

### Futures Indices (Source: IRESS)

INDEX	CLOSE	+/-	%
E-mini S&P 500 Futures	3150.25	-3.5	-0.11
E-mini Dow Futures	28104	-44	-0.16
E-mini NASDAQ 100 Futures	8444.5	-10.25	-0.12
SFE 200 Futures	6899	27	0.39

### Local Market Commentary

The Australian sharemarket is expected to open higher as markets largely brushed off concerns over rising US-China tensions. Futures are pointing to a gain of 27 points, or 0.39 per cent, at the open.

US markets were closed for the Thanksgiving holiday but futures indicated markets will retreat when trading resumes on Friday, in what will be a shortened day. The contracts for both the Dow Jones Industrial Average and the S&P 500 losing 0.3% and 0.2%.

### World Indices (Source: IRESS)

INDEX	CLOSE	+/-	%
Dow Jones	28164	0	0
S & P 500	3153.63	0	0
NASDAQ	8705.1752	0	0
FTSE 100	7416.43	-13.35	-0.18
DAX 30	13245.58	-41.49	-0.31
CAC 40	5912.72	-14.12	-0.24
Milan MIB30	23342.42	-142.61	-0.61
Nikkei	23409.14	-28.63	-0.12
Hang Seng	26893.73	-60.27	-0.22
Hang Seng China Enterprises	10561.87	-58.24	-0.55
Straits Times	3200.61	-14.92	-0.46
Shanghai Composite	2889.6934	-13.5013	-0.47

### Australian Stock Watch

**Accent Group Ltd (AX1):** Footwear retailer Accent Group has received a first strike against its remuneration report, after a near miss last year, in a shareholder backlash against high executive bonuses and share sales by directors. At Accent's annual general meeting yesterday, about 38 per cent of shares voted were against the remuneration report, exceeding the 25 per cent threshold needed for a first strike, following a 23.9 per cent No vote recorded last year, reports AFR.

**Caltex Australia Ltd (CTX):** The chief executive of Canadian convenience store group Alimentation Couche-Tard which has made an \$8.6 billion buyout offer for Caltex Australia says it is highly adept at "turning over every rock" in businesses it acquires to find cost savings. Brian Hannasch also said Couche-Tard had been closely scrutinising potential acquisitions in the Asia-Pacific region because it will show the biggest economic growth over the next two decades, reports AFR.

**Commonwealth Bank of Australia (CBA):** CommInsure has been hit with a \$700,000 criminal penalty for breaching anti-hawking rules, but avoided a maximum penalty of \$1.85 million by making an early guilty plea. The illegal conduct involved the Commonwealth Bank of Australia's insurance arm selling a policy known as Simple Life via phone calls, despite the customers not requesting marketing information from the company. These unlawful calls are known as hawking, reports AFR.

**Cromwell Group (CMW):** A bitter fight to appoint veteran businessman Gary Weiss to the board of Cromwell Property Group fizzled by a nose on Thursday. At the crowded annual general meeting for the Brisbane-based property funds management outfit, Cromwell came out on top by 1.3 per cent in a corporate slugout with its major investor, ARA Asset Management, reports AFR.

**Evolution Mining Ltd (EVN):** It's the year for risky acquisitions in Australia's gold sector, and not just because everyone is buying at historically high gold prices. The common thread between the four biggest gold deals on the ASX this year is the acquirers' belief they can turn underperforming assets into something much better in a few years. Evolution Mining's \$US375 million (\$555 million) acquisition of Newmont's Red Lake asset is just the latest example of an Australian gold miner announcing a deal that asks investors to show patience, belief in exploration potential and a willingness to spend significant sums on capital improvements before the new asset looks attractive, reports AFR.

**Fortescue Metals Group Ltd (FMG):** Fortescue Metals Group chief executive Elizabeth Gaines has staked a claim for Australia's "third force" in iron ore to develop into a significant hydrogen exporter, capitalising on its supply chain capabilities and market access. Ms



## Overseas Markets & Gold Commentary

*The gold market is trading water Thursday as U.S. markets are closed for the Thanksgiving holiday and see a shorted trading day Friday. The spot market, which remains open, shows gold prices holding steady.*

*However, some analysts see the prospect of higher prices when markets get back to normal next week as the trade war between China and the U.S. hit a potential snag. President Donald Trump signed into law legislation backing pro-democracy protesters in Hong Kong. The law has angered the Chinese government, which called it arrogant and full of prejudice. Some market analysts expect that the new tensions could have an impact on the ongoing trade talks, which Trump said were in the “final throes” of a phase one agreement.*

