

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	6066	6	<b>0.1</b>
<b>NZX 50</b>	9302	52	<b>0.6</b>
<b>DJIA Futures</b>	25961	-3	0.0
<b>S&amp;P 500 Futures</b>	2787	8	0.3
<b>NASDAQ Futures</b>	7073	5	0.1

## Local Markets Commentary

The Australian market opens today's trade ahead of influential domestic data, with an additional swag of high-profile domestic stocks reporting earnings and following some overnight price rallies for key commodities.

**Locally** today, January **employment** statistics are due **11.30am** AEDT.

**EVN, GWA** and **JBH** are among stocks trading **ex-dividend**. Please see pp4-5 for details.

**Regionally**, a preliminary February manufacturing PMI is due for **Japan**, also at 11.30am.

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

US **gold** futures (April) slightly extended Tuesday's strong gain.

**Iron ore** (China port, 62% Fe) fell, but remained firmly above \$US85/bbl.

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

The **\$A** traded in a relatively narrow range after trading at ~US71.65c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25954	63	<b>0.2</b>
<b>S&amp;P 500</b>	2785	5	<b>0.2</b>
<b>NASDAQ</b>	7489	2	<b>0.0</b>
<b>FTSE 100</b>	7229	49	<b>0.7</b>
<b>DAX 30</b>	11402	93	<b>0.8</b>
<b>Shanghai Comp</b>	2761	6	<b>0.2</b>

## Overseas Markets Commentary

Volatility appeared during choppy overnight US equities trade. Major European equities markets were dragged higher by generally positive sentiment, but again in choppy trade.

The US president repeated his assertion **US-China** trade talks were progressing sufficiently for him to consider pushing back planned 1 March tax increases on imports from China.

In the **UK**, three conservative (ruling party) parliamentarians defected to join a new group formed by the seven labour party parliamentarians who resigned earlier this week. All want the UK to remain within the European Union (EU).

The UK PM in the meantime was in Brussels, talking again to EU heads, requesting legally-binding change so that temporary UK-Ireland border arrangements would not transition to a permanent link to EU regulations.

US **Federal Reserve** January policy minutes, reported during second-half US trade, confirmed

**Australia** – January employment – **11.30am** AEDT

\* Retail listing **11am** AEDT – **MPH** \*

## Today's Stock Watch

### Wesfarmers Ltd (WES)

Webcast teleconference scheduled to commence 1pm AEDT. \$4.54B interim NPAT, against \$212M a year ago. 4.2% higher, \$14.39B revenue.

\$1.00 interim and \$1.00 special dividend, each fully franked, against \$1.03. \$6.41 NTA.

### Qantas Airways Holdings (QAN)

16.3% lower, \$498M interim NPAT.

5.8% higher, \$9.21B income.

12c fully franked interim dividend. \$1.82 NTA.

### Perpetual Ltd (PPT)

12% lower, \$60.20M interim NPAT.

5% lower, \$251.16M revenue.

\$1.25 fully franked interim dividend. \$6.43 NTA.

### Sydney Airport (SYD)

6.5% higher, \$372.5M full year NPAT.

6.8% higher, \$1.58B revenue.

19c final distribution, up 1c.

### Nine Entertainment Co (NEC)

1.4% lower, \$171.56M interim NPAT.

1.3% lower, \$714.23M revenue.

5c fully franked final dividend. 6.5c NTA.

### Flight Centre (FLT)

60c interim and \$1.49 special dividend, each fully franked.

17.1% lower, \$84.80M interim NPAT.

7.4% higher, \$1.46B revenue.

### IRESS Ltd (IRE)

7.27% higher, \$64.10M full year NPAT.

8.06% higher, \$464.62M revenue.

30c, 40%-franked final dividend, against 28c, 60%-franked.

### The Star Entertainment Group (SGR)

40.0% higher, 10.5c fully franked interim dividend.

\$148.5M interim NPAT.

3.2% lower, \$1.15B revenue.

\$791M net debt. \$2.12 NTA.

## Resources

### Iluka Resources (ILU)

\$US304M full year NPAT, following a \$US172M net loss a year ago.

22% higher, \$US1.24B revenue.

A19c fully franked final dividend, down 24%. \$US2M net cash.

## Energy

### Origin Energy (ORG)

\$796M interim NPAT, following a \$207M net loss a year ago.

2% higher, \$7.66M revenue.

10c fully franked interim dividend, against nil dividend.

### Santos Ltd (STO)

275% higher, \$US630M full year NPAT.

18% higher, \$US3.66B revenue.

