

Markets

SFE 200 Futures (9.30am AEST)	5593	109	2.0
NZX 50	10892	134	1.2
DJIA Futures	24512	28	0.1
S&P 500 Futures	2946	2	0.1
NASDAQ Futures	9327	10	0.1

Local Markets Commentary

The Australian market commences today's trade with China confirming it will impose an 80% import tax on barley from Australia, and Reserve Bank of Australia (RBA) policy meeting minutes due late morning, following a sharp overnight rally across major international equities markets.

Regionally today, **Japan's** final March industrial production reading is expected 2.30pm AEST.

Locally, the **RBA** publishes the **minutes** of its 5 May **policy meeting 11.30am** AEST.

The Australian Bureau of Statistics continues a weekly series of Covid-19 – related employment updates, reporting on **jobs** and **wages** for the week to 2 May, also at 11.30am.

Pre-trade, ANZ and Roy Morgan release their weekly **consumer sentiment** reading.

In overnight commodities trade, **oil** continued to settle with strong gains.

US **gold** futures (June) swung lower.

Iron ore (Nymex CFR China, 62% Fe) picked up the pace of its current rally, approaching \$US91.50/t.

LME **copper** and other key base metals rallied.

The **\$A** fell to ~US64.25c after appreciating to US64.50c early yesterday evening, but has traded at ~US65.25c this morning.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24597	912	3.9
S&P 500	2954	90	3.2
NASDAQ	9235	220	2.4
FTSE 100	6049	249	4.3
DAX 30	11059	594	5.7
Shanghai Comp	2875	7	0.2

Overseas Markets Commentary

Major European and US equities markets headed sharply higher from opening overnight, amid plenty of positive Covid-19 potential vaccine talk, and expectations of further central bank assurances this week of additional support if needed, following similar from the US Federal Reserve in a weekend media interview.

Australia – RBA policy meeting minutes – 11.30am AEST

Today's Stock Watch
Westpac Banking Corporation (WBC)

Consumer chief executive David Lindberg and CIO Craig Bright are leaving WBC, after securing new overseas opportunities.

In addition, WBC consumer COO Les Vance has been appointed financial crime, compliance and conduct executive.

James Hardie Industries (JHX)

6% higher, \$US241.5M full year NPAT. 4% higher, \$US2.61B net sales. Dividends temporarily suspended, as previously flagged.

\$US144.4M cash. \$US1.52 NTA, against \$US1.35.

A teleconference was scheduled for 9am AEST.

Technology One (TNE)

6% higher, \$19.05M interim NPAT. 7% higher, \$138.40M revenue. 3.47c, 2.08c-franked interim dividend, against 3.15c,

2.36c-franked a year ago. \$4.38 NTA, against \$3.35.

Tabcorp Holdings (TAH)

TAH has secured leverage and interest cover covenants waivers, in exchange for not paying a final FY20 dividend.

\$820M available liquidity.

OFX Group (OFX)

19% higher, \$20.33M full year NPAT. 6% higher, \$38.34M revenue. 2.35c final dividend, against 3.28c fully-franked a year ago.

25.17c NTA, against 24.17c.

Baby Bunting (BBN)

13.2% 30 December – 17 May total sales growth. Year-to-date total sales are up 10.3%, and comparable sales 3.4% higher.

Hansen Technologies (HSN)

Reverting to a regional management structure, which means some management layers have been eliminated. Revising expected FY 20 operating revenue to \$298M - \$300M. \$75M - \$76M EBITDA is anticipated, excluding restructuring costs and IFRS16 impacts.

NZME Ltd (NZM) / Nine Entertainment (NEC)

NZM has declined an interim injunction regarding the exclusive negotiation period agreed with NEC and involving the Fairfax Stuff business.

Michael Hill (MHJ)

CFO Andrew Lowe has been appointed acting CEO due to CEO Daniel Bracken's previously announced medical leave, which will be longer than initially anticipated.

Adelaide Brighton (ABC)

Today's AGM browser and mobile device links confirmed post-trade yesterday.



