

23-January-2019

# Morningnote

## Contents

Overseas Market Report	1
Australian Market Report	4
Market Sensitive Announcements	6

## Flashnotes

**Genesis Energy Limited (GNE)** -Genesis Energy Provides FY 2019 Q2 Performance Report

**Lynas Corporation Limited (LYC)** -Lynas Provides Quarterly Activities Report

**Mineral Resources Limited (MIN)** -Mineral Resources Signs Farm-in and JV Agreement with Brockman Mining

**Perseus Mining Limited (PRU)** -Perseus Mining Provides December 2018 Quarter Activities Report

**West African Resources Limited (WAF)** -West African Resources Provides Quarterly Activities Report

**Artemis Resources Limited (ARV)** -Artemis Resources Provides Investor Presentation

**BHP Group Limited (BHP)** -BHP Group Provides Quarterly Activities Report

**Super Retail Group Limited (SUL)** -Super Retail Group Announces Regarding Appointment of Group MD and CEO

**Wagners Holding Company Limited (WGN)** -Wagners Holding Company Provides Trading Update

**Highfield Resources Limited (HFR)** -Highfield Resources Provides Updated Ore Reserve Estimate

## Overseas Market Report

Foreign Equities	Latest Price	Time/Date (AEST)	Change	% Change
▼ Dow Jones (US)	24404	8:35am 23/01/2019	-302	-1.22
▼ S&P 500	2633	8:35am 23/01/2019	-38	-1.42
▼ NASDAQ	7020	8:50am 23/01/2019	-137	-1.91
▼ FTSE 100 Index	6901	3:50am 23/01/2019	-69	-0.99
▼ DAX 30	11090	4:00am 23/01/2019	-46	-0.41
▼ CAC 40	4848	4:15am 23/01/2019	-20	-0.42
▼ Nikkei 225 (Japan)	20623	5:20pm 22/01/2019	-96	-0.47
▼ HKSE	27005	7:24pm 22/01/2019	-191	-0.70
▼ SSE Composite Index	2580	6:15pm 22/01/2019	-31	-1.18
▼ NZ 50	9115	8:50am 23/01/2019	-34	-0.37

## International Markets Roundup

[Morningstar with AAP]: US stocks ended lower, snapping a four-session rally, as a gloomy global economic growth outlook

### Asia

Asian markets finished broadly lower today with shares in China leading the region. Chinese President Xi Jinping stressed the need to maintain political stability, comments which hinted at growing concern over the country's slowing economy.

The Shanghai Composite is down 1.18 per cent while Hong Kong's Hang Seng is off 0.70 per cent and Japan's Nikkei 225 is lower by 0.47 per cent.

Tencent, the most actively-traded name in Hong Kong's stock market, fell 1.2 per cent after missing out on a third round of video games approvals in China.

In Korea, Hyundai Motor Co is up 28.5 per cent after bagging several awards at the Detroit Motor Show.

### Europe

European markets finished lower today with shares in London leading the region. The FTSE 100 is down 0.99 per cent while France's CAC 40 is off 0.42 per cent and Germany's DAX is lower by 0.41 per cent.

The pan-European STOXX 600 index lost 0.36 per cent and MSCI's gauge of global stocks fell 1.08 per cent.

Shares in banking stocks were among the losers amid poor earnings results.

Europe's banking index fell 1 per cent, with HSBC, BNP Paribas and Santander down between 1.2 per cent and 2.7 per cent. UBS fell 3.2 per cent.

**Oil Search Limited (OSH)** -Oil Search  
Provides Fourth Quarter Report for the  
Period Ended 31 December 2018

**AVZ Minerals Limited (AVZ)** -AVZ Minerals  
Trading Halted, Pending Company  
Announcement

**Midway Limited (MWY)** -Midway  
Announces Regarding Changes in Segment  
Reporting and Provides Market Update

**Flinders Mines Limited (FMS)** -Flinders  
Mines Provides Canegrass Project  
Exploration Update

## N America

US stocks ended lower, snapping a four-session rally, as a gloomy global economic growth outlook, trade concerns and disappointing company forecasts dampened sentiment.

