

Markets

SFE 200 Futures (9.30am AEST)	6324	20	0.3
NZX 50	9956	-58	-0.6
DJIA Futures	26633	49	0.2
S&P 500 Futures	2954	5	0.2
NASDAQ Futures	7842	42	0.5

Local Markets Commentary

The Australian market commences mid-week trade, on the first trading day of May, with markets in China, Hong Kong, Japan, Korea and Singapore closed, and mixed overnight international equities and commodities sentiment.

Locally today, AiG's April manufacturing index is due pre-trade.

CoreLogic is also expected to publish its April residential property price index.

Post-trade, the Reserve Bank of Australia (RBA) releases April commodity prices.

Meanwhile, **BOQ** trades ex-dividend today. *Please see p4 for a detailed list.*

In addition, several high-cap stocks have lodged Macquarie conference presentations, most containing trading updates. This will swing select trade.

Regionally today, Japan's new emperor takes over following the abdication of his father, as planned, yesterday.

In overnight commodities trade, both Brent and WTI **crude** recorded gains.

US **gold** futures (June) turned modestly higher.

Iron ore (China port, 62% Fe) rose slightly.

LME **copper** was supported to another small gain, but **nickel** and **aluminium** were pushed decidedly lower.

The **\$/A** fell below US70.45c after trading at US70.55c early yesterday evening.

Japan's markets are scheduled to remain closed for the remainder of the week, and Monday next week, due to a series of public holidays.

China's markets are closed today for May Day and will also remain closed for the remainder of the week.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26593	39	0.2
S&P 500	2946	3	0.1
NASDAQ	8095	-66	-0.8
FTSE 100	7418	-22	-0.3
DAX 30	12344	16	0.1
Shanghai Comp	3078	16	0.5

Overseas Markets Commentary
Today's Stock Watch
Australia & New Zealand Banking Group (ANZ)

5% lower, \$A3.17B interim NPAT. 9% lower, \$A9.29B continuing operations operating income.

2% higher, \$A3.56B continuing operations cash profit.

11.5% CET1, up 0.45% from a year ago. \$890M impaired assets, down 8%. Flat, 80c fully franked interim dividend.

Cautious outlook. 'Headwinds', but 'taking action'.

Westpac Banking Corporation (WBC)

An additional \$357M of provisions relating to customer remediation will be included in 1H FY 2019 results, bringing the total customer remediation provisions impact on cash earnings to a pre-tax \$896M and post-tax \$617M.

WBC is due to disclose 1H results 6 May (Monday next week).

SEEK Ltd (SEK)

Reduced advertising volumes and hence billing growth has prompted SEK to reduce FY 2019 guidance to a result 'moderately below' FY 2018 NPAT.

Supporting details contained within a Macquarie conference presentation lodged post-trade yesterday.

Orora Ltd (ORA) / Senex Energy (SXY)

Slower start than normal to calendar 2019 for ORA.

March-April improvement noted, however.

SXY will supply up to 9.9PJ of gas to ORA under a two-year agreement, commencing 1 January 2020.

IRESS Ltd (IRE)

IRE has appointed IRE Australia lending head Phil Quin-Conroy as UK MD, effective 17 June. Mr Quin-Conroy is a former MLC UK business consulting head and National Australia Bank (ASX: NAB) insurance and licensee services head.

Aveo Group (AOG)

In response to media commentary, AOG warns that while parties interested in purchasing AOG's retirement properties are continuing due diligence, AOG cannot guarantee it will ultimately receive an acceptable offer.

AOG appreciated 10.36% yesterday, settling at \$2.13.

SkyCity Entertainment (SKC)

Anticipating flat FY 2019 EBITDA.

2% lower year-on-year year-to-date (to 28 April) revenue.

The a2 Milk Company (A2M)

Anticipating 31% - 32% FY 2019 EBITDA, as a percentage of sales, due to increased investment and a slightly weaker \$A versus the \$NZ.

42% higher, \$NZ938M revenue for the nine months to 31 March. Market share has increased during 2H FY 2019 for both fresh milk and infant formula products.



Major European and US equities markets chopped and/or swung in varying degrees overnight.

