

Monday 5 June 2017

Markets

SFE 200 Futures (9.30am AEST)	5797	10	0.2
NZX 50	7500		
DJIA Futures	21182	-21	-0.1
S&P 500 Futures	2435	-3	-0.1
NASDAQ Futures	5878	-8	-0.1

Local Markets Commentary

The Australian market opens a new week's trade on mixed commodities and positive equities leads, amid renewed security concerns, and ahead of two days of significant domestic data releases.

Several local economic indicators are due today, in the lead-up to tomorrow's Reserve Bank of Australia (RBA) policy meeting.

Pre-trade, AiG publishes the national May services sector activity index.

The ABS releases March quarter business indicators (inventories and profits), and the ANZ its May job advertisements report at 11.30am AEST.

A weekly capital city house price index and May vehicle sales are also due today.

Regionally, Caixin is expected to release its China May services and composite PMIs **11.45am AEST**.

In overnight Friday commodities trade, US **gold** futures swung higher and WTI **crude** turned lower. LME **copper** also declined, but **iron ore** changed direction again with a notable rally.

The **\$A** was propelled ~0.5c higher after trading at ~US73.85c early Friday evening.

New Zealand's markets are closed today, due to a public holiday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	21206	62	0.3
S&P 500	2439	9	0.4
NASDAQ	6306	59	0.9
FTSE 100	7548	4	0.1
DAX 30	12823	158	1.3
Shanghai Comp	3106	3	0.1

Overseas Markets Commentary

Major European and US equities markets faltered at the start overnight Friday, but quickly recovered and maintained positive momentum through to settlement. The FTSE 100 proved the exception, closing near its session low.

In the **US**, the May employment report placed earnings growth at 0.2% for the month, following 0.3% in April and representing a 2.5% mean improvement over the past year.

Jobs growth undershot expectations, 138,000 jobs created following forecasts of 178,000 - 185,000. Moreover, April's reported 211,000 jobs was revised to 174,000, and March's 79,000 to 50,000.

The unemployment rate slipped 0.1% to 4.3%, however, on a participation rate (62.7%) which continued to trend lower.

China - Caixin composite, services PMIs **11.45am AEST**

Western Australia - public holiday today

Today's Stock Watch

Bendigo & Adelaide Bank (BEN)

Full-year cash earnings information, in particular relating to Homesafe-related adjustments, outlined this morning. Teleconference scheduled to commence 9.30am AEST.

Nine Entertainment Co (NEC)

NEC has appointed former Galaxy Entertainment (Macau) senior VP marketing Janette Kendall as a non-executive director. Ms Kendall is also a director with Costa Group (ASX: CGC), Wellcom Group (ASX: WLL) and the Melbourne Theatre Company.

Prima BioMed (PRR)

Phase IIb clinical trial safety run-in stage statistics for PRR's proposed breast cancer treatment IMP321 indicate the drug is both well-tolerated and safe. The results have been presented to the American Society of Clinical Oncology (ASCO).

Neurotech International (NTI)

NTI's Mente Autism has been included on the Australian Register of Therapeutic Goods, enabling distribution and sales across Australia. NTI expects to decide on a distributor by 30 September.

Further, NTI is launching Mente Autism in Germany later this week, at a three-day autism conference scheduled to commence 9 June (Friday).

Noxopharm Ltd (NOX)

Safety regulators have approved the completion of recruitment for NOX's NOX66 trial.

Medical Developments (MVP)

Agreement secured with the CSIRO to develop cost-effective means of manufacturing 'small-molecule' pharmaceuticals. MVP proposes to contribute up to \$3M, some potentially in MVP shares, over three years. Details lodged this morning.

Tassal Group (TGR)

Goldman Sachs has commenced TGR coverage, recommending the stock as a 'buy'.

G8 Education (GEM)

\$31.8M in hand, representing the second tranche of a placement to CFCG Investment Partners International.

Resources

Silver Lake Resources (SLR)

Proposing to recommence WA Cock-eyed Bob underground mining next month, and to produce 10,000oz of gold during FY 2018.

Drilling over the past year has boosted the resource by 30% and grade by 38%, to 1.424Mt @ 5.8g/t Au, for 266,000oz of gold. The indicated component measures 578,000oz @ 5.4g/t Au, for 100,000oz of gold.

Pre-production activity is underway. Diamond drilling is continuing.

Grange Resources (GRR)

This year's production is expected to fall by 400,000t - 500,000t due to pit remediation work.

April's trade deficit was in the meantime estimated 5.2% higher, at \$US47.6B, following a 0.8% increase in imports against a 0.3% fall for exports.

Earlier, **euro zone** April producer prices were reported 4.3% higher from a year earlier.

In **France**, polling put new president Emmanuel Macron's party in a strong position ahead of next Monday's first round of the legislative election.

In the **UK**, the May construction PMI was calculated at a 17 month peak of 56.

Yesterday, campaigning ahead of Thursday's national election was again suspended following another deadly attack on civilians.

