

Market Opener

Monday, 25 May 2020

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this document

Markets

S&P 200 Futures	(9.30am AEST)	5574	65
NZX 50		10727	65
DJIA Futures		24519	59
S&P 500 Futures		2964	7
NASDAQ Futures		9444	22

Local Markets Commentary

The Australian market commences a new week's trade with key domestic data due late-morning, a ratcheting of Hong Kong – China conflict, New Zealand on alert following a 35km deep earthquake near Wellington this morning, and markets closed tonight in the US and UK, due to public holidays.

Yesterday, the US administration indicated sanctions against China were under consideration due to proposed new security legislation threatening Hong Kong's semi-autonomy.

Locally today, the Australian Bureau of Statistics (ABS) publishes preliminary April trade figures, 11.30am AEST.

Also today, ELD trades ex-dividend.

In overnight Friday commodities trade, **oil** turned lower.

US gold futures (June) swung to a gain.

Iron ore (Nymex CFR China, 62% Fe) continued slightly higher.

LME copper and **nickel** extended Thursday's falls. **Aluminium** turned to also decline.

The **\$A** appreciated to ~US65.35c after trading at US65.15c early Friday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24465	-9	-0.0
S&P 500	2955	7	0.2
NASDAQ	9325	40	0.4
FTSE 100	5993	-22	-0.4
DAX 30	11074	8	0.1
Shanghai Comp	2818	-54	-1.9

Overseas Markets Commentary

Vacillating sentiment featured through most trade across major European and US equities markets overnight Friday.

Key indices settled near session highs, however.

Earlier Friday, **China** premier Li Keqiang revealed at the commencement of the National People's Congress that no GDP target would be set this year.

China's administrators also assured further fiscal support to ensure optimal recovery from the Covid-19 outbreak.

Meanwhile, the US administration continued to threaten a 'strong reaction' to China's plans to implement national security

Australia – April preliminary trade statistics – 11.30am AEST

* Home sensor product listing **midday AEST – ICR** *

Today's Stock Watch

QBE Insurance Group (QBE)

Business interruption insurance claims for UK-based QBE policy holders will be limited by reinsurance to a net \$75M. Update promised when interim results are released in August.

Nine Entertainment (NEC)

NEC is selling the Fairfax Media New Zealand business Stuff under a management buy-out share sale agreement with Stuff CEO Sinead Boucher, for \$NZ1 (direct proceeds).

NEC will account \$A40M - \$A50M for the sale as a specific item in FY20 results.

NEC will retain ownership of the Petone printing site in Wellington, New Zealand and will lease this to Stuff.

Last week's Stuff Fibre sale completion will deliver 25% of those sale proceeds to NEC prior to the Stuff sale completion (anticipated by 31 May). Pending Stuff fundraising, NEC anticipates the balance 75% over the following 36 months.

GTN Ltd (GTN)

Teleconference scheduled to commence 8.30am AEST Wednesday. Post-trade Friday, GTN reported 55% lower year-on-year, \$6.8M April consolidated revenue.

Unaudited 997,000 March quarter NPAT, against 1.147M a year earlier. Revenue rose to \$44.56M, from \$42.76M.

In addition, GTN has refinanced an existing debt facility, reducing the total by \$15M to \$60M, able to be repaid and redrawn as revolving commitments. The facility is secured by GTN and all subsidiaries in Australia, Canada, the UK and US.

Teleconference access details lodged post-trade Friday.

GTN traded as high as 48c Friday, and settled at 46.5c, after closing out the previous week at 35.5c.

Nanoveu Ltd (NVU)

Independent testing has shown NVU's anti-viral technology can eradicate the OC43 strain of coronaviruses. OC43 is recognised as one cause of the common cold.

Resources

Lynas Corporation (LYC)

In line with US media reports, LYC understands the US Department of Defense (DoD) has placed on hold a decision for phase one contracts for two US-based heavy rare earth separation facilities. In April, the DoD had notified LYC of intent to award a phase one contract to LYC.

LYC understands it remains one of the two companies selected for phase one. LYC settled at \$2.12 Friday, after closing out the previous two weeks at \$1.74.

legislation that threatened Hong Kong's relative autonomy.

For its part, the **Bank of Japan** convened an out-of-schedule policy meeting Friday and announced up to 30 trillion yen (\$US280B) funding support for banks to boost lending to business. Funding would be provided at zero interest for up to 12 months.

Among overnight Friday **data** releases, **UK** government April borrowing was estimated at £62.1B, net borrowing coming in at £61.36B following £14B in March.

Retail sales dropped 18.1% for the month, against a 5.2% March fall.

Against April 2019, sales were down 22.6%.

Key economic indicators due **tonight** include a finalised March quarter GDP reading for **Germany** and high-profile business conditions and expectations indices.

In Friday overnight corporate news, **Hertz** (US) filed for bankruptcy.

