

Tuesday 8 May 2018

Markets

SFE 200 Futures (9.30am AEDST)	6084	20	0.3
NZX 50	8588	0.5	0.0
DJIA Futures	24283	-18	-0.1
S&P 500 Futures	2668	-3	-0.1
NASDAQ Futures	6821	-5	-0.1

Local Markets Commentary

The Australian market opens today's trade ahead of influential regional and domestic data releases during the day and Australia's national budget this evening.

Meanwhile, some geopolitical tension has warmed on a claim the US president will make an announcement regarding Iran tonight.

Regionally today, **China** is scheduled to release April **trade** statistics **1pm** AEST.

Japan is expected to report March household spending 9.30am AEST.

Yesterday evening, China revealed foreign reserves had been calculated at a five-month low of \$US3.125 trillion at the end of April, following \$US3.143 trillion a month earlier.

Locally today, a weekly consumer confidence reading is due pre-trade.

March **retail** sales are due **11.30am** AEST.

This evening (**7.30pm** AEST), the Australian treasurer will officially deliver the annual national budget.

In overnight commodities trade, US **gold** futures settled virtually flat.

Oil continued its latest run in rally mode, at ~four-year highs, but has since pulled back in post-settlement trade.

Iron ore (China port, 62% Fe) turned and also rallied towards its highest close in two weeks.

The London Metals Exchange (LME) did not trade due to a public holiday. Comex (US) **copper** settled little changed.

The **\$A** traded in a narrow range after falling below US75.10c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24357	95	0.4
S&P 500	2673	9	0.4
NASDAQ	7265	56	0.8
FTSE 100	7567	Public	Holiday
DAX 30	12948	129	1.0
Shanghai Comp	3137	46	1.5

Overseas Markets Commentary

Major European and US equities markets opened higher in varying degrees overnight, choppy trade subsequently featuring across most key indices.

The FTSE did not trade due to a public holiday.

Select tech sector trade remained positive and rallying oil prices supported relevant stocks.

China – April trade figures **1pm** AEST

Australia – annual national budget **7.30pm** AEST

Today's Stock Watch

CYBG Plc (CYB)

Confirming overnight reports that it has approached Virgin Money regarding a potential merger. CYB has initially proposed 1.1297 CYB shares for each Virgin Money share, with Virgin Money shareholders holding 36.5% of a combined entity.

Nufarm Ltd (NUF)

Revising expected full year EBIT growth to ~5%. Previously, NUF had anticipated 5% - 10% growth. An extended northern hemisphere winter and dry Autumn conditions in key areas of Australia are impacting business.

Eclix Group (ECX)

3.1% lower, \$27.5M interim NPAT.
27.4% higher, \$360.2M revenue.
8c fully-franked interim dividend, up 0.5c. 29.06c NTA.
8.59c EPS, down 19.5%.

Baby Bunting (BBN)

Anticipating \$18M - \$20M FY 2018 EBITDA, excluding employee equity incentive expenses. Year-to-date sales are 9.6% higher, but comparable store sales are flat. For the first six weeks of the June quarter, comparable store sales have fallen 2.5%, after growing 4.7% during the March quarter.

Aurizon Holdings (AZJ)

Morgan Stanley has re-rated AZJ as underweight, from overweight.



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.

In the **euro zone**, an April retail PMI revealed the sector had fallen into contraction mode, with a reading of 48.6 following 50.1 for March.

A construction PMI for **Germany**, however, suggested a return to expansion for that sector, with a 50.9, after March's 47.

Germany's March industrial orders fell 0.9% following a 0.2% decline in February.

US March consumer credit rose 3.6% year-on-year to \$US11.62B, against expectations of ~\$US16B.

Tonight in the US, small business and broader economic optimism indices are due, together with a March job openings report.

Asics, Autohome, JD.com, Marubeni, Mitsubishi, Mitsui, Petrobras, Sumitomo, Valeant Pharma and Walt Disney are among companies scheduled to report earnings or provide updates today and tonight.

In overnight corporate news, **Nestlé** revealed it would pay **Starbucks** \$US7.15B to sell Starbucks products internationally.

Nvidia was pushed ~4% higher, reportedly on a China semiconductor funding initiative.

Apple appreciated a further 1%, supported by Berkshire Hathaway March quarter purchases and Warren Buffett's claim that these would not likely be the last by his company.

As for Apple overnight Friday, last night **Amazon** was pushed higher to a record peak settlement.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1315	oz	0.1	0.0
Silver (NY) (May)	16.5	oz	-0.0	-0.1
Gold (LON)	1309	oz	Public Holiday	
Platinum	910	oz	0	0.0
WTI Crude (May)	70.7	bbl	1.0	1.5
Brent Crude (Jul)	76.2	bbl	1.3	1.7
Iron Ore (CHN port 62%)	67.3	t	1.0	1.5
Copper (LME, 3m, ev)	6826	t	Public Holiday	
Nickel	14025	t		
Aluminium	2350	t		
Lead	2318	t		
Zinc	3055	t		
Tin	21230	t		
CBT Wheat (May)	5.12	bshl	-0.15	-2.8

Commodities Commentary

Oil – WTI crude settled beyond the psychologically-significant \$US70/bbl level overnight.

