

**Markets**

<b>SFE 200 Futures</b> (9.30am AEST)	5836	-20	<b>-0.3</b>
<b>NZX 50</b>	10897	40	<b>0.4</b>
<b>DJIA Futures</b>	25379	-78	-0.3
<b>S&amp;P 500 Futures</b>	3029	-10	-0.3
<b>NASDAQ Futures</b>	9424	-36	-0.4

**Local Markets Commentary**

The Australian market opens the last trading day for May on a Friday, with material domestic data due late-morning, a PM's address anticipated following a national cabinet meeting this morning, a batch of key indicators expected out of Japan pre-trade, and a US presidential statement on **China** scheduled for tonight.

Post-overnight trade, the US president has signed an executive order in an attempt to increase liability status for social media companies. The order does not override existing national legislation providing liability protection, but the US president has ordered a legislative review ahead of potential amendments.

**Regionally today, Japan is scheduled to report April unemployment, industrial production and retail sales from 9.30am through 9.50am AEST.**

**Locally today, the Reserve Bank of Australia (RBA) publishes April financial aggregates, including private sector credit, 11.30am AEST.**

In overnight commodities trade, **oil** turned higher.

US **gold** futures (August) posted a small gain.

**Iron ore** (Nymex CFR China, 62% Fe) rose slightly for a third consecutive session, settling above \$US92.00/t.

LME **copper** and most key base metals swung higher.

The **\$A** appreciated to ~US66.25c after dropping below US66.00c early yesterday evening.

**New Zealand's markets will be closed Monday, due to a public holiday.**

**Overseas Markets**

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25401	-148	<b>-0.6</b>
<b>S&amp;P 500</b>	3030	-6	<b>-0.2</b>
<b>NASDAQ</b>	9369	-43	<b>-0.5</b>
<b>FTSE 100</b>	6219	75	<b>1.2</b>
<b>DAX 30</b>	11781	123	<b>1.1</b>
<b>Shanghai Comp</b>	2846	9	<b>0.3</b>

**Overseas Markets Commentary**

Major European and US equities markets again opened mostly higher overnight, but by the close of US trade, US risk sentiment had waned.

**Australia – private sector credit - 11.30am AEST**

**May – last trading day today**

**Monday – public holidays in Western Australia and the ACT**

**Today's Stock Watch**
**Westpac Banking Corporation (WBC)**

Westpac Institutional Bank chief executive Lyn Cobley is retiring.

WBC treasurer Curt Zuber has been appointed to take over from Ms Cobley, in an acting role, from 1 July.

Westpac Institutional Bank and treasury CFO Joanne Dawson will be acting treasurer.

**Nine Entertainment Co (NEC)**

NEC has negotiated rights fee, production and services revisions to contracts with the NRL for the 2020, 2021 and 2022 seasons.

Details lodged post-trade yesterday.

**Gentrack Group (GTK)**

\$NZ12.80M interim net loss, including \$NZ12.2M worth of impairments, and following an \$NZ8.04M net loss a year ago. 6.98% lower, \$NZ50.62M revenue.

Nil interim dividend. \$NZ6.4M net cash.

**Austal Ltd (ASB)**

Boosting FY20 expected revenue to \$2B from ~\$1.9B, and EBIT to no less than \$125M, from no less than \$110M.

Details lodged this morning.

**Mayne Pharma (MYX)**

Exclusive 20-year licence and supply agreement secured with Mithra Pharmaceuticals, covering the potential commercialisation of the E4/DRSP oral contraceptive in Australia. Targeting a launch by 31 December 2021.

MYX has also secured an option for obtaining a licence to register and launch E4/DRSP in New Zealand.

**Costa Group (CGC) / Appen Ltd (APX)**

Materials for today's AGMs lodged pre-trade.

**Acrux Ltd (ACR)**

Exclusive sales, marketing and distribution agreement secured with TruPharma, covering the potential commercialisation of six ACR products.

**Immutep Ltd (IMM)**

\$A3.6M R&D rebate in hand from the French Government.

Data update promised Tuesday, 2 June.

**Resources**
**Tesoro Resources (TSO)**

Terminating an agreement to earn up to 100% of the Espina gold project.



Investors were faced with plenty to consider, including some worse-than-feared economic indicators, and the wait for further **China-Hong Kong-US** developments.

In second-half US trade, the US president announced he would make an announcement on China tonight.

Yesterday afternoon, China had formally approved national security legislation for Hong Kong, effectively reducing its relative autonomy.

Earlier this week, the US administration had declared such a move would risk Hong Kong's preferential commercial and trade status with the US, and threatened a 'strong response'.

For its part, China had threatened 'counter measures'.

Late-Wednesday, the US president had threatened to sign an executive order to curtail some **social media** exemption from liability, citing bias concerns.

This impacted social media stock sentiment during US trade.

An order was ultimately signed post-US trade, and while not changing existing national legislation, it set in motion a legislative review, and was accompanied by an announcement that the US attorney general had been instructed to help States enforce regional social media laws.

In the meantime, earlier yesterday **South Korea** reintroduced some restrictions in response to a jump in Covid-19 diagnoses.