*“Trump is still keen to achieve such a deal, however. China has already announced that it will resolutely oppose the bill and that it will take retaliatory measures,” said analysts at Commerzbank. “The uncertainty over what will happen next in the trade dispute remains, in other words, which should benefit gold as a safe haven.”*

*Many analysts have noted that the headline volatility surrounding the global trade talks will continue to support gold prices. Ole Hanse, head of commodity strategy at Saxo Bank, said that he remains bullish on gold in the long-term even if there is continued selling pressure in the short-term.*

*European stocks retreated on the US-China tensions while a survey of dozens of Europe's top business executives shows their optimism is waning as trade tensions and other geopolitical uncertainties cloud the outlook for the global economy.*

***Asia:** Japanese retail figures slumped the most since 2015 as a sales tax hike dragged on the economy, exacerbating a slowdown caused by slowing exports and manufacturing.*

*That took Asian shares excluding Japan down 0.2% . Japan's Nikkei, Hong Kong's Hang Seng and Shanghai blue chips all closed weaker.*

***Copper takes a hit:** Copper prices slipped on Thursday as deteriorating relations between the United States and China cast doubt over prospects for imminent resolution to the prolonged trade dispute between the world's two largest economies.*

*Gaines said Fortescue's work with government science agency CSIRO on hydrogen technology puts it at the forefront of the emerging sector, reports AFR.*

***Harvey Norman Holdings Ltd (HVN):** Katie Page has a clear message for those who critique how she and Gerry Harvey run retailer Harvey Norman: it's a family-led business, and her family has runs on the board. “There are a lot of ways business can be run. Should it all fit into one little box?” Ms Page, the retailer's chief executive for two decades, told The Australian Financial Review yesterday, reflecting on the fiery Harvey Norman annual general meeting the day before, reports AFR.*

***IOOF Holdings Ltd (IFL):** IOOF has made more progress than its peers in removing conflicts post-Hayne, claims chief executive Renato Mota, but critics say he is “doubling down” on an old-school business model that was criticised by the royal commission. Mr Mota laid out his vision for the embattled wealth manager to “stabilise, transform and prosper” as it rebuilds its reputation after being taken to task by the royal commission and sued by the prudential regulator, reports AFR.*

***Mcgrath Ltd (MEA):** ASX-listed real estate agency McGrath is poised to lift its pre-tax earnings to a little above \$1 million for the first half of 2020 after a year of negative results. The company's modest turnaround comes as it grapples with a series of sexual harassment allegations concerning a senior agent with an internal investigation now under way. At its annual general meeting yesterday, the company said it expected to post earnings before interest tax depreciation and amortisation (EBITDA) of between \$1 million and \$1.5 million in the first half of the year, a lift from a \$10.1 million EBITDA loss for the whole of 2019, reports AFR.*

***OZ Minerals Ltd (OZL):** OZ Minerals may inherit more of Brazilian miner Vale's non-core assets, after the two companies struck a four pronged partnership. Vale will transport and market the copper concentrate that OZ will produce in Brazil's Carajas region in the wake of last year's Avanco acquisition, in a deal that will significantly lower the Australian company's cost of operating in Vale's heartland, reports AFR.*

***Qantas Airways Ltd (QAN):** Qantas and Jetstar are suing the company constructing Brisbane Airport's second runway for more than \$5m after a wayward water tank smashed into two of their aircraft. A QantasLink Boeing 717-200 and a Jetstar A320 parked at the terminal both suffered substantial damage from the large poly plastic tank, which became airborne during a severe thunderstorm on November 13, 2016. In documents filed in the Brisbane Supreme Court, BMD Constructions was accused of failing to tether, secure, weigh down or anchor the tank, located in a construction storage area of the airport, reports The Australian.*

***RCR Tomlinson Limited (RCR):** Former RCR Tomlinson managers were warned a year before the engineering group collapsed that two Queensland solar contracts were “blowing the budget” and were aware by early 2018 the company was on the hook for \$40 million in financial penalties due to construction delays, documents have revealed, reports AFR.*



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## International Economic Data

