

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	6284	-84	<b>-1.3</b>
<b>NZX 50</b>	11300	-46	<b>-0.4</b>
<b>DJIA Futures</b>	25880	-588	-2.2
<b>S&amp;P 500 Futures</b>	2997	-68	-2.2
<b>NASDAQ Futures</b>	8583	-209	-2.4

## Local Markets Commentary

The Australian market opens mid-week trade with:

- a surprise overnight 0.5% US Federal Reserve rates cut;
- a GDP reading for Australia by late morning;
- new data due for China early-afternoon;
- a swag of domestic stocks including large-caps trading ex-dividend; and
- US presidential key Democratic candidate election results coming in through this evening;
- ahead of several material economic indicators due for release in the US tonight.

**Regionally** today, Caixin is scheduled to release its **China February services PMI 12.45pm AEDT**.

A services PMI for Japan is expected 11.30am.

**Locally** today, the Australian Bureau of Statistics (ABS) publishes December quarter **GDP growth 11.30am AEDT**.

AiG's February **construction sector activity** index is due pre-trade.

Companies trading ex-dividend include: **BIN, EVT, GMA, IVC, LNK, PPT, TWE** and **WOW**. Please see pp3-4 for a detailed list.

In overnight commodities trade, WTI **crude** settled higher, but Brent slightly lower.

US **gold** futures (CME April) continued higher, posting a strong gain.

**Iron ore** (Nymex CFR China, 62% Fe) rose US4c/t past US87.10c/t.

LME (3mth evening) **copper** was pushed lower.

The **\$A** appreciated to ~US66.00c after trading at ~US65.50c early yesterday evening, but has been pushed lower this morning.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25917	-786	<b>-2.9</b>
<b>S&amp;P 500</b>	3003	-87	<b>-2.8</b>
<b>NASDAQ</b>	8684	-268	<b>-3.0</b>
<b>FTSE 100</b>	6718	63	<b>1.0</b>
<b>DAX 30</b>	11985	128	<b>1.1</b>
<b>Shanghai Comp</b>	2993	22	<b>0.7</b>

## Overseas Markets Commentary

Major European and US equities markets chopped through overnight trade amid: a multitude of Covid-19 reports indicating continued spread outside China; some encouraging UK and US data

**Australia – December quarter GDP - 11.30am AEDT**

**China – Caixin services PMI – 12.45pm AEDT**

## Today's Stock Watch

### NEXTDC Ltd (NXT)

Anticipating \$320M - \$340M FY20 capital expenditure, from previous \$280M - \$300M guidance, due to data centre contract growth.

Contracted commitments at NXT's data centre, Victoria have appreciated to ~21MW, from 15MW at 31 December 2019.

NXT is fast-tracking fourth-stage construction to add 12MW of capacity.

### Dexus Prop (DXS)

Planning to stop managing the \$1.6B NSW Treasury Corporation (Australian Mandate) property portfolio at the end of 30 June.

DXS added ~2.1% yesterday, at \$12.34, after settling lower the previous seven trading sessions.

### Emeco Holdings (EHL)

Fitch ratings has raised EHL's long-term issuer rating to B+ from B, and retained a stable outlook assessment.

### Equity Trustees (EQT)

EQT has appointed RBA non-executive director Carol Schwartz AO as a non-executive director.

### Raiz Invest (RZI)

FUM fell from \$481.62M to \$464.67M during February, but are 60.5% higher than a year ago and 6.1% higher than at the end of November 2019.

The number of active customers grew by 0.9% during February, the tally (220,643) now 20.4% higher than at the end of February 2019.

RZI recouped 8.1% yesterday, settling at 80c.

## Resources

### OZ Minerals (OZL)

OZL's Carrapateena mill has achieved nameplate throughput. In addition, concentrate grades have surpassed 40% copper.

### Westgold Resources (WGX)

WA Murchison region Cue gold project Big Bell underground mine sub-level cave stoping is underway again.

### Chalice Gold Mines (CHN)

Victoria Pyramid Hill gold project Karri target air-core drilling has returned some high-grade assays and indicated new potentially significant mineralised zones.

