

Thursday 1 June 2017

Markets

SFE 200 Futures (9.30am AEST)	5732	-8	-0.1
NZX 50	7415	-4	-0.1
DJIA Futures	21024	22	0.1
S&P 500 Futures	2413	2	0.1
NASDAQ Futures	5802	9	0.2

Local Markets Commentary

The Australian market commences June trade on mixed overnight commodities and weak equities leads, but ahead of significant regional and domestic data releases.

Caixin is expected to publish its May **China** manufacturing PMI **11.45am** AEST. A final May manufacturing PMI for **Japan** is due 10.30am.

Locally pre-trade, the national May manufacturing index, as calculated by AiG, will be released.

April retail sales and March quarter private sector capital spending figures are due **11.30am** AEST.

An April house price index is also due today, plus the RBA's commodity price index post-trade.

Meanwhile, **CSR, KMD** and **TNE** trade ex-dividend.

In overnight commodities trade, **oil** fell further. US **gold** futures turned higher. LME **copper** gained. **Iron ore** (China, 62% Fe) fell in its first trading session for the week.

The **\$A** was pushed lower after rising beyond ~US74.60c yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21009	-21	-0.1
S&P 500	2412	-1	-0.1
NASDAQ	6199	-5	-0.1
FTSE 100	7520	-7	-0.1
DAX 30	12615	16	0.1
Shanghai Comp	3117	7	0.2

Overseas Markets Commentary

Vacillating trade featured across major European and US equities markets, amid political fog in the US and UK and international trade and security alliance disquiet.

Euro zone May CPI growth disappointed those looking for tighter monetary policy, coming in at 1.4% following 1.9% for April.

April unemployment was estimated 0.1% lower for the month, at 9.3%.

Germany's April retail sales slipped 0.2%, producing a 0.9% year-on-year decline.

Across the channel, **UK** consumer credit fell £0.1B during April, while a key consumer confidence index rose three points to -5.

The British pound waxed and waned on varying survey results ahead of next Thursday's national election, including one that indicated the ruling party would lose its parliamentary majority.

In the **US**, data releases, the Federal Reserve's

China - Caixin manufacturing PMI expected **11.45am** AEST

Today's Stock Watch

Australia & New Zealand Banking Group (ANZ)

The Australian Prudential Regulation Authority (APRA) has approved ANZ's mortgage capital model which is expected to reduce ANZ's Level 2 common equity Tier-1 by 0.26%. The model becomes effective this month. ANZ says it has planned for the impact from a capital management point of view.

Suncorp Group (SUN)

Today's investor day presentation lodged.

Air New Zealand (AIZ)

Today's investor day presentation lodged, together with a live webcast link.

Billabong International (BBG)

Recent Nordstrom finance and treasury head Jim Howell has been appointed BBG CFO, taking over from Peter Myers 12 June. Mr Howell will remain based in California.

Creso Pharma (CPH)

Binding LoI secured for Swiss-headquartered medicinal cannabis producer Cannapharm to export products to the Asia Pacific and Latin America, and for CPH to be the exclusive distributor of these. In addition, CPH will gain the right to use the products within the seven countries covered by the deal.

Carnegie Clean Energy (CCE)

CCE solar PV inverter and battery energy storage systems testing have been completed for the CSIRO. The systems have been delivered to the WA Murchison radio-astronomy observatory and are being installed and integrated with existing solar panels. The PV array and battery systems will then be integrated and commissioned with an existing observatory power facility.

Xtek Ltd (XTE)

XTE has secured an in-principle contract to supply small unmanned aerial systems (SUAS) to the Australian Defence Force. XTE has this morning also lodged the Australian Government's announcement of the planned SUAS investment.

Novogen Ltd (NRT)

NRT's US trade price has breached NASDAQ listing compliance. The company has 180 days' grace to qualify for a continued listing.

Wesfarmers Ltd (WES)

Morgan Stanley has re-rated WES as underweight, from equalweight.

CSR Ltd (CSR)

Trading ex-dividend (13c) today. CSR traded at \$4.17 - \$4.23 yesterday, settling at \$4.17.

Energy

Cooper Energy (COE) / APA Group (APA)

APA proposes to outlay ~\$270M to buy and upgrade COE's Orbost gas processing facility. APA will also operate the plant which will process COE's Sole natural gas.

Conditions include a COE FID for the project, regulatory approvals and COE securing debt capital.

region-by-region economic summary revealed growth and business optimism had eased in some regions, but that overall status quo essentially remained, as in minimal inflationary pressure amid modest – moderate growth.

The Chicago PMI was reported 1.4 higher for the month, at 59.4, following forecasts of a fall to 57.

April pending home sales declined 1.3% for the month, against expectations of a 0.5% rise.

Weekly mortgage applications dropped again, this time by 3.4%, attributed to tight supply.

Tonight in the US, private sector employment and job layoff reports are due, ahead of tomorrow night's official national jobs figures.

ISM's influential manufacturing index is also due, together with weekly new unemployment claims, April construction spending, May vehicle sales, and Markit's final May manufacturing index estimate.

Those scheduled to report earnings include Dollar General and Johnson Matthey.

UK department store Marks & Spencer trades ex-dividend on the FTSE 100.

In overnight corporate news, **Bank of America** and **JPMorgan** warned of falling trading revenue, bruising financial sector sentiment.

