

Markets

| | | | |
|--------------------------------------|-------|-----|-------------|
| SFE 200 Futures (9.30am AEDT) | 5642 | -13 | -0.2 |
| NZX 50 | 8783 | 45 | 0.5 |
| DJIA Futures | 24549 | -17 | -0.1 |
| S&P 500 Futures | 2653 | 11 | 0.4 |
| NASDAQ Futures | 6769 | 52 | 0.8 |

Local Markets Commentary

The Australian market commences today's trade following overnight international equities gains and mixed commodities trade, ahead of updated forecasts from the Reserve Bank of Australia (RBA).

Earlier today, UK PM Theresa May won a confidence vote against her, after vowing prior to the poll to step down before the next national election.

In overnight commodities trade, **oil** was pushed lower.

US (February) **gold** futures turned to settle slightly lower.

Iron ore (China port 62% Fe) swung to a sessional gain.

LME **copper** headed lower ahead of influential data due out of China tomorrow.

The **\$A** was again constrained after trading at ~US72.10c early yesterday evening.

Locally today, the **RBA** publishes its quarterly bulletin, including growth and inflation forecasts, **11.30am** AEDT.

The Australian Chamber of Commerce & Industry (ACCI) is also expected to release its quarterly **industrial trends** report today.

Consumer **inflation expectations**, as surveyed by the Melbourne Institute, are due midday.

Meanwhile, **ECX** and **MTS** will trade ex-dividend. Please see p3 for a detailed list.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|-------|-----|------------|
| Dow Jones | 24527 | 157 | 0.6 |
| S&P 500 | 2651 | 14 | 0.5 |
| NASDAQ | 7098 | 66 | 1.0 |
| FTSE 100 | 6880 | 73 | 1.1 |
| DAX 30 | 10929 | 149 | 1.4 |
| Shanghai Comp | 2602 | 8 | 0.3 |

Overseas Markets Commentary

Major European and US equities markets opened higher overnight, reportedly mostly supported by US-China trade talk optimism plus some encouraging data.

Some chop ensued, however, in the wait for definitive outcomes from other material happenings, including in the UK, US and European Union.

A scheduled confidence vote against **UK** PM Theresa May was defeated (200 – 117) as US trade closed.

US administrative claims from the previous session, that **China** was prepared to purchase US soybeans again, were reportedly confirmed by independent

Reserve Bank of Australia – quarterly bulletin **11.30am** AEDT

* Tech listing **11am** AEDT – **TYM** *

* Medical technology listing **2pm** AEDT – **EMV** *

S&P/ASX indices – quarterly rebalance details anticipated tomorrow

Today's Stock Watch

TPG Telecom (↑ **TPM**) / **Hutchison Telecommunications Australia** (↑ **HTA**)

The Australian Competition & Consumer Commission (ACCC) has this morning published concerns at the proposed merger between TPM and Vodafone Hutchison Australia.

The ACCC says it will deliver a final decision 28 March.

APA Group (APA)

MD and CEO Mick McCormack plans to retire from APA by 31 December 2019. Meanwhile, APA will pay a 21.5c interim distribution.

Elders Ltd (ELD)

Today's AGM will be webcast live.

AGM materials lodged this morning, and webcast access details post-trade yesterday. The AGM commences 10.30am AEDT.

Commonwealth Bank of Australia (CBA)

CBA has appointed former Caltex Australia (ASX: CTX) company secretary Kara Nicholls as a company secretary, effective 8 January, following the resignation of Taryn Morton, effective 19 February.

Anteo Diagnostics (ADO)

Exclusive distribution agreement secured with Shanghai GeneDx Biotechnology.

Mortgage Choice (MOC)

Anticipating 10% lower FY 2019 home loan settlement than for FY 2018. Consequently, expecting \$14 - \$15M FY2019 cash NPAT. Planning to lodge interim results 21 February.

