

Markets

SFE 200 Futures (9.30am AEST)	6251	25	0.4
NZX 50	10084	14	0.1
DJIA Futures	25581	11	0.0
S&P 500 Futures	2841	2	0.1
NASDAQ Futures	7430	9	0.1

Local Markets Commentary

The Australian market commences mid-week trade following an overnight international equities trade bounce, ahead of influential data out of China today, and two key domestic economic indicator reports this morning, plus a swag of key US economic figures and a euro zone GDP reading tonight.

China's April industrial production, fixed asset investment and retail sales statistics are anticipated midday AEST.

Locally today, the Australian Bureau of Statistics (ABS) releases the March quarter wage price index 11.30am AEST.

The monthly consumer sentiment report from the Melbourne Institute and Westpac is due 10.30am AEST.

In addition today, AGM updates are in hand from stocks including APE, GPT and SIG.

In overnight commodities trade, **oil** rebounded.

US **gold** futures (June) turned lower.

Iron ore (China port, 62% Fe) extended Monday's fall.

LME **copper** swung higher. **Nickel** and **aluminium** rallied decisively.

The **\$A** proved effectively becalmed after trading at ~US69.45c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25532	207	0.8
S&P 500	2834	23	0.8
NASDAQ	7734	87	1.1
FTSE 100	7242	78	1.1
DAX 30	11992	115	1.0
Shanghai Comp	2884	-20	-0.7

Overseas Markets Commentary

Risk tolerance returned to major European and US equities markets overnight.

Earlier, China had claimed the US had altered some of the terms of negotiated during trade negotiations earlier this month, but also touted 'ability and wisdom' in the US and China, sufficient to achieve a trade agreement.

The US president also promoted the 'likely success' expectations he has repeated over several months.

China – April industrial production, fixed asset investment and retail sales midday AEST

Today's Stock Watch
DuluxGroup Ltd (DLX)

13.9% lower, \$68.22M interim NPAT.

1.5% lower, \$892.87M revenue.

15c interim (up 1c) and 28c special dividend, each fully franked.

55.5c NTA.

AP Eagers (APE)

Anticipating 1H 2019 operating profit to come in 7% - 10% lower than for 1H 2018.

Today's AGM speeches and presentation lodged.

Sigma Healthcare (SIG)

March quarter like-for-like sales grew ~4%.

Today's AGM speeches and presentation lodged.

Villa World (VLW)

Unable to provide FY 2019 guidance due to sector and sales and settlement uncertainty, but anticipating a 23% - 25% gross margin.

Will further consider 'any' 2H 2019 dividend.

783 sales achieved for FY 2019-to-date as at 30 April, 266 of these during January – April.

Cann Group (CAN)

CAN has supplied the Victorian Government with the first Australian-sourced and commercially-grown cannabis resin for medical use.

THC Global Group (THC) / EVE Investments (EVE)

THC medicinal cannabis export licence in hand from the Australian Office of Drug Control.

Resources
St Barbara (SBM)

Planning to acquire TSX_V-listed Atlantic Gold Corporation for ~\$C802M (enterprise value), at \$C2.90 per share.

In association, SBM is conducting an underwritten \$A490M one-for-3.1 entitlement offer at \$A2.89 per share.

In addition, SBM intends to use existing cash reserves.

SBM has also secured a \$A200M three-year revolving bank loan facility.

Completion is anticipated in July.

The institutional component of the entitlement offer will close midday tomorrow. The retail component is scheduled for 21 May – 4 June.

SBM has traded at \$3.08 - \$3.395 over the past five trading sessions. Trading halt called.



Among decidedly mixed overnight data releases, **UK** March average earnings rose 3.3%, following 3.4% for February.

Unemployment slipped by 0.1% to 3.8%.

A preliminary March quarter productivity index fell 0.6% however, against a 0.3% December quarter 2018 rise.

In **Germany**, a final April CPI reading represented 1.0% growth for the month and 2% year-on-year, following just 0.4% and 1.3% respective March figures.

The ZEW economic sentiment index dropped to -2.1 from 3.1, however.

The **euro zone's** March industrial production declined 0.3% for the month and 0.6% year-on-year, following a 0.1% slip and flat annual rate for February.

The region's ZEW economic sentiment index slid from 4.5 to -1.6.

In the **US**, April import prices were reported 0.2% higher for the month and 0.2% lower year-on-year, against respective 0.6% and 0.1% March gains.

Export prices also rose 0.2% for the month, and were 0.3% higher year-on-year, after rising 0.6% each for the month and year-on-year in March.

