

## Markets

|                                      |       |     |            |
|--------------------------------------|-------|-----|------------|
| <b>SFE 200 Futures</b> (9.30am AEDT) | 5845  | 18  | <b>0.3</b> |
| <b>NZX 50</b>                        | 8966  | 40  | <b>0.5</b> |
| <b>DJIA Futures</b>                  | 24976 | 8   | 0.0        |
| <b>S&amp;P 500 Futures</b>           | 2683  | 42  | 1.6        |
| <b>NASDAQ Futures</b>                | 6837  | 199 | 3.0        |

## Local Markets Commentary

The Australian market opens the last trading session of the month ahead of influential regional and domestic data, and following positive overnight US equities and key commodities trade.

In overnight commodities trade, **oil** continued higher.

US **gold** futures (April) settled almost flat, but added ~\$US6.00 to this week's gains in post-settlement electronic trade.

**Iron ore** (China port 62% Fe fines) was propelled sharply higher, in a further response to a major Brazil supply disruption.

LME **copper, nickel** and **aluminium** also rallied.

The **\$A** appreciated sharply, beyond US72.50c, after trading at ~US71.95c early yesterday evening.

Regionally today, **China** is expected to publish January manufacturing and service sector **PMIs midday** AEDT.

**Locally**, the Reserve Bank of Australia's (RBA) financial aggregates report, including **private sector spending**, is due **11.30am** AEDT.

The Australian Bureau of Statistics (ABS) is expected to publish **export and import price indices** at the same time, also 11.30am.

In addition, a deluge of December quarter reports will be lodged ahead of tonight's end-of-month.

## Overseas Markets

| INDEX                | CLOSE | +/- | %           |
|----------------------|-------|-----|-------------|
| <b>Dow Jones</b>     | 25015 | 435 | <b>1.8</b>  |
| <b>S&amp;P 500</b>   | 2681  | 41  | <b>1.6</b>  |
| <b>NASDAQ</b>        | 7183  | 155 | <b>2.2</b>  |
| <b>FTSE 100</b>      | 6942  | 108 | <b>1.6</b>  |
| <b>DAX 30</b>        | 11182 | -37 | <b>-0.3</b> |
| <b>Shanghai Comp</b> | 2576  | -19 | <b>-0.7</b> |

## Overseas Markets Commentary

US equities markets rallied from outset overnight amid some positive large-cap stocks sentiment, key indices later benefiting further from US Federal Reserve post-policy meeting statements.

Germany's DAX 30 opened lower and chopped markedly, however, following further disappointing data, including a preliminary January CPI estimate, plus a reported Wirecard scandal.

The FTSE 100 appeared to benefit mostly from a weaker British pound.

The US Federal Reserve referred to 'economic and financial developments' when indicating little likelihood of near-term rate rises and perhaps a stay on reducing the bank's balance sheet.

## China – NBS PMIs midday AEDT

China's markets will be closed next week for the Lunar New Year/Spring Festival holiday period

## Last trading day for January

## Today's Stock Watch

### Telstra Corporation (TLS)

Making available a preliminary and historical income statement ahead of the planned 14 February release of interim results.

### Structural Monitoring Systems (SMS)

MoU secured with Panasonic group's Delta Engineering, covering the proposed FAA approval and installation of CVM sensors for commercial aircraft radome WiFi systems.

### IMF Bentham (IMF)

IMF's Rest of the World funds will be boosted by \$A30M to \$A180M, in order to cover commitments outside of the US. IMF's FUM has subsequently grown to \$A1.1B.

### Austal Ltd (ASB)

ASB has delivered a 109m-long, 1000-passenger commercial ferry to a client in Denmark, after constructing the vessel in a southern coastal suburb in Perth, Western Australia.

### Bubs Australia (BUB)

\$12.1M December quarter gross revenue has pushed 1H FY 2019 gross revenue to \$21M, more than total FY 2018 gross revenue. Sales of BUB products rose 75% for the quarter.

### Splitit Payments (SPT)

SPT appreciated 69.7% yesterday, settling at 64.5c after trading as high as 67c.

The credit card scheduled payments specialist completed a stellar ASX listing Tuesday following a \$12M IPO at 20c per share.

SPT debuted at 30.5c, the company's day one low, and settled at its day one high of 38c.

SPT revealed during early trade Tuesday that merchant fees rose 22% during the December quarter, to \$423,000.

## Resources

### Galena Mining (G1A)

Resuming from a trading halt with Toho Zinc agreeing a terms sheet regarding outlaying a potential \$90M for 40% of the G1A subsidiary (AMPL) which owns the Abra base metals project.

Toho Zinc will initially pay \$20M on transaction close.

