

Wednesday 19 December 2018

Markets

SFE 200 Futures (9.30am AEDT)	5580	0	0.0
NZX 50	8726	38	0.4
DJIA Futures	23570	-32	-0.1
S&P 500 Futures	2536	-17	-0.7
NASDAQ Futures	6463	-4	-0.1

Local Markets Commentary

The Australian market commences mid-week trade following a marked drop in overnight oil prices, and falls for the majority of other key commodities, with two major domestic banks hosting AGMs, and ahead of the most market-anticipated US Federal Reserve policy announcement in years before tonight's US trade closes.

Locally today, Westpac and the Melbourne Institute publish their monthly leading indicators report, 10.30am AEDT.

The Department of Jobs reveals November skilled vacancies. An employment indicator is also due, ahead of tomorrow's Australian Bureau of Statistics (ABS) release of national November employment statistics.

In overnight commodities trade, **oil** plummeted.

US (February) **gold** futures settled slightly higher.

Iron ore (China port 62% Fe) picked up the pace of Monday's decline.

LME **copper** and other key base metals fell.

The **\$A** was pushed back to ~US\$71.80c after approaching US\$72.00c early yesterday evening.

Meanwhile regionally, a **China** Communist Party annual economic policy conference, known as the Central Economic Work Conference, is expected to formally commence today.

Japan reports November trade figures 10.50am AEDT, following yesterday's reduced GDP and CPI forecasts.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	23676	83	0.4
S&P 500	2546	0.2	0.0
NASDAQ	6784	30	0.5
FTSE 100	6702	-72	-1.1
DAX 30	10740	-31	-0.3
Shanghai Comp	2577	-21	-0.8

Overseas Markets Commentary

Major European equities markets fell on opening overnight, and key US indices decidedly higher, but ensuing chops and swings underscored jittery sentiment ahead of the US Federal Reserve's highly-anticipated rate and broader policy announcement early tomorrow morning AEDT.

While geopolitical issues remained in focus, oil prices dropped further, data came in mixed, and select corporate announcements pleased.

* Fund listing **11am** AEDT - **OPH** *

Trades executed **Friday** this week will **settle** 27 December (Thursday next week).

Next Monday's (24 December) trades will settle Friday 28 December.

Trades executed Thursday and Friday next week settle 31 December 2018 and 2 January respectively.

ASX Trading 24 December – 2 January

24 December	10am – 2.10pm AEDT
25 December	CLOSED
26 December	CLOSED
27, 28 December	10am – 4.10pm AEDT
31 December	10am – 2.10pm AEDT
1 January 2019	CLOSED
2 January 2019	10am – 4.10pm AEDT

Today's Stock Watch

Australia New Zealand Banking Group (ANZ)

Contentious AGM anticipated today, in Perth.

National Australia Bank (NAB)

Greater than 80% of NAB shareholders are expected to vote against NAB's remuneration report during today's AGM.

Chairman and CEO addresses lodged pre-trade.

Orica Ltd (ORI)

AGM today. Earlier this week, UBS placed a 'buy' on ORI.

Medibank Private (MPL)

Increasing health insurance premiums by a mean 3.30% from 1 April 2019. Details lodged this morning.

nib Holdings (NHF)

Raising mean health insurance premiums by 3.38%.

GU Health premiums will rise ~1.80%.

Phosphagenics Ltd (POH)

Resuming from suspended trade with agreed settlements with Mylan Laboratories and Strides Pharma Asia.

Details lodged this morning.

ELMO Software (ELO)

Paying up to \$15M for new employee software specialist HROnboard. \$7M cash is due on completion, \$3M in a deferred payment and a further \$5M could be payable.

Ophir High Conviction Fund (* OPH)

Investment company scheduled to list **11am** AEDT following an ~200M unit issue at \$2.13 per share.

Resources

Kidman Resources (KDR)

MoU secured to potentially supply 12,000tpa of WA Mt Holland project lithium hydroxide to LG Chem over 10 years.

Targeting a strategic supply agreement by 31 July 2019.

KDR settled yesterday at \$1.25, against \$1.405 at the close of last week's trade.

A midnight Friday **US** government funding deadline appeared assured of being met after an administrative spokesperson said the president need not rely on Mexico border wall funding to be approved by Congress after officials determined alternative options.

In the meantime, the head of the US Securities and Exchange Commission expressed concern at a possible **UK** withdrawal from the **European Union** (EU) in the absence of an approved agreement, and urged authorities in the EU and UK to initiate measures to ensure market operations.

Earlier yesterday, ahead of this week's Bank of **Japan** policy meeting, Japan reduced its GDP and CPI forecasts, citing several natural disasters over recent months and international trade and security change.