All three major US stock indexes pared losses after White House economic adviser Larry Kudlow denied a report by the Financial Times that the Trump administration cancelled preparatory trade talks with China.

Still, the S&P 500, the Nasdaq and the Dow all posted their biggest one-day percentage drops since 3 January.

On Monday, the IMF trimmed its 2019 global economic growth estimates, and China confirmed its slowest economic growth rate in 28 years.

The downbeat China news pulled chipmakers lower. The Philadelphia SE Semiconductor index fell 2.9 per cent.

Each of the FAANG momentum stocks, Facebook, Apple, Amazon.com, Netflix and Google parent Alphabet, ended down between 1.6 per cent and 4.1 per cent.

Fears of a slowdown in corporate profits mounted as companies posting fourth-quarter results provided disappointing forward-looking projections.

Johnson & Johnson dropped 1.4 per cent after its 2019 sales forecast fell short of analyst expectations.

Shares of Stanley Black & Decker tumbled 15.5 per cent after its disappointing 2019 forecast.

The Dow Jones Industrial Average fell 301.87 points, or 1.22 per cent, to 24,404.48. The S&P 500 lost 37.81 points, or 1.42 per cent, to 2,632.9 and the Nasdaq Composite dropped 136.87 points, or 1.91 per cent, to 7,020.36.

Of the 11 major sectors of the S&P 500, all but utilities closed lower. Industrials, energy, communications services and consumer discretionary had the largest percentage losses.

With just over 12 per cent of S&P 500 companies having reported thus far, 78.7 per cent have beat expectations. Analysts expect S&P 500 fourth-quarter earnings growth of 14.1 per cent, down from 20.1 per cent on 1 October, according to Refinitiv data.

Oilfield services company Halliburton fell 3.1 per cent as falling oil prices and slowing US demand weighed on fourth-quarter results.

IBM rose in post-market trading after reporting a smaller-than-expected drop in fourth-quarter revenue.

During the dearth of US economic data stemming from the government shutdown, a report from the National Association of Realtors showed US sales of existing homes fell in December to the lowest level in three years.

The PHLX Housing index fell 1.8 per cent.

Commodities	Latest Price	Time/Date (AEST)	Change	% Change
▲ Aluminium	1879	5:21am 23/01/2019	31	1.68
▼ Copper	5904	5:21am 23/01/2019	-47	-0.79
▼ Nickel	11517	5:21am 23/01/2019	-219	-1.87
▲ Gold	1285	8:50am 23/01/2019	2	0.16
▲ Silver	15.3	8:49am 23/01/2019	0.1	0.57
▼ Oil - West Texas crude	53.0	8:50am 23/01/2019	-1.0	-1.91
▲ Lead	2013	5:21am 23/01/2019	6	0.29
▼ Zinc	2589	5:21am 23/01/2019	-8	-0.31
Ore	75	9:10am 19/01/2019	0	--

Currency	Latest Price	Time/Date (AEST)	Change	% Change
▼ \$A vs \$US	0.7119	8:50am 23/01/2019	-0.0039	-0.55
▼ \$A vs GBP	0.5494	8:50am 23/01/2019	-0.0059	-1.06
▼ \$A vs YEN	77.85	8:50am 23/01/2019	-0.65	-0.83
▼ \$A vs EUR	0.6266	8:50am 23/01/2019	-0.0029	-0.47
▼ \$A vs \$NZ	1.0562	8:50am 23/01/2019	-0.0064	-0.60
▲ \$US vs Euro	0.8802	8:50am 23/01/2019	0.0007	0.08
▼ \$US vs UK	0.7717	8:50am 23/01/2019	-0.0040	-0.51
▲ \$US vs CHF	0.9972	8:50am 23/01/2019	0.0001	0.01
▼ \$A vs \$CA	0.9505	8:50am 23/01/2019	-0.0012	-0.13

**Australian Market Report**

Australian Equities	Latest Price	Time/Date (AEST)	Change	% Change
▼ All Ordinaries	5924	7:20pm 22/01/2019	-29	-0.49
▼ S&P/ASX 200	5859	7:20pm 22/01/2019	-32	-0.54
▼ 10-year Bond Rate	2.29	8:49am 23/01/2019	-0.01	-0.65
90 Day Bank Accepted Bills SFE-Day	2.01	8:48am 23/01/2019	--	--
▼ 3-yr Bond Rate	1.77	8:49am 23/01/2019	-0.02	-1.12

## Local Markets Are Expected to Open Lower

Ahead of the local open SPI futures were 28 point lower at 5,775.

