

Markets

SFE 200 Futures (9.30am AEST)	6098	-86	-1.4
NZX 50	11255	-44	-0.4
DJIA Futures	27334	70	0.3
S&P 500 Futures	3213	8	0.2
NASDAQ Futures	9986	35	0.4

Local Markets Commentary

The Australian market commences Wednesday trade with material reports and data due domestically and out of China by late morning, ahead of outcomes from the US Federal Reserve's policy meeting tonight, and amid little public indication of a thawing in China-Australia relations.

Locally today, the Australian Bureau of Statistics (ABS) releases **April** business, personal and residential property **lending** statistics **11.30am** AEST.

Westpac and the Melbourne Institute publish a monthly **consumer confidence** report **10.30am** AEST.

Pre-trade, a weekly consumer sentiment report is due from the ANZ and Roy Morgan.

Regionally, **China** reveals **May producer prices** and **CPI** growth **11.30am** AEST.

May new lending figures are also due anytime from today.

In overnight commodities trade, **oil** swung higher and US **gold** futures (August) continued so.

Iron ore (Nymex CFR China, 62% Fe) turned declined moderately, to a little below \$US103.0/t.

LME **copper** continued to rally. **Nickel** turned lower. **Aluminium** settled little changed.

The **\$A** was propelled to ~US70.20c, after trading at ~US69.05c early yesterday evening.

This morning, the \$A retreated beneath US70.0c again.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	27272	-300	-1.1
S&P 500	3207	-25	-0.8
NASDAQ	9954	29	0.3
FTSE 100	6336	-137	-2.1
DAX 30	12618	-202	-1.6
Shanghai Comp	2956	18	0.6

Overseas Markets Commentary

Choppy trade featured across major European and US equities markets overnight, European indices dropping significantly during early trade, but in the US, the NASDAQ achieving a new intra-session peak.

China – May PPI and CPI – 11.30am AEST

Settlements – trades executed Friday last week settle today

Today's Stock Watch

Opthea Ltd (OPT)

A teleconference was scheduled to commence 9am AEST.

OPT is reporting positive visual acuity results achieved in a Phase IIa trial of OPT-302 involving patients suffering diabetic macular oedema.

Details, including statistics, lodged this morning.

Immuron Ltd (IMC)

Appreciated ~380% in overnight NASDAQ trade (as IMRN), after yesterday morning revealing the (US) Naval Medical Research Center (NMRC) had requested a meeting with the FDA before the FDA commenced an investigational new drug application for the IMM-NMRC collaborative development of a drug to potentially prevent infectious diarrhoea.

IMM recouped 3.75% yesterday on the ASX, settling at 8.3c after trading as high as 8.6c intra-session.

Overnight on the NASDAQ, IMC was trading (as IMRN) beyond \$US10.50/share.

Infratil Ltd (IFT)

Resuming from a trading halt having completed a \$NZ250M, \$NZ4.76-per-share institutional placement.

A \$NZ50M SPP is planned for 12 – 25 June.

IFT traded at \$A4.57 - \$A5.05 on the ASX last week.

Johns Lyng Group (JLG)

Teleconference scheduled for 1pm AEST.

Anticipating \$470M FY20 revenue, 40% higher than reported for FY19, and 12% higher than the previous forecast.

EBITDA is expected to come in at \$39M, respectively 68% and 10% higher.

Harvey Norman Holdings (HVN)

Paying a 6c special dividend.

Fletcher Building (FBU)

FBU will potentially not pay a final dividend, after securing more favourable terms for covenant testing. ~\$NZ1.5B liquidity.

Smartgroup Corporation (SIQ)

Today's AGM (11am AEST) materials lodged pre-trade.

SIQ settled at \$7.00 yesterday, after adding 5% for the session.

Resources

Bellevue Gold (BGL)

Maiden regional drilling within the Government Well prospect has returned high-grade gold intersections within 7km of the flagship WA Bellevue gold project. Assays lodged this morning.



Among overnight **data** releases, the euro zone's March quarter GDP was finalised at a 3.6% contraction for the three months following 0.1% December quarter 2019 growth.

Year-on-year, GDP dropped 3.1% following 1% growth for the December quarter.

