

Markets

SFE 200 Futures (9.30am AEST)	5436	32	0.6
NZX 50	10751	21	0.2
DJIA Futures	23717	200	0.9
S&P 500 Futures	2870	23	0.8
NASDAQ Futures	9170	73	0.8

Local Markets Commentary

The Australian market opens a new week's trade with fresh data in hand from China over the weekend and more due today, a GDP reading from Japan, and two domestic Covid-19 impacts reports due late morning, following several weekend Covid-19 – related business and economic developments.

Over the weekend, **China** and **South Korea**, which have relaxed business travel restrictions between the two economies, were reported to be discussing with **Japan** a resumption of business travel between the three key trading nations.

In addition, amid reports of broadening international (in particular in Brazil) and domestic Covid-19 outbreaks, China's Ministry of Commerce was reported to be urging domestic trading and food processing companies to bolster grain and oilseed stocks.

This accorded with the US Department of Agriculture's disclosure late last week of increased orders from companies in China.

Also on the weekend, a media report quoted **Bank of England** chief economist Andy Haldane as confirming the central bank had considered introducing negative interest rates.

In the US, a media interview featured a view from **US Federal Reserve** chair Jerome Powell that the US economy might not see sustained recovery before late-2021.

Friday evening, **China** reported a 6.1% year-on-year fall in January – April **foreign direct investment (FDI)**, following a 10.8% January – March drop.

Regionally today, **China's** April **residential property price** index is expected **11.30am AEST**.

Japan's preliminary March quarter **GDP** estimate due just prior to the opening of ASX trade.

Locally today, the Australian Bureau of Statistics (ABS) releases two reports focused on **Covid-19 impacts**: household impacts and national economic measurements. Each is expected at **11.30am AEST**.

In addition today, **MQG** trades ex-dividend.

In overnight Friday commodities trade, **oil** extended Thursday's push higher.

US **gold** futures (June) also boosted gains for the week.

Iron ore (Nymex CFR China, 62% Fe) continued to rise, hitting \$US89.50/t.

LME **copper** and other key base metals were pushed lower.

The **\$A** fell to US64.15c after trading at ~US64.65c early Friday evening.

Japan – March quarter GDP – 9.50am AEST

China – house price index – 11.30am AEST

Today's Stock Watch
Elders Ltd (ELD)

90% higher, \$51.96M interim NPAT.

26% higher, \$925.22M revenue.

Flat 9c fully franked interim dividend.

\$1.46 NTA, against 93c.

Coles Group (COL)

Preparing to defend a class action filed in the Federal Court of Australia.

The action is in relation to the salaries COL paid select supermarket managers.

Ramsay Health Care (RHC)

Covid-19 – related facilities and services agreements finalised with the WA Government and with NHS England.

The UK agreement covers a minimum 14 weeks from 23 March.

Under the agreements, RHC will receive select net recoverable costs.

Mainstream Group Holdings (MAI) / Pental Group (PDL)

MAI has won, via competitive tender, an initial five-year agreement with PDL to provide registry services for PDL's \$19B AUM.

Fluence Corporation (FLC)

Initial, \$US70,000 Aspiral wastewater treatment system sale secured with China's Three Gorges Group.

Yojee Ltd (YOJ)

Three-year Philippines services agreement secured with Kuenhne + Nagel Logistics Solutions.

Aristocrat Leisure (ALL)

\$US500M term loan B facility in place.

The new debt matures October 2024.

Energy
Strike Energy (STX) / Warrego Energy (WGO)

WA EP 469 West Erregulla gas field contingent and prospective resources have been independently evaluated at an unrisksed 513 Bscf gross 2C, from one well.

2U prospective resources were estimated at 102Bscf.

The evaluation was commissioned by WGO.

West Erregulla-3 and West Erregulla-4 drilling is expected to commence before year's end.

STX and WGO each 50%; STX operator.

**Overseas Markets**

INDEX	CLOSE	+/-	%
Dow Jones	23685	60	0.3
S&P 500	2864	11	0.4
NASDAQ	9015	71	0.8
FTSE 100	5800	58	1.0
DAX 30	10465	128	1.2
Shanghai Comp	2868	-2	-0.1

Overseas Markets Commentary

Choppy swinging trade features across most major European and US equities markets overnight Friday, with a plethora of international material data releases under consideration.