A6.2c fully franked final dividend.

general consensus for a policy stay, given economic growth risks, in part due to broad international policy uncertainty, plus ongoing relatively weak inflation growth.

Among **data** releases, **euro zone** consumer confidence estimate improved by 0.5 to -7.4.

**Germany's** January producer prices rose 0.4% for the month after declining 0.4% in December. Year-on-year, prices were 2.6% higher.

**US** weekly mortgage applications rose 3.6%.

**Tonight** in the US, December durable goods orders, the Philadelphia Fed manufacturing index, January existing home sales, February Markit manufacturing and services PMIs, a Conference Board leading index report and weekly new unemployment claims are due.

Elsewhere, **European Central Bank** January policy meeting minutes, a final January CPI reading for Germany and euro zone PMIs are expected.

Companies scheduled to report **earnings** later today or tonight include: AXA, BAE Systems, Baidu, Barclays, Caesars Entertainment, Dropbox, Hewlett Packard Enterprise, Hochtief, Intuit, Kraft Heinz, Newmont Mining, Serco, Veolia and Wendy's.

In overnight corporate news, **Glencore** declared it was planning to constrain **coal** production in the wake of significant investor concern.

Glencore also reported a full year profit that undershot expectations, but said it planned a new \$US2B buy-back.

In the US, **CVS Health's** 2019 profit outlook, which included the phrase 'significant additional deterioration' in association with residential care, disappointed, the stock falling ~8% despite quarterly profit that exceed expectations.

Earlier, UK supermarket chain **Sainsbury's** plans to acquire ASDA, owned by Walmart, were placed in jeopardy by a UK competition regulation assessment, pushing Sainsbury 15% lower.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Apr)</b>	<b>1347.9</b>	oz	3.1	0.2
<b>Silver (NY) (Mar)</b>	16.18	oz	0.21	1.3
<b>Gold (LON)</b>	1326	oz		
<b>Platinum</b>	826	oz	8	1.0
<b>WTI Crude (Mar)</b>	<b>56.99</b>	bbbl	0.9	1.6
<b>Brent Crude (Apr)</b>	<b>67.16</b>	bbbl	0.71	1.1
<b>Iron Ore</b> (CHN port 62%)	<b>88.0</b>	t	-1.21	-1.4
<b>Copper</b> (LME,3mth,PM)	<b>6418</b>	t	93	1.5
<b>Nickel</b>	12920	t	270	2.1
<b>Aluminium</b>	1875	t	21	1.1
<b>Lead</b>	2045	t	25	1.2
<b>Zinc</b>	2701	t	37	1.4
<b>Tin</b>	21250	t	110	0.5
<b>CBT Wheat (Mar)</b>	<b>4.87</b>	bshl	-0.05	-1.0

### Commodities Commentary

**Oil** – a further 0.2% \$US (ICE index) pullback ultimately supported overnight prices after Brent had continued to slip in early trade.

Prices also benefited from production news, with Nigeria's president declaring he favoured domestic production cuts and Saudi Aramco announcing a 400,000bbbl/d refinery closure, for maintenance.

### Pre-Open Announcements

#### Fisher & Paykel Healthcare (\* FPH) / ResMed Inc (\* RMD)

FPH and RMD have agreed to settle patent infringement disputes. Details lodged this morning.

#### Ausdrill Ltd (\* ASL)

\$216.99M interim NPAT.

45.7% higher, \$642.54M revenue.

Flat, 3.5c fully franked interim dividend. \$1.0352 NTA.

#### Webjet Ltd (↓ WEB)

37% higher, \$25.2M interim NPAT.

33% higher, \$175.8M revenue.

8.5c fully franked interim dividend.

#### MYOB Group (\* MYO)

5.14% higher, \$63.80M full year NPAT.

6.90% higher, \$445.24M revenue.

Nil final dividend.

#### Growthpoint Properties (\* GOZ)

5.0% higher, \$88.57M interim NPAT.

3.6% higher, \$136.04M revenue.

11.4c interim distribution. \$3.96 NTA.

#### APA Group (\* APA)

In addition to reporting interim results yesterday, APA has appointed Manufacturing Australia chair and former Incitec Pivot (ASX: IPL) MD and CEO James Fazzino as a non-executive director of APA responsible entity Australian Pipeline Ltd.

The appointment is in association with the retirement of Russell Higgins AO from the APA board.

#### Mediland Pharm (\*\* MPH)

Retailer servicing organised tour visitors from China scheduled to list **11am** AEDT following a \$12.55M IPO at 20c per share.

312.76M quoted shares.

