

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>6022</b>	<b>-14</b>	<b>-0.2</b>
<b>NZX 50</b>	8385	1	0.0
<b>DJIA Futures</b>	26143	-29	-0.1
<b>S&amp;P 500 Futures</b>	2823	0	0.0
<b>NASDAQ Futures</b>	6899	0	0.0

## Local Markets Commentary

The Australian market commences Friday trade on uninspiring overnight international equities leads but good gains for a couple of key commodities.

Locally today, December quarter producer prices are due from the Australian Bureau of Statistics (ABS) 11.30am AEDST.

In overnight commodities trade, US **gold** futures settled higher.

**Oil** rallied further. **Iron ore** (China port, 62% Fe) continued lower, albeit slightly again.

LME **copper** settled barely changed but **nickel** extended Wednesday's rally.

The **\$A** appreciated to ~US80.40c after trading at ~US80.25c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	<b>26187</b>	37	<b>0.1</b>
<b>S&amp;P 500</b>	2822	-2	<b>-0.1</b>
<b>NASDAQ</b>	7386	-26	<b>-0.4</b>
<b>FTSE 100</b>	7490	-43	<b>-0.6</b>
<b>DAX 30</b>	13004	-186	<b>-1.4</b>
<b>Shanghai Comp</b>	3447	-34	<b>-1.0</b>

## Overseas Markets Commentary

Major European and US equities markets mostly opened lower overnight, varying fortunes from there on seemingly mostly influenced by a plethora of corporate results.

**US** sovereign bond sales again proved significant, pushing yields higher.

Among a batch of mixed US economic indicators, ISM's January manufacturing PMI was reported 0.2 lower for the month, at a nonetheless robust 59.1.

December quarter labour costs rose 2%.

January vehicle sales appeared to disappoint overall.

**Tonight** in the **US**, January employment statistics, December factory orders and a final January University of Michigan consumer sentiment index are due.

AstraZeneca, BT Group, Chevron, Deutsche Bank, Exxon Mobil, Merck, Philips 66 and Sony are among companies scheduled to report earnings or provide trading updates.

In overnight corporate news, **Royal Dutch Shell** booked a 140% rise in December quarter profit to \$US4.3B. \$US35.65B 2017 cash flow represented a \$US15.03B increase for the year.

The stock fell ~2.5% however, on weaker-than-

## Today's Stock Watch

### James Hardie Industries (JHX)

Raising the base of the company's full-year adjusted operating profit range from \$US245M to \$US260M, the range now set at \$US260M - \$US275M.

For the nine months to 31 December, NPAT fell 12% to \$US203.7M.

Adjusted operating profit rose 6% to \$US205.5M.

Net sales grew 7% to \$US1.5B, supported by \$US495.1M net sales for the December quarter.

### Vocus Communications (VOC)

Former KPMG Australia managing partner markets Julie Fahey is joining the VOC board today as a non-executive director.

Ms Fahey's other directorships include with IRESS (ASX: IRE) and Seek (ASX: SEK).

### Thorn Group (TGA)

TGA director and former Suncorp CEO David Foster has been appointed TGA chair after Joycelyn Morton stepped down from that role yesterday morning.

### DroneShield Ltd (DRO)

US regulatory approval in hand to proceed with a government tender awarded late-2017 in Paraguay.

### TasFoods Ltd (TFL)

Anticipating a \$2.1M 2017 goodwill impairment in relation to the Shima Wasabi acquisition.

### Investa Office Fund (IOF)

UBS has cancelled IOF sell advice, replacing it with a neutral rating.

## Resources

### Lucapa Diamond Company (LOM)

The Angola Lulo diamond JV sold 4170 carats of diamonds for a gross \$US9.14M at the first 2018 sale.

### Hexagon Resources (HXG)

MoU secured with China National Building Materials - General Technology Co (CNBM-GT) for 30% of primary production from HXG's WA McIntosh graphite project.

Under the non-binding agreement CNBM-GT also plans to support HG with some form of project development finance.

### Altech Chemicals (ATC)

Malaysia high-purity alumina project \$US190M debt package finalised with Germany's government-owned kW IPEX-Bank.

### OceanaGold Corporation (OGC)

Expecting to produce 480,000oz - 530,000oz of gold and 15,000t - 16,000t of copper at a \$US725/oz - \$US775/oz ASIC during 2018.

## Energy

### AWE Ltd (AWE) / Mineral Resources (MIN)

Earlier this week, AWE invited MIN to match Mitsui's proposed 95c cash-per-share takeover by close of business today.

anticipated December quarter cash flow, pushing the FTSE 100 lower.

**Vodafone** trade also adversely impacted the FTSE 100, the company dropping ~4.5% on falling revenue.

**Glencore** revealed 2017 copper output had dropped 8% to 1.3Mt, but forecast 1.5Mt for this year.

**Unilever** delivered a €8.15B 2017 profit against €7.47B for 2016. Turnover improved 1.9% to €53.7B, supporting a December quarter year-on-year dividend increase.

**Facebook**, which had reported post-US trade Wednesday, advanced ~2%.

**Microsoft** was pushed ~1% lower despite a December quarter report that exceeded industry expectations.

**Alibaba** dropped ~4% after undershooting December quarter profit, but sales came in higher-than-anticipated, at \$US12.8B.

**eBay** traded ~10% higher, at record highs, on plans to take back some control of customer payments from PayPal, and on a better-than-expected December quarter.

