

Markets

| | | | |
|--------------------------------------|-------|--------|---------|
| SFE 200 Futures (9.30am AEDT) | 7513 | 12 | 0.2 |
| NZX 50 | 12197 | Public | Holiday |
| DJIA Futures | 33962 | 0 | 0.0 |
| S&P 500 Futures | 4148 | 0 | 0.0 |
| NASDAQ Futures | 12624 | 0 | 0.0 |

Local Markets Commentary

The Australian market commences a new week's trade with a sizeable overnight Friday \$A depreciation, and material domestic economic reports due ahead of a Reserve Bank of Australia (RBA) policy meeting tomorrow.

US equities markets settled lower overnight Friday, as did most key commodities prices.

Since overnight Friday trade, **US-China** tensions have increased with the downing of a monitoring balloon belonging to China and tracked flying over US territory.

China has responded with a threat of 'serious repercussions'.

In Ukraine, Kharkiv reportedly suffered a significant twin missile attack appearing to attack civilian infrastructure, while Russia continued a push for more ground further to the south and east.

Locally today, the Melbourne Institute is scheduled to publish its monthly **inflation gauge** report at 11am AEDT.

The Australian Bureau of Statistics (ABS) is expected to release a **final December quarter retail sales** report at 11.30am, following last month's initial report.

Regionally today, no major economic reports are anticipated.

New Zealand's markets are closed today due to a public holiday.

In overnight Friday **commodities** trade, **oil** fell further, Brent crude settling beneath \$US80/bbl.

US **gold** futures tumbled below \$US1880/oz.

Iron ore (Nymex CFR China, 62% Fe) turned higher, trading above \$US125.0/t.

LME (3mth evening) **copper** and other key base metals recorded decisive falls, **nickel** trading as much as 4.0% lower for the session.

The **\$A** plunged to ~US69.20c.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|-------|------|------|
| Dow Jones | 33926 | -128 | -0.4 |
| S&P 500 | 4136 | -43 | -1.0 |
| NASDAQ | 12007 | -194 | -1.6 |
| FTSE 100 | 7902 | 82 | 1.0 |
| DAX 30 | 15476 | -33 | -0.2 |
| Shanghai Comp | 3263 | -22 | -0.7 |

Today's Stock Watch
Nick Scali (NCK)

40c fully franked interim dividend, from 35c a year ago.

80.5% higher, \$60.569M interim NPAT.

57.4% higher, \$283.908M revenue.

47.20c NTA from 4.53c.

Acusensus Ltd (ACE)

\$11.7M five-year transportable speed camera supply-and-operate contract secured with the Queensland Department of Transport & Main Roads.

Emyria Ltd (EMD)

Heralding potential front-runner benefit from the TGA decision to classify MDMA and psilocybin as Schedule 8 controlled medicines from 1 July.

Resources
Askari Metals (AS2)

Namibia Uis lithium project EP 8535 due diligence reconnaissance sampling has delivered high-grade lithium, tin and tantalum results. Details lodged this morning.

Hastings Technology Metals (HAS)

WA Gascoyne region Yangibana rare earths project reserves have been calculated 25% higher, at 20.93Mt @ 0.90% TREO.

The TREO content is up 20%, at 190,100t.

HAS says the new figures extend the mine life to 17 years.

Patriot Battery Metals (PMT)

Quebec, Canada Corvette property drilling has extended known CV5 pegmatite in an easterly direction by a minimum 400m. Details lodged pre-trade.

Step-out drilling planned in the short-term.

Kuniko Ltd (KNI)

Ertelien nickel project initial drilling preliminary logging indicates significant massive sulphides intervals.

Additional information lodged this morning.

Lincoln Minerals (LML)

LML has appointed Catherine Norman to the board, as non-executive chair, effective immediately.

Energy
Beach Energy (BPT)

Agreement secured with Clough acquirer Webuild to complete the WA Perth Basin Waitsia Stage 2 gas JV project, pending Clough administration finalisation.

Net BPT capex estimate revised to \$400M - \$450M from \$350M - \$400M.

Mitsui E&P is the Waitsia JV operator.

Overseas Markets Commentary

Major European, UK and US equities markets opened cautiously overnight Friday, US economic data releases pushing sentiment across key US indices yet lower during second-half trade.

In the UK, the FTSE 100 notably rallied towards close, however.

The US released January workforce statistics, these including 517,000 new jobs.

Economists had predicted just 190,000 new positions following 260,000 for December.

This and other US data indicated greater-than-expected US economic resilience, hence easing some recession fears.

However, subsequent interpretations of the labour market remaining tighter-for-longer than US Federal Reserve preferences, and inflation levels perhaps remaining higher-than-anticipated, also sparked fears interest rate increases would not moderate in the manner expected only the previous day.

The \$US was consequently propelled higher.

In addition overnight Friday, a European Central Bank quarterly survey of professional forecasters produced predictions of a 5.9% 2023 inflation rate, followed by 2.7% and 2.1% for 2024 and 2025 respectively.

The same survey from three months earlier had resulted in a forecast of 5.8% for the 2023 inflation rate and 2.4% for 2024.