In overnight **data** releases, **Germany's** preliminary May CPI estimate came in at 0.1% deflation for the month, following a 0.4% rise in prices during April.

Year-on-year, May CPI was up 0.6%.

A euro zone business confidence index fell to -2.43 from -1.99.

A final consumer confidence reading was confirmed at -18.8 from -22.

In the **US**, a second estimate of March quarter GDP represented a 5% contraction.

April durable goods orders dropped 17.2%, following a 16.6% March decline.

Weekly new unemployment claims tallied 2.12M, against 2.45M the previous week.

April pending home sales tumbled 21.8% for the month, after a 20.8% March drop.

Year-on-year, pending sales were down 33.8%, this attributed to Covid-19 containment 'stay at home' advice.

The Kansas City Fed manufacturing index rose to -25 from -62.

Meanwhile, the UK conducted a 30-year Treasury bond offer, producing a 0.025% yield from 0.612%.

**Tonight** in the **US**, US Federal chair Jerome Powell is scheduled to speak publicly.

In addition, April personal income and spending, wholesale inventories, the May Chicago PMI and a final May consumer sentiment reading from the University of Michigan are due.

Elsewhere, Germany reports April retail sales and the euro zone releases an initial May CPI estimate.

Fuji Electric, Hitachi, Mitsui Mining & Smelting, Olympus Corp and Yamaha Motor are among companies scheduled to report earnings later today and tonight.

*Germany's markets will be closed Monday, due to a public*

## Pre-Open Announcements

### Electro Optic Systems Holdings (\* EOS)

Audacy Corporation acquisition completed, with the transfer of communication spectrum licences approved.

In addition, EOS is outlaying \$750,000 towards establishing a University of Queensland permanent EOS professional chair in microwave & photonic engineering and applied electromagnetics.

### Over the Wire Holdings (\* OTW) / NEXTDC Ltd (NXT)

OTW has secured a strategic partnership with NXT.

General OTW business update also lodged this morning.

### Murray River Organics (\* MRG)

40% higher year-on-year Nangiloc wine grape harvest, tallying 1223t.

Average prices rose 25%.

Table grape harvest indicating a 30% yield increase at 95% completion.

Dried vine harvest yield has fallen and is also 95% complete.

70% of the crop is contracted.

~30t hemp harvest, in line with expectations.

### Motorcycle Holdings (\* MTO)

Anticipating \$22M - \$28M worth of FY20 impairments.

Adjusting stock levels lower, by \$600,000, and increasing provisions.

### Decmil Group (DCG)

Conducting a \$50M 4.2-for-one, 5c-per-share entitlement offer.

Trade remains suspended.

### MedAdvisor Ltd (MDR)

Chief technology officer Victor Kovalev is leaving MDR in June, in order to return to live with his family in the US.

MDR architecture head Craig Schnuriger has been appointed interim CTO.

In addition, strategy GM Simon Chamberlain has left MDR.

### Spark New Zealand (SPK)

Spark Finance is conducting a \$A100M (\$NZ106.8M) six-year fixed-rate bond offer.

## Resources

### Alto Metals (\* AME)

Resuming from suspended trade with an improved 7.5c cash-per-share offer from Goldsea Australia Mining.

Goldsea had previously offered 6.5c per share.

FIRB approval is required and a decision has been pushed back until 30 June.

In the meantime, Habrok (Alto) is yet to act on its intention to launch an off-market bid for AME, as flagged 22 May.

AME last traded at 6.2c.

*holiday.***Commodities**

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY)</b> (Aug)	<b>1728.3</b>	oz	1.5	<b>0.1</b>
<b>Silver (NY)</b> (Jul)	<b>17.967</b>	oz	0.21	<b>1.2</b>
<b>Gold (LON)</b> (26 May)	<b>1720</b>	oz		
<b>Platinum</b>	<b>821</b>	oz	-2	<b>-0.2</b>
<b>WTI Crude</b> (Jul)	<b>33.71</b>	bbbl	0.90	<b>2.7</b>
<b>Brent Crude</b> (Jul)	<b>35.29</b>	bbbl	0.55	<b>1.6</b>
<b>Iron Ore</b> (NYMEX,CHN,62%)	<b>92.05</b>	t	0.24	<b>0.3</b>
<b>Copper</b> (LME,3mth Ind,PM)	<b>5367</b>	t	67	<b>1.3</b>
<b>Nickel</b>	<b>12235</b>	t	95	<b>0.8</b>
<b>Aluminium</b>	<b>1540</b>	t	11	<b>0.7</b>
<b>Lead</b>	<b>1634</b>	t	-6	<b>-0.4</b>
<b>Zinc</b>	<b>1940</b>	t	6	<b>0.3</b>
<b>Tin</b>	<b>15540</b>	t	240	<b>1.6</b>

**Commodities Commentary**

**Oil** – prices swung overnight, amid the wait for a US response to China's parliamentary approval of security legislation for Hong Kong, and ongoing speculation regarding any OPEC+ output decisions at the scheduled 10 June meeting.