Key US indices were nonetheless pushed to settle at or near session peaks.

The **US** president threatened to disrupt the supply of semiconductors (incorporating US software and technology) to **China's** Huawei, prompting a quick defiant response from China, including a suggestion some US suppliers could be placed on an 'unreliable entity' list.

Iran also threatened the US regarding the potential disruption of an oil shipment to Venezuela, but this was not reported until the weekend,

Earlier Friday, **data** out of China and Japan had come in mixed, China's April year-on-year industrial output surprising on the upside.

Late Friday, the US House of Representatives approved an additional \$US3 trillion worth of support funding largely designed for state governments, individuals with tax-payer ID and essential services. The legislation ultimately needs to be approved by the US president, who has previously opposed the new Democrat-proposed spending.

In overnight Friday data releases, the **euro zone's** March quarter GDP second estimate confirmed 3.8% contraction for the three months. Against the March quarter 2019, GDP had fallen 3.2%.

March trade figures included a €28.2B trade surplus, following a €23.7B surplus at the end of February.

March quarter employment fell by 0.2% for the three months, but had been forecast to drop as much as 0.6%. Year-on-year, employment was 0.3% higher.

In **Germany**, an initial March quarter GDP reading represented 2.2% contraction for the three months and 2.3% year-on-year.

December quarter 2019 GDP growth had been flat for the three months, but against the December quarter 2018 had grown by 0.4%.

Germany's April producer prices fell 0.7% for the month and 1.9% year-on-year, following 0.8% March falls.

Italy reported March industrial orders and sales had plummeted 26.5% and 25.2% respectively for the month.

Against March 2019, orders and sales were down 26.6% and 25.8% respectively.

In the **US**, April retail sales tumbled 16.4% for the month, after an 8.3% March fall. Against April 2019, sales were down 21.6%.

Pre-Open Announcements**Auckland International Airport (* AIA)**

March passenger numbers plunged 42.0% year-on-year. The international passenger tally plummeted 49.5%. The domestic total was down 40.1%.

Pioneer Credit (* PNC)

Standstill agreement secured until 17 July with PNC senior financier The Carlyle Group's Project Robin. PNC is attempting to refinance senior debt facilities by 17 July.

Wide Open Agriculture (* WOA)

Option and licence agreement secured with Curtin University for an exclusive global licence to create plant-based protein from lupin for human consumption. WOA is resuming from a trading halt having last traded at 14c.

Tyro Payments (* TYR)

Transaction values for the week to 15 May fell 20% year-on-year to ~\$0.6B, but for May for the year-to-date are up 18% at ~\$1.8B.

Crowd Media (* CM8)

Initial revenues coming in from KINN products web sales, with an EU-based website officially launched in five languages.

VMoto Ltd (* VMT)

March quarter revenue came in \$A1.3M higher than for the December quarter 2019.

VMT sold 4121 units, 8% higher than during the March quarter 2019. \$A7.9M cash.

Subsequently, VMT has decided to accept the \$A3.95M worth of applications in response to the planned \$A1M SPP.

Superloop Ltd (* SLC)

March quarter connectivity sales tallied \$5.6M on an annualised revenue basis.

Traffic across the SLC network has grown 30% 'within a matter of weeks'.

Sunland Group (* SDG)

The \$29.5M Heights, Pimpama sale has been completed.

Vonex Ltd (* VN8)

\$A1.75M cash realised in a first tranche payment from the sale of Koolyanobbing iron ore project royalties.

VN8 anticipates up to \$A750,000 in additional royalties projects. \$3.5M current cash position.

engage:BDR Ltd (* EN1)

41% higher, \$630,000 1 – 16 May revenue, compared with 1 – 16 April revenue.

Seasonal 2020 revenue is expected to remain proportionally in line with all prior years.



Industrial production dropped 11.2% for the month and 15% year-on-year, following 4.5% and 4.9% respective March falls.

The May New York region manufacturing survey business conditions index improved by 29.7 points, albeit to -48.5.

National US March business inventories were estimated 0.2% lower for the month, following a 0.5% February fall.

A March job openings report included 6.191M opportunities, against 7.004M for February.

An initial estimate of May consumer sentiment by the University of Michigan came in at 73.7, against the 71.8 final April reading.

Tonight in the **US**, a home builders' housing market index is due.