Two rigs operational and a third anticipated to arrive mid-March.



releases; mixed US retail sector earnings reports; a benign international financiers statement; and an out-of-cycle US Federal Reserve rates cut; on a pivotal day in the US presidential Democratic candidates polling process.

The **Federal Reserve** cut rates by 0.5%, to 1.0% - 1.25%, the abruptness appearing to ultimately unnerve US equity investors, also dragging key European equities indices to nonetheless robust session lows.

Chairman Jerome Powell's post-cut statement cited the 'broader spread' of Covid-19.

Those anticipating a near-term cut, were expecting to wait until the scheduled 17 – 18 March FOMC meeting.

A key \$US index fell 0.4%, US 10-year government bond yields fell to a new 0.999% low, gold futures were propelled higher and oil prices pulled back.

**G7** finance ministers and central bankers had earlier convened a teleconference but issued a general statement, rather than any detailed plans.

Bank of England governor Mark Carney subsequently offered, however, that international central banks and governments were planning for a 'powerful and timely' response to Covid-19 global economic recession threats.

In the meantime, Democratic presidential candidates faced voters across 14 US States, with ~34% of delegate allocations up for grabs.

Among overnight data releases, the **UK** reported an expansion-mode 52.6 February construction PMI, following 48.4 for January.

The **euro zone's** initial February CPI reading came in at 0.2% growth for the month and 1.2% growth year-on-year.

January producer prices rose 0.4% for the month, but were 0.5% lower than for January 2019.

In the **US**, the ISM's New York February business activity index appreciated 6.1 points from contraction mode to an expansionary 51.9.

The IBD/TIPP economic optimism index dropped six points to 53.9.

**Tonight** in the **US**, the ISM's non-manufacturing index, January retail sales, a private sector employment report, the Federal Reserve's district-by-district economic report (beige book), and weekly mortgage applications are due.

Elsewhere, the **euro zone** reports retail sales and services sector activity.

Companies scheduled to report earnings include: American Eagle Outfitters, Campbell Soup and Dollar Tree.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1544.4</b>	oz	49.6	<b>3.1</b>
<b>Silver (NY) (May)</b>	<b>17.188</b>	oz	0.449	<b>2.7</b>
<b>Gold (LON) (2 Mar)</b>	<b>1600</b>	oz		
<b>Platinum</b>	<b>876</b>	oz	16	<b>1.9</b>
<b>WTI Crude (Apr)</b>	<b>47.18</b>	bbl	0.43	<b>0.9</b>
<b>Brent Crude (May)</b>	<b>51.86</b>	bbl	-0.04	<b>-0.1</b>
<b>Iron Ore (NYMEX,CHN,62%)</b>	<b>87.14</b>	t	0.04	<b>0.1</b>
<b>Copper (LME,3mth,PM)</b>	<b>5666</b>	t	-53	<b>-0.9</b>
<b>Nickel</b>	<b>12690</b>	t	5	<b>0.0</b>
<b>Aluminium</b>	<b>1725</b>	t	10	<b>0.6</b>

## Pre-Open Announcements

### Sensera Ltd (\* SE1)

Global distribution agreement secured with Braemac, covering SE1's full product range including anchors, chips, RF modules, sensors and software.

### Resources

### Andromeda Metals (\* ADN) / Minotaur Exploration (MEP)

ADN exploration spending within MEP's Poocher Halloysite-kaolin project has delivered ADN 51% of the project.

Under a JV agreement, ADN plans to spend an additional \$3M over three years.

### Australian Vanadium (\* AVL)

WA vanadium project resources have grown 9.5% to 208Mt @ 0.74% V<sub>2</sub>O<sub>5</sub>.

Component figures also lodged this morning.

### Lindian Resources (LIN)

Geological field work has identified two additional regions of conglomerate bauxite. Details lodged this morning.

### Krakatoa Resources (KTA)

In response to an ASX price and volume query, KTA has suggested interest may have come from a recently commenced Belgravia project drilling program. The project is located near Newcrest Mining's (ASX: NCM) Cadia operation and Alkane Resources' (ASX: ALK) successful Boda exploration.