A business optimism index was reported yet 1.7 points higher, at a robust 103.5.

Tonight in the **US**, April retail sales, industrial production, the New York Fed regional manufacturing index, a home builders' housing market index and March business inventories are due, together with weekly mortgage applications.

Elsewhere, a final March quarter GDP reading is keenly anticipated for the **euro zone**. Germany's initial estimate is also expected.

Yields for a 30-year German bond auction will also be closely watched.

Companies expected to report earnings later today or tonight include: Alibaba Group, Cisco Systems, Credit Agricole, Dai-ichi Life, Kraft Heinz, LG Corp, Lloyds Banking, Macy's, Mitsubishi UFJ Financial, RWE, Samsung Life, Singapore Telecommunications, Tui and William Hill.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1296.3	oz	-5.5	-0.4
Silver (NY) (Jul)	14.812	oz	0.035	0.2
Gold (LON) (13 May)	1296	oz		
Platinum	853	oz	0	0.0
WTI Crude (Jun)	61.78	bbl	0.74	1.2
Brent Crude (Jul)	71.24	bbl	1.01	1.4
Iron Ore (CHN port 62%)	94.34	t	-1.8	-1.8
Copper (LME,3mth,PM)	6044	t	30	0.5
Nickel	11920	t	155	1.3
Aluminium	1842	t	34	1.9
Lead	1813	t	25	1.4
Zinc	2594	t	21	0.8
Tin	19795	t	420	2.2
CBT Wheat (Jul)	4.47	bshl	0.10	2.2

Commodities Commentary

Pre-Open Announcements

The GPT Group (GPT)

This morning's AGM speeches and presentation lodged.

The meeting will be webcast.

Blue Sky Alternative Investments (BLA)

The Australian Securities and Investments Commission (ASIC) has decided not to take any further action regarding a Section 33 notice issued to BLA in June last year.

The ASIC has been satisfied with BLA-supplied documents, but reserves rights to initiate additional action pending further information regarding BLA continuous disclosure.

DigitalX Ltd (* DCC)

DCC has raised \$2.46M in an oversubscribed SPP at ~6.77c.

DCC will also gain \$1.29M in a top-up placement.

DCC added 22.95% Monday and 18.67% yesterday, settling at 8.9c.

The company closed out last week at 6.1c and traded as high as 9.7c yesterday.

Uniti Wireless (* UWL)

Paying \$2M for Call Dynamics, 63% in cash and 37% in UWL shares.

The cash component is partly dependent on Call Dynamics earnings.

Suda Pharmaceuticals (SUD)

SUD chairman, MD and CEO Stephen Carter has stepped down from his executive chairman's role, effective today.

SUD has appointed Imugene (ASX: IMU) chairman and former Viralytics chair Paul Hopper as SUD non-executive chairman.

Perpetual Credit Income Trust (PCI)

Credit and fixed income asset-focused investment trust completed its ASX listing yesterday, following a \$440M IPO at \$1.10 per unit.

Opened and closed at \$1.11, trading intra-session at \$1.105 - \$1.115.

3.85M units were traded across 163 transactions.

400M quoted units.

Resources

Pantoro Ltd (* PNR)

Acquiring a 50% interest in the WA Central Norseman gold project from Central Norseman Gold Corporation (CNGP).

Consideration comprises \$A10M cash, \$10M worth of PNR shares and two deferred payments totalling \$15M.

In addition, PNR will fund the initial \$50M of project expenditure, and pay \$10M if and when a 1.8Moz reserve is defined.

Further, PNR will pay a 1% net smelter royalty on attributable gold and silver output, capped at \$6M, and a 0.0025% royalty for five years thereafter.

PNR and CNGP will establish a JV over the project, with PNR becoming manager.



Oil – OPEC’s monthly oil report, published overnight, included 30.03MMbbl/d April output, down a daily 3000bbl from March.

Iran’s production was reported to have declined to a daily 2.55MMbbl/d, 164,000 fewer barrels each day than for March.

Drone **attacks** on Saudi Aramco pumping facilities (within Saudi Arabia) along a regional oil pipeline inflamed regional tensions, the attacks reportedly claimed by Houthi forces from Yemen.

Meanwhile, Saudi Aramco revealed plans to boost daily crude supply to Europe by 300,000bbl over two years. Currently the state company’s Europe product swaps and supply total 3MMbbl/month.

The International Energy Agency’s (IEA) monthly oil report is due tonight.

A weekly US petroleum inventory report from is also due tonight from US government agency the EIA.

Gold – equities returned to favour overnight, bruising gold trade sentiment.

