

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	5699	25	<b>0.4</b>
<b>NZX 50</b>	8859	35	<b>0.4</b>
<b>DJIA Futures</b>	25539	0	0.0
<b>S&amp;P 500 Futures</b>	2758	0	0.0
<b>NASDAQ Futures</b>	6950	0	0.0

## Local Markets Commentary

The Australian market commences December trade ahead of:

- a data-loaded week;
- an unexpected shortened US trading week, with the NYSE and NASDAQ closed Wednesday;
- OPEC meetings Thursday-Friday;
- three initial days of UK parliamentary debate on the European Union withdrawal;
- US Federal Reserve parliamentary testimony mid-week; and
- a Reserve Bank of Australia (RBA) policy meeting tomorrow.

In addition, markets are likely to react today and tonight to back wash from the Friday - Saturday **G20** leaders' forum in Buenos Aires, Argentina.

In Buenos Aires, the **US, Mexico** and **Canada** signed a new **trade agreement**; the **US** and **China** agreed not to implement or impose any new tariffs on each other's imports for 90 days; and G20 leaders unanimously agreed to promote WTO structural and process improvements.

Among today's regional data releases, Caixin is due to report a manufacturing PMI for **China 12.45pm AEDT**.

**Locally** today, AiG's **manufacturing** sector activity index, plus weekly and monthly capital city residential property price reports are due pre-trade.

Also ahead of tomorrow's RBA policy meeting, the Australian Bureau of Statistics (ABS) releases October **building approvals** and the ANZ November **job advertisements**, each at 11.30am AEDT.

The ABS also publishes September quarter **company profits** and business inventories.

A monthly **inflation gauge** report is due from the Melbourne Institute this morning, and the RBA reports **commodity prices** post-trade.

In overnight Friday commodities trade, **oil** turned lower.

US (February) **gold** futures settled moderately lower.

**Iron ore** (China port 62% Fe) declined.

LME **copper** turned slightly lower. **Aluminium** rallied and **nickel** continued to do so.

The **\$A** slipped to ~US73.05c after trading at US73.15c early Friday evening, but has appreciated this morning.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25538	200	<b>0.8</b>
<b>S&amp;P 500</b>	2760	22	<b>0.8</b>
<b>NASDAQ</b>	7331	57	<b>0.8</b>

## China – Caixin manufacturing PMI 12.45pm AEDT

## Today's Stock Watch

### GrainCorp Ltd (↓ **GNC**)

Considering an indicative \$A2.38B \$A10.42 cash-per-share takeover offer from Long-Term Asset Partners.

GNC traded at \$7.27 - \$7.68 last week.

Also promising an update on the ongoing portfolio review at the February AGM.

### Metcash Ltd (MTS)

3.0% higher, \$95.8M interim NPAT.

2.2% higher, \$6.2B revenue.

Food sales grew 1.0% to \$4.33B, and liquor sales 6.7% to \$1.8B.

Hardware sales rose 1.3% to \$1.09B.

6.5c interim distribution.

\$85.2M net debt, against \$42.8M net cash a year ago, mostly due to a \$150M off-market buy-back.

### Ansell Ltd (ANN)

Planning to close three production facilities, one on South Korea, and two in Mexico.

Details and rationale lodged this morning.

### Brickworks Ltd (\* **BKW**) / Washington H Soul Pattinson & Co (SOL)

BKW sold 5.9M SOL shares at a mean \$26.42, for \$115M net, prior to close-of-trade Friday.

Since then, BKW has sold an additional 2M SOL shares, at \$26.22 each, for \$52M gross and \$39M net.

Funds are earmarked for debt reduction.

BKW retains ~39.4% (94.3M shares) of SOL, against 42.72% earlier last week.

SOL traded at \$26.22 (Friday's settlement) - \$28.49 last week.

SOL's AGM is scheduled for Friday.

### The a2 Milk Company (A2M)

China announced additional information Friday regarding international e-commerce regulations to be implemented from 1 January.

A2M says is among companies granted a three-month period in which to transition to full compliance.

## Resources

### BlueScope Steel (↓ **BSL**)

On-market buy-back of up to \$250M worth of shares lodged this morning.

## Energy

### Melbana Energy (MAY) / Santos Ltd (STO)

STO and Total plan to bring forward plans to ensure the likely drilling of offshore northern WA WA-488-P Beehive-1 during the September quarter 2020.

STO and Total hold an option to acquire an 80% participating interest in the permit, and propose to fully-fund planning activities.

<b>FTSE 100</b>	6980	-59	-0.8
<b>DAX 30</b>	11257	-41	-0.4
<b>Shanghai Comp</b>	2588	21	0.8

## Overseas Markets Commentary

US equities markets closed at session highs overnight Friday, the US sealing a trade deal with Mexico and Canada prior to the formal commencement of the G20 leaders' summit in Buenos Aires, Argentina.

Choppy trade continued to feature across major European indices.

