

Thursday 7 June 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>6054</b>	<b>30</b>	<b>0.5</b>
<b>NZX 50</b>	8826	12	0.1
<b>DJIA Futures</b>	25123	-17	-0.1
<b>S&amp;P 500 Futures</b>	2771	-2	-0.1
<b>NASDAQ Futures</b>	7211	-4	-0.1

## Local Markets Commentary

The Australian market opens today's trade ahead of further influential domestic data, following generally positive overnight international equities trade.

In mixed overnight commodities trade, **oil** turned lower.

US **gold** futures settled little changed.

**Iron ore** (China port, 62% Fe) recorded a second consecutive, modest gain.

LME **copper** continued in rally mode. **Nickel** swung lower and **aluminium** higher.

The **\$A** approached US76.70c after surpassing US76.50c early yesterday evening.

Locally today, the Australian Bureau of Statistics (ABS) publishes April **trade** statistics **11.30am** AEST.

Pre-trade, the AiG publishes its May **construction sector** activity index.

**KMD** and **OFX** are among several stocks trading **ex-dividend** today. *Please see p3 for a detailed list.*

Regionally, **China's** May foreign exchange reserves are anticipated anytime from today.

China's trade figures are scheduled for release tomorrow. May CPI and producer prices are expected over the weekend.

Meanwhile, **G7** leaders are preparing for a two-day summit commencing tomorrow night in Quebec, Canada.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25146	346	<b>1.4</b>
<b>S&amp;P 500</b>	2772	24	<b>0.9</b>
<b>NASDAQ</b>	7689	51	<b>0.7</b>
<b>FTSE 100</b>	7712	26	<b>0.3</b>
<b>DAX 30</b>	12830	43	<b>0.3</b>
<b>Shanghai Comp</b>	3115	1	<b>0.0</b>

## Overseas Markets Commentary

Major European and US equities markets opened higher overnight, vacillations mostly noted for European indices, and the DJIA decisively trending higher from open.

Commentary and data releases each proved influential.

Both the euro and British pound rallied, the euro on a European Central Bank (ECB) official's confirmation next week's policy meeting would include discussion surrounding the bond purchase timeline. Another official ventured ECB bond buying could come to a halt by year's end.

**Australia – April trade balance 11.30am AEST**

**ASX – closed Monday 11 June**

Today's trades will **settle Tuesday 12 June** and tomorrow's **Wednesday 13 June**

## Today's Stock Watch

### Wesfarmers Ltd (WES)

Today's strategy briefing day presentation lodged. Expecting the Coles demerger to be effected during FY 2019. A webcast presentation was scheduled to commence 8.30am AEST.

### Godfreys Group (GFY)

Warning shareholders and investors 'not to rely on previously published earnings guidance'.

A review by the new GFY executive team indicates 'cash flow challenges' as soon as early July.

GFY's principal financier has conditionally agreed to extending the limit on an existing \$30M debt facility, given an acceptable repayment proposal.

Meanwhile, Arcade has achieved acceptances for an 80% GFY holding in its continuing offer.

### Inghams Group (ING)

CEO Mick McMahon is planning to step down following the release of full year results in August. ING chief commercial officer Quinton Hildebrand has been appointed acting CEO, effective then.

### Fatfish Group (FFG) / iCandy interactive (ICI)

FFG is proposing to acquire 3.45% of eSports.com for 45.6M ICI shares, valuing these at 10c each.

ICI traded at 6c yesterday.

### Propertylink Group (PLG)

Scrapping plans to potentially acquire 1 - 3 Fitzwilliam St, Parramatta, Sydney.

### Watpac Ltd (WTP)

Main building works contract secured for the \$200M Hornsby Kuring-gai Hospital (stage two) and medical imaging project.

### Austin Engineering (ANG)

Closing the group's Muswellbrook, Hunter Valley, NSW operations effective 30 June.

Anticipating \$10M - \$11.5M 2H 2018 normalised EBITDA, and \$22M - \$23.5M for the full year.

### AusCann Group Holdings (AC8)

Second cannabis crop harvest in Chile under the DayaCann JV. AC8 says the crop achieved a 1.2t/ha yield.

