

Wednesday 6 June 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>6010</b>	<b>10</b>	<b>0.2</b>
<b>NZX 50</b>	8775	18	0.2
<b>DJIA Futures</b>	24816	-6	0.0
<b>S&amp;P 500 Futures</b>	2750	-1	0.0
<b>NASDAQ Futures</b>	7178	-1	0.0

## Local Markets Commentary

The Australian market trade commences mid-week trade on overnight price gains for some major commodities, and ahead of influential domestic data today and key data out of the US tonight.

**WTI crude** swung higher and rallied. Brent settled barely changed.

US **gold** futures were pushed higher.

**Iron ore** (China port, 62% Fe) seesawed higher again.

LME **copper** picked up the pace of its current ascent. **Nickel** also rallied.

The **\$A** slipped below US76.20c, after trading at US76.30c early yesterday evening, but has been rising this morning.

Locally today, the Australian Bureau of Statistics (ABS) publishes March quarter **GDP 11.30am** AEST.

In addition, **ALQ** and **JHX** trade **ex-dividend**.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	24800	-14	<b>-0.1</b>
<b>S&amp;P 500</b>	2749	2	0.1
<b>NASDAQ</b>	7638	31	0.4
<b>FTSE 100</b>	7687	-54	<b>-0.7</b>
<b>DAX 30</b>	12787	16	0.1
<b>Shanghai Comp</b>	3114	23	0.7

## Overseas Markets Commentary

Major European and US equities markets chopped and swung through overnight trade, as did currency ratios and oil prices.

The euro appeared in part boosted by a claim from **Italy's** new PM that new government members had never collectively considered separating from the euro zone. In the meantime, the Italian Senate approved the new Cabinet and proposed government program.

Among data releases, **euro zone** April retail sales rose just 0.1% for the month, against 0.4% for March, and following forecasts of a 0.5% improvement.

Final overall regional May PMIs included confirmation of a 0.9 fall for the services sector to 53.8.

In **Germany**, the services PMI also fell 0.9, to 52.1.

In the US, the ISM's services sector activity index retained strength, the May reading reported 1.8 points higher, at 58.6.

An April job openings report calculated 6.689M

**Australia – March Quarter GDP 11.30am AEST**

\* Finance listing **midday** AEST – **PGL** \*

**ASX – closed Monday 11 June**

Today's trades will settle as normal, but tomorrow's will settle Tuesday 12 June and Friday's Wednesday 13 June

## Today's Stock Watch

### Metcash Ltd (M TS)

Anticipating a total \$352M full year goodwill and net assets impairment.

Planning to release FY 2018 results 25 June.

### ASX Ltd (ASX)

May activity report lodged this morning, highlighting \$A12.759M capital raised, against \$3.944 a year earlier. Total capital raised for the year to date, came in at \$77.137M, up 47%.

### GPT Group (GPT)

GPT Wholesale Shopping Centre Fund has taken Wollongong Central off the market.

GPT plans to publish interim results 13 August.

### Transurban Group (TCL)

Financial close achieved for TCL's acquisition of the Montreal, Canada A25 toll road.

### Magellan Financial Group (MFG)

\$A67.354M FUM as at 31 May, against \$A66.199M 30 April.

### Adelaide Brighton (ABC)

Today's WA site visits presentations lodged.

### Wesfarmers Ltd (WES)

Strategy briefing scheduled for tomorrow.

### Prospra Group (\* PGL)

Small business-focused finance provider scheduled to list **midday** AEST following a \$146.5M IPO at \$3.64 per share. Trading commences on a conditional and deferred settlement basis. Normal (T+2) trade is scheduled to commence 12 June (Wednesday next week).

158.3M quoted shares.

## Resources

### Tawana Resources (TAW)

WA Bald Hill lithium-tantalum project total lithium resources are estimated at 26.5Mt @ 1.0% Li<sub>2</sub>O.

The indicated lithium resource has grown 55%.

Lithium reserves have been boosted 105% since July 2017, to 11.3Mt @ 1.0% Li<sub>2</sub>O.

Tantalum reserves have increased 43% to 2.0Mt @ 313ppm Ta<sub>2</sub>O<sub>5</sub>.

## Energy

### Sino Gas & Energy (SEH)

The Linxing PSC JV has agreed terms for a one-year extension, to 31 March 2019, for the gas sales agreement with Sinopec subsidiary Shanxi GuoHua Energy.

SEH says the agreed sales price has risen by 5%, effective from 1 April.

available positions, against 6.55M in March.

Meanwhile, in international goods and services trade news, **Mexico** revealed new proposed tariffs on agricultural (20% for pork) and steel products from the US.

A US administrative official offered that new trade deals could be negotiated separately with Canada and Mexico, rather than under any revised NAFTA agreement.

**Tonight** in the US, April trade statistics, March quarter labour costs and productivity figures, plus weekly mortgage applications are due.

In overnight corporate news, the UK government said it would not intervene in **21<sup>st</sup> Century Fox** and **Comcast** bids for **Sky**.

Earlier, the UK government had revealed it had sold a 7.7% holding in **Royal Bank of Scotland** for £2.5B, representing a £2.1B loss. RBS shares continued to decline, ~5%.

**Tesla** continued to fall ahead of tonight's shareholder vote on whether to retain chairman Elon Musk and three other directors.

