

Markets

SFE 200 Futures (9.30am AEST)	5823	50	0.9
NZX 50	11085	36	0.3
DJIA Futures	25580	46	0.2
S&P 500 Futures	3037	1	0.0
NASDAQ Futures	9422	-11	-0.1

Local Markets Commentary

The Australian market opens the second last trading day for the month ahead of key domestic data late-morning and influential data out of the US tonight.

In addition, autonomy protests and arrests are continuing in **Hong Kong**, amid the wait for China's National People's Congress vote on proposed new security legislation and a US administrative response.

Post-overnight trade, a **US** administrative spokesperson announced the US president was preparing to 'sign an executive order' regarding **social media** companies. This follows US presidential ire against Twitter earlier this week.

In addition, the US administration revealed it would end sanction waivers for companies from China, Europe and Russia who have been working on select nuclear sites in Iran.

Locally today, the Australian Bureau of Statistics (ABS) publishes **May private new capital expenditure, 11.30am AEST**.

Companies trading **ex-dividend** today include **ORI** and **TNE**.

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

US **gold** futures (June) fell slightly.

Iron ore (Nymex CFR China, 62% Fe) recorded another small gain, settling beyond \$US91.80/t.

LME **copper** and **nickel** turned and fell. **Aluminium** extended Tuesday's gain with a moderate rise.

The **\$A** declined to ~US66.55c after rising to ~US66.75c early yesterday evening.

This morning, the \$A has traded lower again, at ~US66.15c.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25548	553	2.2
S&P 500	3036	44	1.5
NASDAQ	9412	72	0.8
FTSE 100	6144	76	1.3
DAX 30	11658	153	1.3
Shanghai Comp	2837	-10	-0.3

Overseas Markets Commentary

Major European and US equities markets again opened higher overnight, and while vacillating sentiment featured across all

Australia– private new capex- 11.30am AEST

May – second last trading day

Today's Stock Watch
CSR Ltd (CSR)

CSR will lease the group's manufacturing facility under construction in Lengnau, Switzerland to Thermo Fisher Scientific.

Thermo Fisher will also operate the facility under a CSR-Thermo Fisher strategic partnership agreement, which also includes Thermo Fisher providing production to support the CSR biologics portfolio, and packaging and fill-and-finish services for several CSL products.

Thermo Fisher already provides services to CSR.

Mesoblast Ltd (MSB)

\$US15.26M March quarter loss, against a \$US24.97M loss a year earlier. Revenue rose to \$US12.20M, from \$1.25M.

For the nine months to 31 March, MSB recorded a \$US45.33M loss, against a \$US69.07M loss for the same period to the end of March 2019. Revenue rose 113% to \$US31.5M \$60.1M cash at 31 March. Presentation lodged this morning.

WiseTech Global (WTC)

Renegotiating strategic acquisitions earn-out arrangements. Details lodged this morning.

Atlas Arteria (ALX)

Cancelling the previously deferred 2H FY2019 distribution.

In addition, conducting a \$A420M, \$A6.20-per-share fully underwritten institutional placement. A \$A\$75M SPP is also planned, 5 – 25 June. \$US50M - \$US200M Dulles Greenway impairment expected to be recognised in interim results. €3.2B APPR liquidity. \$A118M ALX cash. ALX has traded at \$6.50 - \$7.10 the past five sessions.

StemCell Ltd (SCU)

Two-year collaboration agreement secured with Temasek Polytechnic of Singapore, covering joint research into plant stem cell technology applications to seagrape cultivation and commercial farming.

Resources
Lepidico Ltd (LPD)

Namibia Karibib project phase one DFS outcomes and presentation lodged this morning.

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

'Lead agency status' awarded by the WA government to the Perth Basin West Erregulla 50:50 JV project. STX operator.



regional trade, key US indices settled at session peaks.

Preferential tariffs for US imports of goods from **Hong Kong** appeared at risk when the US secretary of state declared Hong Kong no longer sufficiently autonomous from China to be considered as operating with a 'high degree' of autonomy and freedom.

