

## Markets

|                                       |             |            |             |
|---------------------------------------|-------------|------------|-------------|
| <b>SFE 200 Futures</b> (9.30am AEDST) | <b>5720</b> | <b>-62</b> | <b>-1.1</b> |
| <b>NZX 50</b>                         | 7386        | -37        | -0.5        |
| <b>DJIA Futures</b>                   | 20614       | 9          | 0.0         |
| <b>S&amp;P 500 Futures</b>            | 2361        | 3          | 0.1         |
| <b>NASDAQ Futures</b>                 | 5590        | 11         | 0.2         |

## Local Markets Commentary

The Australian market opens today's trade ahead of key domestic and regional data, on broadly negative international equities sentiment, but also some positive key commodities leads.

Locally today, the ABS publishes April **employment** statistics, including unemployment and wages growth, **11.30am** AEST. A monthly inflation expectations report is also due, from the Melbourne Institute. Post-ASX trade, the RBA reports monthly forex transactions plus assets.

Regionally, **China's** April property prices are also expected **11.30am**.

**Japan** is due to release March quarter GDP **9.50am** AEST.

In overnight commodities trade, **gold** futures rallied. **Oil** swung higher. **Iron ore** (China port, 62% Fe) moved higher for a second consecutive session. LME **copper** settled virtually flat again, but **nickel** turned higher and rallied.

The **\$A** was pushed higher after trading at US74.0c early yesterday evening.

## Overseas Markets

| INDEX                | CLOSE        | +/-  | %           |
|----------------------|--------------|------|-------------|
| <b>Dow Jones</b>     | <b>20607</b> | -373 | <b>-1.8</b> |
| <b>S&amp;P 500</b>   | 2357         | -44  | <b>-1.8</b> |
| <b>NASDAQ</b>        | 6011         | -159 | <b>-2.6</b> |
| <b>FTSE 100</b>      | 7503         | -19  | <b>-0.3</b> |
| <b>DAX 30</b>        | 12632        | -173 | <b>-1.4</b> |
| <b>Shanghai Comp</b> | 3104         | -9   | <b>-0.3</b> |

## Overseas Markets Commentary

Major European and US equities markets fell on or near opening overnight.

Political ructions in the US were claimed to have prompted more investors to question the ability of the new administration to achieve legislation enabling promised general regulatory, taxation, manufacturing investment and infrastructure spending change.

Reports also appeared, speculating whether the US could face another administrative change earlier than usual, sparking fears of global growth implications.

Meanwhile in the **UK**, wages were reported to have fallen 0.2% during the March quarter.

The annual wages growth rate came in at 2.1% against a 2.3% CPI.

Unemployment was reported at 4.6% as at 31 March, supporting the government's case ahead of the 8 June general election.

**Australia** – April employment figures **11.30am** AEST

**China** – April property prices **11.30am** AEST

**Japan** – March quarter GDP **9.50am** AEST

## Today's Stock Watch

### Fairfax Media (FXJ)

Indicative, non-binding proposal received from Hellman & Friedman Llc and affiliates, at \$1.225 - \$1.25 per share. This is in competition to the \$1.20-per-share TPG consortium proposal. FXJ is granting due diligence to both bidding groups.

### James Hardie Industries (JHX)

13% higher, \$US276.5M full-year results NPAT. 11% higher, \$US1.9B net sales. US28c final dividend, down 1c.

### Virgin Australia Holdings (VAH) / Alliance Aviation Services (AQZ)

VAH \$90.6M net loss for the nine months to 31 March, following a \$69M March quarter loss. Respective underlying pre-tax losses are estimated at \$20.2M and \$62.3M.

March quarter operational statistics also lodged this morning.

Anticipating a better June quarter 2017 than for 2016.

Meanwhile, the ACCC has authorised the proposed VAH-AQZ charter alliance agreement, after initially publishing concerns.

### Westpac Banking Corporation (WBC)

Trading ex-dividend (94c) today. Fell 2.3% (77c) yesterday.

### ImpediMed Ltd (IPD)

Third-party retrospective analysis provides strong support for IPD's clinical assessment devices for patients with breast-cancer related lymphoedema. The analysis will be presented at the 2 - 6 June American Society of Clinical Oncology AGM.

### GI Dynamics (GID)

European approval to market (CE Mark) the company's Endo Barrier system has been suspended while some 'non-conformance' quality management aspects are rectified.

### Cogstate Ltd (CGS)

Named preferred provider, covering the collection of endpoint data and rater training and certification, for Eli Lilly's Alzheimer's treatment clinical trials.

### Appen Ltd (APX)

Anticipating a 40% - 50% greater FY 2017 EBITDA than for FY 2016. APX has traded lower the past five sessions, settling yesterday at \$2.57.

### Webster Ltd (WBA)

Expecting the 2016-17 cotton harvest yield to come in at ~10.5 bales/ha, against 13.28 bales/ha last year. WBA is ~one quarter of the way through harvesting 11,715ha, after planting 8167ha last year.

The almost-completed walnut-harvest is expected to yield 5.4t/ha from 1329 productive hectares, against 2.9t/ha from 1049 productive hectares last harvest.

## Resources

### Newcrest Mining (NCM)

Seeking to boost NSW Cadia project permitted processing and production capacity ahead of expansion pre-feasibility approval and while post-earthquake remediation work is completed.

Reports also emerged however, that the current government would renege on a former PM's promise to place bounds on aged care costs.

In the **US**, the Office of Management & Budget promised a full 2018 fiscal budget would be revealed 23 May.

