

Monday 14 May 2018

Markets

SFE 200 Futures (9.30am AEDST)	6100	4	0.1
NZX 50	8671	-5	-0.1
DJIA Futures	24885	62	0.3
S&P 500 Futures	2736	6	0.2
NASDAQ Futures	6979	19	0.3

Local Markets Commentary

The Australian market commences a new week's trade following largely lacklustre overnight Friday international equities trade leads, amid a swag of domestic large-cap corporate updates.

In mixed overnight Friday commodities trade, **oil** swung lower.

US **gold** futures settled modestly lower.

Iron ore (China port, 62% Fe) rose for a second consecutive session.

LME **copper** continued higher. **Nickel** turned and rallied. **Aluminium** fell further.

The **\$A** remained within a narrow-range after trading at US75.50c early Friday evening.

Locally today, a weekly capital city residential property price report is due pre-trade.

The Reserve Bank of Australia (RBA) publishes card and ATM transaction statistics 11.30am AEST.

Regionally, post-ASX trade Friday, **China** reported April new lending had risen to 1.18 trillion yuan (~\$US186B), from 1.12 trillion yuan in March, and against forecasts of 1.1 trillion.

China is expected to report April industrial production, fixed asset investment and retail sales tomorrow.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24831	92	0.4
S&P 500	2728	5	0.2
NASDAQ	7403	-2	-0.0
FTSE 100	7725	24	0.3
DAX 30	13001	-22	-0.2
Shanghai Comp	3163	-11	-0.4

Overseas Markets Commentary

Choppy trade featured across major European and US equities markets overnight Friday.

FTSE 100 trade appeared the most decisive, this index trending markedly higher in second-half trade.

Among scant data releases, a University of Michigan initial May US consumer sentiment estimate remained on par with the final April reading, at 98.8, following expectations of a fall.

Tonight, no key economic indicators are due in the northern hemisphere.

In overnight Friday corporate news, US cyber security specialist **Symantec** revealed it was investigating matters that could lead to an adjustment to disappointing forecasts and that

* Financial services listing 11am AEST - EDL *

Today's Stock Watch

Commonwealth Bank of Australia (CBA)

CFO Rob Jesudason has resigned, in favour of a move to Hong Kong for another professional appointment.

CBA institutional banking and markets CFO Alan Docherty is taking over from Mr Jesudason, who is leaving CBA immediately.

Healthscope Ltd (HSO)

Brookfield Asset Management is proposing to offer \$2.50 cash per share for HSO. The approach is unsolicited and conditional, including on debt financing. HSO traded at \$2.38 - \$2.50 last week, settling at \$2.47 Friday.

Specialty Fashion Group (SFH) / Noni B (NBL)

Proposing to sell Autograph, Crossroads, Katies, Millers and Rivers (~830 stores in total) to NBL, for \$31.0M cash.

SFH will retain City Chic. NBL trading halt called this morning.

Telstra Corporation (TLS)

Predicting FY2018 EBITDA at the lower end of \$10.1B - \$10.6B. Restructuring costs are expected to total \$300M. Broader market update lodged this morning, together with a presentation to be delivered at a technology, media and communications conference in Boston, Massachusetts. The conference commences tomorrow and continues through Thursday.

Elders Ltd (ELD)

8% higher, \$41.4M interim NPAT. 2% higher, \$749.7M revenue. 9c fully franked interim dividend. \$1.12 NTA. Webcast teleconference scheduled to commence 10am AEST.

AusNet Services (AST)

142% higher, \$291.4M full year NPAT. 1.5% higher, \$1.9B revenue. 4.62c final dividend, against 4.4c final and 1c special dividends a year ago. 83c NTA.

Australia & New Zealand Banking Group (ANZ) / Macquarie Group (MQG)

Trading ex-dividend today, 80c and \$3.20 respectively.

Sky Network Television (SKT)

UBS is recommending SKT as a buy, cancelling a neutral rating.

GrainCorp Ltd (GNC)

Credit Suisse has re-rated GNC as outperform, from neutral.



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.

would delay the release of the company's annual report. The stock was subsequently pushed 33% lower.

Chip manufacturer **Nvidia** fell 2% on uncertain future earnings capacity.

In the meantime, London-headquartered property websites owner **ZPG** attracted a £2.2B offer from US private equity firm **Silver Lake Management**, this propelling ZPG 30% higher.

The UK online classifieds sector appeared to benefit in general, ZPG competitor **Rightmove** pushed more than 3.5% higher, but **Auto Trader** also gaining ~2.5%.

Post-US trade, the US president announced he had spoken with China's president, and that the US would assist China's **ZTE** to resume normal operations, after the mobile telephone manufacturer announced last week that a US-ordered ban on US companies supplying component parts had forced a shutdown of regular business.

In addition, over the weekend, **China Three Gorges** was reported to be bidding €9B to acquire the balance 76.7% of Portugal utility **EDP** that it has not hold.

