

Wednesday 2 May 2018

China – Caixin manufacturing PMI **11.45pm** AEST

Markets

SFE 200 Futures (9.30am AEDST)	6000	7	0.1
NZX 50	8449	13	0.2
DJIA Futures	24082	11	0.1
S&P 500 Futures	2654	2	0.1
NASDAQ Futures	6718	26	0.4

Local Markets Commentary

The Australian market opens mid-week trade ahead of new manufacturing data for China today and key reports and figures out of the US and euro zone from tonight through the end of the week.

Overnight US equities trade proved mixed.

In hesitant overnight commodities trade, US **gold** futures and **oil** fell.

LME **copper** turned lower.

The **\$A** traded beneath US75.0c after falling below US75.15c early yesterday evening, and has continued to drop this morning.

Locally today, several high-profile and large-cap stocks are announcing revised outlooks, March quarter operating statistics and/or conducting AGMs.

Regionally, **China's** April manufacturing PMI, as published by Caixin, is due **11.45pm** AEST.

Japan's markets trade for the last time this week today. Trade will resume Monday next week.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24099	-64	-0.3
S&P 500	2655	7	0.3
NASDAQ	7131	64	0.9
FTSE 100	7520	11	0.2
DAX 30	12612	Public	Holiday
Shanghai Comp	3082	Public	Holiday

Overseas Markets Commentary

Vacillating trade featured across UK and US equities markets overnight, the NASDAQ and S&P 500 notably ultimately dragged higher despite heading lower on opening.

Investors faced competing considerations, including speculation surrounding late-week US-China trade talks and this week's US Federal Reserve policy meeting, scant leads out of Asia, a continuing higher \$US, falling oil prices, mixed data and high-profile corporate earnings.

Markets in Germany and France were closed due to May Day public holidays.

Among new data releases, the **UK's** April manufacturing PMI was estimated at 53.9, following forecasts of 54.8 and 54.9 for March.

In the **US**, the ISM's April manufacturing index pulled back to 57.3 from the 59.3 reported for March

March construction spending also fell, by 1.7%, following a 1.0% rise in February.

Today's Stock Watch

Woolworths Ltd (WOW)

4.3% higher, \$A14.2B March quarter sales revenue, compared with a year earlier.

3.4% higher when adjusted for Easter, and 3.6% higher on a comparable growth basis.

Qantas Ltd (QAN)

7.5% higher, \$A4.25B March quarter revenue, compared with the March quarter 2017.

Anticipating a record \$1.55B - \$1.60B full year underlying pre-tax profit.

Genworth Mortgage Insurance Australia (GMA)

83.9% lower (year-on-year), \$A8.4M March quarter NPAT. New insurance written fell 36.8% to \$A4.3B.

Planning an up to \$100M on-market share buy-back.

Teleconference scheduled to commence 10.30am AEST.

Fairfax Media (FXJ)

Revenue has fallen ~1% for the first 17 weeks of second-half FY 2018. Domain online revenue has grown 21%. Other breakdown statistics lodged this morning, together with today's Sydney conference presentation.

JB Hi-Fi (JBH)

Revising FY 2018 NPAT to ~\$230M from \$235M - \$240M.

Conference presentation lodged this morning.

InvoCare Ltd (IVC)

2018 operating revenue is expected to come in flat and operating EPS to represent a low single digit fall.

March quarter gross sales fell 6% year-on-year to \$A6.6M.

Resources

Rio Tinto (RIO)

Questions regarding misleading conduct allegations against former RIO executives expected at today's AGM. CEO address lodged this morning.



VONEX LIMITED (ASX:VN8)

State One is Lead Manager for the IPO of Vonex Limited - an innovative Australian telecom company currently generating revenue of +\$A8M.

Please find below a link to the IPO information pack:
<https://www.stateone.com.au/Vonex-IPO.html>

Application can be made online or by completing the Application Form which can be found at the back of the Prospectus. CLOSING DATE FOR APPLICATIONS: 4 JUNE 2018.

Vonex, founded in 2009, is a Perth-based telecom company specialising in innovative Voice over Internet Protocol (VoIP) solutions and feature-rich Private Branch Exchange (PBX) technology.

