



Market Opener

Thursday 20 December 2018

Please see disclaimer at end of document.

Markets

SFE 200 Futures (9.30am AEDT)	5570	-28	-0.5
NZX 50	8720	-42	-0.5
DJIA Futures	23315	-1	0.0
S&P 500 Futures	2503	-33	-1.3
NASDAQ Futures	6335	-128	-2.0

Local Markets Commentary

The Australian market opens today's trade following an overnight US rate rise, ahead of key domestic data this morning, and central bank policy statements in Japan this afternoon and the UK tonight.

Locally today, the Australian Bureau of Statistics (ABS) publishes national November employment statistics, **11.30am** AEDT.

In overnight commodities trade, **oil** swung higher. US (February) **gold** futures again settled with a slight gain.

Iron ore (China port 62% Fe) turned slightly higher. LME **copper** and **nickel** swung higher and rallied.

The **\$A** dropped to ~US71.10c after again approaching US72.00c early yesterday evening.

Regionally today, the Bank of **Japan** announces outcomes of its policy meeting 2pm AEDT. Governor Haruhiko Kuroda also hosts a press conference.

This morning, **New Zealand** has reported 0.3% September quarter GDP growth, following forecasts of a 0.6% increase.

The nation's trade deficit came in at \$NZ 5.432B, against expectations of \$NZ5.443B.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	23324	-352	-1.5
S&P 500	2507	-39	-1.5
NASDAQ	6637	-147	-2.2
FTSE 100	6766	64	1.0
DAX 30	10766	25	0.2
Shanghai Comp	2550	-27	-1.1

Overseas Markets Commentary

US equities markets opened higher overnight, maintaining gains until a marked reversal when the US Federal Reserve had announced a unanimous decision for a 0.25% interest rate rise.

Fed policy meeting minutes and a post-meeting press conference suggested a slowing of interest rate rises, from four during 2018, but that up to two could be expected for 2019.

The Fed also lowered forecasts (2.3% 2019 GDP; 1.9% CPI growth), ventured no assurance, and spoke of 'roughly balanced' economic risk.

Major European equities markets continued to chop overnight, appearing to react mostly to domestic matters.

These included the **European Union** (EU) assuring implementation was already underway for temporary

* Biotech listing **11am** AEDT - **FIJ** *

Trades executed **tomorrow** (Friday) 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

State One's *Market Opener* will continue until tomorrow and resume Wednesday 2 January

The State One *Spinnaker* will resume 13 January



Best wishes from all at State One for a safe and happy festive season

Today's Stock Watch

NRW Holdings (NWH)

NWH does not anticipate any change to current guidance, despite potential further delays to the completion of the Perth suburban Forrestfield-Airport link.

NWH is a 20% partner in the construction JV appointed to complete the link.

NWH suffered a 14.4% drop on the delay news yesterday, settling at \$1.60.

WorleyParsons Ltd (WOR)

Acrylate styrene acrylonitrile EPCM contract in hand from INEOS.

Fluence Corporation (FLC)

An ITEST partnership has delivered FLC its first two Aspiral wastewater treatment plant orders in China.

Patrys Ltd (PAB)

PAT-DX1 pre-clinical data indicates the proposed treatment can suppress breast cancer-originating brain metastases and improve survival probabilities. Details lodged this morning.

Resources

Syrah Resources (SYR)

Qingdao Langruite Graphite Co has agreed to purchase a minimum 48,000t of SYR's Balama project graphite, and up to 60,000t. SYR says terms remain confidential.

arrangements should the **UK** separate from the EU without an approved agreement.

The initiatives were reported to cover personal travel, goods transportation and financial services regulations, and follow draft 'no-deal' plans published last month.

Meanwhile, the European Commission confirmed agreement with **Italy** on a 2019 budget for Italy that has been revised to avoid deficit-GDP ratio – related sanctions.

Across the Atlantic, a midnight Friday **US** government funding deadline returned to focus, following the administration's previous day's revelation that it need not rely on Congress.

Overnight, Congress confirmed it was progressing legislation for funding through to 8 February, and that it did not include a Mexico border wall allowance.

US exporters also backed up reports from the previous day, that **China** had purchased a second swag of soybeans since the G20 China-US talks, this time 1.5Mt during last week.

Later, the US administration announced military personnel would start leaving **Syria**.

In **Canada**, a third citizen was reported to have been detained in China, but reports varied as to whether this person was also accused of China national security offences. Last month, Canada arrested a Huawei executive on a US request and associated allegations of sanctions-related violations.

In US **data** releases, November existing home sales rose 1.9% for the month, following a 1.4% October gain and defying expectations of a 0.8% fall.

Year-on-year, November sales represented a 7.0% drop.

Weekly mortgage applications were reported 5.8% lower, after a 1.6% increase the previous week.

