

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	6263	-9	<b>-0.1</b>
<b>NZX 50</b>	10095	9	<b>-0.1</b>
<b>DJIA Futures</b>	25811	-5	0.0
<b>S&amp;P 500 Futures</b>	2871	-2	-0.1
<b>NASDAQ Futures</b>	7587	-9	-0.1

## Local Markets Commentary

The Australian market opens Friday trade with a comprehensive monetary policy report due from the Reserve Bank of Australia (RBA), and ahead of further key data out of the US tonight, as US-China trade talks continue in Washington and broader geopolitical tensions simmer.

The RBA quarterly monetary policy statement is scheduled for release **11.30am AEST**.

Changes in forecasts and supporting rationale will spawn plenty of commentary and could swing the \$A.

Regionally today, the Bank of **Japan** releases a summary of considerations from last month's policy meeting.

**China's** April lending figures are anticipated anytime from today.

In overnight commodities trade, WTI **crude** turned lower and Brent settled just US2c higher.

US **gold** futures (June) closed modestly higher.

**Iron ore** (China port, 62% Fe) slipped further, but remained above \$US95.35/t.

LME **copper** and **nickel** continued to fall, again copper slightly and nickel decisively. **Aluminium** swung to a gain.

The **\$A** rose to ~US 69.90c after trading at US69.70c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25828	-139	<b>-0.5</b>
<b>S&amp;P 500</b>	2871	-9	<b>-0.3</b>
<b>NASDAQ</b>	7911	-33	<b>-0.4</b>
<b>FTSE 100</b>	7207	-64	<b>-0.9</b>
<b>DAX 30</b>	11974	-206	<b>-1.7</b>
<b>Shanghai Comp</b>	2851	-43	<b>-1.5</b>

## Overseas Markets Commentary

Major European and US equities markets fell on opening overnight, European indices largely trending yet lower towards close, but US indices moving higher during second-half trade.

Geopolitical issues remained in focus.

**China-US** high-level trade talks officially resumed in Washington.

**Australia – RBA monetary policy statement – 11.30am AEST**

\* Software provider listing **midday AEST – 360** \*

## Today's Stock Watch

### News Corporation (NWS)

\$US23M March quarter net income, against a \$US1.1B net loss a year ago.

17% higher, \$US2.46B revenue, supported by the merging of Foxtel and Fox Sports Australia.

### REA Group (REA)

Anticipating lower June quarter revenue growth, against the March quarter, due to unfavourable Australian residential market conditions.

March quarter revenue grew 7% for the three months, and 13% year-on-year, to \$A198.6M and \$667.8M respectively.

### Synlait Milk (SM1)

A Court of Appeal decision yesterday regarding Pokeno land covenants places in jeopardy SM1's timeline for establishing a second powder manufacturing operation for the company, proposed for this site.

### James Henderson Group (JHG)

JHG has appointed Suzanne Cain as head of distribution, based in Denver, US, effective 20 May (Monday week). Ms Cain was previously institutional clients head for BlackRock's iShares. JHG trades ex-dividend (~51.4c) on the ASX today.

### Cochlear Ltd (COH)

Presentation materials lodged pre-trade for COH's 'capital markets' day, Sydney. COH will present to analysts today after yesterday continuing an upward trend which commenced mid-April.

### Life360 Inc (\* 360)

Location-tracking software and services provider scheduled to list midday AEST following a \$145.4M IPO at \$4.79 per CDI.

Trading will commence on a conditional and deferred settlement basis.

Normal (T+2) trade is expected to commence 17 May (Friday next week). 143.89M quoted CDIs.

## Resources

### Aurelia Metals (AMI)

In response to media speculation, AMI says the company is no longer discussing any potential transaction with CSA Mines owners.

AMI has traded lower the past three sessions, dropping 10.66% yesterday to settle at 54.5c, after closing out April at 74.5c.



Yesterday, China declared it was ready to negotiate again in Washington overnight with the 'utmost sincerity' and called on the US to help resolve issues with 'cooperation and consultations'.

However, speaking of countering the US decision to increase import taxes on goods from China from the commencement of Friday (US ET), a China commerce ministry spokesperson claimed, 'Mentally and materially, China is much better prepared than its US counterpart'.

In addition, China media highlighted commentary from US companies and organisations bemoaning the US threat to increase tariffs. Meanwhile, US soy futures fell through a 10-year low.

For his part, the US president described a letter from China's president Xi Jinping as 'beautiful' and said he (US president) held an alternative to the proposed agreement.

This, after publicly accusing China of 'cheating our workers and stealing our jobs'.

