

Friday 4 May 2018

Markets

SFE 200 Futures (9.30am AEDST)	6092	12	0.2
NZX 50	8530	-17	-0.2
DJIA Futures	23864	-46	-0.2
S&P 500 Futures	2629	-3	-0.1
NASDAQ Futures	6655	-10	-0.2

Local Markets Commentary

The Australian market opens Friday trade with plenty to consider, including: key domestic and regional reports; uninspiring overnight international equities leads; mixed commodities trade; declarations from Iran overnight; and anticipated comments out of official US-China trade talks underway in Beijing.

In overnight commodities trade, US **gold** futures turned to settle moderately higher. **Oil** continued higher.

Iron ore (China port, 62% Fe) was pushed a little lower.

LME **copper** closed little changed, but **nickel** and **aluminium** were propelled lower.

The **\$A** effectively trod water after trading at ~US75.30c early yesterday evening.

Regionally today, Caixin is due to report a final April services PMI for **China 11.45am AEST**.

Locally today, the **Reserve Bank of Australia** (RBA) publishes a quarterly monetary policy report **11.30am AEST**. Tuesday, RBA governor Philip Lowe pre-empted the report, declaring it would not surprise.

Japan's markets remain closed today due to a public holiday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	23930	5	0.0
S&P 500	2630	-6	-0.2
NASDAQ	7088	-13	-0.2
FTSE 100	7503	-41	-0.5
DAX 30	12690	-112	-0.9
Shanghai Comp	3101	20	0.6

Overseas Markets Commentary

Major European and US equities markets headed lower in early trade overnight, European indices settling at or near session lows, but key US indices recovering most losses in second-half trade.

In mixed **US** data releases, the ISM's April services sector index disappointed, falling two points to a nonetheless robust 56.8. Component indices drew the most commentary, including for employment, which came in three points lower, at 53.6.

March trade figures appeased, however, producing a 15.2% deficit drop to \$US49B. Exports were calculated at a record \$US208.5B.

In addition, weekly new unemployment claims continued lower, and a monthly job cuts report estimated planned layoffs fell 43% for the month,

Australia – RBA quarterly monetary policy report – **11.30am AEST**

China – Caixin services PMI **11.45am AEST**

Today's Stock Watch

Macquarie Group (MQG)

15.4% higher, \$A2.56B full year NPAT. 5.4% higher, \$10.92B net operating income. \$3.20, 45%-franked final dividend. 11.0% CET1. \$45.12 NTA.

Nanosonics Ltd (NAN)

Canadian regulators have issued a 'medical device licence' for NAN's trophon2 system, enabling NAN to plan for a Canada launch by 30 September.

A recent US FDA approval mean NAN is also likely to launch trophon2 in the US by 30 September.

Orica Ltd (ORI)

Anticipating an ~\$115M increase in environmental provisions, for the NSW Botany site. This will be included in ORI's interim results, due for release Monday.

Sydney Airport (SYD) / WiseTech Global (WTC)

Today's investor day presentations lodged.

Energy

Cooper Energy (COE)

Awarded offshore Gippsland Basin VIC/P72, proximal to existing gas production infrastructure.



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 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

following a 39.4% jump in March.

March quarter productivity, was reported 0.7% higher, following a 0.3% rise for the December quarter and expectations of a 0.9% improvement.

An initial estimate for **euro zone** April CPI annual growth revealed a 0.1% slip to 1.2%.

The **UK** April services PMI rose 1.1 to 52.8, but forecasters had anticipated 53.5, in part due to the March reading having represented a 20-month low.

Tonight in the US, April national employment figures are due.

In addition, no fewer than five Federal Reserve officials are scheduled to speak publicly.

Companies scheduled to report earnings include Alibaba, BNP Paribas, Berkshire Hathaway, Celgene and HSBC.

In select overnight corporate news, **Tesla** was pushed 5.5% lower following a quarterly teleconference during which CEO Elon Musk was panned for not paying due deference to Wall St operators. Mr Musk opted to promote company plans as priorities over coercing investors to buy and hold Tesla stock.

AIG was also out of favour, to the tune of an ~5% drop, after undershooting quarterly profit expectations.

UK markets will be closed Monday due to a public holiday.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1312	oz	7	0.5
Silver (NY) (May)	16.5	oz	0.1	0.5
Gold (LON)	1304	oz	-3	-0.4
Platinum	902	oz	9	1.0
WTI Crude (May)	68.4	bbl	0.5	0.7
Brent Crude (Jul)	73.6	bbl	0.26	0.4
Iron Ore (CHN port 62%)	66.9	t	-0.1	-0.2
Copper	6827	t	7	0.1
Nickel	13775	t	-205	-1.5
Aluminium	2269	t	-52	-2.3
Lead	2260	t	-10	-0.4
Zinc	3007	t	-40	-1.3
Tin	21205	t	125	0.6
CBT Wheat (May)	5.41	bshl	0.15	2.8

Commodities Commentary

Oil – overnight, **Iran's** foreign minister Mohammad Javad Zarif and an adviser to (leader) Ayatollah Ali Khamenei firmly declared their regime's position, that Iran was not in any mood to renegotiate the 2015 international agreement that had led to the lifting of sanctions against Iran.

