

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	5963	24	<b>0.4</b>
<b>NZX 50</b>	9074		
<b>DJIA Futures</b>	25320	-4	0.0
<b>S&amp;P 500 Futures</b>	2731	10	0.4
<b>NASDAQ Futures</b>	7008	71	1.0

## Local Markets Commentary

The Australian market opens mid-week trade following overnight rallies across key international equities markets, with Commonwealth Bank (CBA) results in hand, and ahead of a speech from the Reserve Bank of Australia (RBA) governor, a US presidential State of the Union address today, and key US data releases tonight.

Locally today, **RBA** governor Philip Lowe is scheduled to speak **12.30pm** AEDT at The National Press Club.

In addition, several high-cap stocks are reporting **earnings**, and **RMD** trades ex-dividend.

In the US, the president's national live address is scheduled to commence ~1pm AEDT.

Markets interest is focused on any further indications of progress in China-US trade talks, and Mexican border funding options – including any new threat of another government shut-down before month's end.

In overnight commodities trade, **oil** was pushed lower for a second consecutive session.

US **gold** futures (April) settled virtually flat.

LME **copper** rallied. **Nickel** swung lower.

The **\$A** fell to ~US72.30c, after trading at ~US72.60c early yesterday evening.

Today's key domestic and US speeches could toy with the \$A intra-session.

**New Zealand's** markets are closed today, due to a public holiday.

**China's** markets remain closed for Golden Week (Lunar NY/Spring Festival holidays).

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25412	172	<b>0.7</b>
<b>S&amp;P 500</b>	2738	13	<b>0.5</b>
<b>NASDAQ</b>	7402	55	<b>0.7</b>
<b>FTSE 100</b>	7177	143	<b>2.0</b>
<b>DAX 30</b>	11368	191	<b>1.7</b>
<b>Shanghai Comp</b>	2618	Public	Holiday

## Overseas Markets Commentary

US equities markets rallied on opening overnight, and despite a notable early-second half vacillation, helped drag major European indices higher.

Sentiment appeared mostly boosted by encouraging results and outlooks from select high-cap stocks, amid some mixed views on data releases, and speculation regarding the likely content of the US president's State of the Union address (9PM ET).

**Australia – RBA** governor Philip Lowe is scheduled to speak at The National Press Club **12.30pm** AEDT, Sydney

**US – president's** national address **1pm** AEDT

## Today's Stock Watch

### Commonwealth Bank of Australia (CBA)

6% lower, \$4.60B interim NPAT. 4% lower, \$12.31B revenue. 1.7% higher \$4.68B cash NPAT.

10.8% CET 1, against 10.1% as at 30 June 2018.

\$2.00 fully franked interim dividend.

A second independent report regarding CBA progress with a remedial action plan following 1 May 2018 APRA recommendations also lodged pre-trade.

### Coles Group (COL) / Viva Energy Group (VEA)

VEA will pay COL \$137M in association with a restructure of the COL-VEA fuel and convenience alliance agreement. Additional details and rationale lodged this morning.

### Virgin Australia Holdings (VAH)

VAH has appointed former DP World Australia and Queensland Rail CEO Paul Scurrah as CEO and MD, to take over from John Borghetti 25 March.

### Insurance Australia Group (IAG)

9.3% lower, \$500M interim NPAT. 6.7% higher, \$8.58B revenue. 12c fully franked interim dividend, against 14c.

### Genworth Mortgage Insurance Australia (GMA)

49.3% lower, \$75.7M full year NPAT. New insurance written fell 7.1% to \$22.2B. 9c fully franked final dividend.

### Janus Henderson Group (JHG)

Unaudited \$US523.8M full year net income, following \$US655.5M for 2017. \$US2.306B revenue, against \$US1.818B.

\$US106.8M December quarter net income. 13% fall in AUM to \$US328.5B. US36c December quarter dividend. \$US1.32NTA, against US68c.

Planning to publish audited full year results 26 February (UK time). AGM scheduled for 2 May.

JHG reported post-trade yesterday, after adding 2.9% to settle at \$31.55.

### CIMIC Group (CIM)

11% higher, \$780.6M full year NPAT. 7% higher, \$17.25B revenue. 86c fully franked final dividend. \$3.83 NTA. AGM 11 April, Sydney. CIM reported post-trade yesterday.

### BWP Trust (BWP)

24% lower, \$78.90M interim NPAT. 3% higher, \$79.03M revenue. Portfolio valued at \$2.4B. \$2.89 NTA.

1.7% 2H distribution growth again anticipated.

### Dexus Property Group (DXS)

27.2c interim distribution, up 14.8%. 27.1% lower, \$726.4M interim NPAT. 4.2% higher, \$455.6M revenue. \$10.07 NTA.

## Resources

### Mineral Resources (MIN) / Neometals Ltd (NMT)

WA Mt Marion lithium project March quarter 6% spodumene concentrate has been priced at \$US791.84/t, against \$US930.80/t for the December quarter 2018.