### Oventus Medical (OVN)

US Patent & Trade Office 'notice of allowance' in hand after applying for a patent covering the technology used in OVN's O<sub>2</sub>Vent oral devices.

### Noxopharm Ltd (NOX)

Presentations lodged ahead of briefings scheduled for 1.30am AEST and 3pm AEST.

### Propel Funeral Partners (PFP)

Proposing to outlay \$4.1M for Newhaven Funerals, North Queensland.

German and US 10-year sovereign bond yields subsequently rallied. Italy's two-year bond yields rose sharply for a second consecutive day.

Among other western European considerations, the EU also confirmed it would boost tariffs on €2.8B worth of US imports from July.

In the meantime, a **euro zone** May retail PMI came in at a three-month peak of 51.7.

**Germany's** May construction PMI appreciated three points to 53.9.

In **US** data releases, the national trade deficit fell from \$US49B in March to \$US46.2B by 30 April, the least in seven months, in part supported by record oil exports.

Overall exports to Canada, the EU and Mexico had each reportedly grown by more than 10% for the year-to-date.

Goods trade deficits were calculated, at \$US28B with China (8.1% higher for April), \$US800M with Canada and \$US5.7B with Mexico.

US March quarter labour costs were revised 0.2% higher, to 2.9%, and productivity revised to 0.4% from the initial 0.7% estimate.

Weekly mortgage applications rose 4.1%, buoyed by lower 30-year rates than across the past six weeks.

**Tonight** in the US, weekly new unemployment claims are due, together with April consumer credit.

Associated British Foods, J Sainsbury (supermarket chain) and Vodafone trade ex-dividend on the FTSE 100.

In overnight corporate news, **Facebook** began falling pre-US trade after revealing it had offered user data access to four Chinese companies.

**Google** in the meantime was reported to be facing a penalty from the European Union's competition commissioner as early as July following an 'abuse of market dominance' investigation.

**Tesla** CEO Elon Musk retained his chairman role and three other directors their board positions, in an AGM vote.

**Twitter** announced a \$US1B convertible bond issue.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1297</b>	oz		
<b>Silver (NY) (May)</b>	16.7	oz	0.2	1.0
<b>Gold (LON)</b>	1295	oz		
<b>Platinum</b>	904	oz	5	0.6
<b>WTI Crude (Jul)</b>	<b>64.7</b>	bbl	-0.8	-1.2
<b>Brent Crude (Jul)</b>	<b>75.36</b>	bbl	-0.02	-0.0
<b>Iron Ore</b> (CHN port 62%)	<b>66.56</b>	t	0.3	0.3
<b>Copper</b> (LME,3m,pm)	<b>7220</b>	t	121	1.7
<b>Nickel</b>	15635	t	-115	-0.7
<b>Aluminium</b>	2345	t	33	1.4
<b>Lead</b>	2527	t	11	0.4
<b>Zinc</b>	3193	t	-7	-0.2
<b>Tin</b>	20975	t	325	1.6
<b>CBT Wheat (Jul)</b>	<b>5.20</b>	bshl	0.07	1.9

### Commodities Commentary

**Oil** – prices were pushed lower overnight, but Brent crude rose in last trade and post-settlement, appreciated a further US18c.

India's oil minister revealed Saudi Arabia had confirmed it was reviewing its production cut policy.

## Pre-Open Announcements

### Mirvac Group (MGR)

MGR is exercising a pre-emptive right over a Blackstone-managed fund's 50% holding in a Kent St, Sydney property for \$721.9M (base transaction value). MGR has held the balance 50%.

MGR will assign its rights to an existing capital partner.

### James Hardie Industries (JHX)

Investor road show presentation lodged post-trade yesterday. JHX traded ex-dividend (31.92c) yesterday, but closed just 3c lower for the session, at \$22.62. Prices ranged from \$22.25 - \$22.73.

### PainChek Ltd (PCK)

PainChek device accuracy and clinical utility within an aged cared setting heralded in a peer-reviewed study published in the *Journal of Pain Research*.

