

Monday 7 May 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>6092</b>	<b>38</b>	<b>0.6</b>
<b>NZX 50</b>	8574	25	0.3
<b>DJIA Futures</b>	24317	89	0.4
<b>S&amp;P 500 Futures</b>	2671	8	0.3
<b>NASDAQ Futures</b>	6801	26	0.4

## Local Markets Commentary

The Australian market commences a new week's trade with a swag of key local and domestic economic reports, amid plenty of speculation regarding tomorrow's national budget.

Overnight Friday international equities trade leads are positive.

In mixed commodities trade, US **gold** futures settled modestly higher. **Oil** rallied.

**Iron ore** (China port, 62% Fe) traded lower.

LME **copper** settled virtually flat for a second consecutive session. **Nickel** and **aluminium** turned to settle sharply higher.

The **\$A** was pushed to ~US75.40c after trading at ~US75.20c early Friday evening.

Locally today, AiG releases its April **construction** sector activity index pre-trade.

NAB's monthly **business conditions** and the ANZ's **job advertisements** reports are due **11.30am** AEST.

A weekly capital city residential property price report is also due prior to market open.

Regionally, the **Bank of Japan** is due to publish last month's monetary policy meeting minutes **9.50am** AEST.

**China's** April forex reserves are anticipated **1pm** AEST.

NB Public holidays today in Queensland and the Northern Territory.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	24263	332	<b>1.4</b>
<b>S&amp;P 500</b>	2663	34	<b>1.3</b>
<b>NASDAQ</b>	7210	121	<b>1.7</b>
<b>FTSE 100</b>	7567	64	<b>0.9</b>
<b>DAX 30</b>	12820	129	<b>1.0</b>
<b>Shanghai Comp</b>	3091	-10	<b>-0.3</b>

## Overseas Markets Commentary

US equities markets trended higher from early trade overnight Friday, ultimately dragging vacillating major European indices with them.

The US April employment report included the creation of 164,000 jobs, against forecasts of up to 195,000 new positions, and a 0.2% fall in unemployment to 3.9%, the lowest rate in more than 18 years.

Wages growth disappointed, estimated at just 0.1% for the month, following forecasts for a 0.2% rise after a 0.3% increase in March.

## Today's Stock Watch

### Westpac Banking Corporation (WBC)

7% higher, \$4.2B interim NPAT. 4% higher, \$11.15B revenue. 6% higher, \$4.25B cash profit. 94c fully franked interim dividend. 10.5% CET1 from 10.0% a year earlier and in line with 31 March 2016.

### Orica Ltd (ORI)

\$229M interim net loss. 3.9% higher, \$2.5B revenue. 20c interim dividend, against 23.5c a year ago. \$3.079 NTA. \$327.5M cash. Expecting an improved 2H FY 2018.

### Macquarie Group (MQG)

\$A600M notes offer at \$A100 each. A bookbuild will determine the margin, expected at 4.00% - 4.20%. The institutional component of the offer is expected 15 May (Tuesday next week). The notes are expected to trade as MQGPC.

### AMP Ltd (AMP)

UBS has placed a 'sell' on AMP.

### GrainCorp Ltd (GNC)

Morgans has cancelled GNC 'add' advice, in favour of a hold recommendation.

## Energy

### BHP Billiton (BHP)

BP is reportedly considering acquiring some of the 800,000 acres of oil and gas assets BHP is preparing to sell.



## 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](mailto:vonex@stateone.com.au)**

In the meantime, no definitively positive news had come out of US-China trade talks in Beijing.

Media reported that the US wish list, presented before the talks, included a \$US200B reduction in the US-China trade deficit by May 2020.

Across the Atlantic, earlier data releases had seemingly sapped sentiment.

A **euro zone** April services PMI was reported at a healthy 54.7, but missed expectations, helping push the euro to its lowest against the \$US in four months.

In addition, euro zone March retail sales improved a meagre 0.1%, against expectations of a 0.5% rise and following a 0.3% increase in February.

**Germany's** 53.0 services sector activity index also undershot forecasts and represented the lowest reading in ~18 months.

