

Markets

SFE 200 Futures (9.30am AEST)	6350	31	0.5
NZX 50	10015	-43	-0.4
DJIA Futures	26145	-354	-1.3
S&P 500 Futures	2908	-40	-1.4
NASDAQ Futures	7739	-126	-1.6

Local Markets Commentary

The Australian market opens a new week's trade amid heightened US-China tension and a drop in US equities futures, ahead of scheduled US-China trade talks in Washington later this week, and new data out of China today.

In addition, additional early-month domestic data is due today, ahead of tomorrow's Reserve Bank of Australia policy meeting.

Over the weekend the US president warned the US could impose a 25% import tax on all goods from China.

In the meantime, North Korea reportedly launch-tested a batch of 'guided weapons'.

Caixin is expected to report its **China services PMI 11.45am AEST**.

Locally today, ANZ's monthly **job advertisements** and the Melbourne Institute's **inflation gauge** reports are due.

Pre-trade, CoreLogic releases weekly capital cities **residential property prices**.

In addition, **WBC** has reported interim results.

In overnight Friday commodities trade, **oil** turned to settle higher.

US **gold** futures (June) swung higher.

LME **copper** also turned and rallied. **Nickel** gained. **Aluminium** fell.

The **\$A** appreciated to ~US70.25c after trading below US69.95c early Friday evening, but has since fallen.

Japan's markets remain closed today but will resume tomorrow.

China's markets reopen for trade today.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	26505	197	0.8
S&P 500	2946	28	1.0
NASDAQ	8164	127	1.6
FTSE 100	7381	29	0.4
DAX 30	12413	67	0.6
Shanghai Comp	3078	Public	Holiday

Overseas Markets Commentary

Relatively steady trade featured across US equities markets overnight Friday, the NASDAQ achieving another record settlement.

Germany's DAX continued to chop however, and the FTSE 100 demonstrated two significant sentiment swings as UK local

China – Caixin services PMI – 11.45am AEST

Today's Stock Watch

Westpac Banking Corporation (WBC)

24% lower \$3.17B interim NPAT. 10% lower, \$9.98B revenue. 22% lower, \$3.296B cash profit.

Flat, 94c fully franked interim dividend. 10.64% CET1.

Expecting housing credit growth to fall to 3% this year and 2.5% next. Anticipating 'strong government investment and exports', and maintaining WBC is 'dealing decisively with a difficult commercial environment for banks'.

Bubs Australia (👉 BUB) / Fonterra Shareholders' Fund (FSF)

BUB has secured an organic grass-fed infant formula supply agreement with Fonterra Australia.

BUB anticipates the new range will be in Chemist Warehouse outlets throughout Australia within three months and that exports via China e-sites will commence soon afterwards.

Retail Food Group (RFG)

In response to recent use-by and best-before date allegations, RFG says it remains pro-active regarding supplier behaviour and any necessary product withdrawals, and that the group has not been contracted by regulators 'regarding any concerns' with food safety standards.

Boart Longyear (BLY)

\$US6M March quarter net loss, following a \$US17M loss a year ago. Revenue grew 1% to \$190M. Products revenue fell 12% to \$US58M. \$US30M cash.

The Food Revolution Group (FOD) / Metcash Ltd (MTS)

FOD confirms it cannot be sure of the total revenue due under a juice supply potential agreement with MTS announced Thursday last week.

Since signing a MoU with FOD, MTS has ordered from FOD, on behalf of e-commerce group ICC Global. FOD anticipated ICC Global will order \$8M worth of FOD products by the end of 2020 (ie within ~19 months).

AMP Ltd (AMP)

AMP has appointed Marissa Bendyk as general counsel corporate and governance, and company secretary, effective today. In association, AMP general counsel David Cullen will drop his company secretary responsibilities as from today.

Resources

Perseus Mining (PRU)

Going ahead with the \$US265M full-scale development of the Cote d'Ivoire Yaouré gold mine.



government election results effectively annihilated major party representatives.

The **US** April employment report included the creation of 263,000 jobs. Against forecasts of ~190,000.

Wages grew just 0.2% for the month, but were 3.2% higher than a year earlier.