KTA appreciated 33.3% yesterday on almost 400 trades, settling at 5.2c and trading as high as 5.7c.

### Chesser Resources (CHZ)

Corporate presentation lodged this morning.

### Bisalloy Steel Group (BIS)

Investor presentation lodged post-trade yesterday.

### Trading Halts

Company	Code	Resuming
Encounter Resources	ENR	4 Mar
European Lithium	EUR	4 Mar
TerraCom Ltd	TER	4 Mar
Windlab Ltd	WND	4 Mar
DeGrey Mining	DEG	5 Mar
Great Northern Minerals	GNM	5 Mar
Security Matters	SMX	5 Mar

### Suspensions (select)

Company	Code	Since
Collection House	CLH	18 Feb



<b>Lead</b>	<b>1834</b>	t	-18	<b>-1.0</b>
<b>Zinc</b>	<b>1989</b>	t	-34	<b>-1.7</b>
<b>Tin</b>	<b>16750</b>	t	150	<b>0.9</b>

### Commodities Commentary

**Oil** – prices rose early but pulled back on realisation of the reason behind the **US Federal Reserve's** surprise rates reduction, despite spiking immediately following the news.

Brent crude notably traded as high as \$US53.90/bbl, but ultimately settled lower for the session.

**OPEC** and **OPEC+** are scheduled to meet from later tomorrow through Friday, and are expected to decide on whether the production cuts in effect until 31 March will be extended and potentially increased.

Reports emerged of a potential compromise, mixed cut for different **OPEC+** members, the minimum cut likely 600,000bbl/d and a likely maximum 1MMbbl/d.

Venezuela in the meantime was reported to have exported 9% more oil in February than during January.

A weekly US petroleum inventories report, prepared by government agency the Energy Information Administration, is due tonight.

**Gold** – propelled higher overnight following the US Federal Reserve's rates cut and chairman's statement, pointing to an increased economic risk due to the larger spread of Covid-19.

Bond yields and the \$US dropped after the announcement.

A batch of key data due in the US tonight, including the Fed's district-by-district economic assessment, and the ISM's services sector activity index, could swing some currency trade and sentiment heading into late-week, when more material economic indicators are scheduled for release.

**Base metals** – LME prices swung intra-session overnight, pushed and pulled overnight by demand speculation on global recession fears, and a late-trade \$US fall.

Meanwhile, Chile *lithium* miner SQM predicted further lithium price falls during 2020.

China's vehicle sales update, anticipated late-week, and February trade figures, scheduled for release over the weekend, will produce some caution during second-half week trade.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.6588	0.0005	<b>0.07</b>
<b>EUR – USD</b>	1.1172	0.0003	<b>0.02</b>

### Australian Data Today

AiG	PCI	Feb
ABS	GDP	Dec Q

### US Data Tonight

ISM non-manufacturing	Feb
Retail sales	Jan

Consolidated Tin Mines	CSD	2 Mar
Decmil Group	DCG	27 Feb
Gulf Manganese Corporation	GMC	10 Feb
Hampton Hill Mining	HHM	18 Feb
HHY Fund	HHY	27 Feb
Kalium Lakes	KLL	24 Feb
LionHub Group	LHB	24 Feb
Lucapa Diamond Company	LOM	2 Mar
Moreton Resources	MRV	20 Feb
Real Estate Investar Group	REV	3 Mar
Speciality Metals International	SEI	3 Mar