In the **euro zone**, November construction output was estimated 1.8% higher year-on-year, following 4.8% for October.

For the month, output dropped 1.6%, against a 2.1% October improvement.

In **Germany**, November producer prices rose 0.1% for the month following a 0.3% October increase. Year-on-year, prices were 3.3% higher, the same as for October.

The **UK**'s November CPI was reported 0.2% higher for the month, increasing 2.3% year-on-year. This followed 0.1% and 2.4% respective October growth.

Tonight in the US, weekly new unemployment claims, a leading index and a Philadelphia region manufacturing index are due.

Elsewhere, the Bank of England holds a policy meeting. The post-meeting commentary is keenly anticipated, in particular views and predictions on post-European Union membership scenarios.

Accenture, Carnival, Nike and Walgreen Boots are among companies scheduled to report earnings.

In overnight corporate news, **GlaxoSmithKline** (GSK) and **Pfizer** revealed plans for a consumer health JV, with GSK holding 68%.

GSK will retain consumer pharma and vaccines, as a standalone business.

In addition, **Bristol-Myers Squibb** revealed a \$US1.6B sale of its consumer health business to Japanese company **Taisho Pharmaceutical Holdings**.

Earlier, Japan's **SoftBank** mobile phone business IPO had undershot expectations.

Pre-Open Announcements

BWX Ltd (F BWX)

Lowering anticipated FY 2019 normalised EBITDA from ~\$40.3M to \$27M - \$32M. Details lodged this morning.

Incitec Pivot (* IPL)

Update keenly anticipated at today's AGM.

DuluxGroup Ltd (* DLX)

AGM today.

Genex Power (GNX)**

Heralding a non-binding term sheet secured with EnergyAustralia regarding long-term storage services and a Kidston hydro project equity investment.

AV Jennings (* AVJ)

~11M worth of previously anticipated 1H FY 2019 PBT will move to 2H FY 2019. Details lodged this morning.

Planning to publish interim results early February.

Fiji Kava (* FIJ)

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

45.3M quoted shares.

Immutep Ltd (* IMM)

Conducting a \$US5.2M placement at \$US2.00 per American depository share (ADS).

OFX Group (* OFX)

Expecting to book \$4M worth of Currencies Direct non-recurring operating expenses in FY 2019 accounts.

Catapult Group International (CAT)

CAT CFO Mark Hall has resigned, likely effective at the end of March 2019.

Meanwhile, CAT has appointed former Barclays executive Rick Wingfield as chief technology officer, effective 7 January.

In addition, CAT has appointed Kelly Hutchison as chief people officer, also effective 7 January.

MMJ Group Holdings (MMJ)

Intending to conduct a SPP during first half 2019.

Resuming from suspended trade, having last traded at 25.5c.

Ophir High Conviction Fund (OPH)

Investment company completed a successful ASX listing yesterday, following an ~200M unit issue at \$2.13 per share.

Opened at \$2.22 and traded at \$2.19 - \$228 before settling at \$2.20.

521,852 units changed hands across 116 transactions.

Energy

Comet Ridge (* COI) / Santos Ltd (STO)

ATP 1191P Mahalo coal seam gas project Sirius Road 2 drilling is expected to commence tomorrow.

COI 40%; STO 30% and exploration operator; APLNG 30%.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	DLX	AGM
	IPL	AGM

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1256	oz	2.8	0.2
Silver (NY) (Mar)	14.67	oz	-0.03	-0.2
Gold (LON)	1242	oz		
Platinum	784	oz	-5	-0.6
WTI Crude (Jan)	47.20	bbl	0.96	2.1
Brent Crude (Jan)	57.24	bbl	0.98	1.7
Iron Ore (CHN port 62%)	69.15	t	0.12	0.2
Copper (LME,3mth,PM)	6015	t	45	0.8
Nickel	10950	t	115	1.1
Aluminium	1927	t	2	0.1
Lead	1964	t	-9	-0.5
Zinc	2541	t	21	0.8
Tin	19270	t	60	0.3
CBT Wheat (Mar)	5.22	bshl	-0.10	-2.0

Commodities Commentary

Oil – \$US moves influenced some overnight prices, the \$US index lower throughout trade, but rising some following the US Federal Reserve rate rise announcement.

Meanwhile, Saudi Arabia said it expected international crude stocks would fall by 31 March 2019, and that agreement to extend the recent production curb deal would likely be secured in April. A weekly US petroleum inventories report, published overnight, a 21,000bbl/d pull back in net imports. Stored crude eased 497,000bbl, following forecasts of a 2.4MMbbl fall.

Cushing, Oklahoma stockpiles were confirmed higher, by ~1.1MMbbl. Petrol inventories were estimated 1.8Mmbbl higher. Combined diesel and heating oil stocks fell by 4.2MMbbl, following forecasts of 573,000bbl growth.