Investors were provided plenty to consider, including another plethora of high-profile corporate reports, some encouraging data releases, in particular out of the euro zone, and a call for a 1% US rate cut and new stimulus from the US president.

In addition, earlier yesterday, two estimates of **China's** April manufacturing sector activity had come in lower for the month, ahead of new high-level trade talks between China and the US in Beijing.

Ahead of these, the US was reported to have made at least one concession, regarding alleged China commercial cyber theft.

Earlier this month, China had maintained it was seeking an end to this practice by other nations.

In **Venezuela**, the opposition leader called for military and community support to remove the president, eliciting a post-US trade supportive comment from the national security advisor for the US.

Among new data releases, the **euro zone's** initial March quarter GDP growth estimate surprised on the upside, rising 0.4% for the three months and 1.2% year-on-year. GDP grew just 0.2% during the December quarter 2018 and 0.1% in the September quarter.

March unemployment was recorded at 7.7%, down 0.1% for the month, and at a 10.5-year low.

Germany's initial April CPI reading represented 1.0% growth for the month and a 2.0% year-on-year rise.

Inflation had risen just 0.4% during March and 1.3% year-on-year.

March import prices came in flat for the month and 1.7% higher year-on-year. Prices had risen 0.3% during February.

In the **US**, the Chicago PMI fell to 52.6 from 58.7.

March pending home sales rose 3.8% for the month after falling 1% in February. Year-on-year, pending sales were 1.2% lower.

The Conference Board's April consumer sentiment index improved by five points to 129.2.

Case-Shiller's February house price index rose 0.2% for the month following a 0.2% January pullback.

The March quarter employment cost index remained steady at 0.7%.

Tonight in the **US**, the **Federal Reserve** concludes a two-day policy meeting, from which outcomes will be announced and following which chair Jerome Powell will host a press conference.

Data releases scheduled for tonight are also influential, including ISM's April manufacturing index, a private sector employment report and March construction spending. Weekly new mortgage applications and a final April Markit manufacturing PMI are also due tonight.

Large-cap stocks continue to report earnings on both sides of the Atlantic.

Those scheduled to report earnings later today or tonight include: CVS Health, Estee Lauder, GlaxoSmithKline, HCP, Kraft Heinz, UK supermarket chain Sainsbury's (full year), Qualcomm, Vale and Yum! Brands.

In overnight corporate news, **Apple** asserted iPhone sales had improved earlier than anticipated and that the company was

Pre-Open Announcements

Treasury Wine Estates (* TWE)

Warning against using Wine Australia March quarter export data to predict TWE's performance.

Commentary lodged this morning for TWE's nine months to 31 March.

DroneShield Ltd (* DRO)

DRO has received its first order, from a Western defence department, for a sub-1kg wearable drone protection device, developed in response to 'substantial customer interest'.

Villa World (VLW)

Non-executive director Donna Hardman has resigned her VLW board position, effective yesterday.

THC Global Group (* THC)

\$991,000 unaudited hydroponics equipment March quarter revenue, 22% higher than for the December quarter 2018.

Customer cash receipts grew 30% to \$843,000.

Vonex Ltd (VN8)

7.4% higher year-on-year, unaudited \$2.17M March quarter sales revenue. \$3.49M cash.

VN8 settled at 15.5c yesterday after adding 24% on top of a 25% appreciation Monday.

Fatfish Blockchain (FFG)

FFG has sold its entire interest in Peterlabs Holdings for a net ~\$A1.63M, representing an ~\$A240,000 loss.

Sale proceeds are earmarked for paying debt associated with the Peterlabs acquisition.

Pengana Private Equity Trust (* PE1)

International private equity investment trust completed its ASX listing yesterday, following an ~\$205M IPO at \$1.25 per unit.

Opened and closed at \$1.24, trading at \$1.235 - \$1.245 intra-session.

525,789 units were traded across 76 transactions.

~164M quoted units.

Resources

Mineral Resources (MIN)

MIN is anticipating \$360M - \$390M FY 2019 EBITDA.

WA Mt Marion lithium project June quarter spodumene concentrate will be shipped at a sale price of \$US682.38/t (dry), against \$US791.84/t for the March quarter.