In addition, a weekly **US petroleum inventories** report, published by government agency the EIA overnight, included a 7.93MMbbl rise in crude stocks.

Crude stocks at the key Cushing, Oklahoma delivery point fell by ~3.4MMbbl, however.

Stored petrol also fell, by 724,000bbl.

Net crude imports rose by 2.07MMMbbl/d, this largely attributed to cargoes from Saudi Arabia.

A weekly US petroleum drill rig count is due tonight.

Also tonight, Brent July futures expire on settlement.

**Gold** – US futures were pushed higher in early overnight trade, to as high as \$US1743.7/oz, before swinging lower, and then reversing to settle with a slight gain.

US-China-Hong Kong developments dominated geopolitical news, while a batch of high-profile economic indicators for the US, including a March quarter GDP estimate, and new unemployment claims, also claimed attention.

In other data reports, Russia's 2019 gold production was estimated at 343.54t, up 9.26% on 2018 output.

**Base metals** – overnight LME trade appeared largely influenced by a mix of geopolitical developments, economic data releases, and a jump in Covid-19 cases in key manufacturing and trading nation South Korea.

Among the forecasters, the Wrought Copper Council ventured a 285,000t *copper* surplus for 2020, and 675,000t oversupply for 2021.

Among the producers, Teck Resources announced operations had resumed at the Antamina copper and *zinc* operation, and could achieve regular production levels by 30 September.

Meanwhile, *aluminium* traded at ~two-month peaks, on demand optimism, even while international output continues to exceed current demand. LME-registered warehouse inventories have

**Trading Halts**

Company	Code	Resuming
American Pacific Borates	ABR	1 Jun
Andromeda Metals	ADN	1 Jun
Aspen Group	APZ	1 Jun
Aspermont Ltd	ASP	1 Jun
Atlas Arteria	ALX	1 Jun
European Cobalt	EUC	1 Jun
Novonix Ltd	NVX	1 Jun
Tyranna Resources	TYX	1 Jun
Bass Metals	BSM	2 Jun
Creso Pharma	CPH	2 Jun
Magnis Energy Technologies	MNS	2 Jun
Alderan Resources	AL8	3 Jun
Ora Gold	OAU	3 Jun
Podium Minerals	POD	3 Jun
Strike Resources	SRK	3 Jun
Thor Mining	THR	3 Jun
Titan Minerals	TTM	3 Jun
West Wits Mining	WWI	3 Jun

**Suspensions (select)**

Company	Code	Since
Anson Resources	ASN	22 May
Aura Energy	AEE	20 May
Black Rock Mining	BKT	26 May
Cann Global	CGB	20 May
Cellmid Ltd	CDY	11 May
Comet Resources	CRL	28 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 (%)
<b>MOT</b>	Today	<b>1</b>	0	7.77
<b>MXT</b>	Today	<b>0.79</b>	0	5.49
<b>PGG</b>	Today	<b>0.71</b>	0	2.39
NAC	Mon	1.35	100	6.69
NBI	Mon	0.9	0	7.34
NSC	Mon	1	100	6.67
ALQ	Fri (5 Jun)	6.1	70	3.14



jumped 50% since mid-March, to ~1.49Mt.

Smelters are taking advantage of reduced alumina, carbon and power prices, in anticipation China's improving industrial activity, which has pushed Shanghai Futures Exchange warehouse stocks 40% lower (to 322,000t) since mid-March, will continue.

Some **end-of-month** positioning is possible tonight, but also caution ahead of **China's** official April PMIs, anticipated Sunday.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.6628	-0.0010	<b>-0.15</b>
<b>EUR – USD</b>	1.1074	-0.0003	<b>-0.02</b>

### Australian Data Today

RBA	Financial aggregates	Apr
RBA	International reserves; forex liquidity (4.30pm AEST)	May
ABS	Covid-19 household impacts	12-15 May

### US Data Tonight

	Personal income & spending	Apr
	Chicago PMI	May
	Wholesale inventories	Apr
	University of Michigan consumer sentiment (final)	May

### Other Overseas Data Today & Tonight

<b>Japan</b>	Industrial production	Apr
Japan	Retail sales	Apr
Japan	Unemployment	Apr
Japan	Consumer confidence (3pm AEST)	May
<b>France</b>	GDP (final)	Mar Q
<b>Germany</b>	Retail sales	Apr
Germany	Import prices	Apr
<b>Euro zone</b>	CPI (initial)	May
Euro zone	Business & household lending	Apr

### Need More Information?

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## Reports & Events

(selected)

When	Company	Report/Event
<b>Today</b>	<b>APX</b>	AGM
	<b>CTM</b>	AGM (midday AEST)
	<b>CGC</b>	AGM
	<b>GTK</b>	Interim (8.30am AEST)
	<b>IFT</b>	Full year (10am AEST)
	<b>OMH</b>	AGM (midday AEST)
	<b>WAF</b>	AGM (1pm AEST)
<b>Tue</b>	IMM	(data webcast to ASCO 7.30am AEST)
<b>Thu</b>	FLC	AGM (9am AEST)
	OML	AGM

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