Each March quarter result came in better than feared.

Germany's April trade surplus dropped to €3.5B from €17.4B at the end of March.

Exports slumped by 24% following an 11.7% March fall.

Imports tumbled 16.5% following a 5.0% March decline.

In **France**, the trade deficit grew to €5B during April, from €3.2B at 31 March.

In the **US**, a May small business optimism index rose to 94.4 from 90.9.

A June economic optimism report slipped to 47 from 49.7.

April wholesale inventories rose 0.3% after falling 1.1% in March.

An April job openings report included 5,046,000 job opportunities, against 6,011,000 in March.

Meanwhile, a 10-year note auction produced a 0.832% yield, against 0.700%.

Tonight in the **US**, the **US Federal Reserve** concludes a two-day policy meeting from which outcomes will be known pre-ASX trade tomorrow. A press conference hosted by chair Jerome Powell will expand on any new forecasts and support assurances.

In addition, May CPI growth and the May national US budget statement are due.

In overnight corporate news, **Honda** revealed a cyber attack was impacting international operations, including production.

Cathay Pacific has secured a £4B pound bailout under which the Hong Kong government will acquire 6% of the airline. Swire Pacific's holding will reduce by 3% to 42%. Air China's interest will decline 2% to 28%.

Meanwhile, the International Air Transport Association predicted the overall revenues of 290 members would drop 50% this year, to \$US419B.

In Argentina, the president announced plans to rescue major soy producer and processed soy exporter **Vicentin** from bankruptcy.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1721.9	oz	16.8	1.0
Silver (NY) (Jul)	17.794	oz	-0.10	-0.6
Gold (LON) (8 Jun)	1690	oz		
Platinum	823	oz	-1	-0.1
WTI Crude (COMEX Jul)	38.94	bbl	0.75	2.0
Brent Crude (ICE EUR Aug)	41.18	bbl	0.38	0.9
Iron Ore (NYMEX,CHN,62%)	102.98	t	-0.43	-0.4
Copper (LME,3mth Ind,PM)	5763	t	56	1.0
Nickel	12910	t	-150	-1.2
Aluminium	1604	t	1	0.1
Lead	1763	t	-2	-0.1
Zinc	2016	t	-25	-1.3
Tin	16922	t	257	1.5

Pre-Open Announcements

ELMO Software (* ELO)

Revising expected FY20 EBITDA to a \$2.5M - \$4.5M loss, from a \$4M - \$6M loss.

In addition, reinstating guidance for annual recurring revenue to \$55M, from \$57M.

\$140.3M cash at 31 May.

ELO recouped 8.3% yesterday, settling at \$7.02 after trading as high as \$7.085.

Vonex Ltd (VN8)

36.057M shares, plus various options and performance rights, and are due to be released from escrow 13 June (Saturday this week).

Resources

Peel Mining (* PEX) / Saturn Metals (* STN)

PEX has sold 19% (16M shares) of STN at 45c per share.

Sale funds are earmarked for work within PEX's Cobar, NSW projects.

PEX retains 4.8% of STN and will voluntary hold the relevant 4M shares in escrow for three months.

STN traded at 50c – 54c on the ASX yesterday.

RareX Ltd (REE)

Heralding Trundle project Mordiallic target diamond drilling. Details lodged this morning.

Resuming from a trading halt.

BMG Resources (BMG)

Resuming trade having raised \$172,670 in a 0.2c-per-share placement in support of working capital.

BMG last traded 29 May, at 0.3c.

Energy

Leigh Creek Energy (LCK)

Petroleum retention licence (PRL) granted for the Leigh Creek project, South Australia, essentially meaning tenure is secure ahead of a potential petroleum production licence application. LCK recouped 36.8% yesterday, settling at 13c, and trading as high as 14c intra-day.

Trading Halts

Company	Code	Resuming
Medibio Ltd	MEB	10 Jun
Alligator Energy	AGE	11 Jun
Arafura Resources	ARU	11 Jun
Ausmex Mining Group	AMG	11 Jun
BetMakers Technology Group	BET	11 Jun
First AU	FAU	11 Jun
Intiger Group	IAM	11 Jun
Metals X	MLX	11 Jun

**Commodities Commentary**

Oil – optimism returned intra-session overnight, as the yen, Swiss franc and other currencies continued higher against the \$US (ICE \$US down 0.3% - 0.6%).