### Resources

#### Alumina Ltd (\* AWC)

\$US635.4M full year NPAT, against \$US339.8M.

US14.1c fully franked final dividend.

#### Regis Resources (RRL)

Director Mark Okeby has retired from the RRL board, effective yesterday.

### Vonex Ltd (VN8)

*Share price: A\$0.115; Target price: A\$0.28; Target upside: 93%*

Vonex, founded in 2009, is a Perth-based telecom company specialising in innovative Voice over Internet Protocol (VoIP) solutions and feature-rich Private Branch Exchange (PBX) technology.

Vonex has also developed an innovative telecommunications/social media application – Oper8tor.

#### PBX business at inflection point

With the Dec/Jan holiday season now over, we forecast that the growth rate in VN8's registered PBX user base will accelerate significantly from around 333 per month to 500 in February, 1,000 in March, 1500 in April, 1750 in May and 2250 in June.

US government agency EIA is due to report weekly petroleum inventories tonight.

March WTI futures expired at last night's settlement. April futures gained 1.6% for the session, closing at \$US57.35/bbl.

Early overnight losses were attributed to a group of factors which are expected to continue for varying periods. These include sanctions, domestic civilian unrest, unplanned outages, and economic and political upheaval, respectively for Iran, Libya, Saudi Arabia and Venezuela.

**Gold** – Comex futures settled at a new 10-month peak overnight, but during post-settlement electronic trade prices headed a little lower.

This came following the release of US Federal Reserve January policy meeting minutes which outlined several reasons for the current policy stay stance.

**Base metals** – copper traded at seven-month highs, with LME stocks reported to be again approaching 10-year lows.

No new \$US rally, and the absence of new negative comments from US-China trade talks also supported trade in general.

In producer news, Chalco (Aluminium Corp of China) revealed plans to secure 950M yuan from the sale of 190,000tpa of aluminium smelting capacity to a Chinalco (Chalco parent) group based in Yunnan province.

**Japan's** January **trade** figures, reported yesterday, included an 8.4% year-on-year drop in exports and 0.6% fall for imports, following a 3.9% exports decline and 1.9% imports gain in December 2018.

The trade deficit consequently grew to ¥1415B from ¥57B.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7166	0.0003	0.04
<b>EUR – USD</b>	1.1344	0.0006	0.06

### Australian Data Today

ABS	Employment	Jan
RBA	Forex transactions (4.30pm)	Jan
RBA	Official reserve assets (4.30pm)	Jan

### US Data Tonight

	Durable goods orders	Dec
	Markit manufacturing, services PMIs	Feb
	Philadelphia Fed manufacturing	Feb
	Existing home sales	Jan
	Initial jobless claims	16 Feb
	Conf Board leading index	Jan

### Other Overseas Data Today & Tonight

<b>Japan</b>	Manufacturing PMI (prelim)	Jan
Japan	All industry activity index	Dec
<b>UK</b>	Public sector finances	Jan
<b>Germany</b>	CPI (final)	Jan
Germany	Manufacturing, services PMIs (1 <sup>st</sup> )	Feb
<b>Euro zone</b>	ECB policy meeting minutes	Jan

Factors driving this customer growth include:

- an increased marketing drive (in December 2018, VN8 commenced online marketing to all States and Territories);
- improved engagement with new and existing channel partners (VN8 has added 38 new channel partners to date and is targeting to reach 100 new channel partners by 30 June 2019); and
- VN8's marketing and partnering agreement with technology partner CounterPath gaining traction.

### On cusp of new revenue stream

VN8 recently announced that after a successful round of beta testing, Oper8tor Conference - the first stage of the company's aggregated communication app - is on track for iOS and Android download in Australia in March 2019, ahead of a commercial launch in Europe by July 2019.

Assuming industry average active user income of \$US10 per annum (~US\$0.80 per month), a targeted 10 million user base could generate revenues for Oper8tor of \$US100M per annum.

In terms of what Oper8tor could be worth, we note that Facebook with a market capitalisation of \$US465B and a 2.2 billion active user base, is valued at \$US211/user.

At the other end of the spectrum, Snapchat, with a \$US12B market cap and an active user base of 188M, is valued at \$US63/user.

Attaching a conservative valuation of \$US50/user, we calculate that Oper8tor - if successful in getting 10 million active users - could be worth some \$US500M to a potential acquirer.

### Investment case gaining traction

VN8's share price has appreciated significantly over the past week.

The past week's VN8 trade has been the most active since the first two weeks following VN8's June 2018 ASX listing.

We are expecting a lot more as the company's activities roll out.

