

Markets

SFE 200 Futures (9.30am AEDT)	5738	10	0.2
NZX 50	8938	-9	-0.1
DJIA Futures	23844	14	0.1
S&P 500 Futures	2583	10	0.4
NASDAQ Futures	6605	48	0.7

Local Markets Commentary

The Australian market commences today's trade ahead of influential data out of China, following overnight key commodity price gains and positive settlements again across major international equities indices.

China is expected to report December **CPI** and **PPI 12.30pm** AEDT, following confirmation that three days of US-China trade talks in Beijing have concluded.

Commentary out of China regarding any definitive outcomes from the trade discussions could sway some sentiment today.

Locally today, a NAB business confidence report is expected.

In addition, **BHP** trades ex-dividend.

In overnight commodities trade, **oil** settled sharply higher.

Iron ore (China port 62% Fe fines) swung lower.

US (February) **gold** futures seesawed higher.

LME **copper** also turned and rallied.

The **\$A** appreciated to ~71.75c after approaching US71.60c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	23879	92	0.4
S&P 500	2585	11	0.4
NASDAQ	6957	60	0.9
FTSE 100	6907	45	0.7
DAX 30	10893	89	0.8
Shanghai Comp	2544	18	0.7

Overseas Markets Commentary

Choppy trade featured across major European and US equities markets overnight, but key indices opened and settled higher.

Select tech, energy and manufacturing stocks were again supported, as reports emerged that **China** had vowed to increase imports of some US agricultural and energy products, plus manufactured goods, during three days of US-China trade talks which ended in Beijing yesterday.

US Federal Reserve December policy meeting minutes revealed some members had counselled against a December 2018 rate rise and that most agreed a slower pace of increases was likely warranted during 2019. This was due to views of 'more pronounced' risk.

China - CPI 12.30pm AEDT

Today's Stock Watch

Costa Group Holdings (CGC)

Second-half 2018 forecast are expected to be lowered, due to 'subdued' December demand for avocados, berries and tomatoes. In addition, January trade to date has appeared 'slower' than anticipated.

Speedcast International (SDA)

SDA's UltiSat Inc has secured a \$US23M, five-year meshed/managed network services contract for the US Government.

Pre-priced incremental services are expected to boost total contract revenue beyond the \$US23M core services revenue.

Under the contract, UltiSat will provide managed internet, VoIP and business application services to military forward operating bases across the Middle East and southwest Asia.

SDA has traded higher each session for the week to date, settling at \$2.93 yesterday.

Noni B (NBL)

140% sales growth, to \$457M, achieved during 1H FY 2019, due in part to the Specialty Brands acquisition. \$42.8M net cash.

Integrated Research (IRI)

Anticipating 19% - 26% interim PAT growth to \$11.1M - \$11.7M, and 7% - 11% higher, \$49.0M - \$50.5M revenue.

Expecting to publish half-year results 14 February.

Nearmap Ltd (NEA)

42% higher, \$78.3M 1H FY 2019 annualised contract value (ACV) growth. \$81.3M cash. Planning to lodge half-year results 20 February.

MGM Wireless (MWR)

\$4M revenue achieved for 1H FY 2019, 154% more than for 1H FY 2018. Sold 10,989 units, 10 x the total for 1H FY 2018.

MWR has traded at \$3.69 - \$3.95 for the week to date.

CSL Ltd (CSL)

Conference presentation lodged this morning.

Resources

Orocobre Ltd (ORE)

Expecting an Argentina Cauchari JV project resource update by 31 March. Recent drilling and pumping test details lodged this morning. ORE 25%; Advantage Lithium Corp 75%. ORE also holds 33.5% of Advantage Lithium.

Copper Mountain Mining Corporation (C6C)

Produced 20.63Mlb of copper from the Copper Mountain project, British Columbia during the December quarter. Total 2018 output came in at 78.85Mlb. Three-year production guidance also lodged this morning.

C6C settled at 88.5c yesterday after appreciating 10.6% for the session and 7.4% Tuesday.

This kept the \$US lower (as much as -0.7% intra-session) and government bond yields higher through overnight trade.

Also in the US, the deputy attorney-general was reported to be leaving his position within weeks, when the confirmation process for the president's new attorney-general nomination (William Barr) is due to be completed.

The US president repeated a threat of declaring a national emergency should Congress not approve in the near-term ~\$US5B worth of funding for a Mexico-US border wall, and walked out of new negotiations.

Across the Atlantic, the **UK** parliament debated European Union (EU) withdrawal plans, the House of Commons voting (308 – 297) for an amended plan to be presented within three sitting days should the current one be defeated in a scheduled vote Tuesday next week.

Meanwhile, **Bank of England** governor Mark Carney assured the central bank would remain pro-active following the UK's withdrawal from the EU, but would also act in a considered and 'prudent' manner.

In overnight data releases, a US Investment Company Institute report estimated a net \$US30.4B had been withdrawn from US-based mutual and exchange-traded funds during the week to 2 January. This included \$US14.2B from bond investments and \$US11.3B from stocks.

Weekly mortgage applications were reported to have jumped 23.5%.

Germany's November trade surplus rose to €20.5B from €18.9B at the end of October.

Exports pulled back 0.4% for the month however, following a 0.9% October increase.

