

Markets

SFE 200 Futures (9.30am AEDT)	5541	-36	-0.7
NZX 50	8699	-33	-0.4
DJIA Futures	22693	34	0.2
S&P 500 Futures	2448	0	0.0
NASDAQ Futures	6162	0	0.0

Local Markets Commentary

The Australian market commences Friday trade following overnight falls across major international equities markets and ahead of key data today for China and Japan, and tonight out of the US.

In overnight commodities trade, **oil** continued to strengthen.

US (February) **gold** futures rallied.

Iron ore (China port 62% Fe) was again reported higher.

LME **copper** continued to drop. **Aluminium** swung higher. **Nickel** settled flat.

The **\$A** appreciated to ~US70.00c after trading at ~US69.65c early yesterday evening.

Locally today, a monthly inflation gauge report has been rescheduled and is expected by some late-morning.

Regionally, Caixin is due to release a December services PMI for **China, 12.45pm AEDT**.

A manufacturing PMI is expected out of **Japan 11.30am AEDT**.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	22686	-660	-2.8
S&P 500	2448	-62	-2.5
NASDAQ	6464	-202	-3.0
FTSE 100	6693	-42	-0.6
DAX 30	10417	-164	-1.6
Shanghai Comp	2464	-1	-0.0

Overseas Markets Commentary

Major European and US equities markets fell early overnight on soured tech sector sentiment, some discouraging data and heightened geopolitical tensions.

The FTSE 100 notably was the only major index to indicate a potential ultimate recovery intra-session.

In the US, the yield for two-year Treasury notes fell intra-session below the Federal Reserve's 2.4% effective rate.

Also overnight, US House of Representatives control switched to the Democrats, as a result of the November 2018 mid-term election, early House utterances signalling of no simple short-term solution to ending the almost two-week long funding dispute-spawned partial US government services shutdown.

In addition, travel and nuclear activity warnings indicated increased tensions between the US and China and Iran.

China - Caixin services, composite PMIs 12.45pm AEDT

Today's Stock Watch

Growthpoint Properties (GOZ) / Woolworths Ltd (WOW)

GOZ is spending \$57M to expand its South Australian and Northern Territory WOW distribution centre, and South Australian head office, in an agreement with WOW.

Under the agreement, WOW will surrender a Broadmeadows, Victoria lease early and take on a 15-year lease in Gepps Cross, Adelaide.

Additional details lodged this morning.

ASX Ltd (ASX)

34% year-on-year drop in December capital raised, to \$8.2B.

In addition, the ASX welcomed 132 new listings during 2018, against 143 for 2017.

Listing capital for 2018 tallied \$98.9B however, against \$US64.0B during 2017.

20 ASX companies delisted during December 2018, against five in December 2017.

Additional statistics lodged this morning.

ASX's share price appreciated 2.55% yesterday, settling at \$61.10, after closing out last week at \$60.34.

BrainChip Holdings (f BRN)

SN Tech is disputing a \$US609,251 BRN September 2018 invoice. In addition, BRN's expectation of a commercial agreement with Gaming Partners International has been pushed back from the targeted November 2018, due to Gaming Partners' proposed acquisition by Japan's Angel Koda.

BRN fell 6.7% Wednesday and 6.1% yesterday, to settle at 9.2c, after closing out last week at 11c.

Resources

Lynas Corporation (LYC)

LYC is appealing a new condition added by Malaysian authorities early December 2018 to the renewal of the LYC operating licence, due 2 September 2019.

The condition regards the export of water leach purification residue from Malaysia by 2 September.

LYC is hoping to continue discussing matters including costs and timing with authorities, and says the appeal has been lodged to preserve the company's legal rights through the ongoing talks.

In addition, LYC estimates December quarter output was reduced by 400t during a temporary production halt during December, and confirms production has recommenced.

LYC closed at \$2.25 3 December, and settled at \$1.55 yesterday.

Vector Resources (VEC)

VEC has requested suspended trade, pending an announcement regarding the proposed Democratic Republic of Congo (DRC) Adidi-Kanga gold project.

VEC last traded Monday, at 2c.

Among a mixed batch of new **US** data releases, ISM's keenly-watched manufacturing index dropped 5.2 points to a nonetheless relatively strong 54.1.

The new orders component slid 11 points, however, to 51.1.

A private sector employment report calculated 271,000 new jobs during December following a 157,000 estimate for November.

Weekly new unemployment claims rose by 10,000 to 231,000, following forecasts of a 1000 fall.

A December job cuts report in the meantime estimated 43,884 planned layoffs against November's 53,073.

Weekly mortgage applications plunged 8.5% after dropping 5.8% the previous week.

Across the Atlantic, a **UK** December construction PMI came in at 52.8, from 53.4 in November.

Tonight in the US, there is again plenty to potentially influence trading sentiment.

US Federal Reserve chair Jerome Powell speaks publicly in a joint event with immediate former Fed chairs Yellen and Bernanke.

In addition, the traditionally influential monthly national employment statistics are due.

Through tonight and tomorrow (US time), four regional Fed presidents Fed are scheduled to speak publicly.

In overnight corporate news, **Apple's** share prices dropped on both sides of the Atlantic after the company issued a sales warning post-Wednesday US trade (yesterday morning AEDT), in part due to trade tensions between the US and China.

