

## Markets

<b>SFE 200 Futures</b> (9.30am AEDT)	5775	-28	<b>-0.5</b>
<b>NZX 50</b>	9083	-32	<b>-0.4</b>
<b>DJIA Futures</b>	24405	15	0.1
<b>S&amp;P 500 Futures</b>	2632	-40	-1.5
<b>NASDAQ Futures</b>	6653	-140	-2.1

## Local Markets Commentary

The Australian market opens mid-week trade on broadly negative overnight international equities and key commodities trade.

In commodities trade, **oil** and **iron ore** (China port 62% Fe fines) turned and fell.

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

LME **copper** and **nickel** were pushed lower. **Aluminium** swung higher.

The **\$A** slipped to ~US71.20c after trading at US71.30c early yesterday evening.

**Locally** today, a December skilled vacancies report and Westpac and the Melbourne Institute's December leading index are due.

Regionally, New Zealand has this morning reported 0.1% December quarter CPI growth, and 1.9% for 2018.

In **Japan**, the Bank of Japan reveals outcomes from its policy meeting **2pm** AEDT.

The annual **World Economic Forum** (WEF) continues in Davos, Switzerland through Friday.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	24404	-302	<b>-1.2</b>
<b>S&amp;P 500</b>	2633	-38	<b>-1.4</b>
<b>NASDAQ</b>	7020	-137	<b>-1.9</b>
<b>FTSE 100</b>	6901	-69	<b>-1.0</b>
<b>DAX 30</b>	11090	-46	<b>-0.4</b>
<b>Shanghai Comp</b>	2580	-31	<b>-1.2</b>

## Overseas Markets Commentary

Major European and US equities markets opened lower overnight, impacted by dour data, corporate pessimism which is increasingly viewed as a feature of the late-2018 earnings and update reporting season, and new doubts regarding likely near-term outcomes from US-China trade talks.

US equities trade reacted for the first time to China's growth figures, released Monday, to early-week economic growth forecasts from the International Monetary Fund (IMF) and the United Nations, and a series of warnings regarding the domestic growth impact of the partial US government services shutdown.

In addition, a media report claimed the US administration cancelled proposed China-US talks scheduled for this week, ahead of the planned 30 January official resumption of high-level negotiations.

## Japan – Bank of Japan policy statement **2pm** AEDT

## Today's Stock Watch

### Challenger Ltd (CGF)

Anticipating \$6M interim NPAT and \$270M normalised pre-tax profit.

Planning to publish interim results 12 February.

### Keytone Dairy Corporation (KTD)

Launching a dairy powder formula for diabetics and one for young children. Details lodged this morning.

## Resources

### Northern Star Resources (NST)

Teleconference commencing 10.30am AEDT.

Raising FY 2019 ASIC guidance from \$A1050/oz - \$A1150/oz, to \$A1125oz - \$A1225/oz.

Sold 210,561oz of gold at \$A1365/oz during the December quarter.

\$A292M cash and equivalents. Nil debt.

Teleconference access details lodged pre-trade.

### Regis Resources (RRL)

Produced 90,487oz of gold at \$985/oz during the December quarter, against 90,787oz at \$923/oz for the September quarter 2018.

For the six months to 31 December, RRL produced 181,366oz at \$954/oz.

Sold 114,966oz at \$1718/oz during the December quarter. \$206.7M cash and bullion.

### St Barbara (SBM)

A live webcast teleconference is scheduled to commence 11am AEDT.

Produced 89,244oz of gold at a \$A1108/oz AISC during the December quarter, against 98,547oz at \$A919/oz for the September quarter 2018.

Sales realised \$A1722/oz, against \$A1681/oz.

\$A357M cash and term deposits.

PNG Simberi and Western Australia Gwalia 2019 production forecast revisions also lodged this morning.

Webcast access also lodged pre-trade.

### Galaxy Resources (GXY)

The Southern WA Mt Cattlin lithium project resource has grown 42% to 16.7Mt @ 1.28% Li<sub>2</sub>O, for 214,400t of lithium.

### Mt Gibson Iron (MGX)

Sold 1Mt (wet) of iron ore during the December quarter, for \$72M (FOB) revenue.

For the six months to 31 December, sold 2.2Mt.

\$431M cash and liquid investments.

