

Markets

| | | | |
|--------------------------------------|-------------|-----------|------------|
| SFE 200 Futures (9.30am AEST) | 5682 | 15 | 0.3 |
| NZX 50 | 7480 | -15 | -0.2 |
| DJIA Futures | 21154 | -2 | 0.0 |
| S&P 500 Futures | 2431 | 0 | 0.0 |
| NASDAQ Futures | 5865 | 2 | 0.0 |

Local Markets Commentary

The Australian market opens mid-week trade on some positive key commodities but negative international equities leads, ahead of major domestic data and updates from large-cap stocks.

Locally today, March quarter **GDP** figures are keenly anticipated **11.30am** AEST, yesterday's current account statistics and Reserve Bank of Australia (RBA) post-policy meeting economic growth comments adding to the interest.

Pre-trade, a May construction sector activity index is due. Post-trade, the RBA releases reserve assets.

ALQ and **JHX** trade ex-dividend in the meantime, while **GMG**, **WES** and **VCX** are each providing updates.

In overnight commodities trade, **oil** swung higher. **Gold** picked up the pace of its current rally. **LME copper** continued lower. **Iron ore** (China port, 62% Fe) turned to rose slightly.

The **\$A** continued higher, beyond US75.0c, after trading at ~US74.85c yesterday evening.

Regionally today, **China** is expected to release May foreign exchange reserves at ~1pm, ahead of trade figures tomorrow.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|--------------|------|-------------|
| Dow Jones | 21136 | -48 | -0.2 |
| S&P 500 | 2429 | -7 | -0.3 |
| NASDAQ | 6275 | -21 | -0.3 |
| FTSE 100 | 7525 | -1 | -0.0 |
| DAX 30 | 12690 | -133 | -1.0 |
| Shanghai Comp | 3102 | 10 | 0.3 |

Overseas Markets Commentary

Disquiet featured across major European and US equities markets, key US indices notably dropping in late trade. Germany's markets traded for the first time this week.

Among data releases, **euro zone** April retail sales rose 2.5% year-on-year, following a 2.3% improvement in March.

In the **US**, a job opportunity report indicated ~260,000 more jobs were available, a record 6.04M in total, but that hiring fell by 253,000. Again, finding people with the right skill for jobs appeared to prove a challenge.

In the **UK**, polling put the government in front for tomorrow's national election, but with a reduced majority. FTSE 250 trade again differed significantly from that for the FTSE 100, the lower-cap index dropping ~1.1%.

Australia – March quarter GDP 11.30am AEST

The **ASX** will be **closed Monday 12 June**

Hence tomorrow's trades will settle **Tuesday 13 June** and **Friday's Wednesday 14 June**

Today's Stock Watch

Vocus Communications (↓ VOC)

Kohlberg Kravis Roberts & Co and KKR affiliates are proposing to acquire VOC, paying \$3.50-per-share. VOC is assessing the indicative and non-binding plan, which would require FIRB approval, and is advising shareholders to sit tight in the meantime. VOC has traded at \$2.76 - \$2.91 over the past two sessions.

Wesfarmers Ltd (WES)

This morning's strategy update presentation lodged. A webcast briefing was scheduled to commence 8.30am AEST.

Goodman Group (GMG)

\$A34.6B AUM as at 31 March. \$295M worth of annual rental property income secured from leasing for the year-to-date. Select global strong demand remains for prime industrial properties. Reaffirming expectations of 7.5% FY 2017 operating earnings growth.

Cleanaway Waste Management (↓ CWY)

\$330M, 10-year services contract secured with the Brisbane City Council. CWY expects to spend \$22M on new equipment in FY 2018 in order to execute the work.

Tassal Group (TGR) / Huon Aquaculture Group (HUO)

TGR has outlined what it views as errors in a Macquarie Harbour-focused HUO market release published yesterday.