A bevy of international economic indicators, due from today, could influence currency trade, and hence gold prices, tonight.

Base metals – general optimism following positive trade-related comments out of China, plus some bargain-buying, reportedly mostly influenced overnight LME trade.

Zinc gained due to indications current supply is insufficient, and despite expectations China will increase production during second-half 2019.

Earlier this week, the International *Copper* Study Group predicted a 189,000t copper deficit for 2019, and 250,000t shortfall in 2020.

China’s industrial production, fixed asset investment and retail sales figures, due **today**, are likely to prove a major influence on tonight’s trade.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6939	-0.0005	-0.07
EUR – USD	1.1206	0.0002	0.02

Australian Data Today

Wstpc/MInst	Consumer sentiment	May
ABS	Wage price index	Mar Q

US Data Tonight

Retail sales	Apr
Industrial production	Apr
NY Fed (Empire State) manufacturing	Apr
Business inventories	Mar
NAHB housing market index	May
MBA mortgage applications	10 May

Other Overseas Data Today & Tonight

China	Industrial production	Apr
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In association, PNR will conduct a \$43M fully underwritten placement.

Additional funding will come from PNR cash reserves and cash flow from PNR’s producing Halls Creek project.

Trading halt called.

Rio Tinto (RIO) / BHP Billiton (BHP) / South32 Ltd (S32)

RIO, BHP, and S32 presented at the Bank of America Merrill Lynch Global Metals, Mining & Steel conference in Barcelona, Spain overnight.

Presentations lodged post-trade yesterday. Webcasts will also be available.

Fortescue Metals Group / Iluka Resources (ILU)

Bank of America Merrill Lynch Global Metals, Mining & Steel conference presentations also lodged, this morning.

Specialty Metals International (SEI)

SEI is acquiring Mt Carbine Quarries and will form a JV with Cronimet Asia to develop the Mt Carbine tungsten tailings retreatment and stockpile projects.

Retreatment is expected to commence by year’s end.

Consideration details, associated board appointments and a presentation lodged post-trade yesterday.

SEI remains in a trading halt, ahead of an initial ~\$1.5M placement at 1.8c per share.

SEI traded at 2.6c – 3.1c the five trading sessions immediately before calling a trading halt.

Energy

Strike Energy (* STX) / Energy World Corporation (EWC)

PEL 96 Southern Cooper Basin gas project Jaws pilot consistent gas production has been re-established.

STX operator and 66.7%; EWC 33.3%.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	APE	AGM
	DLX	Interim
	GPT	AGM
	SIG	AGM
	VLW	Mar Q
Tomorrow	CYBG	Mar Q (UK tonight)
	XRO	Full year
Mon	IPL	Interim
21 May	LYC	Investor Day
	OFX	Full year
23 May	ALL	Interim



China	Fixed asset investment	Apr
China	Retail sales	Apr
Japan	Machine tool orders (4pm AEST)	Apr
Japan	Housing starts (3pm AEST)	Apr
Germany	GDP (initial)	Mar Q
Euro zone	GDP (final)	Mar Q

Need More Information?

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Trading Halts

Company	Code	Resuming
Argent Minerals	ARD	15 May
Breaker Resources	BRB	15 May
BTC Health	BTC	15 May
Elixir Petroleum	EXR	15 May
Roots Sustainable Agricultural Tech	ROO	15 May
Saturn Metals	STN	15 May
Alliance Mineral Assets	A40	16 May
Alto Metals	AME	16 May
Minotaur Exploration	MEP	16 May
Ramelius Resources	RMS	16 May
Symbol Mining	SL1	16 May
Yojee Ltd	YOJ	16 May
Pantoro Ltd	PNR	17 May
St Barbara	SBM	17 May

Suspensions *(select)*

Company	Code	Since
Animoca Brands Corporation	AB1	14 May
Grand Gulf Energy	GGE	14 May
Gulf Manganese Corporation	GMC	15 May
Impression Healthcare	IHL	8 May
Questus Ltd	QSS	10 May
Tempo Australia	TPP	29 Apr

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
ASG	Tomorrow	2	100	8.00
PL8	Tomorrow	6.5	100	5.56
SNC	Tomorrow	3.5	100	3.95
WBC	Tomorrow	94	100	6.99
ZEL	Tomorrow	28.77	0	5.39
AST	21 May	4.86	45.06	5.17
UOS	21 May	2	0	4.48
PDL	23 May	20	10	6.87
CIE	27 May	1.06	75	8.44
CSR	30 May	13	50	7.91
ORI	30 May	22	0	2.62
PMV	30 May	33	100	2.03