MIN 43.1%; Ganfeng Lithium 43.1%; NMT 13.8%.

The FTSE 100 benefited from a drop in the British pound against the \$US, helping support select minerals and broader export stocks.

In **US** overnight data releases, ISM's January services sector activity index came in at a strong 56.7, but this represented a 1.3-point decline for the month, against forecasts of a 0.8-point pullback.

Notably, the 57.7 orders component represented a five-point drop, but nonetheless remained in robust expansionary territory.

An economic optimism index fell two points to 50.3.

The **euro zone's** December retail sales dropped 1.6% for the month, following a 0.8% November gain.

A final January services PMI remained flat at 51.2.

The final January services PMI for **Germany** rose 1.2 points to 53, however, contractionary figures for France and Italy containing the overall euro zone result.

In the **UK**, the services PMI slipped to 50.1 from 51.2.

**Tonight** in the **US**, Federal Reserve chair Jerome Powell is scheduled to speak at the opening of an education sector event.

A previously delayed initial December quarter **GDP** reading is expected.

November **trade** figures, also delayed, are anticipated.

A job openings report and weekly mortgage applications are also due.

Elsewhere, any outcomes plus parliamentary reactions from the **UK** PM's attempt overnight to renegotiate Ireland-UK border arrangements for when the UK withdraws from the **European Union**, are anticipated.

Germany's factory orders will also be in focus, given a recent series of weak regional data.

Companies scheduled to report **earnings** later today or tonight include: BNP Paribas, Carlsberg, Carlyle Group, Daimler, Eli Lilly, General Motors, GlaxoSmithKline, Humana, Mazda Motor, NXP Semiconductors, Spotify, Sumitomo, Toyota Motor and Twenty-First Century Fox.

In overnight corporate news, major US grains trader **Archer Daniels Midland** reported a 60% year-on-year December quarter profit drop, in part attributed to US-China trade tariffs argy-bargy.

Earlier, **BP** full year profit and revenue exceeded expectations, profit rising 100%.

**Anadarko Petroleum** recorded a 74% higher quarterly profit, boosted by higher oil prices, but having reported post-US trade, reactions will firm tonight.

**Estee Lauder** delivered a cheery outlook and promising quarterly sales, while warning of international trade risks, and was rewarded with a greater-than-10% lift.

**Alphabet's** post-Monday US equities trade report was received with caution, the stock rising a relatively modest ~1.5%.

**Walt Disney** has reported post-US trade.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1319.2</b>	oz	-0.1	<b>-0.0</b>
<b>Silver (NY) (Mar)</b>	15.84	oz	-0.05	<b>-0.3</b>
<b>Gold (LON)</b>	1312	oz		

## Pre-Open Announcements

### ASX Ltd (\* ASX)

January activity summary, including an 84% year-on-year drop in total capital raised, lodged this morning.

### Nick Scali (↓ NCK)

8.0% higher, \$25.4M interim NPAT.

10.3% higher, \$141.1M revenue.

24c fully franked interim dividend. \$1.0685 NTA.

### Coventry Group (\*\* CYG)

Proposing to outlay \$36M to acquire Tasmanian-headquartered industrial and hardware supplier Nubco.

CYG will pay Nubco \$34.2M cash plus \$1.8M worth of CYG shares. CYG will use debt from an existing facility but also funds from a \$27.6M fully-underwritten one-for-37 entitlement offer at 75c per share.

The institutional component of the offer is expected to close tomorrow.

The retail component is scheduled for 12 February (Tuesday next week) – 21 February.

CYG has traded at 88c – 97.5c the past five trading sessions, jumping 9.7% yesterday, to settle at 96.5c.

Presentation lodged and **trading halt** called post-trade yesterday.

### Noxopharm Ltd (\* NOX)

Heralding positive interim study results for the Veyonda cancer treatment in combination with low-dose radiotherapy.

### LiveTiles Ltd (LVT)

Resuming from a trading halt with \$15.3M in hand from a 34c-per-share share placement, in support of the proposed Wizdom acquisition.

LVT says the placement attracted new domestic and international investors.

LVT traded at 36.5c – 42.5c the five trading sessions before calling the trading halt.

### LandMark White (\* LMW)

Some LMW property valuations and personal contact details have been accessed in a data breach.

### MotorCycle Holdings (MTO)

Anticipating \$10M - \$15M interim EBITDA, due to reduced motorcycle sales.

### Rhipe Ltd (RHP)

800,000 RHP shares were released from voluntary escrow yesterday, when RHP settled higher for a third consecutive session, at \$1.47.

## Resources

### Alacer Gold Corporation (\* AQG)

\$US24.6M full year NPAT, against \$US107.7M for 2017.

\$US105M cash. \$US350M debt.

A webcast teleconference commenced 8am AEDT.