MIN and Ganfeng Lithium Co each hold 50% of the project.

Blackham Resources (* BLK)

BLK executive chair Milan Jerkovic is assuming day-to-day management of BLK.

BLK founding and current MD, and current CEO, Bryan Dixon is concluding his BLK employment and board membership today.



anticipating June quarter revenue growth beyond market expectations.

The company has reported post-US trade and will influence at least some of tonight's early sentiment.

Alphabet director and former Google chair and CEO Eric Schmidt announced his resignation from the Alphabet board, effective 19 June. Mr Schmidt said he would continue with Alphabet as a technical adviser.

Alphabet had reported post-Monday US trade with Google advertising growth coming in beneath expectations. The stock fell ~8% overnight.

Meanwhile, **General Electric** benefited after exceeding quarterly expectations.

McDonald's figures came in mixed.

Earlier, **BP** reported 12% lower profit and reduced revenue despite increased production.

Anadarko Petroleum bidder **Occidental Petroleum** received a promise of a \$US10B **Berkshire Hathaway** purchase of preferred shares, plus a warrant to acquire up to 80M common shares.

Competing Anadarko bidder **Chevron** subsequently rose ~2%.

Pfizer and **Merck** each benefited ~2.5% after reporting better-than-anticipated quarterly figures.

NB: UK and US markets will trade tonight, but major mainland European markets are now closed until later tomorrow.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1287.7	oz	4.2	0.3
Silver (NY) (Jul)	14.984	oz	0.051	0.3
Gold (LON)	1280	oz		
Platinum	886	oz	-7	-0.8
WTI Crude (Jun)	63.91	bbl	0.41	0.7
Brent Crude (Jun)	72.80	bbl	0.76	1.1
Iron Ore (CHN port 62%)	94.17	t	0.12	0.1
Copper (LME,3mth,PM)	6424	t	11	0.2
Nickel	12240	t	-175	-1.4
Aluminium	1810	t	-18	-1.0
Lead	1926	t	-38	-1.9
Zinc	2826	t	30	1.1
Tin	19650	t	-5	-0.0
CBT Wheat (May)	4.28	bshl	-0.07	-1.6

Commodities Commentary

Oil – overnight tensions in **Venezuela** grew after the opposition leader called for military and community support to overthrow the president, helping push Brent crude past \$USU73.20/bbl again.

Post-US trade, the US has voiced support for the opposition and street clashes have been reported, but crude output reportedly has remained steady.

Saudi Arabia earlier suggested the OPEC-led production cut agreement could be extended by six months to the end of the year.

In addition, COO Richard Boffey will leave BLK, in favour of another opportunity, at the end of the month.

BLK produced 15,296oz of gold during the March quarter, following 19,016oz for the December quarter 2018.

AISC rose to \$A1757/oz, against \$A1606/oz.

FY2019 production is expected to come in at 66,000oz – 68,000oz and AISC at ~\$A1700/oz.

Expecting to produce 19,000oz – 23,000oz during the September quarter.

33,500oz forward sold for the next nine months at \$A1785/oz. \$2.5M cash and bullion.

Ramelius Resources (* RMS)

Produced 45,286oz of gold during the March quarter at a \$A1210/oz AISC.

\$A104.7M cash and gold.

Expecting June quarter gold production to come in at 45,000oz – 50,000oz with an \$A1150/oz - \$A1250/oz AISC.

Energy

Far Ltd (FAR)

\$A20.1M cash and term deposits. Nil debt.

Trading halt also called post-trade yesterday.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	ANZ	Interim
Tomorrow	AMP	AGM
	NAB	Interim
	STO	AGM
	WPL	AGM
	WOW	AGM
Fri	MQG	Full year
Mon	WBC	Interim

Trading Halts

Company	Code	Resuming
Alicanto Minerals	AQI	1 May
Big River Industries	BRI	1 May
Inca Minerals	ICG	1 May
New World Cobalt	NWC	1 May
American Pacific Borate & Lithium	ABR	2 May
EBOS Group	EBO	2 May
Force Commodities	4CE	2 May
FAR Ltd	FAR	3 May
GBM Resources	GBZ	3 May



In the meantime, **OPEC April production** was reported by a media outlet as having fallen 90,000bbl/d to a four-year low of 30.23MMbbl/d.

