

Markets

SFE 200 Futures (9.30am AEDT)	5821	33	0.6
NZX 50	9087	10	0.1
DJIA Futures	24348	27	0.1
S&P 500 Futures	2635	22	0.8
NASDAQ Futures	6720	54	0.8

Local Markets Commentary

The Australian market commences Friday trade following mixed overnight international equities and commodities trade, ahead of key data out of Japan today, expectations of several influential China economic indicators Monday, and a US Monday public holiday.

Among the major commodities, **oil** and US (February) **gold** futures settled lower.

Iron ore (China port 62% Fe fines) rose modestly.

LME **copper** extended Wednesday's gain.

The **\$A** appreciated to ~US71.85c after trading at ~US71.60c early yesterday evening.

Locally today, no major data is anticipated.

Further December quarter and half year corporate updates are anticipated, however.

Regionally, **Japan's** December CPI report is keenly anticipated, **10.30am** AEDT.

Commentary is anticipated regarding **China's** trade talks with the US, which were confirmed yesterday by China as formally resuming in Washington 30 January.

GDP, industrial production and retail sales are anticipated out of China Monday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24370	163	0.7
S&P 500	2636	20	0.8
NASDAQ	7084	50	0.7
FTSE 100	6835	-28	-0.4
DAX 30	10919	-13	-0.1
Shanghai Comp	2560	-11	-0.4

Overseas Markets Commentary

Major European and US equities markets trade diverged overnight, largely on regional issues that will nonetheless influence overall international economic growth prospects.

Mixed data and corporate reports also influenced select trade.

A media report claimed the US treasury secretary favours removing at least some tariffs on imports from China, at odds with the US chief trade representative.

This produced a spike in US indices during the last two hours of trade, but the US administration was quick to dispel belief that any decisions had been formalised.

Official US-China trade talks are next scheduled for 30 January, in Washington.

Japan – December CPI 10.30am AEDT

Today's Stock Watch

Spicers Ltd (SRS)

SRS has agreed to a conditional acquisition by Tokyo Stock Exchange-listed Kokusai Pulp & Paper Co, under a scheme whereby shareholders will likely receive ~7c per share, including an associated ~2.7c per share capital return.

Conditions include that SRS shareholders receive a minimum 6.6c per share.

SRS has traded at 5.3c – 5.5c this week.

McPhersons Ltd (MCP)

\$7.8M (unaudited) 1H FY 2019 continuing operations (excluding Home Appliances) pre-tax profit, against \$3.8M for first-half FY 2018.

Continuing operations sales revenue came in 0.4% higher, at \$106.5M.

Owned brands sales revenue grew 11% (unaudited).

Sales revenue from six core brands rose 14%.

\$19.5M net debt, down 36.0%.

Planning to lodge interim results 20 February.

iSignthis Ltd (ISX)

The Korean Patent Office has accepted ISX's application for a patent covering 'Methods & Systems for Verifying Transactions'. A similar patent has been granted in Australia, Canada, China, New Zealand, Portugal, Singapore, South Africa, Sweden and the US.

ISX has this morning lodged a list of other granted patents and several that are pending.

Sydney Airport (SYD)

December passenger numbers slipped 0.1% year-on-year, the domestic passenger total falling by 2.6%.

Resources

Rio Tinto (RIO)

Shipped 87.4Mt of WA Pilbara iron ore during the December quarter, 3% less than for the December quarter 2017 but 7% more than for the September quarter 2018.

Shipments rose 2% during 2018, to 338.2Mt. Production likewise rose 2%, to 337.8Mt.

Mean realised prices fell 4% to \$US62.5/t.

RIO's mined copper rose 20% year-on-year during the December quarter, to 177,800t and 33% for the year, to 633,500t.

Aluminium production fell 3% during 2018, to 3.458Mt.

Realised prices rose 11%, to \$US2470/t.

Canada iron ore pellet and concentrate production dropped 20% for 2018, to 9Mt.

Energy

88 Energy (88E) / Red Emperor Resources (RMP) / Otto Energy (OEL)

North Slope, Alaska Winx-1 drilling permit in hand.

Drilling is expected to commence mid – late February.