Tuesday 22 January - close [Morningstar with AAP]: The Australian stock market has closed lower for the first time in six days dragged heavily by financials but remains on a six-year high comparatively for January.

The benchmark S&P/ASX200 index was down 31.6 points, or 0.54 per cent, to 5858.8 at 1630 AEDT on Tuesday, while the broader All Ordinaries was down 29.2 points, or 0.49 per cent, lower at 5924.3.

"Even though the market is down January remains on a two-month high and is the best start to a new year since 2013," CommSec chief market analyst Steven Daghlion told AAP.

"This is partly due to the fact that there are some helpful signs from China and the US where they are trying to get along and resolve trade disputes."

It comes as the International Monetary Fund revised its global economic growth forecasts for the next two years, warning of continuing trade tensions between the two nations on global growth, and the possibility of a "no-deal" Brexit between the UK and the European Union.

The financial sector was the heaviest weight on the ASX market led by Westpac Banking down by 1.72 per cent to \$25.75.

ANZ also fell by 1.45 per cent to \$25.81 as did Commonwealth Bank down 1.19 per cent to \$72.18 and NAB falling 1.28 per cent to \$24.59.

Mining stocks were doing little to ease the pressure with giant BHP dropping by 1.3 per cent to \$32.77 after releasing their quarterly update detailing their iron ore output had fallen by nine per cent due to production disruptions.

The world's biggest miner said on Tuesday that unplanned production outages at Olympic Dam, Spence and Western Australia Iron Ore are likely to negatively affect productivity and flagged that it would revise guidance at its results on February 19.

Rio Tinto retreated 0.62 per cent to \$80.01, Newcrest Mining also fell 0.69 per cent to \$23.05 and South32 dropped 0.88 per cent to \$3.36.

Energy companies were also under pressure at Tuesday's close led by Oilsearch who also released their quarterly output which fell shorter than what analysts were hoping for.

Oilsearch dropped 2.82 per cent to \$7.58 followed by Santos who were down 0.82 per cent to \$6.05 and Woodside

Petroleum which dropped 0.82 per cent down to \$33.66.

Consumer discretionary were bolstered by Super Retail Group stocks up 2.75 per cent to \$7.09 after the promotion of former Boating, Camping and Fishing, Rays, and Macpac manager Anthony Heraghty to chief executive.

Aristocrat Leisure were up by 1.36 per cent to \$24.64, while Breville also finished higher at 2.33 per cent to \$10.99.

European stock markets were down on the back of the US markets closing for Martin Luther King Jr Day and China reported their slowest economic growth in more than two decades.

The Aussie dollar fell, buying 71.36 US cents from 71.69 US cents on Monday.

ON THE ASX:

The benchmark S&P/ASX200 index was down 31.6 points, or 0.54 per cent, to 5858.8 at 1630 AEDT on Tuesday

The All Ordinaries was down 29.2 points, or 0.49 per cent, lower at 5924.3

The NZX 50 dropped 33.94 points (-0.37%) closed at 9,114.63

#### Companies Reporting Today (ASX 300):

ASX Code	Company Name	Report
* Estimated based on release date of previous report		

---

**Market Sensitive Announcements**


---

08:17 AM

**Genesis Energy Limited (GNE) -Genesis Energy Provides FY 2019 Q2 Performance Report**

Genesis Energy provided FY 2019 Q2 performance report. It continued to invest in loyalty, customer service and product innovation in the quarter with Brand NPS up 6 pts to 8% versus the same time last year, churn down to 17% and dual fuel customer numbers steadily increasing. Scheduled statutory maintenance, coinciding with Huntly U5 outage, reduced production at Kupe for the quarter with gas production down 12% versus the same time last year, and corresponding impacts on LPG and oil production.