Among relatively minimal overnight data releases, **US** November housing starts and building permits surprised on the upside, this attributed to multi-residential properties rather than single-home activity.

Starts rose 3.2% for the month, and permits 5.0% following respective 1.6% and 0.4% October declines.

In **Germany**, IFO's business climate index slipped from 102 to 101, expectations falling 1.4 to 97.3 and current conditions by 0.8 to 104.7.

The overall climate index represented the lowest reading in more than two years, following four consecutive monthly falls.

Tonight in the US, the Federal Reserve will announce policy meeting outcomes (early tomorrow AEDT) and reveal its latest outlook.

Chair Jerome Powell will also host a press conference.

Scheduled data releases include November existing home sales and weekly mortgage applications.

Blackberry and Paychex are among companies scheduled to report earnings.

Overnight, **Boeing** announced a 20% higher dividend and \$US2B higher, \$US20B buy-back.

Johnson & Johnson said it would outlay up to \$US5B on a buy-back.

Post overnight US trade, **FedEx** has reduced earnings guidance.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1253	oz	1.6	0.1
Silver (NY) (Mar)	14.70	oz	-0.06	-0.4
Gold (LON)	1242	oz	6	0.5
Platinum	789	oz	-3	-0.4
WTI Crude (Jan)	46.24	bbl	-3.64	-7.3
Brent Crude (Jan)	56.26	bbl	-3.35	-5.6
Iron Ore (CHN port 62%)	69.03	t	-1.44	-2.0
Copper (LME, 3mth, PM)	5970	t	-153	-2.5
Nickel	10835	t	-150	-1.4
Aluminium	1925	t	-17	-0.9
Lead	1973	t	42	2.2
Zinc	2520	t	-19	-0.8
Tin	19210	t	-140	-0.7
CBT Wheat (Mar)	5.32	bshl	-0.03	-0.6

Commodities Commentary

Oil – overnight prices tumbled overnight, reacting mostly to predicted record late-year production out of the US and Russia, and increased US output during

Pre-Open Announcements

Unibail-Rodamco-Westfield Ltd (* URW)

Paris Tour Ariane office building sale completed for €464.9M disposal.

SEEK Ltd (* SEK)

Multi-currency syndicated loan facility refinanced. Details lodged this morning.

SDI Ltd (* SDI)

Anticipating a \$1.9M - \$2.4M interim NPAT, against \$1.2M a year ago.

Expecting 6% sales growth.

Planning to publish interim results 14 February.

GPT Group (GPT)

Updated portfolio evaluation lodged this morning.

Planning to publish 2018 full year results 11 February.

Access information for a webcast teleconference that day also included in today's announcement.

GetSwift Ltd (* GSW)

Perera is applying to the High Court to appeal the Federal Court's permanent stay decision for Perera's class action. The Federal Court determined the Webb class action alone should progress.

Impression Healthcare (IHL)

MoU secured for a potential supply of cannabis oils from a producer in Canada. Details and plans lodged this morning.

Cromwell Property Group (CMW)

CMW has raised ~\$228M in the recent entitlement offer, the retail component contributing ~\$46M.

Wellard Ltd (WLD)

Anticipating the sales of two assets for a combined \$13M to be completed by 31 March 2019.

In addition, \$US3.5M worth of WLD convertible notes are to be redeemed in return for a standstill on covenant breaches.

New Zealand King Salmon Investments (NZK)

NZK has appointed former Fish for Marel VP Alan Cook as COO.

Fiji Kava (* FIJ)

Biotech company scheduled to list on the ASX **11am** AEDT tomorrow following a \$5.2M IPO at 20c per share.

45.3M quoted shares.

Exopharm Ltd (* EX1)

Exosomes-focused biopharmaceutical research firm completed a stellar ASX listing yesterday following a \$7M IPO at 20c per share.

Opened 42c and traded at 40c – 52c before settling at 52c.

1.1M shares changed hands across 165 transactions.

41.875M quoted shares.

Resources

Walkabout Resources (* WKT)

The Tanzania Lindi Jumbo graphite project resource has been boosted 41% to 41.8Mt W 10.8% TGC, for 4.51Mt of contained graphite.

Alliance Mineral Assets (A40)

A40 has appointed Mark Turner as executive director operations. In association, Geoff McNamara has been elected independent non-executive chairman.

Mr Turner is a former Resolute Mining (ASX: RSG) GM operations.



2019, against an expected international demand slowdown.

Also overnight, North Sea Buzzard field production was reported to be underway again.

In the meantime, reports offered additional information regarding Russia's likely March quarter crude exports, following the agreement for OPEC and allies to reduce production by a daily 1.2MMbbl over six months from 1 January.