- **EU Inflation Rate** - The consumer price inflation in the Euro Area was confirmed at 0.7 percent in October 2019, down from 0.8 percent in the previous month and the lowest since November 2016. Energy prices dropped at a faster pace while food and services inflation rates were unchanged, reports Market Economics.
- **EU Unemployment Rate** - The Euro Area seasonally-adjusted unemployment rate stood at 7.5 percent in September 2019, unchanged from the previous month and slightly above market expectations of 7.4 percent. Still, this is the lowest rate recorded in the euro area since July 2008, reports Market Economics.
- **AU HIA New Home Sales** - Australia's new homes sales rose 5.7 percent from a month earlier in September 2019, following a 7.3 percent increase in the previous month, data from Housing Industry Association showed. Sales increased in South Australia (18.0 percent), Western Australia (13.6 percent), Victoria (11.0 percent) and Queensland (1.7 percent), but fell in New South Wales (-12.1 percent). "The easing of APRA's lending restrictions and the RBA's rate cuts have started to have a positive impact on the new home market," said HIA Economist, Angela Lillicrap, reports Market Economics.
- **AU Private Sector Credit** - Private sector credit in Australia rose by 0.2 percent month-over-month in September 2019, the same pace as in the previous month and in line with market expectations. Housing credit growth was unchanged (at 0.2 percent), amid a faster rise in business credit (0.4 percent vs 0.3 percent in August) and a further fall in credit for personal use (-0.7 percent vs -0.5 percent). Through the year to September, private sector credit grew by 2.7 percent, reports Market Economics.

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## Economic News This Week

- Today **EU Inflation Rate**
- Today **EU Unemployment Rate**
- Today **AU HIA New Home Sales**
- Today **AU Private Sector Credit**
- Saturday **US Baker Hughes Oil Rig Count**

**Rio Tinto Ltd (RIO):** Rio Tinto's head of port and rail operations has outlined further significant gains in efficiency and productivity that the iron ore miner expects to squeeze out of its Pilbara network through the introduction of a deep learning artificial intelligence system. Project Tempo, developed with partners from EY, Monash University and Strukton Rail, involves a system that prioritises problems with track conditions depending on which return the highest value, said Ivan Vella, Rio Tinto managing director port, rail & core, reports AFR.



**Commodities (Source: IRESS)**

COMMODITY	CLOSE	+/-	%
<b>COMEX</b>			
Gold Feb 10	1462.1	1.3	0.09
Silver Mar 10	17.03	-0.025	-0.15
Copper Mar 10	2.6745	-0.0215	-0.8
<b>NYMEX</b>			
Platinum Jan 10	895	-0.4	-0.04
Palladium Mar 10	1812.5	6.6	0.37
<b>LONDON METAL</b>			
Gold (AM Fix)	1459.8	2.15	0.15
Gold (PM Fix)	1454.35	-0.3	-0.02
<b>ENERGY</b>			
Light Crude Jan 10	58.24	0.13	0.22
Brent Crude Oil	63.26	0.2	0.32
<b>CBT</b>			
Wheat Dec 19	526.75	0	0
Soybeans Nov 19	882	0	0
Corn Dec 19	373.25	0	0
<b>OTHER</b>			
Iron Ore (China Port)	87.5	0	0
Coal (ICE-GC Newcastle)	71.55	0.8	1.13
<b>LME Indicative</b>			
Copper - Cash	5869.25	-56.25	-0.95
Copper - 3Mth	5891.5	-50.5	-0.85
Lead - Cash	1929.25	2.25	0.12
Lead - 3Mth	1942.5	2	0.1
Zinc - Cash	2302.5	-21	-0.9
Zinc - 3Mth	2276.5	-17	-0.74
Aluminum - Cash	1763.25	-11.25	-0.63
Aluminum 3Mth	1757	-6.5	-0.37
Nickel - Cash	13968.5	-366	-2.55
Nickel - 3Mth	13990	-370	-2.58
Tin - Cash	16420	24	0.15
Tin - 3Mth	16420	-30	-0.18

**AUD exchange Rates (Source: IRESS)**

CROSS	CLOSE	+/-	%
AUDUSD	0.677	-0.0004	-0.06
AUDJPY	74.095	-0.1075	-0.14
AUDGBP	0.5232	-0.0018	-0.34
AUDCAD	0.9001	0.0004	0.05
AUDNZD	1.0534	-0.0018	-0.17
AUDHKD	5.2983	-0.0041	-0.08
AUDSGD	0.9246	-0.0002	-0.03
AUDMYR	2.8243	-0.0028	-0.1
AUDEUR	0.6148	-0.0011	-0.19

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