Gold – prices reached five-month highs in early overnight trade, but pulled back following the 0.25% US Federal Reserve rate rise (to 2.25% - 2.50%) announcement and accompanying projections of up to two more increases during 2019.

A swath of key data is due out of the US tomorrow night, and will likely influence end-of-week prices, heading into the end-of-year holiday season.

Base metals – a weaker \$US supported LME trade from early overnight.

Aluminium stockpiles were reported higher again, pushing tallies to 73% greater than at 30 September. Reports also surfaced that major China aluminium producers were meeting to share information and talk potential cutbacks, due to falling demand and hence prices.

Yesterday, Japan reported a 0.1% year-on-year rise in November exports and 12.5% higher imports, against respective 8.2% and 19.9% October figures. The nation's trade deficit came in at ¥737.3B, following ¥449.3B at the end of October.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7116	0.0007	0.10
EUR – USD	1.1379	0.0000	0.00

SYD

Nov stats

Tomorrow

AIA

Nov stats

Trading Halts

Company

Code

Resuming

Bounty Mining	B2Y	20 Dec
Chesser Resources	CHZ	20 Dec
Jayride Group	JAY	20 Dec
Oilex Ltd	OEX	20 Dec
Troy Resources	TRY	20 Dec
Echo Resources	EAR	21 Dec
Family Zone Cyber Safety	FZO	21 Dec
IODM Ltd	IOD	21 Dec
Specialty Metals International	SEI	21 Dec
THC Global Group	THC	21 Dec
Valor Resources	VAL	21 Dec
Watermark Global Leaders Fund	WGF	21 Dec
Watermark Market Neutral Fund	WMK	21 Dec

Suspensions (select)

Company

Code

Since

Axiom Mining	AVQ	19 Dec
Chapmans Ltd	CHP	7 Dec
Eneabba Gas	ENB	10 Dec
Helios Energy	HE8	19 Dec
IndiOre Ltd	IOR	12 Dec
Orinoco Gold	OGX	18 Dec
Range Resources	RRS	10 Dec
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	Today	1.1	100	3.75
APA	28 Dec	21.5	0	5.31
ARF	28 Dec	3.38	0	5.16
AVN	28 Dec	4.14	0	7.80
BWP	28 Dec	8.93	0	4.92
CHC	28 Dec	16.5	~49.69	4.37
CLW	28 Dec	6.5	0	6.00
CQE	28 Dec	4	0	5.18
CQR	28 Dec	14.28	0	6.18
CRR	28 Dec	5.22	0	7.23
DXS	28 Dec	27.2	0	4.59
GCI	28 Dec	0.88	0	tbc
GCM	28 Dec	2.375	47.36	4.20
GDF	28 Dec	2.25	0	6.82
GDI	28 Dec	3.88	0	5.74
IDR	28 Dec	4.25	0	6.18
KLA	28 Dec	3.4	0	0.29
LEP	28 Dec	10.45	0	4.23
MGR	28 Dec	5.3	0	4.91
NEW	28 Dec	4	0	5.54
NSR	28 Dec	4.5	0	5.20
RCT	28 Dec	10.37	0	6.54
RFF	28 Dec	2.61	0	4.56
RFP	28 Dec	2.6	100	0.00



Australian Data Today

ABS	Employment (incl jobs, wages)	Nov
RBA	Forex transactions	Nov
RBA	Official reserve assets	Nov

US Data Tonight

Initial jobless claims	15 Dec
Philadelphia Fed manufacturing	Dec
Conf Board leading index	Nov

Other Overseas Data Today & Tonight

Japan	BoJ policy statement	Nov
Japan	All industry activity (3.30pm)	Oct
UK	BoE policy statement	Dec
UK	Retail sales	Nov

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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SCP	28 Dec	7.25	0	5.42
SGP	28 Dec	13.5	0	7.32
SYD	28 Dec	19	0	5.34
TCL	28 Dec	29	~3.44	4.75
TGP	28 Dec	1	0	5.88
TOT	28 Dec	3	0	8.61
VCX	28 Dec	7.95	0	6.00
VVR	28 Dec	7.03	0	6.26
CAM	3 Jan	1.25	100	tbc
HNG	7 Jan	1.5	100	6.59
BHP	10 Jan	US102	100	tbc

December quarter S&P/ASX indices re-balance

The following changes will be effected as the ASX commences trade **24 December** (Monday next week):

S&P/ASX 20

Out: ORG

S&P/ASX 50

Out: URW

S&P/ASX 100

Out: CSR, HVN

In: NEC, WOR

S&P/ASX All Australian 50

Out: ORI

S&P/ASX All Australian 200

Out: CLQ, JHC

In: COE, PNI