Automotive Solutions Group (4WD) / AMA Group (AMA)

4WD is anticipating \$1.4M - \$1.5M 1H FY 2018 EBIT, 70% more than 2H FY 2017 EBIT guidance of \$800,000 - \$900,000. The company has recommended shareholders reject AMA's bid.

Resources

Rio Tinto (RIO)

A \$781M cash tender offer scheduled for 22 May - 19 June became oversubscribed COB Monday New York time. Settlement is now set at 7 June. Prices for the relevant 2021 and 2022 notes have also been lodged.

BHP Billiton (BHP)

Brazil's Supreme Court has suspended a decision on water use for the planned restart of the Samarco JV iron ore operation.

Energy

AGL Energy (AGL)

Confirming plans to outlay \$295M for a 210MW power facility adjacent to the Torrens Island power plant, Adelaide, South Australia. Construction is scheduled to commence by 30 September. The new facility, which will replace two of four Torrens (A) turbines, is expected to be operational by 31 March 2019.

Tonight in the US, April consumer credit and weekly mortgage applications are due.

In overnight corporate news, US retailer **Macy's** issued a margin warning, its stock subsequently tumbling ~8%.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|--------------------------------|-------------|-------|------|------|
| Gold (NY) (Aug) | 1298 | oz | 14.5 | 1.2 |
| Silver (NY) (Jul) | 17.7 | oz | 0.1 | 0.7 |
| Gold (LON) | 1294 | oz | 14 | 1.1 |
| Platinum | 959 | oz | 7 | 0.7 |
| WTI Crude (Jul) | 48.2 | bbl | 0.8 | 1.7 |
| Brent Crude (Aug) | 50.1 | bbl | 0.65 | 1.3 |
| Iron Ore (CHN port 62%) | 56.0 | t | 0.1 | 0.2 |
| Copper | 5616 | t | -12 | -0.2 |
| Nickel | 8865 | t | -45 | -0.5 |
| Aluminium | 1901 | t | -2 | -0.1 |
| Lead | 2071 | t | -32 | -1.5 |
| Zinc | 2459 | t | -26 | -1.1 |
| Tin | 19670 | t | -475 | -2.4 |
| CBT Wheat (Jul) | 4.36 | bshl | 0.06 | 1.5 |

Commodities Commentary

Oil – traded lower early but reversed direction. US weekly petroleum inventories, as estimated by the (government agency) EIA, are due tonight. Overnight, the EIA cut its 2018 price forecast by 2.7% to \$US53.61/bbl, and raised this year's prediction 0.2% to \$US50.78/bbl.

The EIA lowered its Brent 2018 production target, but lifted its WTI target.

Gold – \$US weakness and perceived risk supported further overnight gains, prices reaching six-month peaks. In post-settlement electronic trade, futures traded at \$US1298.80/oz.

The focus on tomorrow night's events sharpened. These could well prove the major influences on tonight's trade. They include Senate committee testimony by former FBI director James Comey, the UK national election and a European Central Bank policy meeting.

Base metals – no benefit from the weaker \$US, due to broad prevailing risk sentiment.

China's May trade figures, expected tomorrow, could supplement general caution tonight.

Exchange Rates

| CURRENCIES | LAST | +/- | % |
|------------------|--------|--------|------|
| AUD – USD | 0.7514 | 0.0007 | 0.09 |
| EUR – USD | 1.1278 | 0.0000 | 0.00 |

Australian Data Today

| | | |
|-----|------------------|-------|
| ABS | GDP | Mar Q |
| AiG | Construction PMI | May |
| RBA | Reserve assets | May |

US Data Tonight

| | |
|---------------------------|-------|
| Consumer credit | Apr |
| MBA mortgage applications | 2 Jun |

Other Overseas Data Today & Tonight

Pre-Open Announcements

Vicinity Centres (* VCX)

Investor day today.