Companies scheduled to report earnings later today and tonight include: Aluminium Corp of China, Baidu Inc, Chubu Electric Power, Daewoo Shipbuilding, Hang Seng Bank, Hitachi, Komatsu, Korean Air Lines, Kumho Tire, Panasonic, Reckitt Benckiser, Ryanair Holdings (full year), SoftBank Group, Sprint, Subaru, Tata Motors, Trivago and US Lithium Corp.

In overnight Friday and weekend corporate news, US retailer **JC Penney** filed for bankruptcy.

Thyssenkrupp was reported to be in steel business 'consolidation' talks with **SSAB** and **Baoshan Iron and Steel**, following last year's abandoned JV proposal with **Tata Steel**.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1756.3	oz	15.4	0.9
Silver (NY) (Jul)	17.07	oz	0.914	5.7
Gold (LON)	1735	oz	4	0.2
Platinum	782	oz	13	1.7
WTI Crude (Jun)	29.43	bbbl	1.87	6.8
Brent Crude (Jul)	32.50	bbbl	1.37	4.4
Iron Ore (NYMEX,CHN,62%)	89.50	t	0.76	0.9
Copper (LME,3mth Ind,PM)	5182	t	-30	-0.6
Nickel	11835	t	-230	-1.9
Aluminium	1463	t	-16	-1.1
Lead	1597	t	-27	-1.7
Zinc	1961	t	-9	-0.5
Tin	14965	t	-65	-0.4

Commodities Commentary

Oil – overnight prices extended gains for the week, buoyed by demand optimism as more nations lifted some travel bans.

Since Friday's trade, Kuwait and Saudi Arabia were reported to have agreed to cease production from their joint Al-Khafji field come 1 June.

Meanwhile yesterday, **Iran's** Ayatollah Ali Khamenei was reported again promoting the expulsion of US personnel from Iraq and Syria.

Among the forecasters, Barclays has ventured \$US37/bbl for Brent and \$US33/bbl for WTI this year, and \$US53/bbl and \$US50/bbl for 2021.

A weekly US petroleum drill rig report, published overnight Friday, included another large drop in active oil rigs, this time by 34, to peg the tally of operational oil rigs at 258.

Vection Technologies (* VR1)

~\$300,000 received for overseas R&D expenditure.

Additional details lodged this morning.

Think Childcare Group (TNK)

TNK has appointed Vocus Communications (ASX: VOC) founder and Airtasker chair James Spenceley as a non-executive director.

Murray River Organics (MRG)

MRG has appointed former Treasury Wine Estates (ASX: TWE) chief supply officer Stuart McNab as a non-executive director. Tony Dynon resigned from the MRG board Friday, for personal reasons.

Change Financial (CCA)

CCA chair Teresa Clarke has resigned from the CCA board, effective 30 June.

CCA director Ben Harrison has been appointed company chair from today.

SelfWealth Ltd (SWF)

SWF has confirmed recent acting CEO Robert Edgley has officially commenced as SWF CEO.

Imugene Ltd (IMU)

22.039M IMU shares will be released from escrow 27 May.

ClearVue Technologies (CPV)

39.03M CPV shares will be released from escrow 25 May.

Resources

Alta Zinc (* AZI)

Heralding 96.05% Zn and 74.2% Pb flotation recoveries using ore from the Gorno project.

Zinc and lead concentrate produced during testing graded 63.3% Zn and 75.8% Pb.

Additional details lodged this morning.

Liontown Resources (LTR)

Kathleen Valley lithium-tantalum project presentation lodged this morning.

Element 25 (E25)

E25 has reversed the April decision to reduce the cash component of director fees by 20% for six months.

The decision had been conditional on shareholder approval of the issue of E25 options.

Energy

Helios Energy (* HE8)

The Presidio 141 #2 well has continued to flow oil and gas unassisted.

Ultimate commercial production will require artificial lift.

HE8 will not purchase additional Presidio oil project leases, and will not drill additional project wells, until WTI prices have sufficiently improved.

In the meantime, has completed 88 miles of 2D seismic surveying across the HE8 holdings.



June WTI futures expire at the end of Tuesday's trade, and traded as high as \$US29.92 overnight Friday, closing out the week with a 19.7% appreciation.

