

Markets

SFE 200 Futures (9.30am AEST)	5459	-19	-0.4
NZX 50	10790	30	0.3
DJIA Futures	24084	-40	-0.2
S&P 500 Futures	2916	-7	-0.2
NASDAQ Futures	9276	-3	0.0

Local Markets Commentary

The Australian market opens today's trade with new data in hand, and material data expected, from China; a bevy of domestic economic reports and updates due, including one from the national Treasurer; and key data scheduled for release in the US tonight.

China has reported a 4.4% year-on-year increase in April **vehicle sales**, following a 43.3% March drop, the new figure notably representing the first rise in such sales for ~two years.

New lending in April was estimated at 1700B yuan, following 2850B for March. **Outstanding loans** grew 13.1% after rising 12.7% during March.

Today, China is due to publish April **producer prices** and CPI growth **11.30am AEST**.

Meanwhile, Japan will conduct a 10-year bond auction.

Locally today, Australia's **treasurer** Josh Frydenberg is scheduled to provide an **economic update** to parliament today, but has ruled out traditional budget forecasts.

Among data releases, NAB's April **business confidence and conditions** report is keenly anticipated **11.30am AEST**.

A weekly **consumer sentiment** reading is due pre-trade.

In overnight commodities trade, **oil** swung lower.

US **gold** futures (June) extended Friday's fall.

Iron ore (Nymex CFR China, 62% Fe) turned slightly lower, below \$US86.70/t.

LME **base metals** traded higher in varying degrees, the exchange trading for the first time since China's trade figures were published (Friday last week).

The **\$A** traded at ~US65.35c after falling to ~US65.05c early yesterday evening. This morning, the **\$A** has dropped below US64.85c.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24222	-109	-0.5
S&P 500	2930	0.4	0.0
NASDAQ	9192	71	0.8
FTSE 100	5940	4	0.1
DAX 30	10825	-79	-0.7
Shanghai Comp	2895	-0.5	-0.0

Australia – Treasurer's economic update to parliament
China – CPI and PPI – 11.30am AEST
Today's Stock Watch
CSR Ltd (CSR)

61% higher, \$A125.3M full year NPAT; 10% lower if only continuing operations are included.

5% lower, \$A2.21B (continuing operations) revenue. 10c and 4c respective full year and special dividends, each 50%-franked, against a 13c fully-franked dividend a year ago.

\$2.04 NTA, against \$2.19.

AusNet Services (AST)

14.5% higher, \$290.7M full year NPAT.

6.2% higher, \$1.978B revenue.

5.10c, 50%-franked final dividend, against 4.86c, 2.19c-franked a year ago. 66c NTA, against 75c.

Amcor Ltd (AMC)

\$US350M (GAAP) net income for the nine months to 31 March, against \$US433M a year earlier.

Net sales fell to \$US6.855B from \$US9.325B.

11.5c March quarter dividend.

A teleconference was scheduled to commence 8am AEST.

Premier Investments (PMV)

74% year-on-year total sales drop for the six weeks to 6 May. Retail store network sales tumbled 99%.

Online sales have surged, however.

\$256.2M cash; \$91.8M facilities.

Altium Ltd (ALU)

Anticipating adverse Covid-19 – related impacts on June quarter results, due in part to the additional time taken to close sales even before entering the traditionally strongest months for the company – May and June. Holding \$US77M cash.

Incitec Pivot (IPL)

Resuming trade having completed a \$A600M, \$2.00-per-share fully underwritten institutional placement.

A \$A75M SPP is planned for 19 May – 9 June.

While in a trading halt, IPL reported a 54.2% increase in interim NPAT to \$A64.6M. 6.1% higher, \$A1.85B revenue. Nil interim dividend, against \$1.30 a year ago. 91c NTA, against 93c.

IPL traded at \$2.17 - \$2.36 last week.

PharmAust Ltd (PAA)

A monepantel tablet trial has demonstrated the tablet can successfully treat naïve B cell lymphoma in dogs.

Details lodged this morning.



Overseas Markets Commentary

Major mainland European equities markets retreated from early gains overnight, but key US indices generally trended higher, ahead of material international data releases from today through to the end of the week.

Late yesterday, **China** had reported an almost two-year first in the form of a rise in monthly vehicle sales.

In addition, April new lending fell less than forecast.

Earlier yesterday, the **Bank of Japan's** 27 April policy meeting minutes indicated the central bank would promote more co-ordinated economic initiatives as domestic and international economies faced a 'severe situation' with uncertain outlooks and risks 'skewed to the downside'.