In **production** news, the recently reopened Sharara oil field was shut in for a while, due to civil unrest, forcing Libya to call force majeure on select exports.

US government agency the EIA revised the magnitude of its forecast fall in US 2020 crude output from 540,000bbl/d to 670,000bbl/d, resulting in 11.56MMbbl/d total production.

Meanwhile, reports emerged shipping companies were rethinking Venezuela crude trade following new US sanctions last week and ongoing threats.

In China, reports emerged the Shandong government was already paying small oil **refiners** compensation to close down up to 500,000MMbbl/d of capacity, to enable construction of a major petrochemical complex.

Among the **forecasters**, Goldman Sachs predicted \$US40.40/bbl for Brent crude for 2020, and WTI at \$US36/bbl, but declared near-term prices would swing due to relatively high supply against demand and geopolitical and Covid-19 uncertainties.

The EIA opted for \$US38.02/bbl for Brent and \$US35.14/bbl for WTI, the forecasts representing respective 11.4% and 17% boosts to the previous predictions.

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

An industry sector stockpiles report, published post-overnight trade, estimated an 8.4MMbbl increase in stored crude.

Gold – reduced equities sentiment on the back of some economic recovery timeline warnings supported overnight gold interest.

US Federal Reserve commentary following tonight's policy meeting conclusion is expected to influence some second-half week trade.

Base metals – inventories, data releases and relative ongoing \$US weakness again appeared mostly to influence overnight LME trade. LME-warehoused **aluminium** was reported 52% higher than three months ago, at 1.54Mt.

Aluminium inventories for China however, were reported at 801,000t, the least in ~4.5 months.

China is scheduled to report May producer prices and CPI today.

Late yesterday, Japan reported May machine tool orders had nose-dived 52.8% year-on-year, following a 48.3% April plunge.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6953	-0.0006	-0.09
EUR – USD	1.1334	-0.0002	-0.02

Australian Data Today

ABS	Lending – business and personal	Apr
Wstpc/MelInst	Consumer confidence	Jun
ANZ/RyMgn	Consumer sentiment	8 May

Meteroric Resources	MEI	11 Jun
Pearl Global	PG1	11 Jun
Piedmont Lithium	PLL	11 Jun
Southern Cross Electrical Engineering	SXE	11 Jun
Vimy Resources	VMY	11 Jun
Venturex Resources	VXR	12 Jun
African Gold	A1G	15 Jun
Cirralto Ltd	CRO	15 Jun
Consolidated Zinc	CZL	15 Jun
Harvest Technology Group	HTG	15 Jun
Weebit Nano	WBT	15 Jun

Suspensions *(select)*

Company	Code	Since
Aura Energy	AEE	20 May
Cann Global	CGB	20 May
MGM Wireless	MWR	27 May
(The) PAS Group	PGR	29 May
Pioneer Credit	PNC	4 Jun
Suda Pharmaceuticals	SUD	5 Jun

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
PL8	15 Jun	0.4	100	5.78
SHV	18 Jun	9	100	4.89
ORA	19 Jun	37.2	50	4.74

Reports & Events*(selected)*

When	Company	Report/Event
Today	AGG	AGM (6am AEST)
	JLG	Guidance teleconference (1pm AEST)
	PAA	Briefing; Q&A (2pm AEST)
	SKI	Briefing (9.30am AEST)
	SIQ	AGM (11am AEST)
15 Jun	HSX	AGM (1pm AEST)
16 Jun	CPH	AGM (1.30pm AEST)
	ORA	AGM (10.30am AEST)
17 Jun	GEM	AGM (10am AEST)
18 Jun	PPH	AGM (midday AEST)
19 Jun	OGC	AGM



US Data Tonight

Federal Reserve policy statement	Jun
CPI	May
Budget statement	May
MBA mortgage applications	5 Jun

Other Overseas Data Today & Tonight

China	Producer prices	May
China	CPI	May
China	New lending	May
Japan	PPI	May
Japan	Machinery orders	Apr

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