

Markets

SFE 200 Futures (9.30am AEDT)	6603		
NZX 50	11492		
DJIA Futures	28508	0	0.0
S&P 500 Futures	3236	5	0.2
NASDAQ Futures	8772	20	0.2

Local Markets Commentary

The Australian market commences 2020 trade with most major international markets closed yesterday and/or overnight.

Overall trade volumes are expected to remain relatively low.

Yesterday, the People's Bank of **China** described the nation's economic growth as resilient in the face of 'profound changes', both domestic and international.

The central bank further promised to support liquidity through flexible policy, and assured it retained capacity to maintain yuan stability.

Monday, the bank declared the loan prime rate would now be the floating-rate loans benchmark.

In late-ASX trade Tuesday, China reported a 50.2 December manufacturing PMI, the same as for November.

The services sector activity index was estimated at 53.5, from 54.4.

Regionally today, Caixin is scheduled to release its December manufacturing PMI for China **12.45pm AEDT**.

Locally today, the Reserve Bank of Australia (RBA) publishes a monthly commodity price index post-ASX trade.

In overnight Tuesday commodities trade, **oil** was pushed lower.

US **gold** futures (February) posted a modest gain.

Iron ore (Nymex CFR China, 62% Fe) added US1c/t to remain a little above \$US91.50/t.

LME **copper** and other key base metals fell.

The **\$A** traded at ~US70.15c overnight Tuesday.

Japan's and **New Zealand's** markets are **closed today**.

Japan's will remain closed **tomorrow**.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones (31 Dec)	28538	76	0.3
S&P 500 (31 Dec)	3231	9	0.3
NASDAQ (31 Dec)	8973	27	0.3
FTSE 100 (31 Dec)	7542	-45	-0.6
DAX 30 (30 Dec)	13249	-88	-0.7
Shanghai Comp (31 Dec)	3050	-5	-0.2

**Best wishes from all at State One Capital Group
for a successful 2020**

China – Caixin manufacturing PMI - 12.45pm AEDT

Trades executed Monday (30 December) settle today.

Tuesday's (31 December) trades will settle tomorrow.

Today's Stock Watch

Fluence Corporation (FLC)

FLC expects Government of Ivory Coast finance for FLC to install a 150,000 cu m /day water treatment plant to be secured in the near term.

Meanwhile, the delay in financial close may push some FLC revenue, initially expected to be recognised in 2019, into 2020 accounts.

This could prevent FLC from achieving positive December quarter 2019 EBITDA.

FLC appreciated 3.85% Monday this week and added 6.17% Tuesday, settling for the year at 43c.

IVE Group (IGL) / Salmat Ltd (SLM)

IGL has completed the \$25M cash acquisition of SLM's marketing solutions business and, in association, SLM's New Zealand catalogue distribution business Reach Media.

Monday, SLM announced the proposed \$100M sale of the company's managed services business MicroSourcing to Probe BPO Holdings.

SLM traded as high as 89c Monday, but closed out the year at 81.5c.

SeaLink Travel Group (SLK)

SLK will pay a 6.5c fully franked FY 2020 interim dividend.

SciDev Ltd (SDV)

SDV has secured a HoA to acquire Texas, US-headquartered onshore oil and gas sector fluid recycling specialist Highland Fluid Technology for \$US6M.

SDV will initially pay 11.9M SDV shares (pending the \$US/\$A exchange rate), deemed equivalent to \$US5M.

Resources

Walkabout Resources (WKT)

Funds from options exercised 31 December are sufficient to enable WKT to repay a bridging loan in full, and to retain \$4.3M cash.

The loan matured 31 December.

**Overseas Markets Commentary**

Major European and US equities markets mostly last traded in a shortened session 31 December (Tuesday), key US indices featuring a late rally.

Announcements from the US president included a plan to sign a preliminary trade pact with China in Washington 15 January.

The president also accused Iran of inciting protests and a security breach at the US embassy in Iraq's capital Baghdad. Protestors, who remained at the embassy for two days, but have now dispersed, were reported to have included Iraqi Shiite militia.

The ICE \$US index traded at six-month lows. US 10-year treasury yields fell below 2.0%.

In overnight Tuesday US data releases, the Conference Board US consumer confidence index came in at 126.5, from 126.8 in November.

The Case-Shiller house price index for October came in at 0.1% for the month, the same as for September. Year-on-year, October prices were estimated to have risen 2.2%.

An October FHFA house price index rose 0.2% for the month, following a 0.7% September gain.

Tonight in the **US**, weekly new unemployment claims and Markit's final December PMI reading are due, together with weekly mortgage applications.

Elsewhere, final December manufacturing PMIs are due for the UK and euro zone.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1523.1	oz	4.5	0.3
Silver (NY) (Mar)	17.921	oz	-0.08	-0.4
Gold (LON)	1515	oz		
Platinum	964	oz	8	0.8
WTI Crude (Feb)	61.06	bbl	-0.62	-1.0
Brent Crude (Feb)	66.00	bbl	-0.67	-1.0
Iron Ore (NYMEX,CHN,62%)	91.53	t	0.01	0.0
Copper (LME,3mth,PM)	6171	t	-53	-0.9
Nickel	14045	t	-275	-1.9
Aluminium	1809	t	-16	-0.9
Lead	1922	t	-12	-0.7
Zinc	2275	t	-30	-1.3
Tin	17140	t	140	0.8

Commodities Commentary

Oil – low-volume trade featured Tuesday, China's official December PMIs partially influencing trade sentiment, together with the US president's assertion that a preliminary trade accord with China could be signed mid-month in Washington, plus a dose of year-end positioning.

