

Markets

SFE 200 Futures (9.30am AEDT)	5788	-4	-0.1
NZX 50	9099	-7	-0.1
DJIA Futures	24538	-13	-0.1
S&P 500 Futures	2638	6	0.2
NASDAQ Futures	6665	12	0.2

Local Markets Commentary

The Australian market commences today's trade following vacillating overnight international equities trade, ahead of key domestic data today, a European Central Bank policy meeting tonight, and initial January PMI estimates for Japan, the euro zone and US today and tonight.

In commodities trade, **oil** extended Tuesday's fall.

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

Iron ore (China port 62% Fe fines) settled lower for a second consecutive session.

LME **copper** and **nickel** turned higher. **Aluminium** continued to rally.

The **\$A** remained within a relatively narrow range after trading at US71.35c early yesterday evening.

Locally today, the Australian Bureau of Statistics reports December employment figures **11.30am** AEDT.

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

Meanwhile, predictions and opinions will continue to flow from the annual **World Economic Forum** (WEF) continues in Davos, Switzerland through tomorrow.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24576	171	0.7
S&P 500	2639	6	0.2
NASDAQ	7026	5	0.1
FTSE 100	6843	-59	-0.9
DAX 30	11072	-19	-0.2
Shanghai Comp	2581	1	0.1

Overseas Markets Commentary

Major European and US equities markets chopped and swung overnight, amid geopolitical unpredictability, varying data releases and a spate of positive corporate reports.

The FTSE 100 notably opened and settled lower, with little sign of achieving a sessional gain.

The British pound traded at 2.5-month highs against the \$US, this attributed to firmer expectations of an agreed deal governing the **UK's** planned separation from the **European Union** (EU), possibly with the scheduled late-March withdrawal pushed back.

The **US** administration denied any cancelled talks this week between **China** and US trade negotiators.

Australia - December employment 11.30am AEDT

Today's Stock Watch

Coles Group (COL) / Goodman Group (GMG) / Brickworks Ltd (BKW)

COL is developing automated distribution centres, one each in New South Wales and Queensland, under an agreement with WITRON.

Capex is estimated at \$950M over six years.

In addition, COL will lease dedicated distribution centres to be developed by GMG (in Brisbane) and a GMG-BKW JV (in Sydney). Further, COL expects a \$146M FY 2019 interim pre-tax provision in association with lease exits and associated redundancies over five years.

ELMO Software (ELO)

Paying \$1.4M for employee rostering and attendance management specialist Get BoxSuite.

Bell Financial Group (BFG)

BFG has appointed MD Alastair Provan as acting chair, effective today.

Chairman Colin Bell has temporarily stepped down, for health reasons.

ResMed Inc (RMD)

Due to report in the US overnight (early tomorrow AEDT).

Resources

OZ Minerals (OZL)

Produced 29,482t of copper and 40,052oz of gold in concentrate during the December quarter, at a US62.4c/lb cash cost and \$US1.08/lb AISC.

2018 revenue is estimated at \$1.115B. \$505M cash.

Galaxy Resources (GXY)

Produced 33,780t of spodumene concentrate during the December quarter, and sold 39,682t, at a mean \$US288/t cash margin, including royalties and marketing fees.

\$US41.1M cash and liquid assets. Nil debt.

Red 5 (RED)

Produced 26,118oz of gold at a \$A1547/oz AISC during the December quarter, against 21,609oz at \$A1829/oz for the September quarter 2018.

Sold 27,149oz, against 20,241oz. \$A14.6M cash and bullion.

Birimian Ltd (BGS)

BGS has appointed former Altura Mining (ASX: AJM) COO Chris Evans as MD, effective 3 February.

Mark Hepburn remains BGS CEO and executive director.

Energy

Santos Ltd (STO)

19% higher, record \$3.696B 2018 sales revenue. Additional December quarter and 2018 operational statistics also lodged this morning.

\$1.3B cash and equivalents.

\$4.9B debt.

Among overnight data releases, a US November house price index indicated a 0.4% rise, the same rate as for October.

The Richmond Fed's manufacturing index rose to -2 from -8.

Barclays meanwhile lowered its US December quarter GDP growth forecast to 2.5% from 3.0%, citing the partial US government services shutdown.

Euro zone January consumer confidence was reported to have improved, an index rising from -8.3 to -7.9.

In the **UK**, a business optimism index fell seven points to -23.

Tonight in the **US**, another regional manufacturing index, initial January PMI estimates, a leading indicators report and weekly new unemployment claims are scheduled for release

Elsewhere, the **European Central Bank** (ECB) holds a policy meeting, after which and outcomes statement and press conference are keenly anticipated.

Companies expected to report earnings for the December quarter, or provide a trading update, include: American Airlines, Bristol-Myers Squibb, Dyson, Freeport-McMoRan, E*Trade, Intel, LVMH (full year), ResMed and Starbucks.

In overnight corporate news, **Comcast**, **IBM**, **Procter & Gamble** and **United Technologies** were each pushed higher on pleasing December quarter results and/or dividends and/or guidance.

Retailer **Walmart** benefited from a positive research report.

