a potential merger.

Meanwhile, **McDonald's** revealed a planned \$300M purchase of Dynamic Yield.

## Pre-Open Announcements

### QBE Insurance Group (\* QBE)

QBE will repurchase and cancel \$US174.34M worth of notes for the \$US1015/\$US1000-of-principal early-bird price under offer announced 25 February. \$US2.05M worth of notes will be repurchased for \$US1000/\$US1000.

### NAOS Small Cap Opportunities Company (NSC)

Planning a 10%, 12-month on-market buy-back.

### Kalina Power (KPO)

KPO has pushed back the closing date of its \$A2.2M rights issue from 29 March (Friday this week) to 11 April.

In addition, KPO says underwriting commitments have risen to \$1.52M.

KPO has traded at 1.1c -1.4c over the past five trading sessions.

### Quickstep Holdings (QHL)

QHL has pushed back the closing date of its SPP from COB (AEDT) today to 3 April (Wednesday next week).

QHL has traded at 8.3c – 8.8c the past five trading sessions.

## Resources

### Alumina Ltd (\* AWC)

Presentation lodged this morning after presenting at a bauxite and alumina conference overnight, in Miami, Florida.

AWC has traded lower the past two trading sessions, but LME aluminium prices rallied overnight.

### Pilbara Minerals (\* PLS)

\$A50M payment in hand from Jiangxi Ganfeng Lithium Co, in accordance with a spodumene concentrate offtake subscription agreement whereby Jiangxi Ganfeng has secured ~77.66M PLS shares at 64.38c each.

Jiangxi Ganfeng held 4.30% of PLS as at 28 February.

Mineral Resources (ASX: MIN) held 7.24%.

PLS has traded at 67c – 72c over the past five trading sessions.

### Hastings Technology Metals (\* HAS)

The Australian Government is investigating further HAS's Yangibana rare earths project, with a view to supporting development with funds from the Northern Australia Infrastructure Facility.

### Sipa Resources (SRI)

Acquiring the Clara gold project in the Croydon province, Queensland.

SRI says the project is located along strike from Moho Resources' (ASX: MOH) greenfields gold discovery.

### Kore Potash (KP2)

KP2 will consider a consortium EPC proposal submitted this past Saturday for the Republic of Congo Sintoukola potash project.

This, despite KP2's deadline for companies to submit EPC proposals having been 28 February.

**Commodities**

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1315</b>	oz	-7.6	<b>-0.6</b>
<b>Silver (NY) (May)</b>	15.43	oz	-0.14	<b>-0.9</b>
<b>Gold (LON)</b>	1320	oz		
<b>Platinum</b>	856	oz	0	0.0
<b>WTI Crude (May)</b>	<b>59.84</b>	bbl	1.12	<b>1.9</b>
<b>Brent Crude (May)</b>	<b>67.97</b>	bbl	0.76	<b>1.1</b>
<b>Iron Ore (CHN port 62%)</b>	<b>85.23</b>	t	-0.58	<b>-0.7</b>
<b>Copper (LME,3mth,PM)</b>	<b>6352</b>	t	12	<b>0.2</b>
<b>Nickel</b>	13095	t	135	<b>1.0</b>
<b>Aluminium</b>	1902	t	14	<b>0.7</b>
<b>Lead</b>	1999	t	-21	<b>-1.1</b>
<b>Zinc</b>	2878	t	34	<b>1.2</b>
<b>Tin</b>	21305	t	-130	<b>-0.6</b>
<b>CBT Wheat (May)</b>	<b>4.71</b>	bshl	0.01	<b>0.2</b>

**Commodities Commentary**

**Oil** – overnight prices rallied amid plenty of industry news and political developments.

Venezuela's Jose oil export port, including four upgraders, was reported to have remained shut down following a major power outage Monday.

In the meantime, Lyondell Basell revealed its Houston refinery was operating 14% below 263,776bbl/d capacity due to ongoing restricted regional shipping following a coastal petrochemical fire. Among the forecasters, Glencore ventured Brent oil prices were likely to remain within the \$US60s/bbl range during 2019.

Gunvor agreed but also offered prices could rise to low-\$US70s/bbl.

Vitol nominated \$US60/bbl - \$US80/bbl.

Trafigura predicted a 'possible rise' from recent \$US66/bbl - \$US67/bbl trading.

A weekly US petroleum inventories report is due tonight from the EIA.