Iran's potential crude export business remained uncertain.

The US president has announced he will declare his position on a 2015 international agreement, which lifted trade sanctions against Iran, as early as tonight (2pm US eastern time). This pushed oil prices back a little in post-settlement electronic trade. The US had initially set a 12 May deadline for reconsidering the Iran agreement.

Iran has expressed strong opposition to being once again prevented from exporting oil.

Venezuelan state oil company PDVSA's position also supported oil prices, with ConocoPhillips seeking since to seize assets producing 400,000bbl/d in order to satisfy a court-ordered \$US2B PDVSA payment to ConocoPhillips.

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

Pre-Open Announcements

Contango Income Generator (* CIE)

Planning to cut the 15% cash component of CIE's investment portfolio, and to target a 95% holding in other investments. CIE says the cash weighting has been ~15% for the past 12 – 18 months.

Platinum Asset Management (* PTM)

Ord Minnett is recommending PTM as a buy, after previously placing a sell on the stock. \$28.0B FUM as at 30 April against \$27.25B 31 March.

Botanix Pharmaceuticals (* BOT)

US FDA approval in hand enabling BOT to commence a Phase 2 clinical trial using BTX 1503 as an acne treatment.

Fleetwood Corporation (F FWD)

Expecting \$5M - \$6M FY 2018 underlying EBIT, following previous guidance of ~\$14.6M. Details lodged this morning.

Adairs Ltd (* ADH)

Today's investor day presentation lodged pre-trade.

Stockland (* SGP)

Selling another two commercial properties, in NSW, for a combined \$193.35M.

Roots Sustainable Agricultural Technologies (ROO)

Showcasing for the first time an off-grid condensation irrigation system and a self-assembly greenhouse at Agri-Tech Israel, from today through Thursday.

Resources

Neometals Ltd (* NMT)

Barrambie titanium-vanadium project bulk mining samples are ready to be shipped to China, for research institutes to produce test concentrates prior to smelting into titanium and vanadium slags.

An 11t sample will be tested in Australia.

Testwork results are anticipated before year's end.

Draig Resources (DRG)

Retracting a WA Bellevue gold project potential target statement published in a media article this past weekend.

DRG is preparing a maiden Bellevue resource for release by 30 September.

Resuming from a trading halt having last traded at 17.5c.

Bass Metals (BSM)

Millie's Reward lithium project site visit presentation lodged post-trade yesterday.

Energy

Liquefied Natural Gas (LNG)

Conference presentation lodged post-trade yesterday.

LNG presented in Poland overnight.

Gold – the \$US index trading at new four-month highs constrained overnight gold interest, although currency moves were relatively muted.

Geopolitical commentary and repercussions anytime from today/tonight, plus US producer prices and a broader CPI update overnight tomorrow and Thursday respectively are expected to again swing currency trade.

Base metals – the LME did not trade overnight, due to a public holiday.

China's April **trade** figures, expected today, will influence some of tonight's LME trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7514	-0.0003	-0.04
EUR – USD	1.1925	0.0002	0.02

Australian Data Today

ANZ/RyMgn	Consumer sentiment	6 May
ABS	Retail sales	Mar

US Data Tonight

NFIB small business optimism	Apr
IBB/TIPP economic optimism	May
JOLTS job openings	Mar

Other Overseas Data Today & Tonight

China	Trade balance	Apr
Japan	Household spending	Mar
Germany	Trade balance	Mar
Germany	Industrial production	Mar

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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Reports & Events

(selected)

When	Company	Report/Event
Today	ADH	Investor day
	ECX	Interim
Tomorrow	CBA	Trading update
	CSR	Full year
	GMG	Q3 update
	IPL	Interim
Thu	AMP	AGM; AUM
	BTT	Interim
	CTX	AGM
	GMA	AGM
	NUF	Investor day
	SEH	AGM
	SGP	Investor day
	XRO	Full year
Fri	NWS	Q3
Mon (14 May)	ELD	Interim
Tue (15 May)	GXY	AGM
	MQA	AGM

Trading Halts

Company	Code	Resuming
Ardiden Ltd	ADV	8 May
Golden Deeps	GED	8 May
Azumah Resources	AZM	9 May
Elk Petroleum	ELK	9 May
Godfrey Resources	GFY	9 May
Kangaroo Resources	KRL	9 May
Kin Mining	KIN	9 May
MEC Resources	MMR	9 May
Reece Ltd	REH	9 May
Whitehawk Ltd	WHK	9 May

Suspensions (select)

Company	Code	Since
Astro Resources	ARO	17 Apr
Emergent Resources	EMG	4 May
Enhanced Oil & Gas Recovery	EOR	2 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	Today	3.5	100	6.67
KPG	Tomorrow	1	100	2.11
RMD	Tomorrow	3.25	0	0.97



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TWD	Fri	11	100	6.41
ANZ	14 May	80	100	5.79
MQG	14 May	320	45	4.77
NAB	15 May	99	100	6.85
UOS	15 May	2.5	0	4.35
ASG	16 May	4.2	100	4.51
PL8	16 May	0.5	100	4.06
REX	16 May	4	100	9.52
WBC	17 May	94	100	6.41
ZEL	17 May	20.46	0	4.30