Imports fell 1.6% after rising 0.8% in October and against forecasts of a flat November.

The **euro zone** reported a 0.1% slip in unemployment to 7.9%.

Tonight in the **US**, weekly new unemployment claims are scheduled for release.

Elsewhere, the **European Central Bank** (ECB) releases policy meeting minutes.

Marks & Spencer, Premier Oil and Tesco are among companies expected to report earnings or provide trading updates.

BHP Billiton trades ex-dividend on the FTSE 100.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1292	oz	6	0.5
Silver (NY) (Mar)	15.74	oz		0.1
Gold (LON)	1286	oz		
Platinum	823	oz	6	0.7
WTI Crude (Feb)	52.4	bbl	2.6	5.2
Brent Crude (Mar)	61.4	bbl	2.7	4.6
Iron Ore (CHN port 62%)	73.90	t	0.56	-0.8
Copper (LME,3mth,PM)	5958	t	52	0.9
Nickel	11250	t	70	0.6
Aluminium	1853	t	-12	-0.6
Lead	1971	t	3	0.2
Zinc	2492	t	7	0.3
Tin	20065	t	125	0.6
CBT Wheat (Mar)	5.20	bshl		

Pre-Open Announcements

Michael Hill International (MHJ)

MHJ has appointed MHJ contractor and former Flight Centre North America president and CEO Andrea Slingsby as COO.

Class Ltd (CL1)

December quarter account numbers growth undershot expectations, the overall tally increasing by 1760 to 174,212. The total number of CL1 customers rose 57 to 1470.

Expecting to publish interim results 14 February and to appoint a CEO before then.

Resources

Cohiba Minerals (* CHK)

Potential IOCG targets indicated by South Australia Horse Well project gravity surveying.

Details lodged this morning.

Azumah Resources (AZM)

WA gold project Kunche deposit high-grade mineralisation extended by up to 75m to ~200m below surface.

Proposing to publish project reserves and a feasibility update within weeks.

Piedmont Lithium (PLL)

North Carolina, US Piedmont lithium project permit applications submitted.

Details and expected timelines lodged this morning.

Trading Halts

Company	Code	Resuming
Environmental Clean Technologies	ECT	11 Jan

Suspensions (select)

Company	Code	Since
Alice Queen	AQX	21 Dec
Alliance Mineral Assets	A40	27 Dec
Cape Lambert Resources	CFE	8 Jan
Castillo Copper	CCZ	27 Dec
Frontier Diamonds	FDX	27 Dec
Valor Resources	VAL	21 Dec
Vector Resources	VEC	4 Jan

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
BHP	Today	~141.8	100	4.64
CYB	17 Jan	5.479	0	1.62
TRA	21 Jan	~3.75	0	5.14
OZG	1 Feb	0.25	100	3.13
WIC	1 Feb	3	100	5.74

Commodities Commentary

Oil – Saudi Arabia was reported to be prepared to call for further oil output reductions if needed this year.

Further, the influential OPEC member said it planned to export a daily 7.1MMbbl of crude during February, against this month's expected 7.2MMbbl/d.

The kingdom's energy minister declared current production was down to a daily 10.20MMbbl, against its agreed cut to 10.311MMbbl/d from 1 January.

In addition, a new listing target date for Saudi Aramco was offered, this time 2021.

Weekly **US** petroleum inventories, as prepared by the government agency EIA, estimated a 1.7MMbbl fall in stored crude, against expectations of up to a 2.8MMbbl draw.

Petrol stocks rose by 8.1MMbbl and distillate inventories by 10.6MMbbl.

Imports were also up, by a daily 626,000bbl. Output was reported flat, at 11.7MMbbl/d.

Refinery utilisation was calculated at 96.1% of capacity, against 97.2% the previous week, with crude usage down a daily 194,000bbl.

In LNG news, six loads of US LNG were reported to have headed for China in the six months to 31 December, against 25 during second-half calendar 2017.

In the meantime, Morgan Stanley reduced its 2019 crude price predictions by ~10%, to \$US61/bbl for Brent and \$US54/bbl for WTI.

Gold – a further \$US pullback and yet steeper oil price gains supported overnight gold sentiment.

US Federal Reserve December policy meeting minutes helped keep the \$US index lower.

Fed chair Jerome Powell speaks publicly tonight and is expected to underscore the minutes indications of a likely reduced pace of rates.

A US CPI update is scheduled for release tomorrow night.

Base metals – copper turned to trade at one-week peaks overnight, in part due to reports of a China planning official's claim that additional stimulus initiatives, including domestic spending support and more favourable investment regulations, were planned

In addition, a 2019 copper concentrate export forecast for the Grasberg operation in Indonesia came in at 200,000t, against 1.2Mt for 2018.

China's December CPI and producer prices, due today, could influence at least some of tonight's LME trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7171	0.0000	0.00
EUR – USD	1.1545	0.0002	0.02

Australian Data Today

NAB	Business confidence	Dec
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US Data Tonight

Initial jobless claims	5 Jan
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**Other Overseas Data Today & Tonight**

China	CPI	Dec
China	PPI	Dec
Japan	Leading economic index (4pm AEDT)	Nov
Euro zone	ECB policy meeting minutes	Dec

Need More Information?

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