08:33 AM

**Lynas Corporation Limited (LYC) -Lynas Provides Quarterly Activities Report**

Lynas provided quarterly activities report. It continues to work to ensure that the Company's operations in Australia and Malaysia are consistent with national and international safety and sustainability best practice principles. It has established extensive processes to ensure that its operations are safe for employees, safe for the environment and community, and secure for its customers. Sales performance in the December 2018 quarter was affected by the temporary halt to production in December 2018. Whilst total tonnes sold was a new record, the product mix skewed towards La and Ce compared to previous quarters thus delivering a lower average selling price.

08:37 AM

**Mineral Resources Limited (MIN) -Mineral Resources Signs Farm-in and JV Agreement with Brockman Mining**

Mineral Resources referred to its announcement on 27 July 2018 regarding the Farm-in and JV Agreement (FJVA) between Brockman Mining and the Company in relation to the Marillana iron ore project (Marillana) in the Pilbara, WA. In order for the FJVA to become unconditional, the parties were required to execute a Mine to Ship Logistics Agreement for the transport of the Marillana iron ore product via a light-rail system from the mine site to Port Hedland. To acquire the 50% interest in Marillana, within six months the Company must spend \$250,000 on exploration and development activities on the Marillana tenements, complete the process design criteria for the processing plant(s), optimise its mine plan study and finalise its mine development layout plan (Farm-in Obligation).

08:40 AM

**Perseus Mining Limited (PRU) -Perseus Mining Provides December 2018 Quarter Activities Report**

Perseus Mining provided December 2018 quarter activities report. At the end of the quarter, gold forward sales contracts were in place for 101,000oz of gold at a weighted average sales price of US\$1,304/oz. These hedges are designated for delivery progressively over the period concluding 30 September 2020. Its quarterly gold production of 68,078oz included 50,141oz from the Edikan gold mine in Ghana and 17,937oz of gold from the Sissingué gold mine in Cote d'Ivoire. Exploration activities in Ghana focussed on continued drilling of the mineralised granite identified in the Esuajah Gap area with an additional eight holes totalling 1,079 metres diamond core and 300 metres RC completed during the quarter.

08:44 AM

**West African Resources Limited (WAF) -West African Resources Provides Quarterly Activities Report**

West African Resources provided quarterly activities report. During the quarter it selected Outotec to supply a 4MW semi-autogenous grinding (SAG) mill and a 4MW ball mill, principally due to extensive experience with grinding mills especially in the size range required for Sanbrado. Manufacture of the SAG and ball mills, and associated equipment, has commenced with completion scheduled for Q3 2019. During quarter infill and step-down drilling was completed. TAN18-DD228 intercepted extensive high-grade gold more than 220m beneath existing Probable Reserves at M1 South. It announced a financing package for Sanbrado comprising a A\$278m finance facility with Taurus Funds Management and a fully underwritten placement of A\$43.2m.

08:48 AM

**Artemis Resources Limited (ARV) -Artemis Resources Provides Investor Presentation**

Artemis Resources provided investor presentation. It has de-risked its conglomerate strategy via a 50:50 JV with Novo Resources. Patterson's Hut rock chip samples in veins and gossanous chert up to 11.4 g/t gold across a 4.5 km long surface soil anomaly. Ruth Well North rock chip samples up to 5.04 g/t gold across a 14 km long surface anomaly.

08:52 AM

**BHP Group Limited (BHP) -BHP Group Provides Quarterly Activities Report**

BHP Group provided quarterly activities report. Minerals exploration expenditure for the December 2018 half year was US\$81m, of which US\$56m was expensed. Greenfield minerals exploration is predominantly focused on advancing copper targets within Chile, Ecuador, Peru, Canada, SA and the South-West US. Total copper production decreased by one per cent to 825 kt. Guidance for the 2019 financial year has been increased to between 1,645 and 1,740 kt and reflects the retention of Cerro Colorado. The Onshore US sales process was completed on 31 October 2018, with the net proceeds of US\$10.4bn to be returned to shareholders through an off-market buy-back and a special dividend shareholder return program.