**Alphabet** (fell~3% post-trade), **Amazon** (38% higher, \$US60.5B sales), **Apple** have reported post-overnight US trade, and thus will influence tonight's moves.

Meanwhile, Saudi Arabi's **Aramco** was said to be keen to establish, with Alphabet, a technology centre within Saudi Arabia.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1352</b>	oz	9	0.7
<b>Silver (NY) (Mar)</b>	17.2	oz	-0.03	-0.2
<b>Gold (LON)</b>	1341	oz	-4	-0.3
<b>Platinum</b>	1006	oz	6	0.6
<b>WTI Crude (Mar)</b>	<b>65.8</b>	bbl	1.1	1.7
<b>Brent Crude (Apr)</b>	<b>69.7</b>	bbl	0.8	1.1
<b>Iron Ore</b> (CHN port 62%)	<b>72.9</b>	t	-0.05	-0.1
<b>Copper</b>	<b>7119</b>	t	1	0.0
<b>Nickel</b>	14000	t	400	2.9
<b>Aluminium</b>	2225	t	5	0.3
<b>Lead</b>	2665	t	53	2.0
<b>Zinc</b>	3557	t	17	0.5
<b>Tin</b>	21400	t	-280	-1.3
<b>CBT Wheat (Mar)</b>	<b>4.51</b>	bshl	0.01	-0.2

### Commodities Commentary

**Oil** – Goldman Sachs has lifted its three-month Brent price forecast by \$US13/bbl to \$US75/bb, and the six-month prediction by \$US7.50/bbl to \$US82.50/bb

A US weekly petroleum drill rig count is due tonight.

**Gold** – the \$US index traded near 3.5-year lows overnight, again supporting gold interest.

**Base metals** – Caixin's 51.5 January manufacturing PMI for **China**, reported yesterday, matched December's reading.

**Japan's** 54.8 represented a 0.4 advance on the initial January estimate and a 0.8 gain for the month.

Tonight's monthly **US** employment statistics could influence the \$US and hence impact metals trade.

## Pre-Open Announcements

### Vmoto Ltd (VMT)

Reporting 392% higher, record (944) international sales of electric two-wheel vehicle products for January

### Resources

### De Grey Mining (\* DEG)

Heralding 1m resampling indications for the WA Pilbara gold project.

New RC and diamond drilling planned to begin later this month, ahead of an expected resource upgrade.

### First Cobalt (FCC)

Results lodged this morning from late-2017 drilling within the Keeley region cobalt camp, Canada.

### Energy

### Tap Oil (TAP)

Blaine Ulmer has joined the TAP board as a non-executive director. Mr Ulmer has 20 years' experience managing onshore and offshore oil and gas operations in Australia and internationally.

His overall professional experience includes 35 years in petroleum sector roles.

### Energy World Corporation (EWC)

Investor presentation lodged post-trade yesterday.

### Trading Halts

Company	Code	Resuming
Ausmex Mining	AMG	2 Feb
Buddy Platform	BUD	2 Feb
Centaurus Metals	CTM	2 Feb
Cokal Ltd	CKA	2 Feb
Hastings Technology Metals	HAS	2 Feb
Integer Group	IAM	2 Feb
Kogi Iron	KFE	2 Feb
Rision Ltd	RNL	2 Feb
Sundance Energy Australia	SEA	2 Feb
Ventnor Resources	VRX	2 Feb
Ardiden Ltd	ADV	5 Feb
Arrow Minerals	AMD	5 Feb
Botanix Pharmaceuticals	BOT	5 Feb
Department 13 International	D13	5 Feb
Eden Innovations	EDE	5 Feb
MetalsTech Ltd	MTC	5 Feb
Pura Vida Energy	PVD	5 Feb
Tasman Resources	TAS	5 Feb

### Suspensions (selected)

Company	Code	Since
The Agency Group Australia	AU1	31 Jan
BMG Resources	BMG	10 Jan
Electro Optic Systems	EOS	31 Jan
Genetic Technologies	GTG	31 Jan
GetSwift Ltd	GSW	24 Jan
Haranga Resources	HAR	22 Jan
Metalicity Ltd	MCT	1 Feb
MSM Corporation International	MSM	17 Jan
Quest Minerals	QNL	22 Jan

**Exchange Rates**

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.8040	0.0001	<b>0.01</b>
<b>EUR – USD</b>	1.2509	0.0004	<b>0.03</b>

**Australian Data Today**

ABS	PPI	Dec Q
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**US Data Tonight**

Employment	Jan
Factory orders	Dec
Uni of Michigan consumer sentiment (final)	Jan

**Other Overseas Data Today & Tonight**

<b>UK</b>	Construction PMI	Jan
<b>Euro zone</b>	PPI	Dec

**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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Raven Energy	REL	1 Feb
Sundance Resources	SDL	31 Jan
YPB Group	YPB	10 Jan

**Ex-Dividends**

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
ASW	Mon	<b>2.1</b>	100	5.25
RMD	Wed	<b>3.07</b>	0	1.00
AFI	Thu	<b>10</b>	100	3.79
BHD	Thu	<b>12</b>	0	0.00

**Reports & Events**

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>JHX</b>	Dec Q
<b>Mon</b>	ARG	Interim
<b>Tue</b>	AQG	Dec Q
	MQG	Operational briefing
	MFG	Interim
<b>Wed</b>	CBA	Interim
	RIO	Interim
<b>Thu</b>	AGL	Interim
	AMP	Full year
	CIM	Full year
	MGR	Interim
	TAH	Interim
<b>Fri</b>	NWS	Interim
	REA	Interim