Ultimate working interests, pending regulatory approvals of yet-to-be-executed commercial agreements include: 88E (32%, drilling manager); RMP 28%; OEL 20%.



In the **UK**, public calls for a second referendum on whether to leave the European Union (EU) grew increased.

Meanwhile, the British pound appreciated more than 0.75% against the \$US, to its strongest in ~two months.

Among overnight data releases, the **euro zone's** final December CPI readings were confirmed flat for the quarter and up 1.6% year-on-year, following a 0.2% monthly pull back in November.

This pushed the euro to ~two-week lows against the \$US.

November construction output was estimated 0.09% lower for the month following a 1.63% October fall, and was 0.9% higher year-on-year.

In the **US**, weekly new unemployment claims fell by 3,000.

A Philadelphia region manufacturing index pleased, jumping to 17.0 from 9.1.

Tonight in the **US**, a University of Michigan initial January sentiment reading is due. December industrial production is also scheduled for release, but not anticipated, due to the partial government services shut down.

Companies scheduled to report for the December quarter include Rio Tinto, Schlumberger, State Steel Corp and VF Corporation.

In overnight corporate news, **Morgan Stanley** and **Société Générale** results failed to meet expectations.

Apple supplier **Taiwan Semiconductor Manufacturing** also dented some sentiment, predicting revenue could fall 14%.

A media report also ventured Apple was ready to reduce personnel recruitment.

Netflix has reported post-US trade and will influence some of tonight's sentiment.

Revenue reportedly came in a little beneath some forecasts.

*Meanwhile, **US equities markets will be closed Monday** due to a public holiday.*

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1292.3	oz	-1.5	-0.1
Silver (NY) (Mar)	15.54	oz	-0.1	-0.7
Gold (LON)	1292	oz		
Platinum	809	oz	4	0.5
WTI Crude (Feb)	52.1	bbl	-0.24	-0.5
Brent Crude (Mar)	61.2	bbl	-0.14	-0.2
Iron Ore (CHN port 62%)	74.55	t	0.25	0.3
Copper (LME, 3mth, PM)	5992	t	22	0.4
Nickel	11590	t	-40	-0.3
Aluminium	1858	t	-1	-0.1
Lead	1963	t	-12	-0.6
Zinc	2547	t	51	2.0
Tin	20585	t	10	0.1
CBT Wheat (Mar)	5.20	bshl	0.07	1.4

Commodities Commentary

Oil – overnight prices rose post-settlement, following a media report that the US secretary favoured cutting at least some import taxes on goods from China. US administrators have since denied this is under consideration.

Pre-Open Announcements

CIMIC Group (* CIM)

\$200M worth of oil and gas sector services contract extensions secured by CIM's UGL.

Details lodged this morning.

Antisense Therapeutics (* ANP)

No serious adverse events reported to date for four patients being dosed with ANP's proposed Duchenne muscular dystrophy treatment ATL1102.

Nine patients are enrolled in the phase II clinical trial in Melbourne, and another nine are anticipated.

Additional details lodged this morning/

Australian Foundation Investment Company (AFI)

Director Jacqueline Hay is retiring from the AFI board today.

Xenith IP (XIP)

CFO and company secretary Lesley Kennedy has resigned, in association with the proposed merger with QANTM Intellectual Property.

Ms Kennedy has been with XIP for three years, commencing soon after XIP listed on the ASX.

Weebit Nano (WBT)

Collaborative 'neuromorphic reRAM' project agreed with Politecnico di Milano, Italy.

Aristocrat Leisure (ALL)

AGM scheduled for 21 February.

Associated documents lodged post-trade yesterday.

Resources

Fortescue Metals Group (FMG)

Likely to benefit from a second consecutive sessional rise for 58% Fe iron ore fines (China port).

Hillgrove Resources (* HGO)

Last December's rock fall within the Kanmantoo mine has resulted in a modified pit design that is expected to lower copper production by ~2000t (recovered metal).

HGO is assessing alternative underground mining options to make up the deficit.

In addition, while operating other pit areas while the rock fall site was under investigation and remediation, HGO has incurred additional costs and lost some productivity.

Stockpiled ore levels have fallen below budget.