**Gold** – prices retreated overnight as equities returned to favour, with bond prices falling (and yields rising).

The ICE \$US index rose ~0.2%.

Key data to come this week is expected to swing currencies trade.

**Base metals** – overnight copper traders appeared to be waiting for the outcomes of US-China trade talks scheduled for Thursday-Friday this week in Beijing and for two days in Washington next week, but inventories also influenced select trade.

Copper was supported in part by MMG's warning that it may need to declare force majeure regarding the Las Bambas operation in Peru, which has attracted community protests for several consecutive week.

Yesterday, China's customs figures revealed February refined zinc imports had dropped to 20,350t, a two-year low.

In the meantime, large WA Pilbara iron ore operations were reported to be recommencing following cyclone activity.

China's January-February industrial profits are expected today.

The consortium comprises Technip France, Vinci Construction Grand Projects, Egis International and Louis Dreyfus Amateurs.

**Trading Halts**

Company	Code	Resuming
Charter Hall Education Trust	CQE	28 Mar
Emerge Gaming	EM1	28 Mar
Geopacific Resources	GPR	28 Mar
WISR Ltd	WZR	28 Mar

**Suspensions (select)**

Company	Code	Since
American Patriot Oil & Gas	AOW	14 Mar
Consolidated Zinc	CZL	26 Mar
(The) Data Exchange Network	DXN	25 Mar
Environmental Clean Technologies	ECT	15 Mar
Gascoyne Resources	GCY	18 Mar
IOT Group	IOT	13 Mar
Medigard Ltd	MGZ	8 Mar
MZI Resources	MZI	20 Mar
Mustera Property Group	MPX	20 Mar
Orinoco Gold	OGX	25 Mar
Range Resources	RRS	20 Mar
Serpentine Technologies	S3R	6 Mar
Universal Coal	UNV	21 Mar
Vivid Technology	VIV	25 Mar

**Ex-Dividends**

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>JHC</b>	Today	<b>2.8</b>	0	4.49
<b>PWH</b>	Today	<b>1.6</b>	100	2.15
<b>SGF</b>	Today	<b>8.17</b>	100	8.06
<b>URW</b>	Today	<b>30.21</b>	0	2.51
<b>VEA</b>	Today	<b>4.8</b>	100	1.94
A2B	Tomorrow	4	10	3.81
ADI	Tomorrow	4.25	0	5.93
AOF	Tomorrow	3.95	0	5.73
APE	Tomorrow	22.5	100	4.83
APW	Tomorrow	0.56	0	1.64
AQR	Tomorrow	5.22	0	6.78
ARF	Tomorrow	3.38	0	4.76
AVN	Tomorrow	4.16	0	7.28
CIP	Tomorrow	4.6	0	6.21
CLW	Tomorrow	6.9	0	5.72
CMA	Tomorrow	4.36	0	7.01
CMW	Tomorrow	1.81	0	6.75
CQE	Tomorrow	4	0	4.42

**Exchange Rates**

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7141	0.0006	0.09
<b>EUR – USD</b>	1.1275	0.0010	0.09

**Australian Data Today**

ABS	Engineering construction	Dec Q
ABS	Regional population change	2017-18

**US Data Tonight**

Trade balance	Jan
Current account	Dec Q
MBA mortgage applications	22 Mar

**Other Overseas Data Today & Tonight**

<b>China</b>	Industrial profits	Jan-Feb
<b>UK</b>	CCI distributive trades	Mar

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EHH	Tomorrow	0.5	0	2.00
GCI	Tomorrow	0.9	0	3.68
GCM	Tomorrow	1.25	0	4.14
GDF	Tomorrow	2.25	0	6.74
KLA	Tomorrow	3.4	0	0.25
MEZ	Tomorrow	7.36	0	3.28
MOC	Tomorrow	3	100	12.63
QRI	Tomorrow	0.38	0	0.62
RDC	Tomorrow	2.16	0	2.77
RFF	Tomorrow	2.61	0	4.50
RFP	Tomorrow	1.3	100	0.00
SDI	Tomorrow	2.2	100	3.23
TGP	Tomorrow	3	0	7.00
TOT	Tomorrow	3	0	9.41
VRT	Tomorrow	12	100	5.87
VTG	Tomorrow	5.2	100	6.36
WPP	Tomorrow	4	100	9.69
GVF	Fri	3.15	70	6.00
MXT	Fri	1.13	0	5.56
PNC	Fri	4.31	100	5.46

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