A March quarter report, released by the **People's Bank of China** last-weekend had also promoted increased monetary policy flexibility, including with lowering lending rates and in direct support for equity raisings and bond sales by private companies.

In the meantime, China, Germany and Korea were among nations reporting a renewed rise in Covid-19 cases following the relaxation of some containment measures.

Most detailed reported incidences appeared linked to entertainment venues, care homes and abattoirs.

In scant overnight data releases, **Italy** reported a worse-than-expected 28.4% drop in March industrial production for the month. Year-on-year, output was down 29.3%.

Tonight in the **US**, April CPI, the April budget statement and a small business optimism index are due.

In addition, four US Federal Reserve regional presidents are scheduled to speak publicly.

Elsewhere, commentary is anticipated through the week from the latest round of EU-UK talks, aimed at reaching a trade agreement by the end of the year, and which commenced overnight. This new round is expected to conclude Friday, with the next official talks scheduled for June.

Companies scheduled to report earnings later today and tonight include: Allianz, Asahi Kasei, Daikin, Duke Energy, E.ON, Honda Motor, Kirin Holdings, Konica Minolta, NEC, NCSOFT, Takeda Pharmaceutical, Shiseido, ThyssenKrupp, Toyota Motor and Vodafone.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1698	oz	-15.9	-0.9
Silver (NY) (Jul)	15.68	oz	-0.098	-0.6
Gold (LON) (7 May)	1704	oz		
Platinum	765	oz	-2	-0.2
WTI Crude (Jun)	24.14	bbbl	-0.60	-2.4
Brent Crude (Jul)	29.63	bbbl	-1.34	-4.3
Iron Ore (NYMEX,CHN,62%)	86.69	t	-0.15	-0.2
Copper (LME,3mth Ind,PM)	5279	t	22	0.4
Nickel	12395	t	82	0.7
Aluminium	1497	t	11	0.7
Lead	1676	t	34	2.0

Pre-Open Announcements

Z Energy (** ZEL)

Resuming trade having completed a \$NZ290M, \$NZ2.75-per-share fully underwritten placement.

A \$NZ60M SPP is scheduled for 15 – 29 May.

While in a trading halt, ZEL has reported 75% lower, \$44M full year replacement cost NPAT.

\$88M historical (NPAT) net loss, following a \$186M profit a year ago. Impairments totalled \$96M.

ZEL anticipates Covid-19 will adversely impact FY21 results.

ZEL traded at \$A2.82 - \$A3.06 on the ASX last week.

Infigen Energy (* IFN)

April production statistics lodged pre-trade.

ResApp Health (RAP)

Roadshow webinar presentation scheduled to commence 1.30pm AEST.

Access details lodged post-trade yesterday.

RAP settled 15.6% higher for the session yesterday, at 18.5c, after announcing the company had provided a licence to the Covid-19 respiratory clinic so that it can use the ResAppDx-EU smartphone respiratory disease diagnostic test.

The clinic is funded by the Australian Government and has been evaluating the test this past month.

Resources

South32 Ltd (** S32)

Arizona, US Hermosa polymetallic project Clark deposit resource initially estimated at 55Mt @ 2.31% Zn, 9.08% Mn and 78g/t Ag. Scoping study underway.

Taylor deposit prefeasibility outcomes are anticipated by 30 September.

Magmatic Resources (* MAG)

Operational update lodged in presentation format this morning.

Toro Energy (TOE)

Heralding massive sulphides intersected during drilling within the WA Yandal gold project Golden Ways prospect.

TOE says the intersections have assayed similarly to WA Yilgarn region VHMS deposits.

Details and plans lodged post-trade yesterday.

TOE has traded higher each of the past three sessions, settling at 1.1c yesterday.

Aurelia Metals (AMI)

AMI has appointed recent Stanmore Coal (ASX: SMR) CFO and company secretary Ian Poole as CFO, early September quarter.

Red 5 (RED)

Investor presentation lodged this morning.



Zinc	2030	t	27	1.4
Tin	15240	t	76	0.5

Commodities Commentary

Oil – overnight reports that Saudi Arabia would reduce crude output by an additional 1MMbbl/d in June (to the 3.8MMbbl/d cut agreed with OPEC), and that the United Arab Emirates was cutting further by the same amount, plus confirmation from Kuwait that it was boosting national crude production cuts in June, by 80,000bbl/d, were interpreted as a sign that international demand was expected to prove insufficient for some time.

Further, Saudi Arabia revealed measures to shore finances traditionally heavily dependent on oil trade, cancelling a cost-of-living allowance from 1 June and tripling the kingdom's VAT to 15% from 1 July.

