

Markets

SFE 200 Futures (9.30am AEDT)	5625	-75	-1.3
NZX 50	8728	-138	-1.6
DJIA Futures	25039	-7	0.0
S&P 500 Futures	2702	-89	-3.2
NASDAQ Futures	6803	-255	-3.6

Local Markets Commentary

The Australian market opens mid-week trade ahead of influential domestic and regional data, following US- and UK-related anxious overnight international equities trade, and with US equities markets closed tonight.

Locally today, September quarter **GDP** is due **11.30am** AEDT.

Pre-trade, AiG publishes its November **services** sector activity index.

November vehicle sales are also expected today.

Regionally, Caixin is due to report its **China** November services PMI **12.45pm** AEDT.

In overnight commodities trade, **oil** and US (December) **gold** futures continued higher.

Iron ore (China port 62% Fe) added to Monday's gain.

LME **copper** and **nickel** fell. **Aluminium** settled flat.

The **\$A** dropped to ~US73.40c after trading at ~US73.90c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25027	-799	-3.1
S&P 500	2700	-90	-3.2
NASDAQ	7158	-283	-3.8
FTSE 100	7023	-40	-0.6
DAX 30	11335	-130	-1.1
Shanghai Comp	2666	11	0.4

Overseas Markets Commentary

Major European and US equities markets suffered from several investor concerns overnight, most opening lower, but US indices dropping suddenly ~2.5 hours into trade on responses to a **Federal Reserve** official's comments.

The FTSE 100 had opened higher, but immediately trended lower, with the **UK government** was found to be in contempt of parliament after having repeatedly refused to release the full text of legal advice on the current plan for the UK to separate from the European Union (EU).

In addition, some government members voted for additional parliamentary say should the current plan be defeated.

Earlier the EU Court of Justice had delivered its (non-binding) opinion that the UK could legally reverse its decision to leave the EU without the permission of other EU members.

Across the Atlantic, the **US** Federal Reserve's New York president ventured more rate rises through

Australia – September quarter **GDP 11.30am** AEDT

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

* Mineral exploration listing **1pm** AEDT – **A40** *

* Mineral exploration listing **2pm** AEDT – **CRS** *

Today's Stock Watch

Bank of Queensland (BOQ)

COO Anthony Rose appointed interim CEO. MD and CEO Jon Sutton has resigned for health reasons.

AMP Ltd (AMP)

AMP advice and New Zealand executive Jack Regan is retiring. AMP has appointed former Credit Suisse private banking developed and emerging Asia head Alex Wade to take over from Mr Regan, effective 7 January. Mr Regan has been with AMP for 20 years.

Trade Me Group (TME)

Assessing a new bid, this one also indicative and preliminary, from Hellman & Friedman. Earlier TME-bidder Apax Partners is conducting exclusive due diligence.

TPG Telecom (TPM)

ASIC questions anticipated at this morning's AGM. AGM materials have been lodged pre-trade.

CSL Ltd (CSL)

Today's R&D investor briefing presentation lodged.

Inghams Group (ING)

Proposing to outlay \$46M for the construction of a new poultry hatchery in Victoria.

The hatchery is expected to be operational late-2020 – early-2021.

Transurban Ltd (TCL)

Paying a 29c distribution for the six months to 31 December.

Coles Group (COL)

Macquarie has re-rated COL as outperform.

Resources

Lynas Corporation (LYC)

New regulations will be imposed on LYC following completion of an operational review by a panel in Malaysia.

Alliance Mineral Assets (* A40) / Tawana Resources (TAW)

A40 is expected to commence ASX trade **1pm** AEDT following the acquisition of TAW, via a 1.10 A40 share-for-each TAW share scheme.

A40 trade will commence on a deferred settlement basis. Normal (T+2) trade is anticipated from ASX open 17 December. 1.295B A40 quoted shares.

Caprice Resources (* CRS)

Minerals explorer scheduled to list **2pm** AEDT following a \$4.5M IPO at 20c per share. 24.6M quoted securities.

2019, citing expectations of further US economic growth.

This propelled government bond prices higher, and hence yields lower, two-, five- and 10-year **bond yield spread** changes appearing to particularly concern. For example, five-year bond yields fell below those for two-year bonds, and two- and 10-year bond yields narrowed markedly.

This is traditionally technically viewed as signalling a slowing economy, and US indices were consequently pushed significantly lower, ~2.5 hours into the session's trade.

