

Markets

SFE 200 Futures (9.30am AEDT)	6133	-50	-0.8
NZX 50	9465	-86	-0.9
DJIA Futures	25565	-5	0.0
S&P 500 Futures	2810	-1	0.0
NASDAQ Futures	7362	-7	-0.1

Local Markets Commentary

The Australian market commences the last trading week of the March quarter following decisive falls across major international equities markets overnight Friday and mixed negative key commodities trade, as a quartet of large-cap domestic stocks trades ex-dividend.

Since international trade overnight Friday, several geopolitical scenarios have further evolved.

Senior government MPs have reportedly told the **UK** PM plans to leave the **European Union** (EU) will not be approved in the House of Commons until she offers a timetable for her resignation in time for negotiations to be taken over by someone else.

In the **US**, an initial summary of the Mueller investigation's report includes the conclusion that no evidence was uncovered of any crime committed by the president or his representatives in relation to alleged collusion with Russia during the 2016 US presidential campaign.

Saturday, reports also emerged that **Russia** had landed troops and a military ground force chief of staff in **Venezuela**, a move criticised by the US.

The US in the meantime, announced it had secured a strategic agreement with **Oman** that would enable the US military optimal continued access to the Gulf, via new port and facilities permissions, and reduce the need to use the Strait of Hormuz off **Iran**.

Yesterday, **China's** vice premier Han Zheng confirmed economic challenges but repeated planned reforms are likely to support growth targets. Earlier this year, China officially lowered its growth target from ~6.5% to 6.0% - 6.5%.

Also over the weekend, US administration officials confirmed US treasury secretary Steven Mnuchin and top trade negotiator Robert Lighthizer were planning to meet with China's trade representatives in Beijing from Thursday this week, and that China's VP Liu He and accompanying negotiators would travel to Washington for further talks scheduled to commence 3 April (Wednesday next week).

The US president described prospects of a final deal as 'probable'.

In overnight Friday commodities trade, **oil** picked up the pace of Friday's fall.

US gold futures (April) continued modestly higher.

Iron ore (China port, 62% Fe) rallied as Western Australia cyclone activity threatened to shut down key industry operations for days.

LME copper fell. Most other base metals were also pushed lower.

Today's Stock Watch

Westpac Banking Corporation (WBC)

Anticipating a \$260M adverse impact on 1H 2019 cash earnings, due to provisions relating to customer remediation, including refunds.

Remediation provisions over the past two years have totalled \$399M.

Perpetual Ltd (PPT)

Intending to list on the ASX an income trust named Perpetual Credit Income Trust, to trade under the proposed code PCI.

The IPO, which opens today, has attracted an indicative \$150M+ worth of support.

PPT anticipates IPO funds may reach \$400M. \$40M worth of oversubscriptions are enabled.

The IPO is scheduled to close 18 April. The anticipated listing date is 14 May.

Wattle Health Australia (WHA)

The WHA, Niche Dairy and Organic Dairy Farmers of Australia (ODFA) JV known as Corio Bay Dairy Group (CBDG) has secured an organic supply agreement with member ODFA.

Under the deal, the JV will provide commercial quantities of organic A2 fresh milk to ODFA for processing into dairy powder.

The ODFA products will in turn be supplied on a first-rights basis to WHA under a separate CBDG-WHA contract.

WHA holds 45% of CBDG.

Air New Zealand (AIZ)

February passenger numbers grew 5.8% year-on-year, pushing the financial year-to-date advance to 4.5%.

The a2 Milk Company (A2M)

A2M has appointed recent Wanda Group Kids Entertainment Division manager Li Xiao as CEO Greater China, effective 29 April.

Superloop Ltd (SLC)

SLC's recent entitlement offer has raised a total \$15.87M, in addition to the \$15M institutional placement.

Energy

Liquefied Natural Gas (LNG)

US Department of Energy authorisation in hand for LNG subsidiary Magnolia LNG to expand LNG export capacity from 8.0Mtpa to 8.8Mtpa.

The expansion approval covers exports to nations that hold free trade agreements with the US and will be current for 25 years from the approval or initial exports, whichever comes first.



The \$A traded below US70.90c after slipping below US70.95c early Friday evening.

Locally today, a weekly capital city residential property price report is due pre-trade.

The NSW State election Saturday has delivered a return of government, although in a weakened position, with a plethora of both State and national political implications commentary anticipated to continue early-week.

High-profile stocks trading ex-dividend today include **BGA**, **COH**, **SEK** and **SVW**. Please see pp3-4 for a comprehensive list.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25502	-460	-1.8
S&P 500	2801	-54	-1.9
NASDAQ	7643	-196	-2.5
FTSE 100	7208	-148	-2.0
DAX 30	11364	-186	-1.6
Shanghai Comp	3104	3	0.1

Overseas Markets Commentary

Major European and US equities markets fell decisively overnight Friday, manufacturing updates on both sides of the Atlantic underscoring growing international economic slowdown dismay.