08:57 AM

**Super Retail Group Limited (SUL) -Super Retail Group Announces Regarding Appointment of Group MD and CEO**

Super Retail Group announced regarding appointment of group MD and CEO. Anthony Heraghty will succeed Peter Birtles as Group MD and CEO of the Company from 31 March 2019. Mr. Heraghty is currently MD of its Outdoor Retailing business. The Company board determined Mr. Heraghty was the standout candidate from an executive search that commenced after Mr Birtles' retirement was announced in October 2018 as part of a planned succession process.

09:08 AM

**Wagners Holding Company Limited (WGN) -Wagners Holding Company Provides Trading Update**

Wagners Holding Company provided the following update on EBIT for the first half result and forecast for the full year ending 30 June 2019. As highlighted in the FY 2019 Outlook/Guidance released to the market at the AGM on 1 November 2018, the Company anticipated the first half of FY 2019 would be similar to second half FY 2018 however lower than the corresponding 2018 period. Unaudited earnings (EBIT) for the first half of FY 2019 are \$15.9m, in line with guidance (H1 FY 2018 actual proforma EBIT \$23.6m, H2 FY 2018 actual proforma EBIT \$15.9m).

09:16 AM

**Highfield Resources Limited (HFR) -Highfield Resources Provides Updated Ore Reserve Estimate**

Highfield Resources provided an updated Ore Reserve estimate for the Company's flagship Muga Potash Project. This update relates to a revised Ore Reserve Statement prepared by the Company and audited by SRK Consulting (UK) (SRK). The Proved and Probable Ore Reserve has been derived from the Measured and Indicated Mineral Resource of 235 Mt as previously reported on 10 October 2018 and comprises 108.7Mt at 10.2% Potassium Oxide (K<sub>2</sub>O, potash), with a Proved Ore Reserve of 42.9Mt at 10.2% K<sub>2</sub>O and a Probable Ore Reserve of 65.8Mt at 10.2% K<sub>2</sub>O.

09:22 AM

**Oil Search Limited (OSH) -Oil Search Provides Fourth Quarter Report for the Period Ended 31 December 2018**

Oil Search provided fourth quarter report for the period ended 31 December 2018. During the quarter, it spent US\$92.6m on exploration and evaluation expenditure activities. This related to the Muruk 2 appraisal well (US\$12.2m), the acquisition of seismic in the onshore Papuan Gulf and Forelands (US\$14.1m) and pre-FEED activities for LNG expansion (US\$8.9m) as well as 3D seismic and lease purchases in Alaska (US\$22.4m). As at 31 December 2018, it had liquidity of US\$1.5bn, comprising US\$600.6m in cash (US\$728.1m at the end of the third quarter) and US\$900m in undrawn corporate credit facilities.

09:35 AM

**AVZ Minerals Limited (AVZ) -AVZ Minerals Trading Halted, Pending Company Announcement**

The securities of AVZ Minerals will be placed in trading halt session state at the request of the Company, until the earlier of the commencement of normal trading on 24 January 2019 or when the announcement is released to the market.

09:55 AM

**Midway Limited (MWY) -Midway Announces Regarding Changes in Segment Reporting and Provides Market Update**

Midway announced that it is changing its segment reporting to better reflect its new operating model following the acquisition and investment in new businesses. The Company advises that the underlying statutory EBITDA for the first half of the 2019 financial year (1H 2019) is expected to be in the range of 11 to 12m; this is materially higher than the pcg in 2018 (1H 2018) as 1H 2018 was primarily affected by shipping delays and 1H 2019 will benefit from improved market conditions. The new segment reporting structure will no longer provide financial data for each of the woodfibre production and export sites including the JV sites at Portland and in Brisbane.

10:07 AM

**Flinders Mines Limited (FMS) -Flinders Mines Provides Canegrass Project Exploration Update**

Flinders Mines provided the following update on exploration activities at the Company's Canegrass Project. The Company commissioned mining industry consultants CSA Global to design and execute an exploration work Programme at the Canegrass Project and prepare documentation in accordance with the JORC Code (2012 Edition). It is to update the market with the results of an exploration programme that was completed at the Canegrass Project in September 2018. While the drilling was completed in September 2018, the results have been received and verified. Three RC drill holes for 320m targeted the potential depth extension of an outcropping quartz vein mapped at surface on E58/236.