The data keeps flowing **tonight** in the US, ahead of next week's Federal Reserve policy meeting.

Two services sector activity indices are due, together with April factory orders, consumer credit and revised March quarter productivity figures.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1280	oz	10	0.8
Silver (NY) (Jul)	17.5	oz	0.2	1.4
Gold (LON)	1275	oz	10	0.8
Platinum	954	oz	24	2.6
WTI Crude (Jul)	47.7	bbl	-0.7	-1.5
Brent Crude (Jul)	50.0	bbl	-0.7	-1.3
Iron Ore (CHN port 62%)	57.8	t	1.8	3.3
Copper	5665	t	-34	-0.6
Nickel	8915	t	75	0.8
Aluminium	1931	t	4	0.2
Lead	2108	t	-2	-0.1
Zinc	2529	t	-41	-1.6
Tin	20300	t	-150	-0.7
CBT Wheat (Jul)	4.30	bshl	-0.01	0.1

Commodities Commentary

Oil – glut fears, largely attributed to US policy and current activity, constrained overnight Friday trade.

A weekly US petroleum rig count estimated 11 more oil rigs were operational.

Gold –precious metals analysts are largely predicting higher prices this week, at least one predicting prices could move towards \$US1340/oz, once settlements beyond \$US1290/oz are achieved.

Renewed comparative \$US weakness overnight Friday is expected to persist, barring any data which change polls indicating that there will be no US rate rise next week.

This coming Thursday's parliamentary committee testimony by former FBI director James Comey is expected to keep political speculation high.

Base metals – *copper* more traditionally traded lower with oil prices overnight Friday, output disruptions appearing to slide in relevance. China demand speculation also impacted sentiment, according to some market watchers.

Zinc inventories were reported higher, but some attributed Friday's two-week low prices to China growth worries.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7430	0.0006	0.09
EUR – USD	1.1278	0.0004	0.03

Pre-Open Announcements

Sirtex Medical (* SRX)

Data from a study comparing SRX's SIR-Spheres with other liver cancer treatments has been presented to the American Society of Clinical Oncology (ASCO). Presentation lodged this morning.

Thred Ltd (* THD)

Heralding progress with ongoing in-market messaging and app testing. In addition, three new appointments, including chief technology officer and product head, lodged this morning.

Tianmei Beverage Group Corporation (TB8)

Anticipating the launch of bottled water for babies by the end of the year. Details lodged this morning.

Frontier Digital Ventures (FDV)

Outlaying \$A3.1M, in cash and scrip, for one-third of online classified business AutoDeal, and \$US1.2M for 28.6% of Propzy.

LBT Innovations (LBT)

LBT is appointing Complexica co-founder and CEO Matthew Michalewicz as a non-executive director, effective 1 September. Mr Michalewicz is also a director of ComOps (ASX: COM) and Prophecy International (ASX: PRO).

Cyclopharm Ltd (CYC)

Fully-underwritten \$7M entitlement offer, designed to help fund the US clinical trial of Technegas.

Resources

Metals Australia (MLS)

MLS is heralding multiple magnetic graphite conductors identified within the company's Lac Rainy Nord and Lac Rainy Est graphite projects, Quebec, Canada. Commentary, including early sampling statistics, lodged this morning.

Trading Halts

Company	Code	Resuming
MGC Pharmaceuticals	MXC	5 Jun
Talga Resources	TLG	5 Jun
Walkabout Resources	WKT	5 Jun
Azonto Petroleum	APY	6 Jun
DigitalX Ltd	DCC	6 Jun
Real Energy Corporation	RLE	6 Jun
Rision Ltd	RNL	6 Jun

Suspensions (selected)

Company	Code	Since
Central Petroleum	CTP	31 May
Delta SBD	DSB	31 May
Force Commodities	4CE	2 Jun
Grandbridge Ltd	GBA	2 Jun
Hawkley 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
Reproductive Health Science	RHS	2 Jun
SurfStitch Group	SRF	26 May

**Australian Data Today**

AiG	PSI	May
CoreLogic	Capital city house prices	3 Jun
ABS	Business indicators	Mar Q
ANZ	Job advertisements	May
VFACTS	Vehicle sales	May

US Data Tonight

Non-farm productivity (rev)	Mar Q
ISM non-manufacturing	May
Markit composite and services PMIs	May
Factory orders	Apr
Consumer credit	Apr

Other Overseas Data Today & Tonight

China	Caixin composite, services PMIs	May
UK	Services PMI	May
Germany	Services PMI	May
Euro zone	Services PMI	May

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Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
EVO	Today	~2.32	0	4.51
ECG	Tomorrow	5	100	0.00
ALQ	Wed	8	40	2.03
JHX	Wed	~30.15	0	2.03
OFX	Thu	2.9	100	3.48
TCO	Fri	5	100	4.88

Reports & Events

(selected scheduled)

When	Company	Report/Event
Wed	GMG	Q3 Update
	WES	Strategy Briefing
	VCX	Investor Day
Thu	VCX	Investor Day #2

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