A People's Congress vote, anticipated as early as later today, on proposed new China security legislation designed to combat 'subversion' and 'terrorism' in Hong Kong, among other matters, has further inflamed **China-US** relations since late last week.

Earlier yesterday, China's foreign ministry proclaimed Hong Kong as 'purely China's internal affair', and vowed to implement 'necessary counter measures' should 'external forces' interfere in China's policies regarding Hong Kong.

In addition, overnight the Hong Kong parliament debated proposed legislation that would deem disrespecting China's national anthem a criminal offence.

Earlier, the **European Commission** recommended to regional members a proposed €750B (€500B grants; €250B loans) regional recovery fund.

Among overnight economic reports and **data** releases, the **US** Federal Reserve's district-by-district 'beige book' economic report confirmed widespread adverse Covid-19 outbreak and containment impacts and little expectation of any significant speedy recovery.

The Richmond Fed manufacturing index improved to -27 from -53.

Weekly mortgage applications rose by 2.7% following a 2.6% fall the previous week. Mean 30-year mortgage rates rose to 3.42% from 3.41%.

Meanwhile, a five year note auction delivered a 0.334% yield, from 0.394%.

Tonight in the **US**, a second reading (of three) of March quarter GDP is keenly anticipated, together with weekly new unemployment claims and April durable goods orders.

April pending home sales and the Kansas City Fed manufacturing index are also due.

Elsewhere, the UK conducts a 30-year Treasury bond auction. Consumer and economic confidence indices are due for the euro zone.

Costco Wholesale, Dell, Dollar General, Dollar Tree, Hitachi Construction, Johnson Matthey, Lufthansa, Nissan Motor, Salesforce.com, Sumitomo Heavy Industries and Trip.com are among companies scheduled to report earnings later today and tonight.

Imperial Brands trades ex-dividend on the FTSE 100.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1726.8	oz	-1.4	-0.1
Silver (NY) (Jul)	17.757	oz	-0.162	0.9
Gold (LON) (26 May)	1720	oz		
Platinum	823	oz	9	1.1
WTI Crude (Jul)	32.81	bbl	-1.54	-4.5
Brent Crude (Jul)	34.52	bbl	-1.65	-4.6
Iron Ore (NYMEX,CHN,62%)	91.81	t	17	0.2

Pre-Open Announcements

Polynovo Ltd (PNV)

Non-executive director David McQuillan has sold 441,687 PNV shares on-market, to support his return to Melbourne from the US.

The shares were sold for \$2.65 and \$2.70 each.

Additional details lodged post-trade yesterday.

Dr McQuillan retains 770,313 PNV shares.

PNV has traded at \$2.60 - \$2.79 the past five trading sessions.

Nuchev Ltd (NUC)

Presentation lodged post-trade yesterday.

Resources

Gold Road Resources (* GOR)

This afternoon's AGM materials lodged pre-trade.

Coronado Global Resources (* CRN)

CFO Ayten Saridas has resigned in order to pursue another opportunity, but will remain with CRN during a transition period.

Trading Halts

Company	Code	Resuming
Challenger Exploration	CEL	28 May
Chase Mining Corporation	CML	28 May
Comet Resources	CRL	28 May
GI Dynamics	GID	28 May
NSX Ltd	NSX	28 May
White Rock Minerals	WRM	28 May
Acrux Ltd	ACR	29 May
Avira Resources	AVR	29 May
Blackmores Ltd	BKL	29 May
Buddy Technologies	BUD	29 May
Red Mountain Mining	RMX	29 May
Silver Mines	SVL	29 May
Aspermont Ltd	ASP	1 Jun
Mako Gold	MKG	1 Jun
Novonix Ltd	NVX	1 Jun
Bass Metals	BSM	2 Jun
Creso Pharma	CPH	2 Jun
Magnis Energy Technologies	MNS	2 Jun

Suspensions *(select)*

Company	Code	Since
Alto Metals	AME	27 May
Anson Resources	ASN	22 May
Aura Energy	AEE	20 May



Copper (LME,3mth Ind,PM)	5299	t	-71	-1.3
Nickel	12140	t	-200	-1.6
Aluminium	1529	t	6	0.4
Lead	1640	t	-35	-2.1
Zinc	1934	t	-49	-2.5
Tin	15300	t	-129	-0.8

Commodities Commentary

Oil – an International Energy Agency (IEA) warning, ongoing Covid-19 lockdown easing optimism and commentary ahead of the planned 10 June OPEC+ meeting to consider output curbs influenced overnight trade.