A "once-in-a-lifetime" opportunity: we believe that the rollout of the National Broadband Network (NBN) will require millions of customers having to disconnect from Telstra's copper/landline network and reconnect to the

Tonight in the US, the US Federal Reserve concludes its two-day policy meeting from which outcomes will be announced early tomorrow (~4am AEST).

A private sector April employment report, the ISM's New York activity index and weekly mortgage applications are also due.

AIG, Apache, CV Health, Kraft Heinz, MasterCard, Sainsbury's, Standard Chartered, Tesla and Yum Brands are among companies scheduled to report earnings or provide updates tonight.

In early overnight corporate news, **BP** reported its best quarterly profit in almost four years, supported by improved oil prices and increased production.

Later, post-US trade, **Apple** raised its dividend 16%, lifted buy-back programs by \$US100B and delivered an optimistic sales outlook, following better-than-anticipated quarterly results. The stock was pushed 4% higher in post-settlement trade.

Pfizer was pushed ~3.5% lower in regular trade after undershooting quarterly revenue expectations.

Merck lost 1.5% despite delivering improved annual profit guidance.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1307	oz	-12	-0.9
Silver (NY) (May)	16.2	oz	-0.2	-1.4
Gold (LON)	1313	oz		
Platinum	892	oz	-10	-1.1
WTI Crude (May)	67.3	bbl	-1.3	-2.0
Brent Crude (Jul)	73.1	bbl	-1.6	-2.1
Iron Ore (CHN port 62%)	65.4	t		
Copper	6745	t	-62	-0.9
Nickel	13650	t		
Aluminium	2260	t	5	0.2
Lead	2293	t	-27	-1.2
Zinc	3052	t	-75	-2.4
Tin	21205	t	30	0.1
CBT Wheat (May)	5.30	bshl	0.17	3.7

Commodities Commentary

Oil – swung lower overnight on continuing \$US strength - ~0.7% higher intra-session, surpassing the break-even mark for the calendar year.

A weekly US petroleum inventories report is due tonight.

Gold – the US **Federal Reserve's** post-policy meeting statement, due early tomorrow morning (~4am AEST), is expected to ultimately influence tonight's trade.

Last night, prices fell to 4.5-month lows, again hurt by an appreciating \$US index, which reached a four-month high.

Base metals – a strong \$US plus several Asian and European markets closed for May Day public holidays, were cited as the main factors spawing cautious overnight trade.

Caixin's April **China** manufacturing PMI, due today, will be scrutinised against Monday's official April manufacturing and service PMIs as calculated by China's NBS. These were reported as 51.4 and 54.8 respectively.

Late-week trade talks between China and the US before week's end are also attracting plenty of trader attention, with recently-hiked US tariffs in place for China, but earlier this week, pushed back

new (government-owned) fibre-optic network; this will act as a catalyst to spread market share more evenly and provide opportunities for nimble technology-driven telco players like Vonex.

Vonex has also developed an innovative telecommunications/social media application – Oper8tor. Management is targeting a soft-launch of the App in Europe in 2018/2019.

For further information, call your State One adviser at 08 9288 3388 or 1300 651 898 or Email: vonex@stateone.com.au

Pre-Open Announcements

GPT Group (* GPT)

This morning's AGM addresses lodged pre-trade. The meeting will be webcast.

REA Group (* REA)

Proposing to acquire residential property data specialist Hometrack Australia, pending Australian Competition & Consumer Commission (ACCC) approval. REA plans to pay the \$130M purchase price using existing cash reserves plus \$70M debt.

Brambles Ltd (* BXB)

BXB has appointed Boots UK and Ireland MD and VP Elizabeth Fagan as a non-executive director, effective 1 June.

Ms Fagan is due to become non-executive chairman of Boots UK and Ireland 1 September.

Emeco Holdings (* EHL)

Resuming from a trading halt having completed the \$77M institutional component of the fully-underwritten \$90M, 25c per share entitlement offer in support of EHL's proposed acquisition of Matilda Equipment.

EHL reported 83% overall take-up, and 98% excluding EHL's top-four shareholders.

The retail offer is scheduled for 7 May (Monday next week) – 17 May.