Specialty retailer **Michael Kors** pulled the S&P 500 lower following a substantial swing to a quarterly loss.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1275	oz	10	0.8
Silver (NY) (Jul)	17.3	oz	-0.1	-0.6
Gold (LON)	1266	oz	4	0.3
Platinum	947	oz	10	1.1
WTI Crude (Jul)	48.3	bbl	-1.3	-2.7
Brent Crude (Jul)	50.3	bbl	-1.5	-3.0
Iron Ore (CHN port 62%)	57.0	t	-0.9	-2.5
Copper	5682	t	26	0.5
Nickel	8970	t	-145	-1.6
Aluminium	1928	t	2	0.1
Lead	2120	t	14	0.7
Zinc	2600	t	-25	-1.0
Tin	20325	t	-110	-0.5
CBT Wheat (Jul)	4.29	bshl	-0.01	-0.1

Commodities Commentary

Oil – overall April OPEC production was reported higher than for March.

US (EIA) weekly petroleum inventories are due tonight.

Gold – an early falling \$US supported overnight interest, futures attaining four-week peaks. Prices pulled back in post-settlement electronic trade as the \$US appreciated against some currencies, in part due to rate rise speculation.

Base metals – currency swings and data toyed with overnight trade.

China's official 51.2 May manufacturing PMI, reported yesterday, represented no change from April. Caixin's China manufacturing PMI estimate is due today.

Meanwhile, a steel industry survey revealed a buoyant sector, the index rising 5.7 for the month, to 54.8.

Pre-Open Announcements

Wellard Ltd (* WLD)

MoU secured to sell the livestock ship M/V Ocean Outback for \$US26M, to Dabbah Slaughterhouse. The sale will reduce WLD debt by \$US12.17M, boost cash on hand by \$US13.57M and produce a \$US9.7M non-cash accounting loss due to asset and inventory impairment.

Stargroup Ltd (* STL)

Acquiring Fast Cash ATM Australia's ATM network for \$4.2M, adding 134 machines to the STL ATM inventory and boosting this to 512.

STL expects the purchase to boost FY18 revenue by \$2.2M to \$20.1M, and EBITA by \$1M to \$5.7M.

Salmat Ltd (SLM)

SLM CFO Rebecca Lowde has been appointed acting CEO following the agreed completion of Craig Dower's appointment yesterday.

Chorus Ltd (CNU)

Promising active participation in processes following the release of the New Zealand government's fixed line access services regulatory framework plan for 2020 onwards. Summary and commentary lodged this morning.

Resources

Neometals Ltd (NMT)

Heralding lithium titanate proof-of-concept battery cycle testing using commercial reagents, ahead of trials which will use compounds made with ore from NMT's Barrambie titanium and Mt Marion lithium projects.

Global Geoscience (* GSC)

Montreal Lithium Supply & Markets conference presentation lodged this morning. GSC has traded lower the past three sessions, closing at 17.5c yesterday.

Delta SBD (DSB)

Late-trade yesterday, DSB disclosed the appointment of voluntary administrators.

Trading Halts

Company	Code	Resuming
Haranga Resources	HAR	1 Jun
Jameson Resources	JAL	1 Jun
Zinc of Ireland	ZMI	1 Jun
Ardiden Ltd	ADV	2 Jun
Cobalt One	CO1	2 Jun
Force Commodities	4CE	2 Jun
Qube Holdings	QUB	2 Jun
Reproductive Health Science	RHS	2 Jun
Riva Resources	RIR	2 Jun
Seafarms Group	SFG	2 Jun
Tychean Resources	TYK	2 Jun
Wollongong Coal	WLC	2 Jun

Suspensions (selected)

Company	Code	Since
Central Petroleum	CTP	31 May
Delta SBD	DSB	31 May

**Exchange Rates**

CURRENCIES	LAST	+/-	%
AUD – USD	0.7425	-0.0006	-0.08
EUR – USD	1.1243	-0.0002	-0.01

Australian Data Today

AiG	PMI	May
ABS	Private capital expenditure	Apr
ABS	Retail sales	Apr
CLogic	House price index	May
RBA	Commodity price index	May

US Data Tonight

ADP employment change	May
ISM manufacturing	May
Construction spending	Apr
Vehicle sales	May
Challenger job cuts	May
Markit manufacturing PMI (final)	May
Initial jobless claims	27 May
Non-farm productivity (rev)	Mar Q

Other Overseas Data Today & Tonight

China	Caixin manufacturing PMI	May
Japan	Nikkei manufacturing PMI (final)	Apr
Japan	Vehicle sales	Apr
UK	Manufacturing PMI (final)	May
UK	Construction PMI	Apr
Germany	PMI manufacturing (final)	May
Euro zone	PMI manufacturing (final)	May

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Hawley Oil & Gas	HOG	12 May
Longreach Oil	LGO	29 May
Molopo Energy	MPO	31 May
Petratherm Ltd	PTR	26 May
Quintis Ltd	QIN	17 May
SurfStitch Group	SRF	26 May

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AYD	Today	75	0	23.04
AYH	Today	70	0	125.64
AYJ	Today	50	25	4.24
AYK	Today	45	100	2.98
AYZ	Today	42	0	3.01
CSR	Today	13	50	6.24
IFT	Today	~9.32	0	5.14
KMD	Today	~3.65	0	5.76
RHL	Today	9	200	3.49
TNE	Today	2.6	75	1.37
USF	Today	30	0	0.00
USG	Today	10	0	0.00
EVO	Mon	~2.32	0	4.85
ECG	Tue	5	100	0.00
ALQ	Wed	8	40	2.00
JHX	Wed	~30.15	0	2.10

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	AIZ	Investor Day
	SUN	Investor Day
Wed	GMG	Q3 Update
	WES	Strategy Briefing

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