Further, **Iran** again threatened to stop oil traffic through the Persian Gulf should its oil trade ultimately be impeded.

In scant data releases, a UK construction PMI offered some relief, coming in a 53.4 from 53.2 in October and following forecasts of a fall to 52.5.

In the meantime, the **Bank of England** governor Mark Carney outlined to parliamentarians the central bank's view of the UK-EU separation plan, again admonishing against any moves that would jeopardise having firm UK-EU agreements in place, this time adding a warning that food prices could otherwise rise 10%.

Across the channel, **euro zone** finance ministers heralded a positive meeting which delivered broad agreement, including on adding flexibility to the European Stability Mechanism (ESM – stopgap support in the event of a regional financial crisis) and delivering more power to the banking sector.

In **France**, the government pushed back by six months a planned fuel tax increase, following weeks of protest.

Tonight in the US, Washington will host a state funeral service for former president George HW Bush. A national day of mourning has been declared.

In association, the Federal Reserve has cancelled a parliamentary committee appearance by chair Jerome Powell.

Elsewhere, outcomes from a second day (of three scheduled for this week) of UK parliament EU separation debate remain uncertain. Tuesday next week, parliament can formally vote for changes the proposed deal.

In overnight corporate news, **Apple** was reported to be planning holiday season discounts in order to improve iPhone demand.

Dollar General dropped more than 5% on a trade tax warning.

*US equities and bond markets will be **closed tonight**, due to a state funeral service in Washington for former US president George HW Bush, and a national day of mourning.*

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Dec)	1241	oz	5	0.6
Silver (NY) (Dec)	14.6	oz	0.1	0.7
Gold (LON)	1230	oz	13	1.1
Platinum	802	oz	-4	-0.5
WTI Crude (Jan)	53.3	bbl	0.3	0.6
Brent Crude (Jan)	62.1	bbl	0.4	0.6
Iron Ore (CHN port 62%)	67.2	t	0.8	1.2
Copper (LME,3mth,PM)	6209	t	-86	-1.4
Nickel	11150	t	-100	-0.9
Aluminium	1974	t	0	0.0

Pre-Open Announcements

Pinnacle Investment (* PNI)

Macquarie has commenced PNI coverage with an outperform assessment.

FBR Ltd (* FBR)

An MoU secured with Caterpillar in June 2017 has been discontinued, despite a new option deed agreed July this year. FBR and Caterpillar are each citing differing strategic priorities as the reason for letting go the MoU.

Caterpillar intends to sell its 2.13% FBR holding.

WH Soul Pattinson & Company (SOL)

SOL's Friday AGM will be webcast live. Access details lodged post-trade yesterday.

The AGM commences midday.

Revasum Inc (RVS)

Semiconductor processing equipment manufacturer completed its ASX listing yesterday following a \$30.7M IPO at \$2.00 per CDI/share.

Opened at \$1.90 and slipped to \$1.85 before settling at \$1.86.

~1.0M shares were traded across 41 transactions.

Trading commenced on a deferred settlement basis. Normal (T+2) trade is expected to commence tomorrow.

43.67M quoted securities.

Resources

Alacer Gold Corporation (AQG) / Sandfire Resources (SFR) / Regis Resources (RRL)

Macquarie has re-rated AQG and SFR as outperform, from neutral, and RRL as neutral.

Energy

Whitehaven Coal (WHC)

Macquarie has re-rated WHC as outperform.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	CSL TPM	Investor briefing AGM
Tomorrow	FSF NUF	Q1 AGM
Fri	SOL	AGM
12 Dec	WBC	AGM
13 Dec	ELD	AGM
14 Dec	PDL	AGM
19 Dec	ANZ NAB ORI SYD	AGM AGM AGM Nov stats
20 Dec	DLX IPL	AGM AGM

Lead	2007	t	43	2.2
Zinc	2589	t	6	0.2
Tin	19175	t	310	1.6
CBT Wheat (Dec)	5.22	bshl	0.01	0.2

Commodities Commentary

Oil – prices swung overnight on geopolitical developments and uncertainty ahead of this week's OPEC meeting.

overnight talk surrounding OPEC included a claim Russia was holding out on attempts to negotiate an OPEC and allies further production cut agreement, reportedly offering to reduce output by as much as 50% less than OPEC has requested.

OPEC member Iraq in the meantime conceded geopolitics had 'damaged' oil markets.

