

## Markets

|                                       |             |           |            |
|---------------------------------------|-------------|-----------|------------|
| <b>SFE 200 Futures</b> (9.30am AEDST) | <b>5812</b> | <b>22</b> | <b>0.4</b> |
| <b>NZX 50</b>                         | 8219        | 24        | 0.3        |
| <b>DJIA Futures</b>                   | 24757       | 22        | 0.1        |
| <b>S&amp;P 500 Futures</b>            | 2668        | 0         | 0.0        |
| <b>NASDAQ Futures</b>                 | 6556        | 0         | 0.0        |

## Local Markets Commentary

The Australian market opens today's trade on mixed overnight international equities leads and falling key commodity prices, ahead of influential data out of China today and tomorrow.

Today, **China** is scheduled to release January trade figures **2pm AEDST**.

Locally today, NAB is due to publish its December quarter business survey report, following the December figures and analysis, which were published last week.

Reserve Bank of Australia (RBA) governor Philip Lowe is guest speaker at a dinner in Sydney at 8pm AEDST.

Regionally, **New Zealand's** central bank has this morning retained a 1.75% cash rate while lowering some inflation outlooks.

In overnight commodities trade, **US gold** futures fell. **Oil** picked up the pace of its current decline.

**Iron ore** (China port, 62% Fe) rallied.

**LME copper, nickel** and **aluminium** fell further.

The **\$A** tumbled to ~US78.20c after falling below US78.65c early yesterday evening.

## Overseas Markets

| INDEX                | CLOSE        | +/- | %    |
|----------------------|--------------|-----|------|
| <b>Dow Jones</b>     | <b>24893</b> | -19 | -0.1 |
| <b>S&amp;P 500</b>   | 2682         | -13 | -0.5 |
| <b>NASDAQ</b>        | 7052         | -64 | -0.9 |
| <b>FTSE 100</b>      | 7279         | 138 | 1.9  |
| <b>DAX 30</b>        | 12590        | 198 | 1.6  |
| <b>Shanghai Comp</b> | 3309         | -61 | -1.8 |

## Overseas Markets Commentary

Vacillating trade featured across US equities markets overnight but none of the expansive range-trade of the previous session.

Major European equities markets were dragged higher in the last hours of trade.

Among public commentary, a US Federal Reserve regional president ventured rates could remain on hold until at least the middle of the year.

Meanwhile, US budget funding must be extended to ensure full government services remain operational past midnight (Thursday) Washington time. Senate leaders last night agreed a funding arrangement spanning two years, but both houses of parliament must approve any deal.

In earlier news, **Germany's** Angela Merkel was reported to have achieved an agreement with the key Social Democrats party regarding a potential

**China** – January trade balance expected **2pm AEDST**

**RBA** – governor Philip Lowe is guest speaker at an A50 Australian Economic Forum dinner, **8pm AEDST**

**\* Farming enterprise listing 10.30am AEDST – DBF \***

## Today's Stock Watch

### National Australia Bank (NAB)

\$A1.65B (unaudited) December quarter NPAT. Cash earnings were also ~\$1.65B, representing a 3% rise for the year and 1% fall for the quarter.

10.2% CET1 ratio, against 9.5% a year ago and 10.1% as at 30 September 2017.

Bad and doubtful debts charges fell 23% to \$A160M.

Pleased with progress towards a \$A1B cost savings target by the end of the 2020 financial year.

### AMP Ltd (AMP)

\$848M full year NPAT following a \$344M net loss a year ago. 24% higher, \$18.4B revenue. 14.5c, 90%-franked final dividend. \$1.38 NTA. \$7.2B equity and reserves, against \$7.5B. Planning to continue to prioritise Australian wealth management growth.

### Tabcorp Holdings (TAH)

58% lower, \$24.6M interim NPAT. 19% higher, \$1.4B revenue. 11c fully-franked interim dividend.

### Mirvac Group (MGR)

8% lower, \$465M interim NPAT. 28% lower, \$984M revenue. 5c interim dividend, up 0.1c. \$2.20 NTA. 12.5c EPS.

Proposing to buy back up to 2.6% of securities on-market over 12 months from 23 February.

### Duxton Broadacre Farms (\* DBF)

Mixed farming business operator scheduled to list **10.30am AEDST** following a \$21.1M IPO at \$1.50 per share.