**Twitter** appreciated ~5% following the post-Monday US trade announcement that the company would be the Monsanto (Bayer acquisition) replacement on the S&P 500 from Friday's trade. **Netflix** replaces Monsanto on the S&P 100.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Aug)</b>	<b>1302</b>	oz	5	0.4
<b>Silver (NY) (May)</b>	16.5	oz	0.1	0.5
<b>Gold (LON)</b>	1295	oz	1	0.1
<b>Platinum</b>	899	oz	-1	-0.1
<b>WTI Crude (Jul)</b>	<b>65.5</b>	bbl	0.8	1.2
<b>Brent Crude (Jul)</b>	<b>75.4</b>	bbl	0.09	0.1
<b>Iron Ore</b> (CHN port 62%)	<b>66.3</b>	t	0.8	1.3
<b>Copper</b> (LME,3m,pm)	<b>7099</b>	t	124	1.8
<b>Nickel</b>	15750	t	265	1.7
<b>Aluminium</b>	2312	t	-2	-0.1
<b>Lead</b>	2516	t	10	0.4
<b>Zinc</b>	3200	t	78	2.5
<b>Tin</b>	20650	t	75	0.4
<b>CBT Wheat (Jul)</b>	<b>5.13</b>	bshl	0.08	1.4

### Commodities Commentary

**Oil** – prices swung during overnight trade, WTI trading as low as \$US64.22/bbl.

**Iran's** plan to boost uranium enrichment capacity, confirmed yesterday, remained within the 2015 international agreement framework, Iran assured, but this was seen as an indication Iran did not expect the deal to survive the US withdrawal.

In addition, reports emerged, the US was requesting that **OPEC** increase daily production, which would ultimately impact Brent prices more than WTI.

**Russia**, a signatory to the production agreement brokered by OPEC, volunteered overnight via energy minister Alexander Novak that demand should determine output. Mr Novak had met with OPEC secretary-general Mohammad Barkindo in Vienna overnight.

OPEC is scheduled to officially meet 22 – 23 June. Russia and other production deal participants will also meet with OPEC.

Weekly US petroleum inventories are due from the EIA (US government agency) tonight.

## Pre-Open Announcements

### Oliver's Real Food (OLI)

Confirming former CEO Jason Gunn is no longer an OLI employee or director.

### Nanosonics Ltd (NAN)

Heralding a US report recommending more robust decontamination practice for ultrasound probes.

### Zelda Therapeutics (ZLD)

International staff recruited for the Telethon Kids Institute-ZLD paediatric brain cancer research project.

## Resources

### Millennium Minerals (MOY)

\$17.5M revolving loan facility secured with Investec Australia, plus a risk management facility covering up to 40,000oz of forward-sold gold.

This enables MOY to cover all costs associated with expanding the WA Nullagine gold project processing facility.

Direct capex is estimated at \$15M.

MOY is targeting plant commissioning to commence during the March quarter 2019.

### Clean TeQ Holdings (CLQ)

NSW regulatory approval in hand for another modification to the New South Wales Sunrise cobalt-nickel-scandium project development consent.

### Taruga Gold (TAR)

Resuming from a trading halt with commitments for a \$A2.835M placement at 21c per share.

Details also lodged regarding three diamond holes drilled at Kamilombe, Democratic Republic of Congo and another at Mwilu.

TAR last traded at 21.5c.

### Havilah Resources (HAV)

Chairman Kenneth Williams is planning to retire from the HAV board at the company's 2018 AGM.

## Energy

### Sundance Energy (SEA)

Presentation lodged this morning.

## Trading Halts

Company	Code	Resuming
Dempsey Minerals	DMI	6 Jun
Greenpower Energy	GPP	6 Jun
Martin Aircraft Company	MJP	6 Jun
Tinybeans Group	TNY	6 Jun
Frontier Diamonds	FDX	7 Jun
Imugene Ltd	IMU	7 Jun
Lion Resources	LIO	7 Jun
Myanmar Metals	MYL	7 Jun
Syntonic Ltd	SYT	7 Jun
Todd River Resources	TRT	7 Jun
Verdant Minerals	VRM	7 Jun
Winmar Resources	WFE	7 Jun



**Gold** – sentiment supported overnight by a \$US pull back, following an early rally against select currencies, in particular those seen to be disadvantaged in US goods and services trade argy-bargy. Higher WTI prices were also viewed positively.

**Base metals** – overnight trader considerations included swinging currencies, inventories, a swag of new data releases and ongoing negotiations at the Escondida copper operation, Chile.

Final Caixin May PMIs for China, reported yesterday, came in at 52.9 for the services sector and 52.3 for the composite reading.

Japan's May services sector index was estimated 1.5 points lower at 51.0. April household spending dropped 1.6% for the month and 1.3% year-on-year.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7624	0.0008	0.10
<b>EUR – USD</b>	1.1722	0.0004	0.03

### Australian Data Today

ABS	GDP	Mar Q
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### US Data Tonight

Trade balance	Apr
Labour costs; productivity (revised)	Mar Q
MBA mortgage applications	1 Jun

### Other Overseas Data Today & Tonight

<b>Germany</b>	Construction PMI	May
<b>Euro zone</b>	Retail PMI	May

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### Suspensions (select)

Company	Code	Since
Antilles Oil & Gas	AVD	10 May
Cougar Metals	CGM	5 Jun
HearMeOut Ltd	HMO	21 May
Impelus Ltd	IMS	5 Jun
Mobecom Ltd	MBM	14 May
Mobilarm Ltd	MBO	30 May
Murray River Organics Group	MRG	4 Jun
Pacific Bauxite	PBX	31 May
Talisman Mining	TLM	5 Jun
Tanga Resources	TRL	5 Jun

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>ALQ</b>	Today	<b>9</b>	40	2.20
<b>JHX</b>	Today	<b>31.92</b>	0	1.88
KMD	Tomorrow	3.18	100	5.20
OFX	Tomorrow	3	100	3.00
PTB	Tomorrow	5	100	7.94
SLM	Tomorrow	8	100	1.27
TCO	Tomorrow	5	100	4.63
CIE	Fri	1.6	50	8.60
EVO	Fri	1.84	0	6.89

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