Meanwhile, the European Central Bank (ECB) claimed bank stress results indicated the four major banks in **Greece** would suffer the equivalent of a €15.5B cut to combined capital ratios during any new economic downturn.

In **Argentina**, the central bank bumped its major borrowing rate from 27.25% to 40%, the third increase for the week.

**Tonight** in the US, a March consumer credit report is due.

Sysco Corp is among companies scheduled to report earnings or provide updates tonight.

In overnight Friday corporate news, **Apple** was pushed ~4% to a record peak, after it was reported that Warren Buffett had acquired an additional 75M shares.

Come Saturday, Buffett's **Berkshire Hathaway** reported a \$US1.1B March quarter loss, Mr Buffett explaining to investors that new accounting rules adversely impacted net income by \$US6.4B.

Operating profit rose 49% to a record \$US5.29B, however.

**Alibaba** appreciated more than 3% overnight Friday, after reporting a better-than-anticipated March quarter profit.

*UK markets will remain closed today due to a public holiday.*

## Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1316</b>	oz	3	0.2
<b>Silver (NY) (May)</b>	16.6	oz	0.1	0.7
<b>Gold (LON)</b>	1315	oz	11	0.8
<b>Platinum</b>	910	oz	8	0.9
<b>WTI Crude (May)</b>	<b>69.7</b>	bbl	1.3	1.9
<b>Brent Crude (Jul)</b>	<b>74.9</b>	bbl	1.3	1.7
<b>Iron Ore</b> (CHN port 62%)	<b>66.3</b>	t	-0.6	-0.8
<b>Copper</b>	<b>6826</b>	t	-1	-0.0
<b>Nickel</b>	14025	t	250	1.8
<b>Aluminium</b>	2350	t	81	3.6
<b>Lead</b>	2318	t	58	2.6
<b>Zinc</b>	3055	t	48	1.6
<b>Tin</b>	21230	t	25	0.1
<b>CBT Wheat (May)</b>	<b>5.27</b>	bshl	-0.11	-2.2

## Commodities Commentary

**Oil** – WTI traded at ~18month highs, as much as \$US69.97/bbl, overnight Friday.

Prices were buoyed by uncertainty regarding a US

## Pre-Open Announcements

### HT&E Ltd (\* HT1)

Today's AGM trading update keenly anticipated.

### IOOF Holdings (\* IFL)

UBS has replaced IFL sell advice with a neutral rating.

### NRW Holdings (\* NWH)

NWH has agreed to extend the Baralaba North coal mine 'limited notice to proceed' deadline to 9 May (Wednesday this week), to enable a mine plan optimisation to be finalised. Blasting and overburden removal work is underway.

### The Hydroponics Company (\* THC)

Scrapping plans to set up professional medicinal cannabis products services in Australia, using the NAC Canadian clinic model, due to incompatible regulatory conditions.

## Resources

### Newcrest Mining (↓ NCM)

Approval in hand for the former NSW Cadia Hill open pit (first 200m) to be used for tailings storage.

This will support the ramping of Cadia production to normal rates by 30 June.

### OZ Minerals (OZL)

Non-executive director Julie Beeby has resigned from the OZL board, effective immediately, in favour of director interests in Queensland, Dr Beeby's home State.

OZL plans to appoint another independent non-executive director.

### European Lithium (EUR)

EUR has appointed EUR GM Dietrich Wanke as CEO, to take over from Steve Kesler. Mr Wanke lives in Wolfsberg, near EUR's lithium project, for which a DFS is expected to commence before year's end.

### Sayona Mining (SYA)

Seeking to raise up to \$3.9M in a one-for-22 rights offer at 5.1c per share.

Patersons Securities is underwriting the offer to \$2M. SYA traded at 4.6c – 5.35c last week.

## Energy

### Buru Energy (\* BRU)

Heralding Ungani 1 and 2 output in an operational update lodged pre-trade.

Ungani 4 and Ungani 5 production testing is underway.

### Oil Search (OSH)

April drilling report lodged post-trade Friday.