### Recommendation Updates Over the Last Week

ASX Code	Company Name	Morningstar Rating	Date Changed	Latest Report
▲ SPK	Spark New Zealand	★★★	22/01/2019	Upgrade due to price change
▼ SUL	Super Retail Group	★★★	22/01/2019	Downgrade due to price change
▼ FLT	Flight Centre Travel Group	★★	21/01/2019	Downgrade due to price change
▼ GMA	Genworth Mortgage Insurance Australia	★★★	21/01/2019	Downgrade due to price change
▼ OSH	Oil Search	★★	21/01/2019	Downgrade due to price change
▼ QBE	QBE	★★★	21/01/2019	Downgrade due to price change
▼ TPM	TPG Telecom	★★	21/01/2019	Downgrade due to price change
▼ MMS	McMillan Shakespeare	★★★	18/01/2019	Downgrade due to price change
▼ CSR	CSR	★★★	17/01/2019	Downgrade due to price change
▼ GMG	Goodman Gp	★★	17/01/2019	Downgrade due to price change
▼ A2M	The a2 Milk Company	★★★	16/01/2019	Downgrade due to price change
▼ ATM-NZ	The a2 Milk Company	★★★	16/01/2019	Downgrade due to price change
▼ CPU	Computershare	★★★	16/01/2019	Downgrade due to price change
▼ RMD	ResMed	★★	16/01/2019	Downgrade due to price change
▼ BPT	Beach Energy	★★★	15/01/2019	Downgrade due to price change
▼ MEZ	Meridian Energy	★★	15/01/2019	Downgrade due to price change

This Research report has been prepared by Morningstar Australasia Pty Ltd (ABN 95 090 665 544) ("Morningstar"). Morningstar is the holder of an Australian Financial Services License (AFSL 240892).

ilvest Securities Pty Ltd (ABN 44 246 838 283) ("ilvest") does not guarantee or take responsibility for the accuracy, completeness, estimates or appropriateness of any information or statement of opinion (any of which may change without notice) set out in this Research report.

This document has been provided to you for your general information and does not take into account your objectives, financial situation and needs and must not be relied upon by you as personal financial product advice that has been provided to you by ilvest. If you require advice regarding any aspect of the information and statements of opinion set out in this document, particularly as to whether you should base an investment decision upon the information or statements of opinion set out in this document, please contact your financial adviser.

#### Distribution

The material contained in this communication is prepared for the exclusive use of clients of ilvest. ilvest is an Authorised Representative (#431611) of Zodiac Securities Pty Ltd (AFSL #398350, ABN 76 142 982 554).

The information contained herein is confidential and may be legally privileged. If you are not the intended recipient, confidentiality is not lost nor privilege waived by your receipt of it. Please delete and destroy all copies. You should not use, copy, disclose or distribute this information without the express written authority of ilvest.

#### Disclaimer & Disclosure

ilvest, its related companies, officers, employees and agents may have a relevant interest in some of the securities mentioned but those holdings are not material unless disclosed in this communication. These holdings (or absence of holdings) may change at any time after publication of this communication, without notice.

ilvest, its related companies, officers, employees and agents may earn income, fees, brokerage or commissions or other benefits as a result of recommendations, dealing or transactions in the securities mentioned in this communication. These interests do not influence ilvest in giving the general advice contained in this communication. ilvest, its related companies, officers, employees and agents may trade in financial products which is contrary to the recommendations given in this communication.

You should not act on any recommendation made in this document without first consulting your investment adviser in order to ascertain whether the recommendation (if any) is appropriate, having regard to your investment objectives, financial situation and particular needs. Nothing in this communication shall be construed as a solicitation to buy or sell a financial product, or to engage in or refrain from engaging in any transaction.

We cannot guarantee that the integrity of this communication has been maintained, is free from errors, omissions, misstatements, virus interception or interference.