The kingdom in the meantime reported a 22% year-on-year drop in March quarter oil revenue to \$US34B.

In the US, Chesapeake declared it was considering filing for bankruptcy due to difficulties accessing finance, as Oklahoma regulators declined requests to declare some production as waste and to mandate output cuts.

Meanwhile yesterday, Iran reported the Gulf of Oman deadly sinking of one its naval vessels by another which had been testing Iran's anti ship missile defence.

During overnight trade, WTI traded as low as \$US23.67/bbl.

Some interpreted this in part due to ongoing increases in US Covid-19 cases even as some States significantly eased lockdown measures.

Other nations - including China, Korea and Germany - implementing more relaxed regulations, reported renewed rises in the number of new diagnoses.

Gold – US futures continued lower overnight as the ICE \$US index rose (+0.5%), settling a little below \$US1700/oz.

Industry watchers however, predicted China – US tensions and any ratcheting of US-Iran argy-bargy, would likely place a floor under near-term falls.

In addition, key international data releases from tonight through week's end, and perhaps the release of the European Central Bank's latest bulletin Thursday, are expected to prevent any concerted move in either direction.

Base metals – the LME reacted to China's April trade figures (reported Friday) for the first time overnight, and to new China data released post-ASX trade yesterday.

Some sentiment was perhaps also boosted by positive indications of further support from the People's Bank of China, contained in a quarterly report released late-weekend.

Meanwhile, a mining association with large Chile producers as members forecast a 200,000t 2020 international copper surplus.

LME tin inventories were reported 40% lower than in early April, this attributed in part to reduced supply from Indonesia, which officially reported April refined tin exports had dropped 28% year-on-year, to 4220.59t.

China's April CPI and producer prices are due for release today.

Industrial production, retail sales and fixed asset investment updates are expected Friday.

Energy

New Hope Corporation (* NHC)

MD and CEO Shane Stephan is planning to retire 31 August. Mr Stephan began with NHC in February 2014, as CFO.

Atrum Coal (* ATU)

ATU has appointed recent Alcoa Corp corporate development VP Andrew Caruso as CEO, taking over from Max Wang.

Trading Halts

Company	Code	Resuming
Eclipse Metals	EPM	12 May
Golden Deeps	GED	12 May
NTM Gold	NTM	12 May
Skin Elements	SKN	12 May
THC Global Group	THC	12 May
Creso Pharma	CPH	13 May
Elmo Software	ELO	13 May
Ironbark Zinc	IBG	13 May
Mesoblast Ltd	MSB	13 May
Noxopharm Ltd	NOX	13 May
Schrole Group	SCL	13 May
Chalice Gold Mines	CHN	14 May
Volt Resources	VRC	14 May
New Zealand Coastal Seafoods	NZS	15 May

Suspensions (select)

Company	Code	Since
BPH Energy	BPH	30 Apr
Cellmid Ltd	CDY	11 May
CML Group	CGR	28 Apr
Liquefied Natural Gas	LNG	4 May
MGC Pharmaceuticals	MXC	11 May
Victory Offices	VOL	23 Apr

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
RMD	Tomorrow	4.16	0	0.49
PL8	Thu	0.4	100	5.91
JHG	Fri	54.83	0	7.21
MQG	18 May	180	40	5.47
UOS	19 May	2	0	3.68
AST	20 May	tbc	tbc	tbc
IAP	28 May	4.3	0	2.91
ORI	28 May	16.5	0	3.42



Overnight, China's April new lending was reported to have fallen not as much as feared. In addition vehicle sales grew, this representing the first gain in ~two years.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6482	-0.0004	-0.07
EUR – USD	1.0809	0.0008	0.07

Australian Data Today

NAB	Business confidence & conditions	Apr
ANZ/RyMgn	Consumer sentiment	10 May
RBA	Card transactions	Mar

US Data Tonight

CPI		Apr
NFIB business optimism		Apr
Budget statement		Apr

Other overseas Data Today & Tonight

China	CPI	Apr
China	PPI	Apr
Japan	Leading economic index (3pm AEST)	Mar

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Reports & Events

(selected)

When	Company	Report/Event
Today	AMC	Mar Q (8am AEST; 6pm US Mon)
	AST	Full year (10am AEST)
	CSR	Full year
	TLX	AGM (11.30am AEST)
Tomorrow	CBA	Mar Q
	SIG	AGM
Thu	LEG	AGM
	OGC	Mar Q (tele Fri, 7.30am AEST)
	VVR	AGM (10am AEST)
Fri	AHZ	AGM (10am AEST)
	URW	AGM (10.30am Paris)