In the meantime, Covid-19 containment restrictions were further eased internationally, also outweighing some warnings from international groups and economic indicators.

NASDAQ trade was constrained in part however, from US administrative comments which threatened tech trade with China's Huawei, and from additional reports of potential curbs on US companies operating within China.

Plenty of investor focus was on US biotech company Moderna Therapeutics however, which reported positive early indications from a phase one clinical trial of a potential Covid-19 vaccine.

Eight participants developed Covid-19 antibodies, and the primary endpoint of this stage of trialling, determining if the potential vaccine was generally safe, was achieved.

Earlier yesterday, Japan's March quarter GDP confirmed a second consecutive quarterly contraction, technically deeming the nation's economy in recession.

For its part, the World Health Organisation (WHO) warned of a crisis in east Africa due to a combination of locust plagues, Covid-19 and flooding, impacting ~40M people in some of the world's poorest nations.

The International Monetary Fund (IMF) confirmed some of these nations were reluctant to participate in debt relief programs due to the damage this could do to their longer-term credit access.

In Germany, engineering industry group VDMA ventured June quarter domestic exports could fall a minimum 10%. VDMA estimated June quarter engineering exports from Germany had fallen 6.6% year-on-year, to €41.9B.

In its monthly report, Germany's central bank the Bundesbank warned June quarter economic activity would prove much worse than for the March quarter, including a likely 4.6% GDP drop for April, but also predicted a pick up in the approach to the northern Autumn.

Further, the bank noted early signs of recovery were already evident.

Meanwhile, the leaders of France and Germany promoted a proposal to issue €500B worth of grants to EU nations adversely impacted the most by Covid-19.

Among scant overnight data releases, a US home builders' housing market index improved to 37 from 30.

Tonight in the **US, Federal Reserve** chair Jerome Powell meets with a Senate banking committee (from midnight AEST). Treasury secretary Steven Mnuchin also meets with the same committee.

In addition, April building permits and housing starts are due.

Elsewhere, the World Health Assembly (WHO AGM) will conclude its two-day virtual meeting, after members essentially agreed overnight to a review of the international response to the Covid-19 pandemic.

UK employment figures are also keenly anticipated.

Companies scheduled to report earnings later today and tonight include: Home Depot, Imperial Brands, Kohl's, JC Penney, Urban Outfitters and Walmart.

In overnight corporate news, **Uber** announced a further 3000 job cuts after revealing the number of commissioned rides plunged 80% in the US and Canada in April.

Moderna foreshadowed a July commencement for a phase three

Pre-Open Announcements

Macquarie Group (* MQG)

Macquarie Bank \$500M notes offer underway.

Ellerston Asian Investments (EIA)

Presentation for this morning's investor update teleconference lodged post-trade yesterday.

Connexion Telematics (CXZ)

MD and CEO Guy Perkins has resigned, effective 24 June.

Mr Perkins will be involved in choosing his successor.

Silver Heritage Group (SVH)

Voluntary administrators appointed.

Resources

Alkane Resources (* ALK)

Additional Boda drilling results lodged this morning, together with a Molong project summary.

Trading Halts

Company	Code	Resuming
Byron Energy	BYE	19 May
OreCorp Ltd	ORR	19 May
Tanga Resources	TRL	19 May
Aura Energy	AEE	20 May
Cann Global	CGB	20 May
European Lithium	EUR	20 May
Flamingo AI	FGO	20 May
G Medical Innovations Holdings	GMV	20 May
Race Oncology	RAC	20 May
Technology Metals Australia	TMT	20 May
Vango Mining	VAN	20 May
Volt Resources	VRC	20 May
Invex Therapeutics	IXC	22 May

Suspensions *(select)*

Company	Code	Since
Advance NanoTek	ANO	18 May
Astivita Ltd	AIR	18 May
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



trial of its potential Covid-19 vaccine.

China's **Baidu** reported better-than-feared March quarter revenue (-7% to 22.55B yuan) and higher-than-expected profit, while also forecasting 25B yuan – 27.3B yuan June quarter revenue, which appeared to please.