### Grange Resources (GRR)

Produced 517,000t of iron pellets during the December quarter, following 437,000t for the September quarter 2018.

Sold 466,000t, against 499,000t.

Realised prices fell 15% to \$US112.61/t.

\$A224.49M cash and liquid investments.

### Alacer Gold Corporation (AQG)

Expecting to produce 320,000oz – 380,000oz of gold during 2019, at a \$US675/oz - \$US725/oz AISC.

Further, the US state secretary bemoaned China's regional and domestic behaviour in a video address to the World Economic Forum, at the same time promoting optimism regarding the ultimate outcomes for US-China trade.

Another media report, in the meantime, asserted the US was ready to formally request the extradition of a Huawei executive, detained in Canada, reportedly at the request of the US.

In overnight data releases, a ZEW economic conditions index for **Germany** plummeted to 27.6 from 45.3.

A **euro zone** ZEW economic expectations index improved by 0.1 to -20.9.

The **UK's** November quarter earnings were in the meantime calculated to have risen 3.4% year-on-year, after a 3.3% increase for the three months to 31 October.

Across the Atlantic, a US Philadelphia region non-manufacturing index concerned, falling further to -3.9. National services sector activity has traditionally contributed ~67% of US GDP growth.

Meanwhile, US December existing home sales tumbled 6.4% for the month, and 10.3% year-on-year.

**Tonight** in the **US**, a regional manufacturing index and November house price report are scheduled for release.

Companies expected to report earnings for the December quarter, or provide a trading update, include Abbott Labs, Antofagasta, Burberry, Comcast, Ford Motor, Kimberly-Clark, Procter & Gamble, Texas Instruments and United Technologies.

In overnight corporate news, **eBay** benefited from **Elliott Management's** revelation of a 4% holding, coupled with a push for the online retailer to sell some assets.

Swiss banking group **UBS** December quarter profit disappointed, in a large part due to a 22% loss for the wealth management division, which suffered ~\$US8B worth of outflow.

UK company **Dyson** announced it would relocate its headquarters to Singapore, regional to where all Dyson products are manufactured, and where it is constructing a new facility for proposed electric vehicle production.

US petroleum services specialist **Halliburton** reported a \$1.7B December quarter profit, supported by North America revenue. Completion-related revenue and sales appeared to weigh, however.

**Mastercard** in the meantime received a €570M penalty for breaching European Union competition regulations.

## Commodities

COMMODITY	CLOSE	\$/US/	+/-	%
<b>Gold (NY) (Feb)</b>	<b>1283.4</b>	oz	0.8	<b>0.1</b>
<b>Silver (NY) (Mar)</b>	15.3	oz	-0.07	<b>-0.5</b>
<b>Gold (LON)</b>	1280	oz		
<b>Platinum</b>	789	oz	-5	<b>-0.6</b>
<b>WTI Crude (Feb)</b>	<b>52.57</b>	bbl	-1.23	<b>-2.3</b>
<b>Brent Crude (Mar)</b>	<b>61.50</b>	bbl	-1.24	<b>-2.0</b>
<b>Iron Ore (CHN port 62%)</b>	<b>74.78</b>	t	-1.12	<b>-1.5</b>
<b>Copper (LME,3mth,PM)</b>	<b>5935</b>	t	-46	<b>-0.8</b>
<b>Nickel</b>	11585	t	-215	<b>-1.8</b>
<b>Aluminium</b>	1883	t	31	<b>1.7</b>
<b>Lead</b>	2020	t	7	<b>0.4</b>
<b>Zinc</b>	2576	t	-12	<b>-0.5</b>

## Pre-Open Announcements

### IMF Bentham (IMF)

Planning to fund shareholder action against Danske Bank. IMF will manage the new action out of the firm's London-based business.

### Green Energy Solutions (IGE)

Initial IGE plastic-to-fuel processing modules, successfully tested against European CE requirements, are expected to be shipped from Port Kembla, NSW Friday.

The modules are destined for Amsterdam, where a facility that will ultimately manufacture fuel is under construction.

### ZIP Co (Z1P)

ZIP yesterday presented its policy to a Senate committee inquiring into *Credit & Financial Services Targeted at Australians at Risk of Financial Hardship*.

### FBR Ltd (FBR)

December quarter update and a reiteration of 2019 plans lodged post-trade yesterday.