### Prospro Group (PGL)

Small business-focused finance provider was scheduled to complete its ASX listing yesterday following a \$146.5M IPO at \$3.64 per share, but called off the float with just minutes to spare.

Trading was due to commence on a conditional and deferred settlement basis.

158.3M quoted shares.

## Resources

### Global Geoscience (GSC)

Nevada, US Rhyolite Ridge lithium-boron project key appointments lodged this morning, including a commercial director and sales and business development director.

### Carawine Resources (\* CWX)

Victoria, Hill 800 gold prospect diamond drilling has delivered 52m @ 2.37g/t Au from 71m, including 30m @ 3.76g/t Au from 90m.

Additional details lodged this morning.

## Energy

### Prairie Mining (\* PDZ)

In response to media articles, PDZ says it considers discussions with Jastrzebska Spolka Weglowa (JSW) to be 'preliminary'.

PDZ appreciated 25.3% yesterday (before calling a trading halt), last trading at 49.5c, after adding 8.2% Tuesday.

PDZ is resuming from the trading halt this morning.

## Trading Halts

Company	Code	Resuming
Imugene Ltd	IMU	7 Jun
Lion Resources	LIO	7 Jun
Martin Aircraft Company	MJP	7 Jun
Myanmar Metals	MYL	7 Jun
Syntonic Ltd	SYT	7 Jun
Todd River Resources	TRT	7 Jun
Winmar Resources	WFE	7 Jun
3D Resources	DDD	8 Jun
Admedus Ltd	AHZ	8 Jun
Algae.Tec Ltd	AEB	8 Jun
Bannerman Resources	BMN	8 Jun
Nuheara Ltd	NUH	8 Jun



Venezuela also proffered it was able to boost output, should OPEC curbs be eased.

Weekly US petroleum inventories, reported overnight by the EIA, included a 2.1MMbbl rise for stored crude, against forecasts of a 1.8MMbbl fall. Production rose to a daily 10.8MMbbl

Meanwhile, in **Abu Dhabi**, a \$US13.6B stimulus program was unveiled, to support the UAE economy, which has suffered from lower oil prices.

**Gold** – a relatively softer \$US index again supported overnight gold trade.

**Base metals** – copper continued to rally, trading at three-month (LME) peaks, on a potential supply downturn in association with Escondida, Chile industrial issues.

A weaker \$US supported trade in general, but *nickel* was ultimately pushed lower after earlier trading at multi-week highs.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7664	-0.0003	<b>-0.04</b>
<b>EUR – USD</b>	1.1782	0.0006	<b>0.05</b>

### Australian Data Today

ABS	Trade balance	Apr
AiG	PCI	May
RBA	Reserve assets (4.30pm)	May

### US Data Tonight

Consumer credit	Apr
Initial jobless claims	2 Jun

### Other Overseas Data Today & Tonight

<b>China</b>	Forex reserves	May
<b>Japan</b>	Leading index (3pm)	Apr
<b>UK</b>	Halifax house prices	May
<b>Germany</b>	Factory orders	Apr
<b>Euro zone</b>	GDP (final)	Mar Q

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ROBO 3D	RBO	8 Jun
Rex Minerals	RXM	12 Jun
Watpac Ltd	WTP	12 Jun

### Suspensions (select)

Company	Code	Since
HearMeOut Ltd	HMO	21 May
Mobilarm Ltd	MBO	30 May
Murray River Organics Group	MRG	4 Jun
Talisman Mining	TLM	5 Jun
Tinybeans Group	TNY	6 Jun

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>KMD</b>	Today	<b>3.18</b>	100	5.29
<b>OFX</b>	Today	<b>3</b>	100	3.02
<b>PTB</b>	Today	<b>5</b>	100	7.81
<b>SLM</b>	Today	<b>8</b>	100	1.35
<b>TCO</b>	Today	<b>5</b>	100	4.63
CIE	Tomorrow	1.6	50	8.65
EVO	Tomorrow	1.84	0	6.89
CIM	Wed (13 Jun)	75	100	3.36
INM	Thu	54.38	0	4.62
JIN	Thu	8	100	2.72
PL8	Thu	0.5	100	4.08
GTK	Fri (15 Jun)	4.6	8.49	1.88

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