Perseus Mining (PRU)

Planning to lodge the company's December quarter report pre-ASX trade 22 January (Tuesday next week) and to host an audio webcast teleconference that day, commencing 10am AEDT.

Access details lodged post-trade yesterday.

Lynas Corporation (LYC)

Planning to lodge the company's December quarter report pre-ASX trade 22 January (Tuesday next week) and to host a webcast briefing that day, commencing midday AEDT.

Regis Resources (RRL)

Planning to lodge the company's December quarter report 23 January (Wednesday next week) and to host an audio webcast teleconference that day, commencing 10am AEDT.

OPEC's secretary general Mohammad Barkindo overnight confirmed a new agreement, to further reduce supply, was possible, should stocks grow above a five-year average.

An extraordinary OPEC meeting in April has been scheduled following reviews, announced earlier this week, of the current agreement and compliance with this in February and March.

In addition, OPEC is planning to convene a regular meeting in Vienna in June.

In the meantime, OPEC's monthly report, published overnight, included a 910,000bbl/d reduction in the 2019 demand forecast for OPEC crude, to 30.83MMbbl/d.

December OPEC production was reported at 31.6MMbbl/d.

Russia and Saudi Arabia appeared at odds in the meantime, at the pace of Russia's compliance with the late-2018 output agreement.

The International Energy Agency (IEA) is due to release its monthly report tonight.

A weekly US petroleum drill rig count is also due.

Gold – US equities trade remained in favour, hurting some overnight gold interest amid mixed currency moves.

Trade remained relatively quiet amid forecasts of further extensive winter storm impacts across mid – north east US.

Base metals – further reports of the People's Bank of China making available more finance for lending supported early overnight base metals sentiment, but broad international geopolitical uncertainty appeared to ultimately weigh.

Overnight, the US Senate has voted down legislation aimed at retaining select sanctions which have impacted Russian *aluminium* producer Rusal.

Late Tuesday, Alcoa also spoke of supply likely exceeding demand during 2019.

Japan is due to report December CPI and industrial production today.

Yesterday, Bank of Japan governor Haruhiko Kuroda spoke of increasing domestic risks and promoted careful consideration before central banks moved to implement any unconventional monetary policy.

GDP, industrial production and retail sales reports are anticipated out of **China** Monday.

This could produce further caution tonight.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7191	-0.0002	-0.03
EUR – USD	1.1388	0.0000	0.00

Australian Data Today

RBA	Liabilities & assets	18 Jan
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US Data Tonight

<i>Industrial production</i>	Dec
Uni of Michigan consumer sentiment (prelim)	Jan

Other Overseas Data Today & Tonight

Japan	CPI	Dec
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Access details lodged post-trade yesterday.

Galaxy Resources (GXY)

Planning to lodge the company's December quarter report 24 January (Thursday next week) and to host an audio webcast teleconference that day, commencing 11am AEDT.

Access details lodged this morning.

Northern Minerals (NTU)

NTU has issued 500,000 convertible notes at \$1 each, under a subscription agreement announced 17 December.

In addition, NTU has issued ~14.71M shares in a monthly payment, under arrangements announced April and August 2018.

Energy

Freedom Oil & Gas (* FDM)

Needing to change near-term drilling plans.

Details lodged this morning.

Sundance Energy (SEA)

Expecting to benefit from participation in the Natixis Energy High Yield Seminar, New York (city) next week.

A SEA presentation is scheduled for early 25 January (Friday next week) AEDT.

Trading Halts

Company	Code	Resuming
Pure Minerals	PM1	21 Jan
Zicom Group	ZGL	21 Jan

Suspensions (select)

Company	Code	Since
(The) Agency Group Australia	AU1	15 Jan
Cape Lambert Resources	CFE	8 Jan
Castillo Copper	CCZ	27 Dec
Frontier Diamonds	FDX	27 Dec

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
TRA	Mon	~3.75	0	5.16
URF	Mon	5	0	3.70
MIR	Tue	13.5	100	3.69
OZG	1 Feb	0.25	100	3.13
WIC	1 Feb	3	100	5.66



Japan	Industrial production (rev;3.30pm AEDT)	Nov
UK	Retail sales	Dec

Need More Information?

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

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