UK and US markets will not trade tonight, due to public holidays.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1735.5	oz	13.6	0.8
Silver (NY) (Jul)	17.693	oz	0.329	1.9
Gold (LON)	1734	oz	9	0.5
Platinum	821	oz	-1	-0.1
WTI Crude (Jul)	33.25	bbl	-0.67	-2.0
Brent Crude (Jul)	35.13	bbl	-0.93	-2.6
Iron Ore (NYMEX,CHN,62%)	91.43	t	0.22	0.2
Copper (LME,3mth Ind,PM)	5305	t	-85	-1.6
Nickel	12245	t	-210	-1.7
Aluminium	1504	t	-21	-1.4
Lead	1649	t	5	0.3
Zinc	1985	t	17	0.8
Tin	15355	t	-40	-0.3

Commodities Commentary

Oil – China's revelation Friday that no annual GDP target had been set for 2020 proved a sobering influence on overnight Friday trade, as the UK and US headed towards Monday public holiday weekends, and as the \$US appreciated.

The number of oil rigs deemed active in the US fell by a further 21, according to a weekly US petroleum drill rig count published overnight Friday, reducing the tally of operational oil rigs to 237. The overall petroleum sector active rig count fell to a record low 318.

Gold – a further cooling of US – China relations, in part due to Hong Kong plans, which of their own accord fuelled international finance community angst, combined with a stronger \$US (ICE \$US index up 0.4%), and the pending commencement of a three-day weekend for both the UK and US, spawned some general trade caution, but also gold safe-haven interest, overnight Friday.

In addition to geopolitical and Covid-19 developments this coming week, another US March quarter GDP estimate, the US Federal Reserve's 'beige book' region-by-region' summary of the

Pre-Open Announcements

Exopharm Ltd (** EX1)

EX1's Plexaris EVs, when loaded with doxorubicin, has been shown to kill lung cancer cells, during in vitro testing, using a dose lower than when doxorubicin is used by itself.

Vista Group (** VGL)

VGL has extended its Les Cinémas Pathé Gaumont enterprise agreement to the group's 31 cinemas in Netherlands. The VGL system is already installed in Pathé' cinemas in Belgium, France and Switzerland.

Aristocrat Leisure (** ALL)

In-principle agreement secured to settle two separate litigations in Washington State, US.

Detail lodged this morning, including ALL potentially paying \$US31M, and Churchill Downs Incorporated (sold Big Fish to ALL) \$US124M.

Afterpay Ltd (* APT)

APT has appointed interim chair Elana Rubin as chair. In addition, APT has appointed Yelp Inc director and Stripes Group operating partner Sharon Rothstein as an independent non-executive director, effective 1 June (Monday next week). Ms Rothstein also commences as an InterContinental Hotels Group director Monday next week. Cliff Rosenberg has resigned as an APT director, effective yesterday.

Tilt Renewables (* TLT)

\$A478.4M full year PAT, flowing \$A12.2M for FY19. 12% lower, \$A170.2M revenue. Anticipating \$80M - \$95M FY21 EBITDAF, pending ramping associated with 469MW of planned new generation.

Select Harvests (* SHV)

9c fully franked interim dividend, following 12c a year ago. 13.4% lower, \$17.36M interim NPAT. 6.5% lower, \$93.52M revenue. \$3.33 NTA, against \$3.42.

Presentation lodged post-trade Friday, ahead of a teleconference which was scheduled to commence 9am AEST.

Estia Health (* EHE)

Anticipating up to \$6.4M of FY20 revenue from government Covid-19 – related support funding. Settlement for the NSW Mona Vale sale has been deferred from June to November, with EHE securing an increased non-refundable deposit and additional surety. The anticipated pre-tax \$7.9M sale profit will be recognised in FY21, due to the deferred settlement. \$108.5M net debt. Three of 7500 staff were diagnosed with Covid-19 in March-April. Planning to release FY20 results 18 August.

state of the US economy, related commentary, including from Fed chair Jerome Powell, and a European Central Bank economic stability review could influence some gold sentiment.

Meanwhile in South Africa, the ~4km deep Mponeng gold mine, operating at ~50% following a select easing of the national shutdown, has shut down temporarily, due to a Covid-19 cluster outbreak.

Base metals – China's decision not to set a new annual GDP target this year, and newly-bruised US-China relations appeared major influences on overnight LME trade, ahead of a UK Monday holiday weekend which will keep the exchange **closed tonight**.

In addition, the \$US turned higher again.

Meanwhile, the World Steel Association has estimated a 13% year-on-year April drop in international steel production, to 137.1Mt.

China's April output was calculated 0.2% higher, year-on-year, at ~85Mt.

Japan's April CPI, reported Friday, effectively represented 0.2% deflation for the month, following no change in March.

Year-on-year, April CPI was up 0.1%.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6544	0.0010	0.15
EUR – USD	1.0907	0.0010	0.09

Australian Data Today

ABS	Trade statistics (<i>preliminary</i>)	May
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Overseas Data Today & Tonight

Japan	Leading economic index (final)	Mar
Germany	GDP (final)	Mar Q
Germany	IFO business climate	May

Need More Information?