Canola, chick pea, cotton and wheat operations. 43.53M shares.

## Resources

### Rio Tinto (RIO)

90% higher, \$US8.76B full year NPAT. 64% higher, \$US13.88B revenue. \$US1.80 fully-franked final dividend, up US55c (\$A2.2853 fully-franked RIO Ltd final dividend).

\$US3.8B net debt. \$US1B RIO Plc buy-back at 10p per share.

Results were supported by a doubling of energy division underlying profit (to \$US1.2B), 67% jump in aluminium underlying profit (\$US1.6B) and 45% appreciation for iron ore underlying profit (\$US6.7B).

## Energy

### AGL Energy (AGL)

91.4% higher, \$A622M interim NPAT. 7.0% higher, \$6.45B revenue. 54c, 80%-franked interim dividend, against 41c, 80%-franked a year ago. \$6.95 NTA. 94.8c EPS.

Webcast teleconference scheduled for 10.30am AEDST. Access details lodged this morning.

### Origin Energy (ORG)

Anticipating \$533M worth of impairments in interim accounts to be lodged 15 February (Thursday next week).

coalition government. A Social Democrats referendum on the proposal is now required, but a new government could be in place by the end of March, six months after the national election.

Among data releases, Germany's December industrial production was reported 0.6% lower for the month, following a 3.1% rise in November. Year-on-year, industrial output was up 6.5%.

**Tonight** in the US, weekly new unemployment claims are due in a comparatively light national data week.

Across the Atlantic, the **Bank of England** is due to hold a policy meeting. In addition to its outcomes statement, the central bank is due to release an inflation report.

AIG, Expedia, Inpex, JGC, KKR, News Corp, Nissan Motor, Nvidia, Singapore Telecommunications (including Optus), Sumitomo, Total, Twitter, Viacom and Yum Brands are among companies scheduled to report earnings or provide trading updates today or tonight.

In overnight corporate news, Japan's **SoftBank** was reported be considering outlaying \$US10B for a Swiss Re holding.

In the meantime, **Goldman Sachs** was said to be keen to offer finance to customers seeking to purchase **Apple** products.

**Snap** appreciated 37.5% on a well-received December quarter report.

**Tesla** and **Twenty-First Century Fox** reported post-US trade.

## Commodities

| COMMODITY                      | CLOSE       | \$US/ | +/-  | %    |
|--------------------------------|-------------|-------|------|------|
| <b>Gold (NY) (Feb)</b>         | <b>1315</b> | oz    | -11  | -1.1 |
| <b>Silver (NY) (Mar)</b>       | 16.3        | oz    | -0.3 | -1.7 |
| <b>Gold (LON)</b>              | 1325        | oz    | -7   | -0.5 |
| <b>Platinum</b>                | 978         | oz    | -11  | -1.1 |
| <b>WTI Crude (Mar)</b>         | <b>61.8</b> | bbl   | -1.6 | -2.5 |
| <b>Brent Crude (Apr)</b>       | <b>65.5</b> | bbl   | -1.4 | -2.0 |
| <b>Iron Ore</b> (CHN port 62%) | <b>77.2</b> | t     | 1.3  | 1.7  |
| <b>Copper</b>                  | <b>6880</b> | t     | -196 | -2.8 |
| <b>Nickel</b>                  | 13175       | t     | -210 | -1.6 |
| <b>Aluminium</b>               | 2158        | t     | -12  | -0.6 |
| <b>Lead</b>                    | 2508        | t     | -113 | -4.3 |
| <b>Zinc</b>                    | 3380        | t     | -77  | -2.2 |
| <b>Tin</b>                     | 21610       | t     | -115 | -0.5 |
| <b>CBT Wheat (Mar)</b>         | <b>4.60</b> | bshl  | 0.14 | 3.2  |

## Commodities Commentary

**Oil** – relatively high-volume trade was reported as prices fell further overnight.

US government agency Energy Information Administration (EIA) reported a 1.9Mmbbl increase in stored crude and a further rise in production, to a daily 10.25MMbbl.

**Gold** – continued to head lower, amid \$US resilience and improved equities sentiment.

China's gold reserves were yesterday reported to be worth \$US79.7B (~59.2M oz), against \$US76.5B in December.