Russian Energy ministry estimates reportedly indicated a 1.1% fall in March quarter exports compared with to the current quarter.

Libya added an El Sharara oil field operations force majeure to the exports force majeure called last week, due to domestic militant action.

Up to a daily 315,000bbl of production is affected.

A weekly US petroleum inventories report from government agency the EIA is due tonight.

Gold – some safe-haven buying and no new \$US index rally again supported overnight gold sentiment. Tonight's (US time) Federal Reserve post-policy meeting announcement and press conference, and US data, including a September quarter GDP reading, are expected to influence currency, and hence gold moves, through to the end of the week.

Pre-end of year holiday season positioning is also expected to continue.

Base metals – China yesterday revealed plans to shut down a minimum 11 steel operations.

In the meantime, China's president disappointed by not offering any new economic support initiatives in a public economic reform speech ahead of a key Communist Party policy conference this week.

Some trade also reacted to a late-Monday report that Vedanta was more likely than previously expected to be able to recommence operations at a 400,000tpa copper smelter.

In nickel news, the International Nickel Study Group estimated a 19,600t October global nickel deficit.

Lead and zinc deficits were calculated by similar industry groups at 25,600t and 43,400t.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7185	-0.0001	-0.01
EUR – USD	1.1369	0.0004	0.04

Australian Data Today

Wstpc/MI	Leading index	Nov
DeptofJobs	Skilled vacancies	Nov
DeptofJobs	Employment indicator	Dec

US Data Tonight

Fed Reserve monetary policy statement	Dec
Existing home sales	Nov
MBA mortgage applications	14 Dec

Other Overseas Data Today & Tonight

Japan	Trade balance (provsnl)	Nov
UK	CPI	Nov
UK	PPI	Nov
UK	CBI industrial trends	Dec

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	ANZ	AGM
	NAB	AGM
	ORI	AGM
	SYD	Nov stats
Tomorrow	DLX	AGM
	IPL	AGM
Fri	AIA	Nov stats

Trading Halts

Company	Code	Resuming
Australian Vanadium	AVL	19 Dec
Axiom Mining	AVQ	19 Dec
dorsaVi Ltd	DVL	19 Dec
Havilah Resources	HAV	19 Dec
Helios Energy	HE8	19 Dec
Alara Resources	AUQ	20 Dec
Bounty Mining	B2Y	20 Dec
Chesser Resources	CHZ	20 Dec
Jayride Group	JAY	20 Dec
Northern Cobalt	N27	20 Dec
Oilex Ltd	OEX	20 Dec
Troy Resources	TRY	20 Dec

Suspensions (select)

Company	Code	Since
Chapmans Ltd	CHP	7 Dec
Eneabba Gas	ENB	10 Dec
IndiOre Ltd	IOR	12 Dec
MMJ Group Holdings	MMJ	12 Dec
Orinoco Gold	OGX	18 Dec
Range Resources	RRS	10 Dec
Sterling Plantations	SBI	27 Nov
Tikforce Ltd	TKF	17 Dec
Wollongong Coal	WLC	13 Dec
Zyber Holdings	ZYB	28 Nov

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
KPG	Tomorrow	1.1	100	3.75
APA	28 Dec	21.5	0	5.25
ARF	28 Dec	3.38	0	5.30
AVN	28 Dec	4.14	0	7.87
BWP	28 Dec	8.93	0	4.95
CHC	28 Dec	16.5	~49.69	4.35
CLW	28 Dec	6.5	0	6.07
CQE	28 Dec	4	0	5.12
CQR	28 Dec	14.28	0	6.18
CRR	28 Dec	5.22	0	7.28
DXS	28 Dec	27.2	0	4.61
GCM	28 Dec	2.375	47.36	4.20
GDF	28 Dec	2.25	0	6.95
GDI	28 Dec	3.88	0	5.78



Germany	PPI	Nov
Euro zone	Construction output	Oct

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IDR	28 Dec	4.25	0	6.25
KLA	28 Dec	3.4	0	0.29
MGR	28 Dec	5.3	0	4.93
NEW	28 Dec	4	0	5.58
RCT	28 Dec	10.37	0	6.56
RFF	28 Dec	2.61	0	4.60
RFP	28 Dec	2.6	100	0.00
SCP	28 Dec	7.25	0	5.37
SGP	28 Dec	13.5	0	7.34
SYD	28 Dec	19	0	5.33
TCL	28 Dec	29	~3.44	4.77
TGP	28 Dec	1	0	5.88
TOT	28 Dec	3	0	8.61
VCX	28 Dec	7.95	0	6.03
VVR	28 Dec	7.03	0	6.40
HNG	7 Jan	1.5	100	6.52