Also yesterday, **North Korea** was reported to have fired two more projectile weapons.

The US administration then reported the US secretary of state had returned from Baghdad to discuss North Korea and **Iran** with other officials. The US also claimed it had seized a North Korea cargo vessel.

Yields on 10-year US bonds fell below those for three-year treasuries for a short time.

Among a batch of US data releases, the April trade deficit was estimated at \$US50.0B (up 1.5%) from \$US49.3B at the end of March.

Exports came in 1.0% higher (to \$US212B) and imports up 1.1%. (to \$US262B)

Producer prices appreciated 0.2% for the month and remained at 2.2% year-on-year, following a 0.6% March gain.

March wholesale inventories slipped 0.1% after increasing by 0.4% in February.

Weekly new unemployment claims fell by 2000.

**Tonight** in the **US**, March CPI and the national April budget statement are due.

Elsewhere, the **UK** reports a swag of key data, including March quarter GDP, March trade balance, industrial production and construction output.

Meanwhile, speculation increased regarding the length of tenure remaining for the UK PM.

Companies expected to report earnings later today or tonight include: Cars.com, Eni SpA, Inpex, JD.com, Linde, Marriott, Sumitomo Mitsui, Suzuki Motor and Viacom.

In overnight corporate news, **Chevron** pulled out of its bid for **Anadarko Petroleum**, not willing to match the **Occidental Petroleum** offer.

Chevron will pick up a \$US1B fee, and after announcing this would support a buy-back boost, benefited further with a 3% stock price gain.

**Uber** placed tonight's US IPO at \$US45 per share (~\$US82B overall) following this week's market struggle for **Lyft**.

**Intel** suffered a downgrade and warned profit margins would likely suffer under an operational restructure to a data centres, logic and

## Pre-Open Announcements

### Infratil Ltd (\* IFT)

Confirming discussions with Vodafone Group Plc for the potential acquisition, by IFT and another party, of Vodafone New Zealand.

IFT appreciated 3.6% on the ASX yesterday, settling at \$4.35.

### Genetic Technologies (\* GTG)

GTG will launch two new tests – one for colo-rectal cancer and one for breast cancer – following successful validation.

### K2fly Ltd (K2F)

Reseller agreement secured with Esri Australia, for Esri to distribute K2F's land management system Infoscope.

### Blue Sky Alternative Investments (BLA)

Director Byron Beath has resigned, effective yesterday.

### Livetiles Ltd (LVT)

Investor update presentation lodged pre-trade.

## Resources

### AngloGold Ashanti (\* AGG)

Reviewing divestment options for remaining South African assets.

Produced 752,000oz of gold during the March quarter, against 921,000oz during the December quarter 2018 and following 824,000oz a year ago. \$US1009/oz AISC, against \$US949/oz and \$US1028/oz.

Sold 746,000oz at \$US1297/oz, 2% lower than for the March quarter 2018 and following \$US1323/oz for the December quarter.

\$US1.78B net debt, against \$US1.66B for the December quarter and \$US1.77B a year ago.

### Alliance Mineral Assets (\* A40)

Heralding exploration drilling which is indicating further mineralisation within the WA Bald Hill lithium and tantalum project.

A40 has traded higher the past three sessions, yesterday adding 10.26% to settle at 21.5c, after closing out April at 16.5c.

### European Lithium (EUR)

Proposing to raise up to €1.5M in a A9c-per-share placement, in support of a Austria Wolfsberg lithium project DFS.

EUR has traded at 9.8c – 11c over the past four sessions.

### Kirkland Lake Gold (KLA)

March quarter financial statistics, presentation and M&D discussion, lodged pre-trade.

### Northern Minerals (NTU)

Presenting at the Asian Metals rare earth summit today, Qingdao, China.

Presentation lodged post-trade yesterday.

## Energy



memory focus, from personal computer chip manufacturing. The stock was pushed more than 5% lower.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1285.2</b>	oz	3.8	<b>0.3</b>
<b>Silver (NY) (Jul)</b>	14.773	oz	-0.089	<b>-0.6</b>
<b>Gold (LON) (8 May)</b>	1285	oz		
<b>Platinum</b>	847	oz	-12	<b>-1.4</b>
<b>WTI Crude (Jun)</b>	<b>61.70</b>	bbl	-0.42	<b>-0.7</b>
<b>Brent Crude (Jul)</b>	<b>70.39</b>	bbl	0.02	<b>0.0</b>
<b>Iron Ore (CHN port 62%)</b>	<b>95.38</b>	t	-0.19	<b>-0.2</b>
<b>Copper (LME,3mth,PM)</b>	<b>6138</b>	t	-4	<b>-0.1</b>
<b>Nickel</b>	11825	t	-115	<b>-1.0</b>
<b>Aluminium</b>	1810	t	12	<b>0.7</b>
<b>Lead</b>	1844	t	-39	<b>-2.0</b>
<b>Zinc</b>	2638	t	-11	<b>-0.4</b>
<b>Tin</b>	19260	t	-165	<b>-0.8</b>
<b>CBT Wheat (May)</b>	<b>4.32</b>	bshl	-0.07	<b>-1.7</b>