\$10M will be due on completion of definitive feasibility.

Project financing confirmation will trigger the final \$60M payment. G1A last traded at 24.5c, having closed higher for six of the seven trading sessions prior to calling the halt.

### Blackham Resources (BLK)

Lowering FY 2019 gold output guidance to 72,000oz – 80,000oz, at a \$A1500/oz - \$A1700/oz AISC.

Produced 78,089oz of gold at a \$A1441/oz AISC during 2018.

December quarter output totalled 19,016oz at a \$A1606 AISC, against 19,049oz at \$A1588/oz for the September quarter.

\$6.8M cash and bullion. \$16.1M net debt.

In a media conference Federal Reserve chair Jerome Powell referred to a 'weakening' of the case for rate rises.

In the bank's formal statement, US economic growth was no longer described as 'strong' but as 'solid'.

Two days of scheduled face-to-face US-China trade talks commenced in Washington in the meantime.

In the **UK**, December consumer credit dropped from November's £958M to £687M, but mortgage lending rose to £4.11B from £3.63B.

In overnight data releases, **Germany's** initial January CPI reading came in at 0.8% deflation for the month, following 0.1% December growth.

Year-on-year, inflation growth came in at 1.4%, against 1.7% for December.

December import prices fell 1.3% for the month following a 1% November decline.

Year-on-year, prices were 1.6% higher, against November's 3.1% rise.

**Euro zone** January business, economic and industrial confidence indices fell, but consumer confidence improved from -8.3 to -7.9.

In the **US**, a private sector January employment report was viewed as a generally positive indicator for tomorrow night's overall January jobs figures, with 213,000 new jobs, following forecasts of 180,000 - 185,000, and against December's 263,000.

December pending home sales fell for the third consecutive month, this time by 2.2% following November's 0.9% decline.

Pending sales tallied the least in more than four years, representing a 9.8% year-on-year drop.

Weekly mortgage applications dropped 3% following a 2.7% fall the previous week, as 30-year mortgage rates hovered around 4.75% - 4.76%.

**Tonight** in the **US**, weekly new unemployment claims and a job cuts report are due, ahead of tomorrow night's release of January national employment statistics.

Personal income and spending, a Chicago PMI and December quarter employment costs are also expected.

Elsewhere, an initial **euro zone** December quarter **GDP** reading is keenly anticipated.

Companies expected to report **earnings** later today or tonight include: Amazon, BT, Celgene, ConocoPhillips, Cypress Semiconductor, Diageo, DowDuPont, General Electric, Mastercard, Nintendo, Nokia, Nomura, Northrop Grumman, Raytheon, Shell, Symantec and Unilever.

In overnight corporate news, **Apple** benefited from no new adverse news or figures in its December quarter report and accompanying commentary, including services revenue optimism, released post-Tuesday US trade.

Also publishing reports post-Tuesday trade, **Advanced Micro Devices** had disappointed with revenue outlook, but **eBay** boosted a share buy back and heralded a maiden, US14c dividend.

In new overnight moves and revelations, **Boeing** was pushed more than 6.5% higher after reporting record, \$US101B revenue for 2018, exceeding profit expectations, and also forecasting greater-than-anticipated 2019 revenue.

**McDonald's** also pleased with earnings, but undershot US same-store sales forecasts.

## Pre-Open Announcements

### Collection House (\*\* CLH)

Outlaying \$NZ14.1M cash for New Zealand-headquartered Receivables Management.

Details lodged this morning.

### Fonterra Shareholders' Fund (FSF)

International dairy market update lodged this morning, highlighting Fonterra Co-op boosting supply from 300 to 500 McDonald's restaurants in China.

### Navitas Ltd (NVT)

Planning to report interim results Tuesday next week (5 February) and to host a webcast presentation and Q&A that day, commencing 11.30am AEDT.

Access details lodged post-trade yesterday.

### WhiteHawk Ltd (WHK)

Securing \$A1.2M in a 6.5c-per-share placement to RiverFort Global Opportunities.

Associated equity swap details also lodged this morning.

WHK has traded at 6.7c - 7.8c the past five trading sessions.

### Vonex Ltd (VN8)

December quarter revenue totalled \$2.16M, representing 7.55 year-on-year growth.

Monthly billing reached a record \$740,000.

\$3.84M cash.

### GetSwift Ltd (GSW)

\$4.9M December quarter net loss.

121% higher year-on-year, \$710,854 income.

### BrainChip Holdings (BRN)

December quarter cash receipts totalled \$US2.7M.

Holding \$US7.5M cash.

### Zelda Therapeutics (ZLD)

Chairman Harry Karelis's role becomes a non-executive one from today.

This follows the recent appointment of Richard Hopkins as MD.