Unemployment fell by 0.2% to 3.6%, mostly attributed to a 490,000 drop in the overall eligible workforce count, but the rate nonetheless the lowest since December 2019.

In other US data releases, the ISM's services sector activity index was calculated 0.6 lower, at a nevertheless strong 55.5.

The services sector accounts for ~0.7% of US GDP component calculations.

March wholesale inventories were reported flat following a 0.1% February increase.

April vehicle sales tallied 16.4M, against 17.45M for March.

In other overnight Friday data releases the **UK's** April services sector PMI cheered, returning to expansion mode with a 1.5-point increase to 50.4.

The **euro zone's** initial April CPI reading came in at 1.7% growth year-on-year.

Producer prices slipped 0.1% for the month, but were 2.9% higher year-on-year.

Tonight in the **US**, an economic outlook speech from a Federal Reserve official is anticipated.

Companies scheduled to report earnings later today or tonight include: American International Group (AIG), Hochtief, Liberty Global, Sysco Corp and Tyson Foods.

In overnight Friday and weekend corporate news, quarterly figures from **HSBC** (30% higher, \$US6.2B pre-tax profit), **Société Générale** (despite a 26% net profit drop to €631M) and **Adidas** (sales up 6% to €5.9B) buoyed European trade sentiment.

Fiat Chrysler numbers disappointed, but not so a full year forecast based on expected sales from pickups manufactured for the US market.

Berkshire Hathaway reported a \$US22B March quarter profit and \$US5.6B operating income.

Amazon appreciated ~3% overnight Friday after Berkshire Hathaway confirmed buying.

Meanwhile, **Spotify** has accused **Apple** of anti-competitive activity with regards to non-Apple streaming services.

UK markets, including the London Metals Exchange (LME) will not trade later today/tonight, due to a public holiday.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1281.3	oz	9.3	0.7
Silver (NY) (Jul)	14.978	oz	0.361	2.5
Gold (LON)	1271	oz		
Platinum	870	oz	20	2.4
WTI Crude (Jun)	61.94	bbl	0.13	0.2
Brent Crude (Jul)	70.85	bbl	0.10	0.1
Iron Ore (CHN port 62%)	94.17	t		
Copper (LME,3mth,PM)	6236	t	67	1.1

Pre-Open Announcements

FBR Ltd (** FBR) / Brickworks Ltd (BKW)

The FBR-BKW 50:50 JV has been officially established, enabling FBR to commence a pilot test program for a brick jointly developed by BKW and FBR.

Macquarie Telecom (MAQ)

MAQ has appointed former SAI Global and Ardent Leisure Group CFO Geoff Richardson as interim CFO, effective today and for a period of four months.

PharmAust Ltd (* PAA)

Monepantel canine trial serum level indications regarded as 'very encouraging'.

PAA is developing monepantel as a cancer treatment for dogs.

WestStar Industrial (WSI)

WSI's Simpec has been awarded \$5M worth of extensions to contracts already secured within WA.

PolyNovo Ltd (PNV)

PNV has appointed former Mercial/GHI Inc COO Ashok Srinivasan as COO.

engage:BDR Ltd (EN1)

Estimated \$A1.22M April revenue, representing the best revenue month to date for programmatic exchange business.

Nvoi Ltd (NVO)

NVO settled at 1.7c Friday after trading as high as 2.2c intraday, and after closing out the previous week at 0.4c.

In response to an ASX query company, the company offered board and management changes lodged 16 and 30 April, may have been responsible for sentiment supporting last week's daily gains.

Resources

Breaker Resources (* BRB)

Heralding a new find within the WA goldfields Lake Roe project Bombora deposit.

Details lodged this morning.

Blackham Resources (BLK)

BLK CFO and company secretary Anthony Rechichi has resigned as company secretary.

Dan Travers has been appointed as BLK's new company secretary.

Mont Royal Resources (* MRZ)

Explorer scheduled to list on the ASX 11.30am AEST tomorrow following a \$5M IPO at 20c per share.

~31.350M quoted shares.