In particular, Russia was reported to be pushing, ahead of the 10 June (virtual) meeting, for an easing of proposed production cuts from 1 July.

Earlier, the IEA predicted global investment in the energy sector would dive 20% this year, against the previous forecast of a 2% rise.

International oil investment is anticipated to plummet 30%.

The IEA estimated 2020 energy sector investment was ~\$US400B lower than what had initially been anticipated, and that this could ultimately produce an ultimate energy supply deficit.

For its part, Chevron announced it expected to cut up to 15% of company jobs this year.

Meanwhile Alberta, Canada revealed the province's overall oil production had tumbled by 25% (~1MMbbl/d).

A weekly **US petroleum inventories** report is due from government agency the EIA **tonight**.

An industry report, released post-overnight settlement, indicated a greater than 8.5MMbbl increase in crude stocks.

Gold – bargain hunters appeared to step in overnight, following an early extension of Tuesday's price falls (with Comex July futures expiring on settlement), Comex (August) futures settling for their first 'most-active contract' session just slightly lower.

This, after trading as low as \$US1701.6/oz intra-session.

The US Federal Reserve's district economic roundup, published post-settlement, outlined relatively bleak conditions for the several weeks through to mid-May, and expectations of an extended tough operating environment.

Tonight, in addition to any US response to China's proposed legislative treatment of Hong Kong, a second estimate of US March quarter GDP could sway some gold trade sentiment.

Base metals – US-China relations, including the preferential financial hub status of Hong Kong, updated inventories and optimism surrounding the increased easing of Covid-19 containment restrictions appeared the main considerations during overnight trade.

LME nickel inventories were reported 60% higher than 10 weeks earlier.

Meanwhile, mine output in Peru was forecast to drop a minimum 15% this year.

China's January - April industrial profits, reported yesterday, dropped 27.4% following a 36.7% January – March tumble.

Black Cat Syndicate	BC8	26 May
Black Rock Mining	BKT	26 May
Cann Global	CGB	20 May
Cellmid Ltd	CDY	11 May
Decmil Group	DCG	25 May
Eon NRG	E2E	19 May
MGM Wireless	MWR	27 May
Pure Alumina	PUA	25 May
Skin Elements	SKN	12 May

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
GCI	Today	0.65	0	5.15
IAP	Today	4.3	0	2.66
ORI	Today	16.5	0	3.08
PCI	Today	0.31	0	3.91
QRI	Today	0.82	0	7.06
TNE	Today	3.47	59.94	1.33
MOT	Tomorrow	1	0	8.05
MXT	Tomorrow	0.79	0	5.49
NAC	Mon	1.35	100	6.73
NBI	Mon	0.9	0	7.30
NSC	Mon	1	100	7.00

Reports & Events

(selected)

When	Company	Report/Event
Today	GOR	AGM (4pm AEST)
	GRR	AGM (midday AEST)
	MSB	Mar Q
	NTO	AGM (9am AEST)
	PAL	AGM (2pm AEST)
Tomorrow	CTM	AGM (midday AEST)
	GTK	Interim (8.30am AEST)
	OMH	AGM (midday AEST)
	WAF	AGM (1pm AEST)
Thu (4 Jun)	FLC	AGM (9am AEST)
	OML	AGM

**Exchange Rates**

CURRENCIES	LAST	+/-	%
AUD – USD	0.6617	-0.0008	-0.12
EUR – USD	1.1014	0.0006	0.05

Australian Data Today

ABS	Private new capital expenditure	May
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US Data Tonight

GDP (2 nd of three readings)	Mar Q
Durable goods orders	Apr
Initial jobless claims	23 May
Pending home sales	Apr
Kansas City manufacturing index	May

Other Overseas Data Today & Tonight

Germany	CPI (prelim)	May
Euro zone	Economic, consumer confidence	May

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