Sonic Healthcare (SHL)

Resuming trade having completed a bookbuild for a \$A600M \$19.50-per-share institutional placement in support of the proposed Aurora Diagnostics acquisition. SHL last traded at \$21.39.

Pharmaxis Ltd (PXS)

First US sales of PXS's asthma diagnostic Aridol achieved following a relaunch.

Tymlex Group (* TYM)

Software developer scheduled to list on the ASX **11am** AEDT following a \$5.32M IPO at 22c per share. 56.76M quoted shares.

EMVision Medical Devices (* EMV)

Medical imaging technology specialist scheduled to list **2pm** AEDT following a \$6M IPO at 25c per share. 39.00M quoted shares.

Resources

Mt Gibson Iron (MGX)

WA Koolan Island iron ore project waste mining activities underway, ahead of planned high-grade iron ore sales by 31 March.

commodities traders who ventured a \$US180M spend.

Also overnight, a bilateral trade agreement between the **European Union** and **Japan** was confirmed.

In the meantime, the heads of the European Commission (EC) and **Italy** had been scheduled to meet to further discuss Italy's proposed budget, deemed non-compliant with EC deficit-GDP ratio regulations. No official statements were released prior to close of overnight trading sessions, however.

Meanwhile, the US president's former personal lawyer was given a three-year prison term following fraud convictions, and an admission of illegal payoffs on behalf of the president before he was elected.

The charges were not related to an admission of false testimony in Congress regarding a proposed US building project in Moscow, again before the US president was elected, but during campaigning.

In overnight data releases, **US** November year-on-year CPI growth came in at 2.2%, following 2.5% in October.

For the month, the index was calculated flat, against October's 0.3% rise. The new result was mostly attributed to lower petrol prices.

Nonetheless, the figures supported indications the **US Federal Reserve** would slow the pace of rate rises during 2019.

Mortgage applications rose 1.6% last week, in part due to lower (4.96%) 30-year rates. Volumes were reported 16% lower year-on-year, however.

Earlier, the **euro zone's** October industrial production grew 1.2% year-on-year, against forecasts of a 0.7% increase and following a 0.8% September rise.

For the month, output rose 0.2% following a 0.6% September drop.

Tonight in the US, November import and export prices, plus weekly new unemployment claims are due. Treasury's November budget figures release was also pushed back overnight to tonight.

Elsewhere, the **European Central Bank** (ECB) holds a policy meeting and hosts a post-meeting press conference.

Companies scheduled to report earnings or provide updates include: Adobe, Costco Wholesale, Ocado, Oracle, Sports Direct and TUI.

Associated British Foods will trade ex-dividend on the FTSE 100.

In overnight corporate news, China's **Tencent Music** successfully debuted on the NYSE.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|--------------------------------|--------------|-------|-------|------|
| Gold (NY) (Feb) | 1250 | oz | 2.8 | 0.2 |
| Silver (NY) (Mar) | 14.85 | oz | 0.2 | 1.5 |
| Gold (LON) | 1245 | oz | | |
| Platinum | 802 | oz | 19 | 2.4 |
| WTI Crude (Jan) | 51.15 | bbl | -0.5 | -1.0 |
| Brent Crude (Jan) | 60.15 | bbl | -0.05 | -0.1 |
| Iron Ore (CHN port 62%) | 66.7 | t | 0.7 | 1.2 |
| Copper (LME,3mth,PM) | 6140 | t | -28 | -0.5 |
| Nickel | 10795 | t | 25 | 0.2 |
| Aluminium | 1939 | t | 0 | 0.0 |
| Lead | 1976 | t | 1.5 | 0.1 |
| Zinc | 2570 | t | -20 | -0.8 |
| Tin | 19325 | t | 200 | 1.1 |
| CBT Wheat (Mar) | 5.28 | bshl | 0.07 | 1.3 |

Pre-Open Announcements

Suncorp Group (* SUN)

Additional detail lodged this morning, regarding interim accounting for the proposed sale of SUN's Australian life insurance business.