Brent crude closed ~23% higher for the year, with a media survey predicting a mean \$63.07/bbl for 2020, against last month's \$US62.50/bbl survey forecast.

Pre-Open Announcements**Nuheara Ltd (NUH)**

NUH has appointed Cheryl Edwardes AM to the NUH board, as non-executive chairperson.

Ms Edwardes is a former Western Australia attorney general, and a current member of the Foreign Investment Review Board (FIRB).

NUH CEO Justin Miller, who has been acting executive chairperson, will resume his board role as MD.

Tesseract Ltd (TNT)

TNT has exercised an option to UK-headquartered firewall wholesale partner RedScan, to acquire 60 customers who purchased TNT's firewall service via RedScan.

Kangaroo Island Plantation Timbers (KPT)

KPT has lost ~1860ha of Kangaroo Island plantations due to fires over the past two weeks, but says the majority of the current crop remains unaffected by fire.

Resuming from a trading halt this morning.

KPT was last traded 24 December, at \$2.25.

Resources**Vango Mining (* VAN)**

WA Marymia gold project Albatross-Flamingo target RC drilling has delivered notable assays, including 4m @ 50.6g/t Au, from 81m, incorporating 2m @ 99.1g/t Au, and in turn hosting 1m @ 182g/t Au.

The ongoing drilling is below historical open pits.

Korab Resources (KOR)

As previously flagged, KOR non-executive director Daniel Smetana has resigned from the KOR board, effective 1 January.

Trading Halts

Company	Code	Resuming
A-Cap Energy	ACB	3 Jan
Cape Lambert Resources	CFE	6 Jan
Mincor Resources	MCR	6 Jan

Suspensions (select)

Company	Code	Since
Bounty Mining	B2Y	19 Dec
Cirralto Ltd	CRO	18 Dec
CropLogic Ltd	CLI	20 Dec
Gulf Manganese Corporation	GMC	18 Dec
Horseshoe Metals	HOR	16 Dec
Kalia Ltd	KLH	19 Dec
Kore Potash	KP2	24 Dec
Kula Gold	KGD	2 Jan



WTI crude settled ~34% higher for 2019, and with the 2020 survey prediction coming at \$US57.50/bbl, following the \$US57.30/bbl forecast the previous month.

Post-overnight Tuesday trade, the American Petroleum Institute published a weekly report estimating domestic crude stocks had fallen by 7.8MMbbl in the week ending 27 December.

This buoyed post-settlement trade prices.

The US government agency EIA weekly report is not anticipated until tomorrow night.

An EIA monthly report, published overnight Tuesday, estimated October domestic crude output at a record 12.66MMbbl/d, from 12.48MMbbl/d for September. Daily exports reached 3.8MMbbl, from 3.09MMbbl.

US-Iran-Iraq tensions could influence tonight's trade, given the two days of protests, including a security breach, at the US embassy in Baghdad, from Tuesday. This prompted a US stun grenade response, plus the evacuation of the US ambassador and key personnel and the deployment of additional US military personnel to Iraq.

Gold – Tuesday's end-of-year gold trade was supported by a softer \$US (ICE index down ~0.4%).

Comex gold futures settled ~18.9% higher for the year, and silver with an ~15.3% gain.

Base metals – Caixin's December manufacturing PMI for **China**, due today, could influence tonight's LME trade, the first for 2020. Tuesday, China announced an official 50.2 manufacturing PMI for December, flat for the month. The services sector PMI fell 0.9, to 53.5.

Also Tuesday, Chile revealed November copper production had fallen 6.7% year-on-year, amid widespread and persistent civil protests which included industrial action, and following a strong November 2018.

November copper output figures from major miners in Chile, including Codelco and BHP, are anticipated as early as this week.

Tuesday's end-of-year trade sentiment proved weak, amid thin-volume trade. Any confirmation of a mid-month signing of a US-China trade pact could boost sentiment as trade volumes start to return to normal next week.

With Lunar New Year occurring in late-January this year, trade is also likely to be impacted more than normal during the month by China pre-festivities buying.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7009	-0.0008	-0.11
EUR – USD	1.1215	0.0001	0.01

Australian Data Today

RBA	Commodity price index (4.30pm AEDT)	Dec
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US Data Tonight

Initial jobless claims	28 Dec
Markit manufacturing PMI (final)	Dec

Paringa Resources			PNL	27 Dec
Ex-Dividends				
Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
MGG	Today	3.3	0	3.01
MHH	Today	2.25	0	0.00
NBI	Today	0.9	0	5.85
PE1	Today	2.5	0	0.00
CAM	Tomorrow	1.25	100	5.13
SLK	7 Jan	6.5	100	tbc
CLF	8 Jan	1.5	100	3.98



MBA mortgage applications

27 Dec

Other Overseas Data Today & Tonight

China	Caixin manufacturing PMI	Dec
UK	Manufacturing PMI	Dec
Germany	Manufacturing PMI (final)	Dec
Euro zone	Manufacturing PMI (final)	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

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