The UK's FTSE 100 closed at its session low, ahead of initial crucial parliamentary debate this week centre on the European Union (EU)-agreed draft arrangements for the planned UK withdrawal from the EU.

Since then, former US president George HW Bush has died, prompting a 'national day of mourning' declaration in the US for the day of his funeral, **Wednesday** this week, and the closure of the NYSE and NASDAQ the same day.

US budget spending negotiations are also expected to be pushed back, despite (this coming) Friday's deadline, the US president assuring he would likely agree a two-week funding extension due to the death of the former president and this week's Washington funeral.

In addition, the **US** and **China** agreed to withhold from further **trade tariffs** action for 90 days, while officials negotiated changes to IP protection, cybertheft and other arrangements.

Further, G20 members agreed on pushing for World Trade Organisation (**WTO**) structure and process reforms.

Overnight Friday data releases included 2% (initial) November CPI growth for the **euro zone**, against 2.2% for October.

In **Germany**, October import prices were estimated 1% higher for the month and 4.8% higher year-on-year, following respective 0.4% and 4.4% gains reported in September.

Retail sales came in 0.3% lower for the month, however, the same pullback as for September, but were 5% higher year-on-year.

In the **US**, the November Chicago PMI was reported at 66.4, from 58.4 in October.

**Tonight** in the US, ISM's influential manufacturing PMI is due, together with a revised manufacturing PMI from Markit and October construction spending.

Meanwhile, US-Mexico-Canada trade agreement will be put before the US parliament for approval 'soon', after the US president formally declares the end of the existing NAFTA agreement.

## Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Feb)</b>	<b>1226</b>	oz	-2	-0.4
<b>Silver (NY) (Dec)</b>	14.26	oz	-0.14	-1.0
<b>Gold (LON)</b>	1226	oz		
<b>Platinum</b>	797	oz	-21	-2.6
<b>WTI Crude (Jan)</b>	<b>50.9</b>	bbl	-0.5	-1.0
<b>Brent Crude (Jan)</b>	<b>58.7</b>	bbl	-0.8	-1.3
<b>Iron Ore</b> (CHN port 62%)	<b>66.0</b>	t	-0.5	-0.8
<b>Copper</b> (LME,3mth,PM)	<b>6198</b>	t	-14	-0.2
<b>Nickel</b>	11200	t	145	1.3
<b>Aluminium</b>	1958	t	18	0.9

## Pre-Open Announcements

### IMF Bentham (IMF)

New IMF Rest of World funds Canada investment detailed post-trade Friday, in association with a proposed class action relating to packaged bread price-fixing.

### HT&E Ltd (HT1)

Scrapping the ARN CEO position, meaning Rob Atkinson will leave early-2019.

Remaining radio management will report directly to HT1 MD and CEO Ciaran Davis.

### Spicers Ltd (SRS)

Selling a Burnie, Tasmania property for \$2.85M.

Conditions include the purchaser obtaining approval for slip road access.

SRS is also planning to sell additional properties in Tasmania.

### Redcape Hotel Group (RDC)

Completed its ASX listing Friday following a \$50M IPO at \$1.13 per stapled security.

Opened at \$1.10 and slipped to \$1.04 where it settled.

2.967M shares were traded across 68 transactions.

Trade commenced on a deferred settlement basis.

Normal (T+2) trade is expected to commence tomorrow.

RDC also announced a security buy-back Friday, of up to 5% of stock, anytime from 14 December (Friday next week) through 29 November 2019.

551.5M quoted stapled securities.

### Nanoveu Ltd (NVU)

Nanoimprint-based screen developer completed its ASX listing Friday following a \$6M IPO at 20c per share.

Opened at 18.5c and fell to 11c before settling at 13c.

614,834 shares changed hands across 35 trades.

80.33M quoted securities.

### Ardent Leisure Group (ALG)

The former stapled security Ardent Leisure Group (ASX: AAD) commenced ASX trade Friday as ALG, following an AAD restructure.

ALG opened at \$1.49 and slipped to \$1.45 before settling at \$1.495.

333,665 shares were traded across 74 transactions.

Trade commenced on a deferred settlement basis.

Normal (T+2) trade is expected to commence 27 December.

479.7M quoted ALG shares.

## Resources

### Talisman Mining (\* TLM)

Paying a special 6.375c fully franked dividend in relation to the October Talisman A share sale.

### Havilah Resources (\* HAV)

Metallurgical test results mean HAV will modify North Portia stage one environmental protection and rehabilitation plans.

This will push back the permitting process, with approval expected by mid-2019 rather than by the end of this month.

## Energy

### Buru Energy (\* BRU)

WA Canning Basin L20 Ungani 4ST1 is expected to be connected to the field's production facility and commence production within a week.

BRU and Roc Oil each 50%.