Meridian Energy (* MEZ)

Non-executive MEZ director Mark Verbiest will take over as MEZ chair on Chris Moller's retirement at the October 2019 AGM.

Mr Verbiest is a director of ANZ Bank New Zealand and chairs NZ-listed Freightways. He is also a former Spark New Zealand (ASX: SPK) chairman.

Infigen Energy (IFN)

IFN has appointed Karen Smith-Pomeroy as an independent non-executive director.

Charter Hall Retail REIT (CQR)

\$210M debt refinancing completed.

In addition, CQR has determined a 14.28c interim distribution.

BARD1 Life Sciences (BD1)

BD1 received subscriptions for \$~1.18M worth of shares in the recent \$3.3M entitlement offer.

HeraMED Ltd (HMD)

Foetal heart beat monitor manufacturer completed its ASX listing yesterday following a \$6M IPO at 20c per share.

Opened at 20c and traded at 18c - 20.5c before settling at 18c. ~4.5M shares were traded across 146M transactions.

40.75M quoted securities.

Resources

Ramelius Resources (* RMS) / Explaurum Ltd (* EXU) / Alkane Resources (ALK)

RMS is planning to offer 2c cash-per-share plus the previously offered one-for-four shares in the company's final bid for EXU.

EXU has traded at 8.2c - 8.8c for the week to date, and RMS at 42.5c - 46.25c.

Doray Minerals (DRM)

WA Deflector gold-copper project underground diamond drilling has delivered numerous significant intersections. Assays lodged this morning.

Kirkland Lake Gold (KLA)

2019 production guidance lodged this morning.

Yandal Resources (* YAL) / Northern Star Resources (NST)

Gold explorer scheduled to list on the ASX at 1pm AEDT tomorrow following a \$5M IPO at 20c per share.

29.25M quoted shares.

NST holds 15.0%.

Reports & Events

(selected scheduled)

| When | Company | Report/Event |
|-----------------|------------|--------------|
| Today | ELD | AGM |
| Tomorrow | PDL | AGM |
| 19 Dec | ANZ | AGM |

Commodities Commentary

Oil – OPEC’s monthly oil report, published overnight, included a 100,000bbl/d reduction in the 2019 forecast for OPEC crude demand to 31.44MMbbl/d.

In addition, OPEC estimated 32.97MMbbl/d (OPEC) November output, 11,000bbl/d fewer than during October.

Saudi Arabia’s daily November output was reported at a record peak of 11.093MMbbl.

A weekly US petroleum inventories report, also released overnight, revealed a 1.2MMbbl draw on crude stocks, against expectations of a 3MMbbl decline.

Net crude imports were estimated higher by a daily 1.1MMbbl.

Production slipped 100,000bbl/d to 11.6MMbbl/d.

Stored petrol rose by 2.1MMbbl, following forecasts of a 2.5MMbbl - 2.8MMbbl rise.

In the meantime, Yemen’s ‘authorities’ and regional stakeholders reportedly agreed to enable petroleum exports to resume.

A monthly report from the International Energy Agency (IEA) is keenly anticipated tonight.

Gold – some overnight safe-haven demand reportedly supported gold, in addition to euro and British pound gains against the \$US.

Silver futures traded at five-week peaks.

Data scheduled for release tomorrow night will be analysed in terms of next week’s US Federal Reserve meeting and expectations for one more rate rise this year.

Tonight’s European Central Bank meeting is expected to confirm an end to a monthly bond purchases program.

Base metals – some US-China trade optimism, claimed to be supporting equities trade, failed to translate into overnight enthusiasm for base metals.

A report asserting the *aluminium* market could be oversupplied during 2019 further constrained aluminium sentiment.

China’s iron ore project spend has been estimated ~8% higher for 2018, following a 23% drop last year.

Most industry watchers attribute this to growing costs, however.

Caution ahead of China’s industrial production, fixed asset investment and retail sales figures, due tomorrow, could influence some of tonight’s trade.

Yesterday, Japan reported a 7.6% rise in October machinery orders, following an 18.3% September drop.