In addition, in the **US**, the president revealed plans to cancel planned new economic sanctions against North Korea, hours after North Korea revealed it was withdrawing its border liaison presence out of South Korea.

Meanwhile in the **UK**, PM Theresa May indicated a new vote governing the UK's plans to leave the European Union (EU) was unlikely this coming week, should no additional support be demonstrated.

Approval was a condition of the other EU leaders approving late-Thursday the longer of two possible extensions to the separation.

In overnight Friday data releases, **euro zone** initial March PMIs disappointed, in particular the manufacturing sector reading, which fell 1.7 points to 47.6.

The services sector estimate slipped by 0.1 to 52.7.

Germany's manufacturing sector activity index dropped to a decidedly contractionary 44.7, from 47.6.

The services PMI came in at 54.9 however, down 0.4 for the month, although this sector does not carry as much national GDP weight as in the US.

In the **US**, the Markit March manufacturing PMI was initially estimated at 52.5, down 0.5 for the month and the lowest reading since June 2017.

The services sector activity index fell by 1.2 to 54.8.

US 10-year sovereign bond yields subsequently fell below those for three-month bonds.

The February budget statement included a \$US234B deficit against a \$US9B January surplus.

Pre-Open Announcements

OncoSil Medical († OSL)

The British Standards Institute (BSI) clinical oversight committee has determined that OSL clinical figures have not demonstrated sufficient clinical benefit for the OncoSil radioactive isotope developed to treat pancreatic and liver cancer to be recommended for CE approval (approval to be marketed within the European Union).

Mesoblast Ltd (MSB)

MSB's Japan licenses JCR Pharmaceuticals is applying to extend marketing approval for MSB's TEMCELL HS injection to treat epidermolysis bullosa, in addition to the already approved acute graft versus host disease (aGVHD).

Navitas Ltd (NVT)

The BGH-led consortium proposing to acquire NVT for \$5.825 cash per share held a combined 18.22% of NVT as at 21 March. NVT appreciated 2.5% Friday, settling at \$5.76.

McGrath Ltd (MEA)

Pending any change in property market trends, MEA is anticipating additional losses during the June quarter, after estimating a \$4.5M underlying EBITDA loss for the eight months to 28 February.

Factor Therapeutics (FTT)

\$2.488M R&D tax rebate in hand.

Chorus Ltd (CNU)

Road show presentation lodged this morning.

Resources

Doray Minerals (* DRM) / Silver Lake Resources (SLR)

Pending 28 March court approval of the scheme of arrangement under which DRM will merge with SLR, DRM's last trading day on the ASX is expected to be 29 March (Friday this week).

Danakali Ltd (* DNK)

DNK has appointed the company's CCO Niels Wage as CEO.

Mr Wage is a former BHP Billiton (ASX: BHP) VP potash and VP freight.

He has been DNK's chief commercial officer since June 2018.

Energy

Petsec Energy (** PSA)

No commercial hydrocarbons have been encountered within the US Gulf of Mexico Main Pass Block 273 B-2 well during drilling to 15,990ft.

PSA estimates the net cost to the company as \$US6.25M.

PSA 12.5%.

PSA is resuming from a trading halt having last traded at 10c.



February existing home sales jumped 11.8% however, supported by lower mortgage rates. The much greater-than-forecast increase followed a 1.4% January fall.

January wholesale inventories rose 1.2% following a 1.1% December rise.

Tonight in the **US**, the Chicago Fed February national activity index and a Texas region manufacturing index are due.

In overnight Friday corporate news, **Nike** dropped more than 5% in response to a sales tumble, in part related to a high-profile commercial sporting mishap.

Jewellery specialist **Tiffany & Co** appreciated more than three per cent even while undershooting anticipated sales.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Apr)	1312.3	oz	5	0.4
Silver (NY) (May)	15.41	oz	-0.03	-0.2
Gold (LON)	1311	oz	2	0.1
Platinum	845	oz	-15	-1.8
WTI Crude (May)	59.04	bbl	-0.94	-1.6
Brent Crude (May)	67.03	bbl	-0.83	-1.2
Iron Ore (CHN port 62%)	85.96	t	1.47	1.7
Copper (LME,3mth,PM)	6322	t	-115	-1.8
Nickel	12970	t	-60	-0.5
Aluminium	1901	t	-4	-0.2
Lead	2038	t	-8	-0.4
Zinc	2818	t	-20	-0.7
Tin	21465	t	5	0.0
CBT Wheat (May)	4.66	bshl	-0.00	-0.1

Commodities Commentary

Oil – shipping within the Houston, Texas channel has now remained suspended for a third consecutive day following a petrochemical storage facility fire operated by Mitsui.