ZLD December quarter update lodged post-trade yesterday.

Holding \$4.41M cash.

## Resources

### Sheffield Resources (\* SFX)

The initial resource for SFX's WA Dampier project Night Train mineral sands deposit has been calculated at 130Mt @ 3.3% heavy minerals (HM), for 3.6Mt VHM.

### Mineral Resources (\* MIN)

Produced 115,000t of WA Mt Marion project spodumene concentrate and 2.33Mt of iron ore during the December quarter, following a respective 109,000t and 3.02Mt a year earlier.

Shipped 94,000t of spodumene concentrate and 2.35Mt of iron ore, against 111,000t and 2.45Mt respectively.

MIN held 43.1% of the Mt Marion project at the end of the quarter.

### Alkane Resources (\* ALK)

Raising FY 2019 gold production guidance to 35,000oz - 40,000oz at a \$A1050/oz - \$A1150/oz.

**Facebook, Microsoft and Visa** have reported post-US trade, Facebook and Visa generally exceeding profit and revenue expectations.

Microsoft achieved a swing to a profit, but the company's cloud services growth appeared to disappoint.

### Commodities

| COMMODITY                      | CLOSE         | \$US/ | +/-  | %          |
|--------------------------------|---------------|-------|------|------------|
| <b>Gold (NY) (Apr)</b>         | <b>1315.5</b> | oz    | 0.3  | <b>0.0</b> |
| <b>Silver (NY) (Mar)</b>       | 16.08         | oz    | 0.24 | <b>1.5</b> |
| <b>Gold (LON)</b>              | 1308          | oz    | 5    | <b>0.4</b> |
| <b>Platinum</b>                | 815           | oz    | 3    | <b>0.4</b> |
| <b>WTI Crude (Mar)</b>         | <b>54.2</b>   | bbl   | 0.9  | <b>1.7</b> |
| <b>Brent Crude (Mar)</b>       | <b>61.6</b>   | bbl   | 0.3  | <b>0.5</b> |
| <b>Iron Ore</b> (CHN port 62%) | <b>82.53</b>  | t     | 3.84 | <b>4.9</b> |
| <b>Copper</b> (LME,3mth,PM)    | <b>6136</b>   | t     | 86   | <b>1.4</b> |
| <b>Nickel</b>                  | 12350         | t     | 230  | <b>1.9</b> |
| <b>Aluminium</b>               | 1910          | t     | 18   | <b>0.9</b> |
| <b>Lead</b>                    | 2090          | t     | 15   | <b>0.7</b> |
| <b>Zinc</b>                    | 2686          | t     | 30   | <b>1.1</b> |
| <b>Tin</b>                     | 20800         | t     | 100  | <b>0.5</b> |
| <b>CBT Wheat (Mar)</b>         | 5.15          | bshl  | 0.02 | <b>0.3</b> |

### Commodities Commentary

**Oil** – overnight trade was again supported by Venezuela's leadership stoush and associated threats and crude sanctions.

In addition, weekly US petroleum inventories, calculated by government agency EIA, included a mere 919,000bbl rise in stored crude, against the previous week's 7.97MMbbl increase.

Further, US imports were reported to have dropped by a daily 1MMbbl during the week.

Petrol stocks declined by 2.2MMbbl.

**Gold** – the US Federal Reserve's post-policy meeting assurances of patience with any new rate rises and also with adjusting its balance sheet pushed the ICE \$US index 0.3% lower, supported post-settlement gold price gains beyond eight-month peaks.

US-China trade talks indications are keenly anticipated tonight, as is a euro zone December quarter GDP estimate.

**Base metals** – yesterday, Vale confirmed production would be cut back by 10%, following the past week's deadly new dam failure in Brazil, and also revealed the group would decommission 10 other dams.

This boosted the previous session's expectations of supply shortages, in particular for *iron ore*, but also pushed *nickel* prices to three-month highs.

LME warehousing data supported a further *copper* gain.

Tonight's end-of-month trade will at least in part be influenced by **China's** official January PMIs, which are anticipated today.

Caixin's January manufacturing PMI for China is due tomorrow.

China's markets will then be closed for a week, due to the Lunar New Year/Spring Festival holiday season.

### Exchange Rates

| CURRENCIES       | LAST   | +/-     | %            |
|------------------|--------|---------|--------------|
| <b>AUD – USD</b> | 0.7245 | -0.0004 | <b>-0.06</b> |
| <b>EUR – USD</b> | 1.1485 | 0.0005  | <b>0.04</b>  |

Produced 11,111oz of gold at a \$A1051/oz AISC during the December quarter.

Sold 23,841oz at \$A1716/oz for \$A40.9M revenue.