Commodities				
COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1734.4	oz	-21.9	-1.3
Silver (NY) (Jul)	17.468	oz	0.398	2.3
Gold (LON) (15 May)	1735	oz		
Platinum	806	oz	24	3.1
WTI Crude (Jun)	31.82	bbl	2.39	8.1
Brent Crude (Jul)	34.81	bbl	2.31	7.1
Iron Ore (NYMEX,CHN,62%)	91.49	t	1.99	2.2
Copper (LME,3mth Ind,PM)	5337	t	156	3.0
Nickel	12250	t	420	3.6
Aluminium	1498	t	36	2.4
Lead	1660	t	63	3.9
Zinc	2019	t	58	2.9
Tin	15282	t	317	2.1

Commodities Commentary

Oil – as with equities trade, recovery optimism produced further rally-mode prices overnight.

In the meantime, US government agency the EIA predicted June output major US shale producers would fall by a daily 197,000bbl to 7.822MMbbl/d.

June WTI futures expire at the end of tonight's trade.

July futures added 7.2% overnight, settling at \$US31.65/bbl.

Gold – prices swung lower in early US trade as Covid-19 vaccine optimism buoyed equities sentiment. In addition, investors appeared to concentrate on the 'not out of ammunition by a long shot' assurance from US Federal Reserve chair Jerome Powell in a Sunday media interview.

Mr Powell's testimony to a parliamentary committee tonight will also attract plenty of attention.

US futures traded as high as \$US1775.80/oz in early trade.

Base metals – overnight trade considerations were pushed and pulled by data, easing of Covid-19 containment restrictions, economic warnings and corporate updates, but as with equities, the positives propelled ultimate sentiment.

Among the producers, Freeport-McMoRan revealed the Grasberg, Indonesia *copper-gold* venture was effectively a 'skeletal' operation following a regional Covid-19 outbreak.

China Daye Non-Ferrous Metal Mining reported March quarter refined copper production had tallied 10% below target.

Japan yesterday reported March quarter GDP had contracted by 3.4% year-on-year, less than forecast (~-5%), and onlookers were quick to predict the March quarter reading will ultimately be revised to an even greater shrinkage.

Nonetheless, yesterday's reading firmly placed the nation into technical recession, following a 7.3% drop for the December quarter 2019.

For the three months, Japan's GDP pulled back 0.9%, following a

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
CVF	Today	0.5	100	9.86
UOS	Today	2	0	3.60
AST	Tomorrow	5.1	50	5.28
PDL	Thu	15	10	7.50
AMC	27 May	17.7	0	3.56
IAP	28 May	4.3	0	2.69
ORI	28 May	16.5	0	3.33

Reports & Events

(selected)

When	Company	Report/Event
Today	ABC	AGM (10am AEST)
	EIA	Investor update (10am AEST)
	JHX	Full year, MarQ (9am AEST; o/night Mon US)
	KSL	AGM (8am AEST)
	OFX	Full year
	TNE	Interim
Tomorrow	AAC	Full year
	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)



1.9% December quarter decline.

Japan's March tertiary industry index, revealed later in the day, was estimated 4.2% lower for the month, following a 0.7% February fall.

China's April house prices, also reported yesterday, rose 5.1%, against forecasts of 4.8%, and after appreciating 5.3% in March.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6522	-0.0002	-0.03
EUR – USD	1.0915	0.0001	0.01

Australian Data Today

ANZ/RoyMgn	Consumer sentiment	17 May
RBA	Policy meeting minutes	5 May
ABS	Jobs, wages (weekly)	2 May

US Data Tonight

Building permits	Apr
Housing starts	Apr

Other overseas Data Today & Tonight

Japan	Industrial production (final)	Mar
UK	Unemployment claims	Apr
UK	ILO unemployment; earnings	Mar
UK	Productivity	Mar Q
Euro zone	ZEW expectations	May
Euro zone	New domestic vehicle registrations	Apr
Euro zone	Construction output	Mar

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