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>AEF</b>	Today	<b>2.5</b>	100	0.78
<b>ANG</b>	Today	<b>0.2</b>	100	0.00
<b>AX1</b>	Today	<b>5.25</b>	100	5.16
<b>BIN</b>	Today	<b>2.2</b>	100	0.71
<b>BRI</b>	Today	<b>2.4</b>	100	2.68
<b>BTI</b>	Today	<b>2.5</b>	100	0.00
<b>BWF</b>	Today	<b>2</b>	100	6.87
<b>CD1</b>	Today	<b>40</b>	0	0.00
<b>CD2</b>	Today	<b>12</b>	0	0.00
<b>EVT</b>	Today	<b>21</b>	100	4.64
<b>GMA</b>	Today	<b>7.5</b>	100	2.80
<b>HIT</b>	Today	<b>5.5</b>	100	5.13
<b>HMC</b>	Today	<b>4.5</b>	100	0.00
<b>HSN</b>	Today	<b>3</b>	53	1.72
<b>IFM</b>	Today	<b>2.15</b>	70	1.01
<b>IVC</b>	Today	<b>23.5</b>	100	2.59
<b>LNK</b>	Today	<b>6.5</b>	100	2.67
<b>MNF</b>	Today	<b>2.5</b>	100	1.52
<b>PAF</b>	Today	<b>1.5</b>	100	4.19
<b>PCG</b>	Today	<b>4</b>	50	0.00
<b>PGF</b>	Today	<b>2</b>	100	3.39
<b>PPT</b>	Today	<b>105</b>	100	6.44
<b>PRO</b>	Today	<b>0.5</b>	0	0.00
<b>SSM</b>	Today	<b>4</b>	100	4.33
<b>TWE</b>	Today	<b>20</b>	100	3.42
<b>WOW</b>	Today	<b>46</b>	100	1.50
AHY	Tomorrow	2	0	0.00
AKG	Tomorrow	1.36	100	5.85
APL	Tomorrow	2	50	4.74
ASX	Tomorrow	116.4	100	3.08
AUB	Tomorrow	14.5	100	3.33
AVJ	Tomorrow	1.2	100	2.56
BAF	Tomorrow	1	100	5.99
BFG	Tomorrow	4.5	100	6.46
BHP	Tomorrow	97.13	100	5.64
CAJ	Tomorrow	0.5	100	3.45



Fed beige book	Mar
ADP private employment change	Feb
MBA mortgage applications	28 Feb
Markit services PMI (final)	Feb

### Other Overseas Data Today & Tonight

<b>China</b>	Caixin services PMI	Feb
<b>Japan</b>	Services PMI	Feb
<b>UK</b>	Services PMI	Feb
<b>Germany</b>	Services PMI	Feb
Germany	Retail sales	Jan
<b>Euro zone</b>	Services PMI	Feb
Euro zone	Retail sales	Jan

### 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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CTD	Tomorrow	18	50	2.96
DGH	Tomorrow	2.25	0	3.67
EAI	Tomorrow	1.5	100	2.43
ECL	Tomorrow	2	100	4.44
EGH	Tomorrow	0.55	0	2.63
EGI	Tomorrow	1.5	100	2.80
EGN	Tomorrow	0.5	100	3.06
GLB	Tomorrow	5	0	9.63
IEL	Tomorrow	16.5	17.03	0.94
ILU	Tomorrow	8	100	2.89
JIN	Tomorrow	18.5	100	3.38
LIC	Tomorrow	3	100	0.65
MMS	Tomorrow	34	100	6.84
MND	Tomorrow	22	100	3.22
MNY	Tomorrow	5	100	3.72
MVF	Tomorrow	2.1	100	6.56
MVP	Tomorrow	2	100	0.45
NCK	Tomorrow	25	100	6.32
NEC	Tomorrow	5	100	6.29
NHF	Tomorrow	10	100	2.86
NZK	Tomorrow	1.91	0	2.54
PAC	Tomorrow	10	100	4.44
PAI	Tomorrow	2	100	3.85
PFP	Tomorrow	4	100	3.43
PME	Tomorrow	6	100	0.39
PNI	Tomorrow	6.9	100	3.10
QBE	Tomorrow	27	30	3.98
RHC	Tomorrow	62.5	100	2.16
RIO	Tomorrow	349.74	100	5.29
S32	Tomorrow	3.27	100	4.91
SEC	Tomorrow	3	100	3.79
SFC	Tomorrow	45	100	4.52
VGI	Tomorrow	9.3	100	2.13