Producer prices fell 0.3% after rising 0.4% in September. Year-on-year, PPI came in 2.3% higher, against 3.0% for September.

Exchange Rates

| CURRENCIES | LAST | +/- | % |
|------------------|--------|--------|------|
| AUD – USD | 0.7219 | 0.0000 | 0.00 |
| EUR – USD | 1.1374 | 0.0004 | 0.04 |

Australian Data Today

| | | |
|------------|------------------------|-------|
| RBA | Bulletin | Dec Q |
| MInst | Inflation expectations | Dec |
| ACCI/Wstpc | Industrial trends | Dec |

| | | |
|---------------|-----|-----------|
| | NAB | AGM |
| | ORI | AGM |
| | SYD | Nov stats |
| 20 Dec | DLX | AGM |
| | IPL | AGM |
| 21 Dec | AIA | Nov stats |

Trading Halts

| Company | Code | Resuming |
|-------------------------------------|------|----------|
| Coolgardie Minerals | CM1 | 13 Dec |
| Musgrave Minerals | MGV | 13 Dec |
| Transaction Solutions International | TSN | 13 Dec |
| Vimy Resources | VMY | 13 Dec |
| Bass Metals | BSM | 14 Dec |
| Bowen Coking Coal | BCB | 14 Dec |
| Data Exchange Network | DXN | 14 Dec |
| Inabox Group | IAB | 14 Dec |
| Intermin Resources | IRC | 14 Dec |
| Litigation Capital Management | LCA | 14 Dec |
| Macpherson Resources | MRP | 14 Dec |
| TNG Ltd | TNG | 14 Dec |

Suspensions (select)

| Company | Code | Since |
|-----------------------------|------|--------|
| Chapmans Ltd | CHP | 7 Dec |
| Department 13 International | D13 | 23 Nov |
| Eneabba Gas | ENB | 10 Dec |
| IndiOre Ltd | IOR | 12 Dec |
| MMJ Group Holdings | MMJ | 12 Dec |
| PayGroup Ltd | PYG | 3 Dec |
| Phosphagenics Ltd | POH | 12 Dec |
| Planet Gas | PGS | 23 Nov |
| Range Resources | RRS | 10 Dec |
| Sterling Plantations | SBI | 27 Nov |
| VPCL Ltd | VPC | 19 Nov |
| Zyber Holdings | ZYB | 28 Nov |

Ex-Dividends

| Code | Ex-Div | Div (c) | Franking (%) | Yield (%) |
|------------|--------|-------------|--------------|-----------|
| ECX | Today | 8 | 100 | 6.27 |
| MTS | Today | 6.5 | 100 | 5.70 |
| SEN | Today | 0.37 | 0 | 0.49 |
| BWP | 28 Dec | 8.93 | 0 | 4.79 |
| CHC | 28 Dec | 16.5 | ~49.69 | 4.31 |
| CLW | 28 Dec | 6.5 | 0 | 6.07 |
| CQR | 28 Dec | 14.28 | 0 | tbc |
| MGR | 28 Dec | 5.3 | 0 | 4.87 |
| NEW | 28 Dec | 4 | 0 | 5.54 |
| RCT | 28 Dec | 10.37 | 0 | 6.56 |
| RFF | 28 Dec | 2.61 | 0 | 4.60 |
| RFP | 28 Dec | 2.6 | 100 | 0.00 |
| SYD | 28 Dec | 19 | 0 | 5.33 |
| TCL | 28 Dec | 29 | ~3.44 | 4.74 |

**US Data Tonight**

| | |
|--------------------------|-------|
| Import and export prices | Nov |
| Initial jobless claims | 8 Dec |
| Treasury budget | Nov |

Other Overseas Data Today & Tonight

| | | |
|------------------|----------------------|-----|
| UK | RICS house prices | Oct |
| Germany | CPI (final) | Nov |
| Euro zone | ECB policy statement | Dec |

Need More Information?

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