A weekly US petroleum drill rig count, published overnight Friday, included nine fewer operational oil rigs, the tally falling to 824 following five weeks of declines.

Gold – final December quarter GDP readings for the US and UK this week, plus a new inflation estimate for the euro zone, are expected to influence some currency moves and hence gold trade.

Overnight Friday, equities dropped out of favour on international growth angst, this supporting gold sentiment.

Comex futures settled ~0.7% higher for the week, hence posting a third consecutive weekly gain.

Base metals – overnight Friday trade was adversely impacted early by data underscoring international economic growth disquiet.

Meanwhile, Australia's major *iron ore* export port in the WA Pilbara was shut down Friday ahead of an incoming cyclone.

It remains closed and onshore transport and select mining operations, not just for the iron ore sector, are also expected to be adversely impacted over several days.

Rio Tinto has confirmed the suspension of WA Pilbara rail operations and mining at its Robe River iron ore project.

Trading Halts

Company	Code	Resuming
Dacian Gold	DCN	25 Mar
(The) Data Exchange Network	DXN	25 Mar
Orinoco Gold	OGX	25 Mar
Prescient Therapeutics	PTX	25 Mar
SportsHero Ltd	SHO	25 Mar
Vivid Technology	VIV	25 Mar
Animoca Brands	AB1	26 Mar
Fremont Petroleum Corporation	FPL	26 Mar
Consolidated Zinc	CZL	26 Mar
Element 25	E25	26 Mar
Janison Education Group	JAN	26 Mar

Suspensions (select)

Company	Code	Since
American Patriot Oil & Gas	AOW	14 Mar
Elk Petroleum	ELK	1 Mar
Environmental Clean Technologies	ECT	15 Mar
Gascoyne Resources	GCY	18 Mar
IOT Group	IOT	13 Mar
Medigard Ltd	MGZ	8 Mar
MZI Resources	MZI	20 Mar
Mustera Property Group	MPX	20 Mar
Range Resources	RRS	20 Mar
Serpentine Technologies	S3R	6 Mar
Skin Elements	SKN	18 Mar
Universal Coal	UNV	21 Mar

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
BGA	Today	5.5	100	2.33
BGP	Today	11.59	0	5.72
BRI	Today	2.2	100	4.22
COH	Today	155	100	1.76
CWP	Today	18	100	6.17
GAP	Today	1	0	5.97
SEK	Today	24	100	2.53
SVW	Today	21	100	2.28
EPW	Tomorrow	7.5	100	4.39
PEA	Tomorrow	1	100	1.59
SSG	Tomorrow	2	80	10.86
JHC	Wed	2.8	0	4.27
PWH	Wed	1.6	100	2.15
SGF	Wed	8.17	100	7.62
URW	Wed	30.21	0	2.47
VEA	Wed	4.8	100	1.92



Friday, **Japan** reported 0% inflation growth for February, following 0.3% January CPI growth.

Year-on-year, February CPI grew 0.2%.

Japan's initial March manufacturing PMI, also reported Friday, remained at February's final 48.9.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7078	0.0001	0.01
EUR – USD	1.1295	0.0003	0.03

Australian Data Today

CoreLogic	Capital city residential property prices	22 Mar
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US Data Tonight

Chicago Fed National Activity Index	Feb
Dallas Fed manufacturing index	Mar

Other Overseas Data Today & Tonight

Japan	All industry activity index (3.30pm AEDT)	Jan
Germany	IFO business climate	Mar

Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au

A2B	Thu	4	10	3.96
ADI	Thu	4.25	0	5.91
APE	Thu	22.5	100	4.87
AQR	Thu	5.22	0	6.89
ARF	Thu	3.38	0	4.73
CIP	Thu	4.6	0	6.11
CLW	Thu	6.9	0	5.71
CMA	Thu	4.36	0	7.01
EHH	Thu	0.5	0	2.00
GCI	Thu	0.9	0	3.68
GCM	Thu	1.25	0	4.14
GDF	Thu	2.25	0	6.72
KLA	Thu	3.4	0	0.25
MEZ	Thu	7.36	0	3.27
MOC	Thu	3	100	12.53
RFF	Thu	2.61	0	4.48
RFP	Thu	1.3	100	0.00
SDI	Thu	2.2	100	3.11
VRT	Thu	12	100	5.85
VTG	Thu	5.2	100	6.36
WPP	Thu	4	100	9.77
GVF	Fri	3.15	70	5.97
PNC	Fri	4.31	100	5.14

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