EHL traded at 28c – 30.5c last week, before calling the trading halt.

Austal Ltd (* ASB)

Proposing to pay \$US6.75M cash for US-headquartered ElectraWatch. Details lodged this morning.

Resources

Alacer Gold Corporation (* AQG)

March quarter operational and financial results lodged this morning after publishing these in the northern hemisphere overnight.

A webcast teleconference was scheduled to commence 7am AEST.

Anova Metals (* AWW)

First gold pour (245oz) achieved for the WA Second Fortune project. The second pour is anticipated 8 May (Tuesday next week).

Artemis Resources (* ARV)

Heralding WA Ruth Well nickel-copper-cobalt project RC drilling results, including significant-width and high-grade nickel and copper intersections.

Neometals Ltd (NMT)

WA goldfields Kalgoorlie lithium hydroxide project FEED contract



for some US allies.

Yesterday, Japan's April manufacturing PMI was reported 0.5 lower than for March, at 53.8.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7483	-0.0008	-0.11
EUR – USD	1.1990	-0.0002	-0.02

US Data Tonight

Federal Reserve policy statement	May
ADP employment	Apr
ISM New York	Mar
MBA mortgage applications	Apr

Other Overseas Data Today & Tonight

China	Caixin PMI manufacturing (final)	Apr
Japan	PMIs services, composite	Apr
Japan	Consumer confidence	Apr
UK	Construction PMI	Apr
Germany	PMI manufacturing (final)	Apr
Euro zone	GDP (initial)	MarQ
Euro zone	PMI manufacturing (final)	Apr
Euro zone	Unemployment	Mar

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awarded to M+W Group, which completed an engineering cost study for NMT in 2016.

Adriatic Metals Plc (ADT) / Sandfire Resources (SFR)

Mineral explorer ADT completed its ASX listing yesterday following a \$10M IPO at 20c per CDI/share.

Opened at 22c and traded at 17.5c - 23.5c before settling on par at 20c.

~3M shares were traded across 260 transactions.

55.53M CDIs/shares.

SFR held 7.65% on listing.

Energy

Strike Energy (* STX) / Energy World Corporation (EWC)

Jaws-1 update lodged this morning, highlighting preparations for the planned seven-stage stimulation program.

Senex Energy (SXY)

April drilling report lodged this morning.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	GMA	Mar Q
	GPT	AGM
	HTA	AGM
	MYO	AGM
	QAN	Mar Q
	RIO	AGM
	SIQ	AGM
	WOW	Mar Q
Tomorrow	IRE	AGM
	NAB	Interim
	QBE	AGM
	STO	AGM
Fri	MQG	Full year
Mon	HT1	AGM; update
	WBC	Interim
Wed (9 May)	GMG	Q3 update
	IPL	Interim
Thu (10 May)	AMP	AGM; AUM
	BTT	Interim
	CTX	AGM
	GMA	AGM
	NUF	Investor day
	SEH	AGM
Fri (11 May)	NWS	Q3

Trading Halts

Company	Code	Resuming
88 Energy	88E	2 May
PolarX Ltd	PXX	2 May
Registry Direct	RD1	2 May

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Spectrum Rare Earths	SPX	2 May
UraniumSA Ltd	USA	2 May
Celsius Resources	CLA	3 May
Collection House	CLH	3 May
Engage:BDR	EN1	3 May
LiveHire Ltd	LVH	3 May

Suspensions (*selected*)

Company	Code	Since
Astro Resources	ARO	17 Apr
Beadell Resources	BDR	30 Apr
Jack-In Group	JIP	27 Apr
Rision Ltd	RNL	17 Apr
Samson Oil & Gas	SSN	16 Apr
Skin Elements	SKN	17 Apr
Wangle Technologies	WGL	13 Apr
Wattle Health Australia	WHA	6 Apr

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
ACQ	Today	2.7	100	4.14
API	Tomorrow	3.5	100	5.02
CBC	Tomorrow	1.5	100	3.32
WAT	Tomorrow	2	100	2.50
SNC	Tue (8 May)	3.5	100	6.76
RMD	Wed (9 May)	3.25	0	1.00