The two further indicated Iran would withdraw from any revisions, and defended the regime's support for Syria and Yemen, in addition to the the need for Iran's missile capabilities.

In the meantime, the Brent crude pipeline operator revealed an oil terminal shutdown has reduced **North Sea** production. The pipeline is expected to resume operations by the end of the weekend.

Meanwhile, a weekly US petroleum drill rig count is due tonight.

Gold – no major \$US moves higher (in part due to Wednesday's Federal Reserve statement), bargain-buying and short-covering were cited as the main

Pre-Open Announcements

Spark Infrastructure (** SPK)

Proposing to sell 50% of subsidiary Connect 8 to Electra Group. In association, Connect 8 will fully own Electra subsidiary Sky Communications.

Completion is anticipated by 31 May.

IDP Education (* IEL) / Sirtex Medical (SRX)

IEL will replace SRX on the S&P/ASX 200 from market open 11 May (Friday next week).

SRX is being removed due to its proposed acquisition by NYSE-listed Varian Medical Systems.

The Hydroponics Company (* THC) / EVE Investments (EVE)

THC has secured binding terms with EVE entities Meluka Health and Jenbrook covering exclusive leasing rights of organic-certified land.

THC proposes to grow medicinal cannabis on the northern NSW land, pending regulator and statutory approvals.

In addition, THC has secured an off-take agreement, for Meluka to use THC's medicinal cannabis in honey products, pending the outcome of 60-day due diligence.

Further, also pending satisfactory due diligence, THC will use Meluka's tea tree extract in the development of medicinal cannabis products.

Additional details lodged post-trade yesterday.

THC has traded lower the past three sessions, settling at 67c yesterday.

EVE holds 50% of Meluka Health.

Janus Henderson Group (* JHG)

Chairman's AGM speech lodged post-trade yesterday. JHG hosted its AGM in Denver, Colorado overnight.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	MQG	Full year
	SYD	Investor day
	WTC	Investor day
Mon	HT1	AGM; update
	ORI	Interim
	WBC	Interim
Wed	CBA	Trading update
	CSR	Full year
	GMG	Q3 update
	IPL	Interim
Thu	AMP	AGM; AUM
	BTT	Interim
	CTX	AGM
	GMA	AGM
	NUF	Investor day
	SEH	AGM
	SGP	Investor day
	XRO	Full year
	Fri (11 May)	NWS



influences on overnight US gold trade.

Tonight's US monthly jobs figures and any geopolitical developments, including commentary out of US-China trade talks and Middle East alignments, are seen as the major potential currency swingers tonight.

Base metals – the first of two official US-China trade talks in China commenced late yesterday, delivering a degree of caution to LME trade.

The \$US swung on mixed data, including US trade figures.

Caixin's final April services PMI for **China** is due today.

Meanwhile, foreign investors can trade iron ore futures from today.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7531	-0.0001	-0.02
EUR – USD	1.1989	0.0001	0.01

Australian Data Today

RBA	Monetary policy statement (qtrly)	May
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US Data Tonight

Employment (incl wages, jobs)	Apr
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Other Overseas Data Today & Tonight

China	Caixin PMIs services, composite	Apr
UK	New car sales	Apr
Germany	PMIs services, composite (final)	Apr
Euro zone	PMIs services, composite (final)	Apr
Euro zone	Retail sales	Mar

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Trading Halts

Company	Code	Resuming
Emergent Resources	EMG	4 May
Invigor Group	IVO	4 May
Pacific Bauxite	PBX	4 May
Queensland Bauxite	QBL	4 May
IOT Group	IOT	7 May
Mount Ridley Mines	MRD	7 May
West African Resources	WAF	7 May
Golden Deeps	GED	8 May

Suspensions (selected)

Company	Code	Since
Astro Resources	ARO	17 Apr
Beadell Resources	BDR	30 Apr
Boyuan Holdings	BHL	3 May
Enhanced Oil & Gas Recovery	EOR	2 May
Jack-In Group	JIP	27 Apr
PolarX Ltd	PXX	2 May
Rision Ltd	RNL	17 Apr
Samson Oil & Gas	SSN	16 Apr
Wangle Technologies	WGL	13 Apr
Wattle Health Australia	WHA	6 Apr

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
SNC	Tue	3.5	100	6.80
KPG	Wed	1	100	1.99
RMD	Wed	3.25	0	0.99
TWD	Fri	11	100	6.43
ANZ	14 May	80	100	5.77
MQG	14 May	320	45	tbc
NAB	15 May	99	100	6.74
UOS	15 May	2.5	0	4.32
ASG	16 May	4.2	100	4.76
PL8	16 May	0.5	100	4.04
REX	16 May	4	100	9.43

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