### Commodities Commentary

**Oil** – an industry-watch report, published overnight, estimated OPEC April production as having swelled by 30,000bbl a day to 30.26MMbbl, even as Iran’s exports decreased.

North and Caspian seas maintenance work was cited, plus northern hemisphere summer petrol demand, on the other hand, by Barclays as it boosted its third quarter predictions for WTI and Brent crude, each by \$US4/bbl, to \$US67/bbl and \$US74/bbl respectively.

A weekly US petroleum rig count is due tonight.

**Gold** – a 0.3% fall in the ICE \$US index plus the wait for anything definitive out of China-US trade talks, which commenced overnight, and the threat of increase US import taxes on \$US200B worth of goods from China after midnight Thursday (US ET).

In addition, the US military remained on alert with regards ‘indications’ out of Iran, and North Korea reportedly fired another projectile weapon, with a US North Korea envoy scheduled to meet with officials in South Korea.

US April trade figures, reported overnight, included a small increase in the trade deficit.

A US CPI update, due tonight, is expected to influence at least some sentiment.

**Base metals** – geopolitical tensions impacted overnight trade sentiment.

Potential deficit talk and associated production commentary appeared to support *aluminium*.

In new **data** releases, China’s April CPI, reported yesterday, included a 0.1% rise for the month following 0.4% March deflation. Pork prices added 0.31%, in a large part due to swine fever. Year-on-year, April CPI grew 2.5%.

Producer prices appreciated 0.9% following a 0.4% March increase.

### RBR Group (\* RBR)

RBR is expecting to ultimately benefit from Anadarko Petroleum’s overnight announcement that a FID is expected June 18 on the Mozambique LNG project.

RBR has positioned itself to be able to provide labour, training and skills assessment to the LNG construction sector in Mozambique.

RBR recouped 17.65% yesterday, settling at 2c.

### Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>ABC</b>	AGM
	<b>NWS</b>	Mar Q
	<b>OSH</b>	AGM (10.30am PNG time)
	<b>REA</b>	Mar Q

### Trading Halts

Company	Code	Resuming
5G Networks	5GN	10 May
Blackstone Minerals	BSX	10 May
Pacific Bauxite	PBX	10 May
1 <sup>st</sup> Group	1ST	13 May
Evolve Education Group	EVO	13 May

### Suspensions (select)

Company	Code	Since
Admedus Ltd	AHZ	17 Apr
Axiom Mining	AVQ	26 Apr
Force Commodities	4CE	1 May
Impression Healthcare	IHL	8 May
Magnetite Mines	MGT	6 May
Tando Resources	TNO	3 May
Tempo Australia	TPP	29 Apr
TerraCom Ltd	TER	8 May
VGI Partners Global Investments	VG1	10 May

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>JHG</b>	<b>Today</b>	<b>51.44</b>	<b>0</b>	<b>6.16</b>
ANZ	Mon	80	100	5.79
MQG	Mon	360	45	4.30
JIN	Tue	8	100	1.60
NAB	Tue	83	100	7.64
ASG	Thu	2	100	7.76
PL8	Thu	6.5	100	5.50
SNC	Thu	3.5	100	3.95

**Exchange Rates**

CURRENCIES	LAST	+/-	%
AUD – USD	0.6889	0.0001	0.01
EUR – USD	1.1220	0.0008	0.07

**Australian Data Today**

RBA	Monetary policy statement (qtrly)	May
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**US Data Tonight**

CPI		Apr
Budget statement		Apr

**Other Overseas Data Today & Tonight**

<b>China</b>	<i>New yuan loans</i>	Apr
<b>Japan</b>	BoJ summary of opinions	Apr
Japan	Household spending	Mar
<b>UK</b>	GDP	Mar Q
UK	Trade balance	Mar
UK	Industrial production	Mar
UK	Construction output	Mar
UK	NIESR GDP tracker	Apr
<b>Germany</b>	Trade balance	Mar

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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)

WBC	Thu	94	100	6.95
ZEL	Thu	28.77	0	5.44

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