Tesla suffered a downgrade.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Feb)	1284	oz	0.6	0.1
Silver (NY) (Mar)	15.38	oz	0.06	0.4
Gold (LON)	1280	oz		
Platinum	793	oz	4	0.5
WTI Crude (Mar)	52.19	bbl	-0.82	-1.6
Brent Crude (Mar)	60.67	bbl	-0.83	-1.4
Iron Ore (CHN port 62%)	74.48	t	-0.3	-0.4
Copper (LME,3mth,PM)	5952	t	17	0.3
Nickel	11700	t	115	1.0
Aluminium	1909	t	26	1.4
Lead	2027	t	7	0.4
Zinc	2620	t	44	1.7
Tin	20700	t	275	1.4
CBT Wheat (Mar)	5.25	bshl	0.04	0.7

Commodities Commentary

Oil – prices were pushed and pulled overnight amid numerous trade and production considerations.

Talk firmed on the viability of a touted European Union arrangement that would enable oil trade with Iran, in currency other than the \$US, to bypass US sanctions.

In the meantime, the US reportedly raised the threat of sanctions against Venezuela oil trade in a dispute associated with Venezuelan leadership and recent elections.

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

Late Tuesday, the EIA predicted domestic February shale production would rise by a daily 62,000bbl to

Pre-Open Announcements

ALS Ltd (ALQ)

Miami USPP conference business update presentation lodged this morning.

The conference is scheduled for 23 – 25 January (tomorrow night US time).

Supply Network (SNL)

Expecting \$4.1M interim NPAT, \$60M sales revenue and ~\$6M EBIT.

Planning to pay a fully franked 6c interim dividend.

Resources

Echo Resources (* EAR)

EAR has appointed former Egan Street Resources (ASX: EGA) CFO Richard Hill as CFO, former Endeavour Mining VP operations Wayne Foote as project manager (Yandal gold project), and former Ma'aden (Saudi Arabian Gold Mines) chief geologist Travis Craig as GM geology.

Energy

Bathurst Resources (* BRL)

\$NZ63.34M December quarter sales revenue achieved on sales totalling 316,000t.

For the financial year-to-date, sales revenue reached \$NZ132.62M.

Stanmore Coal (SMR)

Golden Investments' unsolicited off-market takeover offer for SMR has expired, with Golden Investments holding 25.47% of SMR.

Byron Energy (BYE)

BYE has appointed Gulf of Mexico-experienced Herbert (Skip) Perrine Erwin III as senior reservoir engineer.

Mr Perrine has been a BYE consultant over the past year and has been awarded 1M unlisted BYE options.

In addition, BYE has awarded BYE regulatory and safety consultant (Ms) Kim Carrier 250,000 unlisted options.

BYE has settled higher or flat the past eight trading sessions. Yesterday, the company closed at 28c, after finishing 2018 at 21.5c.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	EVN	Dec Q
	GXY	Dec Q
	OZL	Dec Q
	STO	Dec Q
Tomorrow	RMD	Dec Q

Trading Halts

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



8.179MMbbl/d, a much lower increase than had been forecast for January.

This was backed overnight, by two US oil companies, at the World Economic Forum.

Gold – a \$US turn lower benefited overnight gold prices, futures settling with another slight gain, amid choppy US equities trade.

Analyst views on where prices are headed this week remain mixed, given fluid geopolitical scenarios, data yet to come this week, and a European Central Bank press conference following a policy meeting commencing later today.

Base metals – overnight sentiment improved, in part due to a softer \$US.

Antofagasta reported 220,000t December quarter copper output, 23.7% higher year-on-year. 2018 copper production rose 3% to 725,300t.

Initial January PMI estimates for Japan, the euro zone and the US today and tonight could influence at least some of tonight's trade, given recent accented attention to all reports indicating international economic growth prospects.

Yesterday, **Japan** reported a 3.8% fall in December exports and 1.9% rise in imports, following respective 0.1% and 12.5% November increases.

Japan's trade balance dropped from a ¥738B surplus to ¥55B deficit.

The 2018 trade balance came in at a ¥1203B deficit, following surpluses for both 2017 and 2016. Exports grew just 4.1% during 2018, against 11.8% for 2017. Meanwhile, the Bank of Japan reduced its CPI growth forecast for the financial year ending 31 March 2020 from 1.4% to 0.9%. This pushed the yen lower against the \$US.

A November all industry activity index declined 0.3% after rising 1.9% in October.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7141	0.0000	0.00
EUR – USD	1.1383	0.0003	0.03

Australian Data Today

ABS	Employment	Dec
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US Data Tonight

Markit PMIs (prelim)	Jan
Initial jobless claims	19 Jan
Kansas City Fed manufacturing	Jan
Conf Board leading index	Dec

Other Overseas Data Today & Tonight

Japan	Manufacturing PMI (prelim)	Jan
Germany	PMIs (prelim)	Jan
Euro zone	ECB policy statement	Jan
Euro zone	PMIs (prelim)	Jan

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

Hot Chili	HCH	25 Jan
Pura Vida Energy	PVD	25 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	Tue (29 Jan)	10	100	6.02
AMH	Wed	3.5	100	7.10
MXT	31 Jan	1.08	0	tbc
OZG	1 Feb	0.25	100	3.13
WIC	1 Feb	3	100	5.61
AFI	8 Feb	18	100	3.86

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