Nickel	12205	t	75	0.6
Aluminium	1800	t	-20	-1.1
Lead	1888	t	9	0.5
Zinc	2769	t	32	1.2
Tin	19200	t	-75	-0.4
CBT Wheat (May)	4.38	bshl	-0.06	-1.4

Commodities Commentary

Oil – confusion surrounding scenarios potentially impacting supply-demand constrained overnight trade sentiment.

Iran underscored this, claiming yesterday that it had organised means to continue oil exports.

In addition, fellow OPEC member **Iraq** appeared to assure Iran, claiming it would not independently seek to raise production in order to overcome any international supply shortage.

Meanwhile, several industry observers proffered Iran May output estimates, after an Iran official predicted exports could fall to a daily 700,000bbl this month and perhaps to 500,000bbl/d after this.

Some exports are for debt repayments to Chian and India, and hence are not considered new ‘sales’.

Various analysts estimated Iran’s March exports at 1.4Mmbbl/d – 1.65MMbbl/d and April daily exports at 1.02MMbbl – 1.30MMbbl. WTI crude futures ended the week 2.2% lower and Brent down 1.1%.

A US weekly petroleum drill rig count, published overnight Friday, included two additional operational oil rigs.

Gold – US CPI, UK GDP, plus US and China trade figures are among data releases that could impact this week’s currency trade, but the geopolitical focus will likely again remain US-China trade talks, and more immediately, reactions to the US president’s 25% across-the-board import tax comment.

A 0.3% lower ICE \$US index supported gold trade overnight Friday.

Base metals – nickel and copper were supported overnight Friday by a late-Thursday forecast of demand shortages from electric vehicle manufacturer Tesla.

A services PMI for **China**, as calculated by Caixin, will round out the set of China PMI figures for April.

Meanwhile, China’s trade talks with **US** officials in Washington this week have been preceded by a threat of a 25% import tax on all goods exported to the US.

LME Asia Week is likely to also produce plenty of commentary during the week.

Japan’s markets remain closed today, but will reopen tomorrow. China’s markets resume today, raising expectations of increased LME trade volumes tonight.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6994	0.0019	0.27
EUR – USD	1.1193	0.0014	0.13

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	WBC	Interim
Thu	GRR	AGM
	RIO	AGM (Perth, WA)
Fri	NWS	Mar (Thu PM, US)
	REA	Mar Q

Trading Halts

Company	Code	Resuming
Magnetite Mines	MGT	6 May
Alto Metals	AME	6 May
Echo Resources	EAR	6 May
Fenix Resources	FEX	6 May
Actinogen Medical	ACW	7 May
K2fly Ltd	K2F	7 May
Magnetic Resources	MAU	7 May
Troy Resources	TRY	7 May
Walkabout Resources	WKT	7 May

Suspensions (select)

Company	Code	Since
Admedus Ltd	AHZ	17 Apr
Axiom Mining	AVQ	26 Apr
Force Commodities	4CE	1 May
GBM Resources	GBZ	3 May
Peninsula Mines	PSM	3 May
Tando Resources	TNO	3 May
Tempo Australia	TPP	29 Apr
Triton Minerals	TON	2 May
Wattle Health Australia	WHA	3 May

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
JMS	Today	2.5	0	14.93
PTB	Today	7	100	6.17
NMT	Tomorrow	2	50	0.00
RMD	Wed	US3.7	0	0.86
AYK	Thu	10	100	5.14
AYZ	Thu	25	100	4.21
RHP	Thu	1	100	0.46
JHG	Fri	US36	0	5.36
ANZ	13 May	80	100	5.84

**Australian Data Today**

CLgc	Capital city residential property prices	3 May
ANZ	Job advertisements	Apr
MelbInst	Inflation gauge	Apr

Overseas Data Today & Tonight

China	Caixin services, composite PMIs	Apr
Germany	Services PMI (final)	Apr
Euro zone	Retail sales	Mar
Euro zone	Services PMI (final)	Apr
Euro zone	Sentix investor confidence	May

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MQG	13 May	360	45	4.15
NAB	14 May	83	100	7.71
ASG	16 May	2	100	7.63
SNC	16 May	3.5	100	7.87
ZEL	16 May	28.77	0	5.35

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