### Pursuit Minerals (PUR)

Finland Koitelainen project Vosa prospect resource estimated at 116Mt, including 5.8Mt of magnetite @ 2.3% V<sub>2</sub>O<sub>5</sub>.

### OceanaGold Corporation (\* OGC)

Permits in hand to progress underground development plans at the Martha project, Waihi, New Zealand.

OGC forfeited 4.6% yesterday, settling at \$4.60.



<b>Platinum</b>	817	oz	-2	-0.2
<b>WTI Crude (Mar)</b>	<b>54.38</b>	bbl	-0.18	-0.4
<b>Brent Crude (Apr)</b>	<b>62.42</b>	bbl	-0.09	-0.1
<b>Iron Ore</b> (CHN port 62%)	<b>85.53</b>	t	Lunar	NY
<b>Copper</b> (LME,3mth,PM)	<b>6233</b>	t	65	1.1
<b>Nickel</b>	13040	t	-220	-1.7
<b>Aluminium</b>	1922	t	3	0.2
<b>Lead</b>	2102	t	-26	-1.2
<b>Zinc</b>	2741	t	-60	-2.1
<b>Tin</b>	20850	t	50	0.2
<b>CBT Wheat (Mar)</b>	5.27	bshl	0.08	0.1

### Commodities Commentary

**Oil** – \$US buoyancy, little major new industry supply-demand or geopolitical news, and reduced trade during China’s holiday week contained any overnight enthusiasm.

The weekly EIA US petroleum inventories report is due tonight.

**Gold** – the ICE \$US index continued modestly higher overnight, further damaging gold interest.

Traders were also likely interested in **US GDP** and **trade balance** updates, re-scheduled for release tonight, plus any **US president** revisions (in the Tuesday evening (9pm ET) address) on China-US trade talks, and Mexican border funding options – including any indications of another government shut-down before month’s end.

**Base metals** – prices swung during overnight trade, *copper*, *lead* and *zinc* reaching respective two-, six- and seven-month peaks in earlier trade.

*Nickel*’s fall was attributed to profit-taking, plus analyst reminders that although Vale will shut tailings dams in Brazil, mostly the group’s iron ore output would be affected, with little impact on nickel production. Most of Vale’s major nickel operations are locate outside of Brazil.

China’s markets are closed this week, due to Lunar New Year (NYE tonight)/Spring Festival celebrations. Reduced trading volumes are expected throughout the week, potentially exaggerating price moves.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7233	-0.0002	-0.03
<b>EUR – USD</b>	1.1404	0.0001	0.01

### US Data Tonight

GDP (initial)	Dec Q
Trade balance	Nov
Productivity	Dec Q
JOLTS job openings	Jan
MBA mortgage applications	1 Feb

### Other Overseas Data Today & Tonight

<b>Germany</b>	Factory orders	Dec
Germany	Construction PMI	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).

## Energy

### 88 Energy (\* 88E) / Otto Energy (OEL)

The Alaska North Slope Winx-1 drilling rig is on its way, with the ice road and pad, plus cellar installation completed.

Drilling is expected to commence ~15 February (Friday next week).

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>BWP</b>	Interim
	<b>CBA</b>	Interim
	<b>GMA</b>	Full year
	<b>IAG</b>	Interim
	<b>SSM</b>	Interim
<b>Tomorrow</b>	AGL	Interim
	DOW	Interim
	ERA	Full year
	MGR	Interim
	NWS	Interim
	NCK	Interim
	PPH	Dec Q
<b>Fri</b>	PGC	Interim
	REA	Interim

## Trading Halts

Company	Code	Resuming
Eon NRG	E2E	6 Feb
Perpetual Resources	PEC	6 Feb
Sequoia Financial Group	SEQ	6 Feb
Sky & Space Global	SAS	6 Feb
Alt Resources	ARS	7 Feb
Freedom Insurance Group	FIG	7 Feb
Hammer Metals	HMX	7 Feb
Moho Resources	MOH	7 Feb
Coventry Group	CYG	8 Feb

## Suspensions (select)

Company	Code	Since
Affinity Energy & Health	AEB	5 Feb
Altura Mining	AJM	5 Feb
Aurora Absolute Return Fund	ABW	21 Jan
Buddy Platform	BUD	31 Jan
Cirralto Ltd	CRO	5 Feb
Covata Ltd	CVT	30 Jan
Creso Pharma	CPH	5 Feb
Indiana Resources	IDA	31 Jan
ShareRoot Ltd	SRODC	1 Feb
Vector Resources	VEC	4 Feb

## Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>ASW</b>	Today	<b>2</b>	100	5.47
<b>RMD</b>	Today	<b>3.64</b>	0	1.07
KAT	Tomorrow	0.25	100	3.82



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AFI	Fri	18	100	3.78
AYK	Fri	24	100	4.74
AYZ	Fri	57	100	4.62
BKI	Fri	5.13	100	4.51
OCA	Fri	1.7	0	3.70