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>HT1</b>	AGM; update
	<b>ORI</b>	Interim
	<b>WBC</b>	Interim
<b>Wed</b>	CBA	Trading update
	CSR	Full year
	GMG	Q3 update
	IPL	Interim

decision, expected as early as next weekend, on continued participation in the 2015 international agreement which lifted sanctions against Iran.

Last week Iran threatened retaliatory measures on any adverse outcome, and analysts have predicted prices could reach \$US80/bbl.

Yesterday, however, Iran's oil minister Bijan Zangeneh reportedly described the reason behind recent price rises to 'manufactured tensions'.

A weekly US petroleum drill rig count, published overnight Friday, revealed nine additional operational oil rigs, boosting the tally (834) to a three-year high at a time when the US has surpassed Saudi production.

**Gold** – Futures ended last week 0.7% lower than the previous week, largely due to \$US strength, meaning traders will be keenly anticipating US producer prices and a CPI update this week.

Overnight Friday trade was supported by a cocktail of economic indicators for both the Americas and Europe. Prices subsequently swung in line with currency moves.

**Base metals** – US-China trade talks produced no decidedly positive comments from either nation on Friday.

Meanwhile, the International Copper Study Group (ICSG) reported a 33,000Mt surplus for January, considered minor.

Caixin's final April services PMI for **China**, reported Friday, came in at 52.9 following expectations of 52.2.

**China's** April **trade** figures, due tomorrow, will influence at least some of tomorrow night's LME trade.

*The LME will not trade later today and tonight, due to a public holiday.*

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7531	-0.0012	<b>-0.16</b>
<b>EUR – USD</b>	1.1959	-0.0000	<b>-0.00</b>

### Australian Data Today

CLgc	Capital city rsdntl propty prices	4 May
AiG	PCI	Apr
NAB	Business confidence, conditions	Apr
ANZ	Job advertisements	Apr
RBA	Assets; forex liquidity (post-trade)	Apr

### US Data Tonight

Consumer credit	Mar
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### Other Overseas Data Today & Tonight

<b>China</b>	Forex reserves	Apr
<b>Japan</b>	BoJ policy meeting minutes	Apr
<b>Germany</b>	Factory orders	Mar
Germany	Construction PMI	Apr
<b>Euro zone</b>	Retail PMI	Apr
Euro zone	Sentix investor confidence	May

<b>Thu</b>	AMP	AGM; AUM
	BTT	Interim
	CTX	AGM
	GMA	AGM
	NUF	Investor day
	SEH	AGM
	SGP	Investor day
	XRO	Full year
<b>Fri</b>	NWS	Q3

### Trading Halts

Company	Code	Resuming
IOT Group	IOT	7 May
Mount Ridley Mines	MRD	7 May
West African Resources	WAF	7 May
Ardiden Ltd	ADV	8 May
Golden Deeps	GED	8 May

### Suspensions (select)

Company	Code	Since
Astro Resources	ARO	17 Apr
Beadell Resources	BDR	30 Apr
Boyuan Holdings	BHL	3 May
Emergent Resources	EMG	4 May
Enhanced Oil & Gas Recovery	EOR	2 May
Invigor Group	IVO	4 May
Jack-In Group	JIP	27 Apr
PolarX Ltd	PXX	2 May
Queensland Bauxite	QBL	4 May
Rision Ltd	RNL	17 Apr
Samson Oil & Gas	SSN	16 Apr
Wangle Technologies	WGL	13 Apr

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
SNC	Tomorrow	3.5	100	6.73
KPG	Wed	1	100	2.10
RMD	Wed	3.25	0	0.98
TWD	Fri	11	100	6.41
ANZ	14 May	80	100	5.81
MQG	14 May	320	45	4.86
NAB	15 May	99	100	6.80
UOS	15 May	2.5	0	4.34
ASG	16 May	4.2	100	4.73
PL8	16 May	0.5	100	4.04
REX	16 May	4	100	9.40
WBC	17 May	94	100	tbc
ZEL	17 May	20.46	0	4.33



## Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, [advice@stateone.com.au](mailto:advice@stateone.com.au).

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