This, ahead of OPEC commencing its last formally scheduled policy meeting of the year tomorrow in Vienna. Friday, an official OPEC meeting with production agreement allies has been expected to deliver a change to current production levels, in order to contain any international surplus.

Also overnight, Iran again threatened to block Persian gulf shipping routes should the US further move to destroy Iran's oil export income.

This followed reports that a European plan to establish an account for trade with Iran might not cover oil business.

Gold – US futures settled at an almost five-month peak overnight, this mostly attributed to safe-haven demand and an associated weaker \$US.

Base metals – no 'in-writing' agreement from the weekend US-China dinner talks, and UK political angst, appeared to dampen overnight metals sentiment.

In addition, the US president had claimed he was putting off a planned trade press conference until after tonight's Washington state funeral for former US president George HW Bush, and China authorities asserted no official comment had been offered due to China's president being away.

In corporate news, major *nickel* producer Vale reduced its 2019 production prediction to 244,000t (from 263,000t), but forecast growth thereafter to 313,000t and ultimately 400,000t, possibly within five years.

Vale added that it planned to invest \$US500M into the group's New Caledonia nickel operations from 2019 through 2022.

Vale also forecast 400Mt of iron ore output for 2019 and 2020, against 390Mt this year.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7339	-0.0001	-0.01
EUR – USD	1.1342	-0.0000	-0.00

Australian Data Today

AiG	PSI	Nov
ABS	GDP	Sep Q
VFACTS	New vehicle sales	Nov

21 Dec	AIA	Nov stats
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Trading Halts

Company	Code	Resuming
Coolgardie Minerals	CM1	5 Dec
Galilee Energy	GLL	5 Dec
Brookside Energy	BRK	6 Dec
CardieX Ltd	CDX	6 Dec
Centuria Industrial REIT	CIP	6 Dec
Cohiba Minerals	CHK	6 Dec
Comet Resources	CRL	6 Dec
Echo Resources	EAR	6 Dec
Estrella Resources	ESR	6 Dec
Force Commodities	4CE	6 Dec
Genesis Minerals	GMD	6 Dec
MNF Group	MNF	6 Dec
Morphic Ethical Equities Fund	MEC	6 Dec
PolarX Ltd	PXX	6 Dec
VDM Group	VMG	6 Dec
Vivid Technology	VIV	6 Dec
West African Resources	WAF	6 Dec

Suspensions (select)

Company	Code	Since
Birimian Ltd	BGS	15 Nov
Carbon Energy	CNX	28 Nov
Department 13 International	D13	23 Nov
Energy Technologies	EGY	12 Nov
PayGroup Ltd	PYG	3 Dec
Planet Gas	PGS	23 Nov
RCR Tomlinson	RCR	14 Nov
State Gas	GAS	4 Dec
Sterling Plantations	SBI	27 Nov
VPCL Ltd	VPC	19 Nov
Zyber Holdings	ZYB	28 Nov

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
CD1	Today	7.5	0	0.00
CD2	Today	9	0	0.00
AYK	Tomorrow	11	100	4.37
AYZ	Tomorrow	42	100	3.85
CKF	Tomorrow	9	100	2.55
PDL	Tomorrow	30	15	6.01
TLM	Tomorrow	6.38	100	0.00
WBA	Tomorrow	3	100	1.75
FPH	Fri	9.16	0	1.70
JHX	11 Dec	11.01	0	2.64
GTK	12 Dec	8.18	8.50	2.35
ECX	13 Dec	8	100	6.37
MTS	13 Dec	6.5	100	5.53
SEN	13 Dec	0.37	0	0.49
CLW	28 Dec	6.5	0	6.20
NEW	28 Dec	4	0	5.46
RFF	28 Dec	2.61	0	4.52
TCL	28 Dec	29	~3.4	tbc

**US Data Tonight**

<i>ISM non-manufacturing</i>	Nov
<i>Productivity</i>	Sep Q
<i>Fed beige book</i>	Oct
<i>ADP private sector employment</i>	Nov
<i>Markit services PMI (final)</i>	Nov
<i>MBA mortgage applications</i>	30 Nov

Other Overseas Data Today & Tonight

China	Caixin services PMI	Nov
Japan	Services PMI	Nov
UK	Services, composite PMIs	Nov
Germany	Services, composite PMIs (final)	Nov
Euro zone	Services, composite PMIs (final)	Nov
Euro zone	Retail sales	Oct

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