\$73.7M cash; \$2M bullion; \$4.8M listed investments.

### Mincor Resources (MCR)

\$10.5M cash.

December quarter report lodged this morning.

### White Cliff Minerals (WCN)

MD Todd Hibberd is waiving his \$30,000pa director fees, and company secretary and CFO Michael Langoulant has resigned, in association with a cost-savings review which is expected to deliver \$500,000pa worth of savings.

In addition, WCN has cut administrative employee numbers and renegotiated provided service rates.

Further, WCN is targeting a 50% reduction in head office rental expenses by moving from its head office when the lease expires in June.

December quarter report also lodged post-trade yesterday.

### Energy

#### Origin Energy (\*\* ORG)

December quarter report lodged this morning.

#### Paringa Resources (\* PNL)

Five-year sales agreement secured for PNL to supply up to 1.4Mt of coal to Big Rivers Electric Corporation.

Details lodged this morning.

#### Central Petroleum (\* CTP)

Sold an attributable 1627TJ of gas and 19,676bbl of crude and condensate during the December quarter.

Sales revenue totalled \$10.45M.

December quarter Northern Territory Mereenie gas field production averaged 14.7TJ/d. CTP 50% and operator. \$10.9M cash.

### Reports & Events

(selected scheduled)

| When         | Company    | Report/Event   |
|--------------|------------|----------------|
| <b>Today</b> | <b>FLC</b> | Dec Q          |
|              | <b>FLN</b> | Dec Q          |
|              | <b>IGO</b> | Dec Q; Interim |

### Trading Halts

| Company                     | Code | Resuming |
|-----------------------------|------|----------|
| Buddy Platform              | BUD  | 31 Jan   |
| (The) Data Exchange Network | DXN  | 31 Jan   |
| Eden Innovations            | EDE  | 31 Jan   |
| Indiana Resources           | IDA  | 31 Jan   |
| Kogi Iron                   | KFE  | 31 Jan   |
| Sovereign Metals            | SVM  | 31 Jan   |
| Talon Petroleum             | TPD  | 31 Jan   |
| Tasman Resources            | TAS  | 31 Jan   |
| AVZ Minerals                | AVZ  | 1 Feb    |
| MyFiziq Ltd                 | MYQ  | 1 Feb    |
| Vector Resources            | VEC  | 4 Feb    |

**Australian Data Today**

|     |                               |      |
|-----|-------------------------------|------|
| ABS | Export & import price indices | DecQ |
| RBA | Financial aggregates          | Jan  |
| RBA | International reserves        | Jan  |
| RBA | Forex liquidity               | Jan  |

**US Data Tonight**

|                            |        |
|----------------------------|--------|
| Initial jobless claims     | 26 Jan |
| Challenger job cuts        | Jan    |
| Personal income & spending | Dec    |
| Chicago PMI                | Jan    |
| Employment cost index      | DecQ   |

**Other Overseas Data Today & Tonight**

|                  |                         |      |
|------------------|-------------------------|------|
| <b>China</b>     | NBS/CFLP PMIs           | Jan  |
| <b>Japan</b>     | BoJ summary of opinions | Jan  |
| Japan            | Industrial production   | Dec  |
| <b>UK</b>        | GfK consumer sentiment  | Jan  |
| <b>Germany</b>   | Retail sales            | Dec  |
| Germany          | Unemployment            | Jan  |
| <b>Euro zone</b> | GDP (initial)           | DecQ |
| Euro zone        | Unemployment            | Dec  |

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**Suspensions** *(select)*

| Company                     | Code | Since  |
|-----------------------------|------|--------|
| Aurora Absolute Return Fund | ABW  | 21 Jan |
| Cape Lambert Resources      | CFE  | 8 Jan  |
| Covata Ltd                  | CVT  | 30 Jan |
| Hot Chili                   | HCH  | 25 Jan |
| Novonix Ltd                 | NVX  | 30 Jan |

**Ex-Dividends**

| Code       | Ex-Div      | Div (c)     | Franking (%) | Yield (%) |
|------------|-------------|-------------|--------------|-----------|
| <b>MXT</b> | Today       | <b>1.08</b> | 0            | 5.16      |
| NBI        | Tomorrow    | 0.88        | 0            | 1.73      |
| OZG        | Tomorrow    | 0.25        | 100          | 3.13      |
| WIC        | Tomorrow    | 3           | 100          | 5.61      |
| RMD        | Wed (6 Feb) | 3.64        | 0            | 1.09      |
| AFI        | Fri         | 18          | 100          | 3.80      |
| BKI        | Fri         | 5.13        | 100          | 4.61      |
| OCA        | Fri         | 1.7         | 0            | 3.73      |

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