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Tyro Payments (TYR)

Weekly transaction values update lodged pre-trade, highlighting 17% higher \$18.09B year-to-date processed transaction value.

Ramsay Health Care (** RHC)

\$A695M worth of applications received during RHC's SPP offer. Details lodged this morning.

Sky Network Television (* SKT)

Resuming trade having completed a \$NZ110.1M institutional rights offer and \$NZ9.1M institutional placement, each at NZ12c per share. A retail entitlement offer, at the same price, is scheduled for 27 May – 9 June.

SKT traded on the ASX last week at ~A15.83c - ~A17.39c.

engage:BDR Ltd (* EN1)

engage:BDR LLC has qualified for US funding support under the CARES Covid-19 – related emergency funding legislation.

EN1 has been approved for the current maximum \$US150,000 worth of support under the EIDL (Economic Injury Disaster Loan) scheme.

Terms include a \$US100 filing fee, \$731/month repayments from 12 months after closing and 3.75% interest.

InteliCare Holdings (** ICR)

Home sensor-based independent living support app developer scheduled to list on the ASX **midday** AEST following a \$5.5M IPO at 20c per share.

A disability justice centre in Western Australia has placed a \$50,000 ceiling hard-wired sensors order after trialling ICR's radar sensor technology.

Details lodged post-trade Friday.

In addition, ITL products are available through Microsoft Azure. ~37.1M quoted shares.

Ardent Leisure Group (* ALG)

Director Toni (Antonia) Korsanos intends to step down from the ALG board 30 June, due to potential conflicts of interest.

Resources

Sandfire Resources (SFR)

Reporting strong first-half June quarter De Grussa production and subsequently anticipating FY20 output to come in at 70,000t – 72,000t of copper and 38,000oz – 40,000oz of gold within concentrate.

In addition, SFR has lodged high-grade and significant width copper-silver assays from regional Tshukudu project drilling, Namibia.

Chalice Gold Mines (* CHN)

Heralding high-grade assays from the initial two diamond drill holes in the WA Julimar Ni-Cu-PGE project.

Adriatic Metals (* ADT)

Veovaca mine, plant and tailings facility environmental permit in hand.

**Alto Metals (* AME)**

AME has received a proposal to launch a 6.6c-per-share off-market takeover offer.

The notice is from Habrok (Alto) Pty Ltd and would compete with the Goldesea offer.

AME traded at 6.2c – 6.4c last week.

Energy**Warrego Energy (* WGO)**

Resuming trade with \$15M worth of commitments for a two-tranche, 13c-per-share placement.

Additional details lodged this morning.

WGO traded at 15.5c – 18.5c last week.

Trading Halts

Company	Code	Resuming
Ausmex Mining Group	AMG	25 May
Decmil Group	DCG	25 May
Kairos Minerals	KAI	25 May
Leigh Creek Energy	LCK	25 May
Prescient Therapeutics	PTX	25 May
Pure Alumina	PUA	25 May
Argent Minerals	ARD	26 May
Bio-Gene Technology	BGT	26 May
Black Cat Syndicate	BC8	26 May
Black Rock Mining	BKT	26 May
E2 Metals	E2M	26 May
First Graphene	FGR	26 May
Kyckr Ltd	KYK	26 May
Nova Minerals	NVA	26 May
Predictive Discovery	PDI	26 May
Emperor Energy	EMP	27 May
White Rock Minerals	WRM	28 May

Suspensions (select)

Company	Code	Since
Anson Resources	ASN	22 May
Aura Energy	AEE	20 May
Cann Global	CGB	20 May
Cellmid Ltd	CDY	11 May
Core Lithium	CXO	25 May
Eon NRG	E2E	19 May
Liquefied Natural Gas	LNG	4 May
New Century Resources	NCZ	22 May
Opil Ltd	OPL	22 May
Skin Elements	SKN	12 May

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
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ELD	Today	9	100	1.84
CIE	Tomorrow	0.96	100	6.77
AMC	Wed	17.7	0	3.55
WHF	Wed	10.25	100	4.41
GCI	Thu	0.65	0	5.26
IAP	Thu	4.3	0	2.62
ORI	Thu	16.5	0	3.27
QRI	Thu	0.82	0	7.16
TNE	Thu	3.47	59.94	1.20

Reports & Events

(selected)

When	Company	Report/Event
Today	ICR	ASX listing (midday AEST)
	TLT	AGM (9am AEST)
Tomorrow	CCL	AGM
	MOE	AGM (11am AEST)
Wed	GTN	Teleconference (8.30am AEST)
Thu	GRR	AGM (midday AEST)
	NTO	AGM (9am AEST)
	PAL	AGM (2pm AEST)
Fri	CTM	AGM (midday AEST)
	GTK	Interim (8.30am AEST)
	OMH	AGM (midday AEST)
	WAF	AGM (1pm AEST)