**Base metals** – \$US strength and ongoing oil price falls, ahead of key data out of China and the impending Lunar new year season, further impacted appetite overnight. Further, China markets liquidity was questioned yesterday.

## Pre-Open Announcements

### Flight Centre (FLT)

FLT has appointed former Just Group core brand director Colette Garnsey as a non-executive director. Ms Garnsey is also an Australian Wool Innovation board member.

Ms Garnsey's appointment was flagged at FLT's 2017 AGM.

### Fletcher Building (\* FBU)

Trading halt called this morning, ahead of an announcement regarding further expected losses. Reviewing key projects.

### Carsales.com Ltd (\* CAR)

Ord Minnett has cancelled CAR buy advice, in favour of a hold recommendation.

### Alliance Aviation Services (AQZ)

18.3% lower, \$7.1M interim NPAT. 15.6% higher, \$117.2M revenue. 2.5c fully-franked interim dividend. \$1.20 NTA. \$69M debt, down \$6M.

### Class Ltd (CL1)

19.2% higher, \$4.3M interim NPAT. 21.4% higher, \$17.2M revenue. 2c fully-franked interim dividend. 17.72c NTA.

154,053 SMSFs as at 31 December 2017.

Teleconference scheduled from 9.30am AEDST. Access details lodged this morning.

### Farm Pride (FRM)

The minimum 40% drop in interim EBITDA, flagged at FRM's November 2017 AGM, has been quantified as an anticipated \$4.0M - \$4.5M EBITDA.

Not expecting audited results to be released until the end of the month.

### Shriro Holdings (\* SHM)

9.8% higher, \$14.5M full year NPAT. 2.6% higher, \$188.3M revenue. 15c EPS. 7c fully-franked final dividend. 54.9c NTA.

### Cadence Capital (\* CDM)

41% higher, \$32.8M interim NPAT. 41% higher, \$55.8M revenue. Flat, 4c fully-franked final dividend. \$1.31 NTA.

### Carnegie Clean Energy (\* CCE)

\$7.5M worth of construction debt finance in hand for the 10MW solar farm in Northam, WA from Perth-based Asymmetric Credit Partners.

The farm is expected to commence selling power into the WA grid before year's end.

Associated CCE corporate debt restructure details also lodged post-trade yesterday.

### ReadCloud Ltd (\* RCL, RCLO)

Australian school-focused e-learning software and services specialist completed a successful ASX listing yesterday following a \$6M IPO at 20c per share.

Opened at 22.5c and traded as high as 28c before settling at 27c.

710,549 shares were traded across 59 transactions.

43.68M shares. 15M options.

## Resources

### Mineral Resources (MIN)

Teleconference scheduled for midday AEDST.

### Orocobre Ltd (ORE)

Conducted a book-build for ~2.9M shortfall shares from the retail component of the recent \$6.55-per-share entitlement offer post-trade yesterday. The shares sold at \$6.55, pushing



**China's** January foreign reserves, reported yesterday evening (AEDST), came in at \$US3.16 trillion following \$US3.14 trillion for December.

China's January **trade** figures are due **today** and will influence some of tonight's trade.

PPI and CPI updates, are scheduled for release tomorrow.

**Lunar new year and the broader Spring festival holiday season** commence 15 February (Thursday next week), and in particular, will impact China's imports in the leadup, and general industrial activity from commencement.

China's markets will be closed for a full week beginning 15 February.

### Exchange Rates

| CURRENCIES       | LAST   | +/-     | %     |
|------------------|--------|---------|-------|
| <b>AUD – USD</b> | 0.7816 | -0.0006 | -0.07 |
| <b>EUR – USD</b> | 1.2261 | -0.0005 | -0.04 |

### Australian Data Today

|     |                 |       |
|-----|-----------------|-------|
| NAB | Business survey | Dec Q |
|-----|-----------------|-------|

### US Data Tonight

|                        |       |
|------------------------|-------|
| Initial jobless claims | 3 Feb |
|------------------------|-------|

### Other Overseas Data Today & Tonight

|                  |                       |      |
|------------------|-----------------------|------|
| <b>China</b>     | Trade balance         | Jan  |
| China            | FDI                   | Jan  |
| China            | Current account       | DecQ |
| <b>Japan</b>     | Current account       | Dec  |
| Japan            | Bank lending          | Jan  |
| Japan            | Eco watchers survey   | Jan  |
| <b>UK</b>        | BoE policy statement  | Feb  |
| UK               | BoE inflation report  | Feb  |
| <b>Germany</b>   | Trade balance         | Dec  |
| <b>Euro zone</b> | ECB economic bulletin | Feb  |

### Need More Information?

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the total raised in the retail offer to ~\$A45M.