For further information:

- call your State One adviser at 08 9288 3388 or 1300 651 898, or
- email [vonex@stateone.com.au](mailto:vonex@stateone.com.au)

**State One Executive Chairman Alan Hill**

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>APT</b>	Interim
	<b>AWC</b>	Full year
	<b>ALL</b>	AGM
	<b>BLT</b>	Interim
	<b>CCL</b>	Interim
	<b>EVT</b>	Interim
	<b>FLT</b>	Interim
	<b>GOZ</b>	Interim
	<b>ILU</b>	Full year
	<b>IRE</b>	Full year
	<b>MSB</b>	Interim
	<b>MIN</b>	Interim
	<b>MYO</b>	Full year
	<b>NEC</b>	Interim
	<b>ORG</b>	Interim
	<b>PGH</b>	Interim
	<b>PPT</b>	Interim
	<b>PTM</b>	Interim
	<b>QAN</b>	Interim
	<b>QUB</b>	Interim
	<b>STO</b>	Full year
	<b>SGR</b>	Interim

Euro zone Manufacturing, services PMIs (1<sup>st</sup>) Feb**Need More Information?**

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au).

	<b>SYD</b>	Full year
	<b>VVR</b>	Interim
	<b>WEB</b>	Interim
	<b>WES</b>	Interim
<b>Tomorrow</b>	AAD	Interim
	AIA	Interim
	AHG	Interim
	BWX	Interim
	CHC	Interim
	IVC	Interim
	KGN	Interim
	MYX	Interim
	NTC	Interim
	REH	Interim
	REG	Interim
	VRL	Interim

**Trading Halts**

Company	Code	Resuming
Andromeda Metals	ADN	21 Feb
Bellevue Gold	BGL	22 Feb
P2P Transport	P2P	22 Feb
Tilt Renewables	TLT	25 Feb

**Suspensions** *(select)*

Company	Code	Since
Affinity Energy & Health	AEB	5 Feb
Coolgardie Minerals	CM1	8 Feb
Covata Ltd	CVT	30 Jan
Freedom Insurance Group	FIG	7 Feb
LandMark White	LMW	19 Feb
Reva Medical	RVA	20 Feb
Shree Minerals	SHH	20 Feb
Sinotech Ltd	STC	19 Feb
Sky & Space Global	SAS	6 Feb
Threat Protect Australia	TPS	14 Feb
Titan Minerals	TTM	20 Feb
Vector Resources	VEC	4 Feb

**Ex-Dividends**

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>AKG</b>	Today	<b>1.3</b>	100	4.95
<b>CVC</b>	Today	<b>7</b>	100	5.75
<b>EVN</b>	Today	<b>3.5</b>	100	1.97
<b>GWA</b>	Today	<b>9</b>	100	5.84
<b>JBH</b>	Today	<b>91</b>	100	5.86
<b>KOV</b>	Today	<b>9</b>	100	5.78
<b>MAM</b>	Today	<b>1</b>	100	4.65
<b>MRN</b>	Today	<b>3</b>	100	3.68
<b>QVE</b>	Today	<b>2.2</b>	100	4.10
ANN	Tomorrow	29.25	0	2.55
AUI	Tomorrow	17	100	4.15
CGL	Tomorrow	4.8	100	1.84
DUI	Tomorrow	7	100	3.67
HT1	Tomorrow	4	100	3.86
INA	Tomorrow	5.4	0	3.45
LNK	Tomorrow	8	100	3.07
SUL	Tomorrow	21.5	100	6.41

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WPL	Tomorrow	127.56	100	5.37
AZJ	Mon	11.4	70	5.26
BRG	Mon	18.5	60	2.29
CIE	Mon	1.55	100	7.93
NAC	Mon	1.35	100	5.78
NSC	Mon	1.15	100	8.03
NWL	Mon	5.5	100	1.35
SDF	Mon	3.2	100	tbc
WHC	Mon	20	0	6.47
CGF	Tue	17.5	100	4.61
DMP	Tue	62.7	75	tbc
IFL	Tue	25.5	100	8.47
WOR	Tue	12.5	0	tbc
AMP	Wed	4	90	6.17
BAP	Wed	7.5	100	2.85
BPT	Wed	1	100	1.00
EGG	Wed	2.5	100	3.53
FID	Wed	11	100	4.18
HLO	Wed	8	100	3.65
IRI	Wed	3.5	100	2.85
MAI	Wed	0.75	100	3.18
ORA	Wed	6.5	50	4.22
PMC	Wed	6	100	5.20
PPE	Wed	4	100	3.28
TLS	Wed	8	100	3.91