US April production was estimated by government agency the EIA to have fallen for a second consecutive month, this time by a daily 187,000bbl, to 11.7MMbbl/d.

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

The Brent June futures contract expired on overnight settlement. July futures rose 0.7% for the session, settling at \$US72.06/bbl.

Gold – a 0.4% fall in the ICE \$US supported overnight gold prices. The US Federal Reserve’s post-policy meeting statements (early tomorrow AEST) are expected to influence tonight’s trade.

In overnight industry news, Newmont Goldcorp said it had temporarily ceased community support programs in the Penasquito mine region. Mexico, due to a blockade the group claimed was impacting the incomes of ~20,000 people, and that 80% of workers are sourced locally.

Base metals – end-of-month trade was again pushed and pulled overnight, mostly by commentary regarding renewed high-level China-US trade talks, China PMI updates and associated potential stimulus talk and corporate news.

China’s official (NBS) April manufacturing PMI, published yesterday, slipped to 50.1 from 50.5. The services sector activity index declined by 0.5 to a nonetheless healthy 54.3.

Caixin estimated its April manufacturing PMI for China also at 50.2, from 50.8

Glencore announced it was targeting 1.46Mt of 2019 *copper* production, rather than the previously forecast 1.54Mt.

Chile’s overall March copper output was reported to have fallen by 3.5% to 479,080t.

China’s Chalco reported 950,000t of *aluminium* production for the March quarter, from 1.02Mt a year earlier.

China’s **markets** are now closed for the remainder of the week. This, in addition to Japan’s.

Today, Hong Kong’s markets and those in Korea and Singapore are also closed, and tonight major mainland markets in Europe will not trade, potentially producing some LME volatility.

Nonetheless, PMIs due for the UK and US tonight will not go unnoticed.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7048	-0.0003	-0.04
EUR – USD	1.1215	-0.0001	-0.01

Australian Data Today

AiG	PMI	Apr
CoreLogic	Home price index	Apr
RBA	Commodity prices (4.30pm AEST)	Apr

Suspensions *(select)*

Company	Code	Since
Admedus Ltd	AHZ	17 Apr
Axiom Mining	AVQ	26 Apr
Dotz Nano	DTZ	18 Apr
First Growth Funds	FGF	4 Apr
(The) Go2 People	GO2	10 Apr
Ookami Ltd	OOK	5 Apr
Rent.com.au Ltd	RNT	30 Apr
Tempo Australia	TPP	29 Apr
YPB Group	YPB	4 Apr

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
BOQ	Today	34	100	4.10
NBI	Today	0.88	0	2.55
ACQ	Tomorrow	3.5	100	5.69
API	Tomorrow	3.75	100	5.21
CBC	Tomorrow	1.7	100	3.04
OMH	Tomorrow	2	0	2.94
WAT	Tomorrow	2	100	2.86
JMS	Mon	2.5	0	14.08
PTB	Mon	7	100	6.25
RHP	9 May	1	100	0.41



US Data Tonight

US Fed post-policy meeting statement	Apr
ISM manufacturing	Apr
ADP employment change	Apr
Construction spending	Mar
MBA mortgage applications	26 Apr
Markit manufacturing PMI (final)	Apr

Other Overseas Data Today & Tonight

UK	Manufacturing PMI	Apr
UK	BoE consumer credit	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

Disclaimer / Disclosure / General Advice Warning / Confidentiality Notice

This market opener and its contents always remain the property of State One Stockbroking Ltd ("State One") and as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from State One.

The contents of this document constitute General Advice and have been prepared without taking account of your investment objectives, financial situation or needs. Because of that you should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

While State One believes information contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed, and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One or any officer, agent or employee of State One. If applicable, you should obtain the Product Disclosure Statement relating to any relevant financial product mentioned in this document (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

The directors and associated persons of State One may have a long or short interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Additionally, State One may earn fees due to having been appointed advisors to or may be undertaking or about to commence research relating to, any of the companies mentioned herein.