<b>Lead</b>	1971	t	40	2.1
<b>Zinc</b>	2542	t	72	2.9
<b>Tin</b>	18400	t	-125	-0.7
<b>CBT Wheat (Dec)</b>	5.18	bshl	0.10	2.0

### Commodities Commentary

**Oil** – production estimates reported Friday and over the weekend included a 160,000bbl/d fall in November OPEC output.

Russia's November production was reported at 11.37MMbbl/d over the weekend, against a record 11.41MMbbl/d for October.

In the meantime, Libya reported re-opening four ports used for oil exports following their closure last week due to adverse weather conditions. Production was reported to have fallen by up to 350,000bbl/d due to the closures and storage constraints.

In other developments, following US claims Iran had tested a new multi-warhead missile, Iran declared missile tests as not in contravention of a UN resolution following a 2015 agreement with Iran and Britain, China, France, Germany, Russia and the US. This is the agreement the US withdrew from six months ago, ahead of the re-introduction of US sanctions against Iran.

A weekly US petroleum drill rig count included 887 operational oil rigs, two more than for the previous week, and against 749 a year earlier.

**Gold** – this week's trade is expected to mostly swing on major data releases, and hence associated currency moves, plus further speculation regarding a US rate rise this month.

UK-EU political developments and any new moves in the Russia - Ukraine dispute will also be monitored closely.

**Base metals** – Friday LME trade was influenced by some caution ahead of the formal commencement of the G20 leaders' forum, end-of-month positioning, data releases and production news.

**China's** official November manufacturing PMI, reported Friday, fell to 50.0, the cut-off between expansion and contraction, from 50.2. The services sector activity index was reported at 53.4, from 53.9.

In **Japan**, October industrial production rose 2.9% for the month, following a 0.4% September fall.

In the meantime, Aluminum Corp of China (Chalco) announced it would cut annual output by 470,000t, and Norway's Norsk Hydro confirmed reduced production at an aluminium facility in Brazil.

Chile *copper* major Codelco revealed January – September mine production had fallen 3% due to lower grade ores.

November manufacturing PMI updates are due today and tonight for Australia, the euro zone, Germany, Japan, the UK and the US, at the commencement of a data-heavy week.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7365	-0.0015	-0.21
<b>EUR – USD</b>	1.1338	-0.0014	-0.12

### Australian Data Today

AiG	PMI	Dec
CLgc	Captl city resdntl propty prices	30 Nov

Last week BRU heralded new WA fracking laws favourable to BRU's onshore Canning Basin holdings.

### Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>MTS</b>	Interim
<b>Wed</b>	TPM	AGM
<b>Thu</b>	NUF	AGM
<b>Fri</b>	SOL	AGM

### Trading Halts

Company	Code	Resuming
ADX Energy	ADX	3 Dec
Aeris Environmental	AEI	3 Dec
FirstWave Cloud Technology	FCT	3 Dec
Gooroo Ventures	GOO	3 Dec
Piedmont Lithium	PLL	3 Dec
Sagasco Ltd	SGC	3 Dec
Avita Medical	AVH	4 Dec
Castillo Copper	CCZ	4 Dec
Nuheara Ltd	NUH	4 Dec
Property Connect Holdings	PCH	4 Dec
State Gas	GAS	4 Dec
Yancoal Australia	YAL	4 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
Fatfish Blockchain	FFG	29 Nov
Planet Gas	PGS	23 Nov
RCR Tomlinson	RCR	14 Nov
Sterling Plantations	SBI	27 Nov
VPCL Ltd	VPC	19 Nov
Zyber Holdings	ZYB	28 Nov

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>MEC</b>	Today	<b>1</b>	100	2.01
<b>NBI</b>	Today	<b>0.88</b>	0	0.87
ALL	Tomorrow	27	100	1.94
AYK	Thu	11	100	4.37
AYZ	Thu	42	100	3.85
CKF	Thu	9	100	2.45
PDL	Thu	30	15	6.15
WBA	Thu	3	100	1.73
FPH	Fri	9.16	0	1.66
JHX	11 Dec	11.01	0	2.65
GTK	12 Dec	8.18	8.50	2.32
ECX	13 Dec	8	100	6.40
MTS	13 Dec	6.5	100	tbc



CLgc	Captl city resdntl propty prices	Nov
ABS	Business inventories; profits	Sep Q
ABS	Building approvals	Oct
ANZ	Job advertisements	Nov
MInst	Inflation gauge	Nov
RBA	Commodity price index	Dec

### US Data Tonight

ISM manufacturing	Nov
Markit manufacturing PMI (final)	Nov
Construction spending	Oct
Vehicle sales	Nov

### Other Overseas Data Today & Tonight

<b>China</b>	Caixin manufacturing PMI	Nov
<b>Japan</b>	Manufacturing PMI (final)	Nov
<b>UK</b>	Manufacturing PMI	Nov
<b>Germany</b>	Manufacturing PMI (final)	Nov
<b>Euro zone</b>	Manufacturing PMI (final)	Nov

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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).

SEN	13 Dec	0.37	0	0.47
NEW	28 Dec	4	0	5.50

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