The latest survey cited greater and broader impacts from this past year's jump in energy prices and potentially greater-than-initially-expected wages growth.

2023 regional GDP growth was forecast at 0.2% from 0.1%, and 2024 growth at 1.4% from 1.6%.

Earlier Friday, Caixin's January services PMI for China was reported at an expansionary 52.9 from the contractionary 48.0 recorded for December.

Among overnight Friday data releases, **euro zone** December producer prices rose by 1.1%, defying forecasts for a 0.6% pull back following November's 1.0% fall.

Against December 2021, prices were up 24.6%.

Final January services PMI readings for the euro zone, Germany and UK represented varying improvements from the initial estimates.

The final UK reading represented ongoing contraction.

In the **US**, in addition to the January new jobs count, the ISM's January non-manufacturing index also soundly exceeded expectations, pointing to a much stronger US economy than economists had imagined.

The index hit a relatively robust expansion-mode 55.2 from December's contractionary 49.2.

The new orders component index jumped to 60.4 from 45.2.

Additional workforce statistics included the unemployment rate, which rate fell by 0.1% to 3.4% rather than rising to 3.6% as anticipated by forecasters.

The new rate hadn't been recorded in the US for ~53 years.

The participation rate advanced by 0.1% to 62.4%.

Average hourly earnings rose by 0.3%, as expected, following December's 0.4% increase.

Pre-Open Announcements

Seafarms Group (SFG)

SFG is seeking legal advice after the Royal Institution of Chartered Surveyor adjudicator in an SFG Project Sea Dragon dispute with construction contractor Canstruct concluded SFG must pay Canstruct \$13.9M (excl GST).

SFG provisioned \$8.7M for settlement of the dispute in the company's 2022 accounts.

James Henderson Group (JHG)

Settled 12.85% higher for the session Friday, settling at \$41.46 after reporting December quarter results, lodged in the US overnight Thursday.

JHG had traded as high as \$41.92 intra-session, after closing out the previous week at \$35.38.

Resources

Atlantic Lithium (A11)

Investor presentation for the Mining Indaba conference lodged this morning.

Black Cat Syndicate (BC8)

BC8 has appointed Talon Energy (ASX: TPD) company secretary David Lim as BC8 CFO, effective 1 March.

Current BC8 CFO Dave Sanders has resigned, effective 15 March.

GWR Group (GWR)

GWR's company secretary Mark Pitts and a director have resigned.

GWR has appointed Cicero Group partner Sonu Cheema to take over from Mr Pitts.

Director appointment details also lodged post-trade Friday.

Tungsten Mining (TGN)

TGN has appointed Sonu Cheema as company secretary, to take over from Mark Pitts.

Mr Pitt had been TGN's company secretary since August 2014.

Hartshead Resources (HHR)

1B HHR shares were released from voluntary escrow Friday.

Energy

Energy Resources of Australia (ERA) / Rio Tinto (RIO)

ERA has appointed Nukon chair and former Parsons Brinckerhoff International executive Stuart Glenn as an independent non-executive director.

Conrad Asia Energy (CRD)

Pleading ignorant in response to an ASX price and volume query.

CRD pointed out, however, that a quarterly activity report, investor presentation and subsequent road-show may have sparked greater than usual interest in the company.

CRD traded as high as \$1.60 Friday before settling at \$1.50 following 83 trades involving a total 249,378 shares.



Against January 2021, earnings were up 4.4% against a 4.9% annual appreciation for December.

In the meantime, January vehicle sales tallied 15.7M against December's 13.3M.

Tonight in the US, no major economic reports are due.

Companies scheduled to report earnings later today or tonight include Activision Blizzard, ON Semiconductor, Sumitomo and Tyson Foods.

Varied earnings reports and outlooks from large-cap tech/communications companies in the US post-trade Thursday influenced some early US sentiment overnight Friday.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|--|--------|-------|-------|------|
| Gold (COMEX 100 Apr) | 1876.6 | oz | -54.2 | -2.9 |
| Silver (COMEX 5000 Mar) | 22.41 | oz | -1.21 | -5.4 |
| Platinum | 973 | oz | -48 | -4.9 |
| WTI Crude (NYMEX Mar) | 73.39 | bbbl | -2.49 | -3.3 |
| Brent Crude (ICE EUR Mar) | 79.94 | bbbl | -2.23 | -2.7 |
| Iron Ore (NYMEX CHN port;62%Fe) | 125.26 | t | 1.31 | 1.1 |
| Copper (LME 3mth Evening) | 8980 | t | -72 | -0.8 |
| Nickel | 28643 | t | -1179 | -4.0 |
| Aluminium | 2574 | t | -48 | -1.8 |
| Lead | 2103 | t | -34 | -1.6 |
| Zinc | 3241 | t | -141 | -4.2 |
| Tin | 28380 | t | -995 | -3.4 |
| Coal (ICE-GC Newcastle; IRESS) (2Feb) | 245 | t | -2 | -0.8 |
| Wheat (CBT Mar; IRESS) | 756.75 | t | -4.25 | -0.6 |

Commodities Commentary

Oil – a monthly US employment report sent the \$US soaring overnight Friday, this detracting from purchases using currencies other than the \$US.