In association, Apple component suppliers and luxury consumer item manufacturers suffered.

Post-US trade this morning, most major vehicle manufacturers reported declines in December and/or December quarter sales.

Meanwhile, US pharmaceuticals manufacturer **Bristol-Myers Squibb** revealed a planned \$US74B acquisition of biotech company **Celgene**.

UK apparel retailer **Next** appreciated early on a better-than-anticipated festive season sales report.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1295	oz	10.7	0.8
Silver (NY) (Mar)	15.8	oz	0.15	1.0
Gold (LON)	1279	oz		
Platinum	796	oz	3	0.4
WTI Crude (Feb)	47.09	bbbl	0.55	1.2
Brent Crude (Feb)	55.95	bbbl	1.04	1.9
Iron Ore (CHN port 62%)	73.15	t	0.9	
Copper (LME,3mth,PM)	5736	t	-106	-1.8
Nickel	10875	t	0	0.0
Aluminium	1835	t	38	2.1
Lead	1933	t	-22	-1.1
Zinc	2379	t	-31	-1.3
Tin	19570	t	90	0.5
CBT Wheat (Mar)	5.13	bshl	0.06	1.1

Commodities Commentary

Oil – pushed and pulled overnight by \$US swings, China demand fears, new production estimates and price forecasts.

Pre-Open Announcements

REVA Medical (RVA)

CFO and corporate secretary Brandi Roberts has resigned, effective today.

RVA has appointed RVA finance director and corporate controller Leigh Elkolli to take over from Ms Roberts.

GI Dynamics (GID)

GDI has appointed Stephen Linhares as VP clinical and regulatory affairs.

Mr Linhares is a former Neograft Technologies VP regulatory, clinical affairs and quality assurance.

Resources

Troy Resources (TRY)

TRY's 10.5c-per-share placement raised \$2.76M pre-costs.

An SPP at the same price is planned.

TRY has traded at 11c – 12c for the week to date.

Suspensions (select)

Company	Code	Since
Alice Queen	AQX	21 Dec
Alliance Mineral Assets	A40	27 Dec
Castillo Copper	CCZ	27 Dec
Frontier Diamonds	FDX	27 Dec
Mayur Resources	MRL	28 Dec
Valor Resources	VAL	21 Dec
Vector Resources	VEC	4 Jan
Wollongong Coal	WLC	13 Dec

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
CLF	Today	1.25	100	5.15
HNG	Mon	1.5	100	6.52
BHP	Thu	~141.8	100	4.72
CYB	17 Jan	5.479	0	1.67
TRA	21 Jan	~3.75	0	5.14

A media survey indicated OPEC December output had declined by the most in ~two years, a daily 460,000bbl to ~32.68MMbbl/d.

Saudi Arabia alone was estimated to have reduced its output by 400,000bbl/d.

Additional OPEC cuts, from Libya and Iran, were attributed respectively to civil issues and US sanctions.

Meanwhile, a Dallas Federal Reserve survey concluded US petroleum sector companies had adopted a negative outlook (-10 from 47) during the December quarter, in part due to increased production out of both the US and Russia.

Further, reports emerged customers in Asia would demand lower Saudi February crude prices, to match US offerings.

Refinitiv Eikon figures in the meantime indicated OPEC December crude exports to the US had fallen to 1.63MMbbl/d, the least in ~five years, and against a daily 1.80MMbbl during November.

Weekly US petroleum inventories and drill rig count reports are anticipated tonight.

Gold – prices also swung intra-session on mixed US private sector employment and manufacturing reports, and generally weaker equities appetite, in part due to Apple’s sales warning which added to global economic slowdown angst.

The \$US ultimately pulled back, further supporting gold sentiment.

US Federal Reserve chair comments plus US December national employment figures are the most likely to influence tonight’s trade.

Base metals – international growth concerns again bruised overnight base metals sentiment.

In addition, *copper’s* continued fall triggered a technical push yet lower, to an ~18-month intra-session low of \$US5725/t.

Expectations of an end to Rusal sanctions, and related LME Rusal product trade, supported *aluminium*.

Nickel benefited from a report highlighting order optimism.

Tonight’s trade could be influenced by a combination of Caixin’s China December services PMI, expected today, plus a euro zone CPI estimate and US monthly employment statistics, due tonight.

A manufacturing PMI is expected for Japan today, also, and any significant change from an initial estimate would also be considered by traders.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7003	-0.0003	-0.04
EUR – USD	1.1393	-0.0002	-0.01

Australian Data Today

<i>TDSec/MInst</i>	Inflation gauge	Dec
--------------------	-----------------	-----

US Data Tonight

Employment (incl wages, jobs)	Dec
Markit services, composite PMIs (final)	Dec

Other Overseas Data Today & Tonight

Japan	Manufacturing PMI	Dec
UK	Services PMI	Dec

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This morning note and its contents at all times remain the property of State One Stockbroking Ltd (“State One”) and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to, or may be undertaking or about to commence research relating to, any of the companies mentioned herein.



UK	BoE consumer credit	Nov
Germany	Services PMI (final)	Dec
Euro zone	CPI (initial)	Dec
Euro zone	Services PMI (final)	Dec
Euro zone	PPI	Nov

Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au.