Commodities

COMMODITY	CLOSE	\$/US/	+/-	%
Gold (NY) (Jun)	1318	oz	-4	-0.3
Silver (NY) (May)	16.7	oz	-0.01	-0.4
Gold (LON)	1319	oz	5	0.4
Platinum	922	oz	-3	-0.3
WTI Crude (May)	70.7	bbl	-0.7	-0.9
Brent Crude (Jul)	77.1	bbl	-0.4	-0.5
Iron Ore (CHN port 62%)	67.4	t	0.6	0.9
Copper (LME, 3m, pm)	6942	t	25	0.4
Nickel	14055	t	175	1.3
Aluminium	2288	t	-47	-2.0
Lead	2345	t	40	1.7
Zinc	3084	t	-3	-0.1
Tin	20975	t	150	0.7
CBT Wheat (Jul)	4.99	bshl	-0.09	-1.5

Commodities Commentary

Oil – prices were ultimately pushed lower overnight Friday, Brent crude settling 3% higher for the week and WTI with a 1.4% gain.

Late selling was viewed as pre-weekend profit-taking, but European support for Iran, in opposition to the US decision to reimpose sanctions, was also seen as limiting any reduction in Iran's oil exports.

For its part, Iran last week claimed it would be able to mitigate the sanctions.

Meanwhile, ten additional oil rigs were reported in action in the US, in a US weekly petroleum drill rig count published overnight Friday.

Meanwhile, the four-day Australian Petroleum Production & Exploration Association (APPEA) annual conference commences in Adelaide today.

Gold – early Friday trade appeared buoyed from a weaker \$US which subsequently recovered from session lows. As with oil, gold futures were ultimately pushed lower.

Base metals – overnight Friday trade appeared to swing in line with currencies.

Some metals experts also cited technical impacting select metals, including *aluminium*.

China's April industrial production, fixed asset

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

Pre-Open Announcements

Evans Dixon (* EDL)

Financial services firm scheduled to list **11am** AEST following a \$169.46M IPO at \$2.50 per share. 214.1M shares.

GWA Group (* GWA)

Proposing to sell the group's door and access systems business to Allegion (Australia) for an upfront \$102M and a potential further \$5M. Details lodged this morning.

Downer EDI (* DOW)

\$150M EPC contract in hand for First Solar's proposed 87MW Beryl solar farm near Gulgong, New South Wales.

Watpac Ltd (* WTP)

Defence Australia has appointed WTP as managing contractor for the first of two stages of the military vehicle Centre of Excellence in Ipswich, Queensland.

Austal Ltd (* ASB)

ASB will not participate in the Australian Government's offshore patrol vessel development program, led by Luerssen, as commercial terms could not be agreed.

Lendlease Group (* LLC)

European tour (London and Milan) presentation lodged post-trade Friday.

The tour was scheduled to commence yesterday and to conclude tomorrow.

Resources

New Century Resources (NCZ)

Port of Karumba dredging underway again, to enable NCZ to export zinc concentrate from the September quarter.

Initial production is expected in August.

Highfield Resources (HFR)

Update lodged post-trade Friday for HFR's Muja potash and Sierra del Perdon projects in Spain.

Indo Mines (IDO)

Proposing to delist from the ASX 21 August.

Reports & Events

(selected)

When	Company	Report/Event
Today	AST	Full year



investment and retail sales are expected tomorrow.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7549	0.0004	0.06
EUR – USD	1.1948	0.0005	0.04

Australian Data Today

CLgc	Cap city rsdntl prop prices	11 May
RBA	Card transactions	Mar

Overseas Data Today & Tonight

Japan	Producer prices	Apr
Japan	Machine tool orders (4pm AEST)	Apr

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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	ELD	Interim
Tomorrow	GXY	AGM
	MQA	AGM
Wed	BLD	Investor day
	CCL	AGM
	MYR	Q3 sales
	SIG	AGM
Thu	ABC	AGM
	OML	AGM
	SYR	AGM
Fri	APX	AGM
	IVC	AGM
	SYD	Apr

Trading Halts

Company	Code	Resuming
Bard1 Life Sciences	BD1	14 May
Mint Payments	MNW	14 May
Mobecom Ltd	MBM	14 May
NSL Consolidated	NSL	14 May
TikForce Ltd	TKF	14 May
Classic Minerals	CLZ	15 May
Santa Fe Minerals	SFM	15 May
TNG Ltd	TNG	15 May
DTI Group	DTI	16 May
NBL Ltd	NBL	16 May
Symbol Mining	SL1	16 May

Suspensions (select)

Company	Code	Since
Antilles Oil & Gas	AVD	10 May
BPH Energy	BPH	10 May
Emergent Resources	EMG	4 May
Enhanced Oil & Gas Recovery	EOR	2 May
MEC Resources	MMR	10 May
Omni Market Tide	OMT	10 May
Queensland Bauxite	QBL	4 May
World.Net Services	WNS	9 May

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
ANZ	Today	80	100	5.68
MQG	Today	320	45	4.63
LHC	Tomorrow	18	100	4.08
NAB	Tomorrow	99	100	6.97
TOX	Tomorrow	58	100	2.92
UOS	Tomorrow	2.5	0	4.32
ASG	Wed	4.2	100	4.73
PL8	Wed	0.5	100	4.04
REX	Wed	4	100	9.52
WBC	Thu	94	100	6.35
ZEL	Thu	20.46	0	4.30
JHG	Fri	36	0	3.79