Brent crude traded at \$US79.72/bbl - \$US84.20/bbl and WTI ranged from \$US73.13/bbl to \$US78.00/bbl.

Oil prices swung, not only on currency moves, but also supply indications and commentary surrounding the likely impact of increased sanctions involving Russian petroleum sector trade.

European Union (EU) price caps on Russian petroleum products, planned to come into effect from yesterday, were agreed overnight Friday, in addition to new caps set by the G7 coalition (including Australia).

A weekly US petroleum rig report, published overnight Friday, included a 10-rig drop in the number of active oil rigs, to 599.

This followed a four-rig decline the previous week.

Two fewer gas rigs were also reported to be in operation this past week, reducing the overall oil and gas rig count to 759.

Brent crude reportedly settled ~7.8% lower for the week and WTI down 7.9%.

Gold – Comex futures dropped overnight Friday after the \$US surged on strong jobs creation in the US during January. This was followed by the release of a much more buoyant than expected services sector index, signalling a decided return to expansion mode.

The company had traded decisively higher Wednesday through Friday and had closed out the previous week at \$1.25.

Trading Halts

| Company | Code | Resuming |
|-----------------------|------|----------|
| 88 Energy | 88E | 6 Feb |
| Anteris Technologies | AVR | 6 Feb |
| C29 Metals | C29 | 6 Feb |
| DroneShield Ltd | DRO | 6 Feb |
| Manhattan Corporation | MHC | 6 Feb |
| WA1 Resources | WA1 | 6 Feb |
| Amani Gold | ANL | 7 Feb |
| AML3D Ltd | AL3 | 7 Feb |
| VIP Gloves | VIP | 7 Feb |

Suspensions (selected)

| Company | Code | Since |
|--------------------|------|--------|
| Cyprum Metals | CYM | 3 Feb |
| KneoMedia Ltd | KNM | 1 Feb |
| k-TIG Ltd | KTG | 27 Jan |
| Omnia Metals Group | OM1 | 1 Feb |
| Openpay Group | OPY | 3 Feb |

Ex-Dividends

| Code | Ex-Div | Div (c) | Franking (%) | Yield (%) |
|------|--------|---------|--------------|-----------|
| CD1 | Wed | 8 | 0 | 0.00 |
| CD2 | Wed | 6 | 0 | 0.00 |
| CD3 | Wed | 11 | 0 | 17.15 |
| FSI | Wed | 4.75 | 100 | 5.05 |
| RMD | Wed | US4.4 | 0 | 0.54 |
| VUK | Thu | 13.36 | 0 | 1.95 |
| BKI | Fri | 4.2 | 100 | 3.82 |
| JHG | Fri | 54.55 | 0 | 5.46 |

Reports & Events

(selected; all times AEDT)

| When | Company | Report/Event |
|-----------------|------------|-------------------------------|
| Today | DXC | Interim |
| | NCK | Interim (tele 10am) |
| Tomorrow | MQG | Q3 trading update |
| Wed | AMC | Interim |
| | SUN | Interim |
| Thu | AGL | Interim (w/cast tele 10.45am) |



Other precious metals prices were also propelled lower. US bond yields were reportedly pushed 0.12% higher. Material events and data that could influence select equities, currency and gold sentiment this week include public comments from the US Federal Reserve chair while participating in an economic panel, Bank of England monetary policy report testimony in the UK parliament, outcomes from the Reserve Bank of Australia (RBA) policy meeting, a new batch of forecasts from the RBA, a CPI reading for China and GDP update for the UK.

Base metals – overnight Friday, a \$US jump higher and inventory updates appeared to outweigh the influence of some new positive data released for China.

Copper supply scenarios remained in focus, due to operational challenges in South America and also Africa.

A representative from China’s smelting industry noted however, many smelting operations in China appeared to have adequate copper stocks for the March quarter.

A 52.9 Caixin January services PMI for China, published early afternoon (AEDT) Friday, represented a 4.9-point jump for the month, back into expansion mode.

Exchange Rates

| CURRENCIES | LAST | +/- | % |
|------------------|--------|---------|--------------|
| AUD – USD | 0.6922 | -0.0134 | -1.90 |
| EUR – USD | 1.0790 | -0.0009 | -0.08 |

Australian Data Today

| | | |
|----------------|----------------------|-------|
| Melb Institute | Inflation gauge | Jan |
| ABS | Retail sales (final) | Dec Q |

Overseas Data Today & Tonight

| | | |
|------------------|----------------------------|-----|
| UK | New domestic vehicle sales | Jan |
| UK | Construction PMI | Jan |
| Germany | Factory orders | Dec |
| Germany | Construction PMI | Jan |
| Euro zone | Retail sales | Dec |
| Euro zone | Construction PMI | 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

| | | |
|------------|-----|-----------------------|
| | BAP | Interim (tele 9.30am) |
| | DOW | Interim |
| | MP1 | Interim |
| | URW | Full year |
| Fri | REA | Interim (w/cast 10am) |
| | UMG | AGM |

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