Garda Diversified Property Fund (* GDF) / GPT Group (* GPT)

GDF is paying GPT and Metroplex \$35.25M for an industrial and office facility under construction within the Metroplex Westgate Wacol industrial park, Brisbane. GDF says Volvo Australia has pre-committed to a 10-year lease.

Sunland Group (* SDG)

Outlaying \$13.4M for a 1821sq m beachside Gold Coast (Mermaid Waters) development site. SDG plans include a 40-storey, 90-apartment residential complex.

Quintis Ltd (* QIN)

QIN has suspended plantation sales to managed investment scheme (MIS) investors and is withdrawing FY 2017 cash EBITDA 25% growth guidance.

The company is talking with parties interested in equity and/or debt transactions.

Holding \$17M in cash and equivalents as at 31 May (Wednesday last week).

A 357ha plantation will also revert to QIN ownership, given \$27.5M in receivables as at 31 December 2016 is no longer expected to be received in cash.

QIN trade remains suspended.

Resources

Black Rock Mining (BKT)

Heralding test results using Tanzania Mahenge graphite project ore.

Danakali Ltd (DNK)

DNK finance head Stuart Tarrant has been appointed CFO, effective 12 June (Monday next week). Mr Tarrant is taking over from Chris Els who has resigned in favour of other opportunities.

Zenith Minerals (ZNC)

Investor presentation lodged this morning.

Energy

Senex Energy (SXY) / Origin Energy (ORG)

SXY May drilling report lodged this morning.

Berkeley Energy (BKY)

BKY has appointed former Rio Tinto (ASX: RIO) executive Nigel Jones as an independent non-executive director, effective today. Jim Ross is retiring from the board after 12 years as a BKY director.

Oilex Ltd (OEX)

Likely disappointing results for each of two workovers. Definitive analysis is yet to come in for one well, however. Meanwhile, two gas wells are each producing a daily ~250,000cu ft.

Discussions are continuing with potential new partners in the Cambay PSC.

OEX has traded at 0.4c – 0.5c since 1 June.



| | | |
|------------------|--------------------|-------|
| China | Foreign reserves | May |
| Japan | Leading indicators | Apr |
| Germany | Factory orders | Apr |
| Euro zone | GDP (final) | Mar Q |

Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au.

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Trading Halts

| Company | Code | Resuming |
|-------------------|------|----------|
| Anova Metals | AVW | 8 Jun |
| European Lithium | EUR | 8 Jun |
| Exterra Resources | EXC | 8 Jun |
| Quantum Resources | QUR | 8 Jun |
| Segue Resources | SEG | 8 Jun |
| WPG Resources | WPG | 8 Jun |

Suspensions *(selected)*

| Company | Code | Since |
|-------------------|------|--------|
| Central Petroleum | CTP | 31 May |
| Delta SBD | DSB | 31 May |
| DigitalX Ltd | DCC | 6 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 |
| SML Corporation | SOP | 5 Jun |
| SurfStitch Group | SRF | 26 May |

Ex-Dividends

| Code | Ex-Div | Div (c) | Fr (%) | Yield (%) |
|------------|----------|---------------|--------|-----------|
| ALQ | Today | 8 | 40 | 1.98 |
| JHX | Today | ~30.15 | 0 | 2.09 |
| OFX | Tomorrow | 2.9 | 100 | 3.47 |
| TCO | Fri | 5 | 100 | 4.88 |
| CIM | Tue | 62 | 100 | 2.77 |
| GTK | Tue | ~3.94 | 0 | 2.61 |

Reports & Events

(selected scheduled)

| When | Company | Report/Event |
|-----------------|------------|-------------------|
| Today | GMG | Q3 Update |
| | WES | Strategy Briefing |
| | VCX | Investor Day |
| Tomorrow | AIA | Five-year outlook |
| | VCX | Investor Day #2 |
| Tue | BLY | AGM |
| 16 Jun | GMG | Investor briefing |
| | S&P/ASX | Indices rebalance |