### 3PL Learning (3PL)

Planning to lodge interim results 21 February, and to host a webcast teleconference that day, commencing 10.30am AEDT. Access details lodged post-trade yesterday.

## Resources

### BHP Billiton (\* BHP)

BHP group company secretary Margaret Taylor has resigned, effective 1 March.

In association, BHP general counsel Caroline Cox will also assume a company secretary role 1 March.

Further, BHP Plc company secretary Geof Stapleton will become a BHP group company secretary 1 March.

### Base Resources (\* BSE)

The Madagascar Toliara project Ranobe resource has been boosted 25% to 1.3Bt @ 5.1% heavy minerals.

### Metals X (\* MLX)

Produced 5177t of copper in concentrate during the December quarter, against 4678t for the September quarter 2018.

Tin in concentrate output came in at 1798t, at a \$17,436/t AISC, against 1616t at \$18,900/t.

\$33.1M cash.

### Neometals Ltd (NMT)

NMT yesterday issued 27,048 NMT shares to non-executive director Natalia Streltsova in association with a performance rights review.

In addition, the company cancelled ~1.1M employee performance rights and granted 356,797 June and December 2021 performance rights.

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>NST</b>	Dec Q
	<b>RRL</b>	Dec Q



<b>Tin</b>	20425	t	-225	-1.1
<b>CBT Wheat (Mar)</b>	5.20	bshl	0.02	0.4

### Commodities Commentary

**Oil** – prices swung lower early on early-week data and global growth predictions.

In addition, Saudi Arabia's November crude exports were calculated, from domestic data, at 8.2MMbbl/d, from 7.7MMbbl/d for October.

An EIA (US government agency) report, published overnight, included an estimated 1.6Mmbbl/d rise in 2018 domestic crude and condensates output, and forecasts of 1.1MMbbl/d and 0.8MMbbl/d growth for 2019 and 2020 respectively.

WTI February futures expired at last night's settlement, with March futures sitting at \$US53.01/bbl, after falling 1.9% for the session.

**Gold** – traded at three-week lows overnight, but ultimate slight gains were attributed to some late safe-haven interest.

Equities were largely out of favour, following some further disappointing data, on top of China's growth figures and new global economic forecasts released Monday.

**Base metals** – general overnight sentiment appeared mostly soured by broad growth concerns.

*Aluminium* was supported to ~four-week peaks, but reportedly in relatively low-volume trade, by demand-supply speculation.

The International *Copper* Study Group estimated a 15,000t October global deficit for refined copper, against a 161,000t September shortfall.

Yesterday, BHP predicted 1.6Mt – 1.7Mt 2019 group copper output.

A Codelco copper mine in Chile is reported to be likely to suffer industrial action by the end of the month, however.

Meanwhile, international *nickel* supplies were reported to have been in deficit by 4,900t in November, following October's estimated 10,600t deficit.

An International Lead & *Zinc* Study Group report estimated a 96,600t November zinc deficit, against a 52,000t October deficit.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7122	0.0001	0.02
<b>EUR – USD</b>	1.1362	0.0002	0.02

### Australian Data Today

Wstpc/MI	Leading index (11am AEDT)	Dec
DeptofJobs	Skilled vacancies	Dec

### US Data Tonight

Richmond Fed manufacturing index	Jan
FHFA house price index	Nov
MBA mortgage applications	18 Jan

### Other Overseas Data Today & Tonight

<b>Japan</b>	BoJ policy statement	Jan
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<b>Fri</b>	RMD	Dec Q
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### Trading Halts

Company	Code	Resuming
AVZ Minerals	AVZ	24 Jan
Creso Pharma	CPH	24 Jan
Fenix Resources	FEX	24 Jan
NRW Holdings	NWH	24 Jan
Zinc of Ireland	ZMI	24 Jan

### Suspensions (select)

Company	Code	Since
Aurora Absolute Return Fund	ABW	21 Jan
Cape Lambert Resources	CFE	8 Jan

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
DJW	29 Jan	10	100	6.06
OZG	1 Feb	0.25	100	3.03
AFI	8 Feb	18	100	3.86



Japan	Trade balance	Dec
<b>UK</b>	CBI industrial trends	Jan
UK	Business optimism	Mar Q
<b>Euro zone</b>	Consumer confidence	Jan

**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).

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