ORE has traded at \$6.01 - \$6.90 for the week-to-date.

### Arafura Resources (ARU)

Presentation lodged this morning.

Presenting in Europe and North America this month.

### Trading Halts

| Company                        | Code | Resuming |
|--------------------------------|------|----------|
| Ishine International Resources | ISH  | 8 Feb    |
| CSG Ltd                        | CSV  | 9 Feb    |
| Prospect Resources             | PSC  | 9 Feb    |
| Smart Marine Systems           | SM8  | 9 Feb    |
| Southern Hemisphere Mining     | SUH  | 9 Feb    |
| Fletcher Building              | FBU  | 12 Feb   |
| Paragon Care                   | PGC  | 12 Feb   |

### Suspensions (selected)

| Company                       | Code | Since  |
|-------------------------------|------|--------|
| The Agency Group Australia    | AU1  | 31 Jan |
| Buddy Platform                | BUD  | 2 Feb  |
| CBL Corporation               | CBL  | 6 Feb  |
| Chapmans Ltd                  | CHP  | 7 Feb  |
| Eden Innovations              | EDE  | 5 Feb  |
| Genetic Technologies          | GTG  | 31 Jan |
| GetSwift Ltd                  | GSW  | 24 Jan |
| Haranga Resources             | HAR  | 22 Jan |
| Magnis Resources              | MNS  | 7 Feb  |
| MSM Corporation International | MSM  | 17 Jan |
| Pura Vida Energy              | PVD  | 5 Feb  |
| Quest Minerals                | QNL  | 22 Jan |
| Raven Energy                  | REL  | 1 Feb  |
| Tasman Resources              | TAS  | 5 Feb  |
| TV2U International            | TV2  | 6 Feb  |
| Ventnor Resources             | VRX  | 2 Feb  |

### Ex-Dividends

| Code       | Ex-Div   | Div (c) | Fr (%) | Yield (%) |
|------------|----------|---------|--------|-----------|
| <b>AFI</b> | Today    | 10      | 100    | 3.85      |
| <b>BHD</b> | Today    | 12      | 0      | 0.00      |
| KPG        | Tomorrow | 1       | 100    | 1.20      |
| MFG        | Tomorrow | 44.5    | 100    | 3.53      |
| BKI        | Mon      | 3.63    | 100    | 4.21      |
| OCA        | Mon      | 1.64    | 0      | 1.75      |
| GUD        | Tue      | 24      | 100    | 3.92      |
| PL8        | Tue      | 0.45    | 100    | 2.50      |
| MLT        | Wed      | 8.8     | 100    | 4.00      |

### Reports & Events

(selected scheduled)

| When         | Company    | Report/Event |
|--------------|------------|--------------|
| <b>Today</b> | <b>AGL</b> | Interim      |
|              | <b>AMP</b> | Full year    |
|              | <b>MIN</b> | Interim      |
|              | <b>MGR</b> | Interim      |
|              | <b>NAB</b> | Dec Q        |
|              | <b>TAH</b> | Interim      |

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|                 |     |           |
|-----------------|-----|-----------|
| <b>Tomorrow</b> | NWS | Interim   |
|                 | REA | Interim   |
|                 | SKC | Interim   |
| <b>Mon</b>      | ANN | Interim   |
|                 | AZJ | Interim   |
|                 | BEN | Interim   |
| <b>Tue</b>      | BLD | Interim   |
|                 | CGF | Interim   |
|                 | COH | Interim   |
|                 | GPT | Full year |
|                 | MGX | Interim   |
|                 | SGF | Interim   |
|                 | TCL | Interim   |
| <b>Wed</b>      | AOG | Interim   |
|                 | CPU | Interim   |
|                 | CSL | Interim   |
|                 | DXS | Interim   |
|                 | DMP | Interim   |
|                 | GMG | Interim   |
|                 | IAG | Interim   |
|                 | ORA | Interim   |
|                 | VCX | Interim   |