July futures were pushed 5.9% higher overnight Friday, to \$US29.52/oz after trading as high as \$29.78 intra-session.

Brent crude settled 5.2% higher for the week.

Gold – Comex futures easily surpassed \$US1755/oz overnight Friday, safe-haven interest boosted by a US presidential threat to disrupt shipments of component parts to Huawei, and a quick response from China, threatening to add some US companies to an 'unreliable entity' list.

In precious metals production news, Impala Platinum revealed Saturday that it was temporarily shutting down the Limpopo Marula operation, after 19 employees were diagnosed with Covid-19

Base metals – key LME base metals were each pushed lower overnight Friday, China-US relations deteriorating with tit-for-tat comments, and traders digesting a plethora of material international data from earlier Friday through afternoon trade.

In production news post-LME trade, Mexico's Industrias Peñoles revealed it was suspending operations at a central Mexico zinc project, due to falling prices and rising costs.

China's April industrial production, retail sales and fixed asset investment figures, revealed Friday, came in mixed.

Industrial production was reported 3.9% higher year-on-year, after falling 1.1% in March.

Retail sales were estimated 7.5% lower year-on-year, following a 15.8% March dive.

January – April fixed asset investment dropped 10.3% year-on-year, following a 16.1% March tumble.

In addition, China was reported to have produced 3.8% more non-ferrous metals than for April 2019, this year's output tallying 4.93Mt.

Also Friday, **Japan** reported April producer prices had fallen 1.5% for the month and 2.3% year-on-year, following respective 0.9% and 0.4% March declines.

China's April residential property prices are expected **today**.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6426	0.0001	0.02
EUR – USD	1.0822	0.0013	0.12

Australian Data Today

ABS	Covid-19 household impacts	29Apr–1May
ABS	Economic accounts re Covid-19	May

US Data Tonight

NAHB housing market index	May
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Other overseas Data Today & Tonight

Coronado Global Resources (CRN)

Major CRN securityholder Energy & Minerals Group has nominated Michael Davis as a CRN non-executive director, form the 25 June AGM.

Sir Davis is chairman of MacSteel, a former Xstrata CEO, previous executive director and CFO of Billiton Plc in addition to being Billiton Coal chair.

Key Petroleum (KEY)

KEY has raised \$A641,715.69 in a 0.25c-per-share select placement.

KEY traded at 0.3c – 0.5c last week, settling flat for the week at 0.4c Friday.

Trading Halts

Company	Code	Resuming
Dreadnought Resources	DRE	18 May
Hot Chili	HCH	18 May
Roots Sustainable Agricultural Technologies	ROO	18 May
Torian Resources	TNR	18 May
Byron Energy	BYE	19 May
Element 25	E25	19 May
OreCorp Ltd	ORR	19 May
Riversgold Ltd	RGL	19 May
Tanga Resources	TRL	19 May

Suspensions (select)

Company	Code	Since
BPH Energy	BPH	30 Apr
Cellmid Ltd	CDY	11 May
Liquefied Natural Gas	LNG	4 May
Skin Elements	SKN	12 May
Superior Resources	SPQ	15 May
Xped Ltd	XPE	14 May

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
MQG	Today	180	40	2.38
CVF	Tomorrow	0.5	100	9.99
UOS	Tomorrow	2	0	3.68
AST	Wed	5.1	50	5.27
PDL	Thu	15	10	7.83
AMC	27 May	17.7	0	3.64
IAP	28 May	4.3	0	2.73
ORI	28 May	16.5	0	3.40

Reports & Events

(selected)

When	Company	Report/Event
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China	Residential property price index	Apr
Japan	GDP (prelim)	Mar Q
Japan	Tertiary industry index (2.30pm AEST)	Mar

Need More Information?

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Today	AIA	Mar
	ELD	Interim
	FDV	AGM (1pm AEST)
	TPW	Full year
	VMT	Mar Q
Tomorrow	ABC	AGM (10am AEST)
	JHX	Full year, MarQ (9am AEST; o/night Mon US)
	TNE	Interim
Wed	AWC	AGM (1pm AEST)
	BLY	AGM
	GEM	AGM
Thu	ALL	Interim
	GXY	AGM (4pm AEST)
	RSG	AGM (5pm AEST)
Fri	SHV	Interim (post-ASX; tele 9am Mon)
	SYR	AGM (10am AEST)