Among US data releases, weekly mortgage applications fell 4.1%.

**Tonight** in the US, weekly new unemployment claims are due, together with a leading indicators report and regional manufacturing index.

Alibaba, Balfour Beatty, Burberry, Gap, Investec, Mothercare, Royal Mail, Salesforce.com, Singapore Airlines, Singapore Telecommunications (includes Optus) and Walmart are among companies scheduled to publish earnings or an update today or tonight.

Stocks listed to trade ex-dividend on the FTSE 100 include HSBC and Royal Dutch Shell.

In overnight corporate news, **Ford** Motor Co confirmed reports it was looking to cut a further 1400 jobs.

**Cisco Systems** fell on a disappointing revenue outlook.

**Facebook** was reported to be facing a WhatsApp acquisition-related penalty before week's end from the European Union.

US retailer **Target** advanced after quarterly results, including \$US16B worth of sales revenue, exceeded expectations.

**American Eagle Outfitters** and **Urban Outfitters** suffered 14.7% and 4.2% declines, however, on weak outlooks and soft sales.

### Commodities

| COMMODITY                      | CLOSE       | \$US/ | +/-  | %           |
|--------------------------------|-------------|-------|------|-------------|
| <b>Gold (NY) (Jun)</b>         | <b>1258</b> | oz    | 22   | <b>1.8</b>  |
| <b>Silver (NY) (Jun)</b>       | 16.9        | oz    | 0.1  | <b>0.9</b>  |
| <b>Gold (LON)</b>              | 1257        | oz    | 23   | <b>1.9</b>  |
| <b>Platinum</b>                | 944         | oz    | 5    | <b>0.5</b>  |
| <b>WTI Crude (Jun)</b>         | <b>49.1</b> | bbl   | 0.4  | <b>0.8</b>  |
| <b>Brent Crude (Jul)</b>       | <b>52.2</b> | bbl   | 0.6  | <b>1.1</b>  |
| <b>Iron Ore</b> (CHN port 62%) | <b>62.2</b> | t     | 1.0  | <b>1.7</b>  |
| <b>Copper</b>                  | <b>5610</b> | t     | -1   | <b>-0.0</b> |
| <b>Nickel</b>                  | 9215        | t     | 95   | <b>1.0</b>  |
| <b>Aluminium</b>               | 1925        | t     | 2    | <b>0.1</b>  |
| <b>Lead</b>                    | 2109        | t     | 25   | <b>1.2</b>  |
| <b>Zinc</b>                    | 2561        | t     | 15   | <b>0.6</b>  |
| <b>Tin</b>                     | 20380       | t     | 455  | <b>2.3</b>  |
| <b>CBT Wheat (Jul)</b>         | <b>4.27</b> | bshl  | 0.03 | <b>0.7</b>  |

### Commodities Commentary

**Oil** – the EIA weekly US petroleum inventories report estimated crude stocks had fallen by 1.75MMbbl, but more significantly, that stores of petrol and distillate had also fallen.

Further, US production fell for the first time in 13 weeks. The pullback was calculated at ~9000bbl/d.

**Gold** – rallied on an equities sentiment drop, safe-haven buying and further \$US index weakening.

Futures settled at a two-week peak, following the best sessional appreciation in two months.

Equities sentiment produced the largest drops in one session, over the past eight months, for both the S&P 500 and DJIA.

**Base metals** – mixed trade, despite continuing comparative \$US weakness.

## Pre-Open Announcements

### Sky Network Television (\* SKT)

SKT and Vodafone have submitted an amended appeal notice in the New Zealand High Court after reviewing the reasons for the NZ Commerce Commission's decision not to approve the proposed merger of SKT and Vodafone business in New Zealand.

### United Networks (\* UNL)

UNL has secured Chubb Insurance Australia to the company's wi-fi data product, for an initial 12 months, to select travellers choosing Chubb insurance.

## Resources

### Galaxy Resources (\* GXY)

AGM today.

### Lithium Power International (\* LPI)

Heralding lithium brine trial pump flow test rates at the Maricunga project, Chile. Details lodged this morning.

### Perseus Mining (\* PRU)

Côte d'Ivoire Yaouré gold project updated resource anticipated in August and ore reserves by year's end.

### OZ Minerals (OZL)

Global Metals Mining & Steel conference presentation lodged post-trade yesterday. OZL recouped 3.3% yesterday, settling at \$6.62.

OZL's AGM is scheduled for Wednesday next week.

### Magmatic Resources (\* MAG)

Multi-mineral explorer scheduled to list 12.30pm AEST tomorrow following a \$4M IPO at 20c per share. Gold Fields Australia holds 20%.

## Energy

### 88 Energy (88E)

Icewine #2 production testing and flow-back is anticipated late June/early July. Wireline logging is underway. The well was drilled to a total depth of 11,450ft, North Slope, Alaska.

### Trading Halts

| Company                | Code | Resuming |
|------------------------|------|----------|
| AusCann Group Holdings | AC8  | 19 May   |
| ChimpChange Ltd        | CCA  | 19 May   |
| G8 Education           | GEM  | 19 May   |
| Sirtex Medical         | SRX  | 19 May   |
| Encounter Resources    | ENR  | 22 May   |

### Suspensions (selected)

| Company                 | Code | Since  |
|-------------------------|------|--------|
| Activistic Ltd          | ACU  | 26 Apr |
| Aurora Funds Management | AOD  | 27 Apr |
| AVZ Minerals            | AVZ  | 17 May |
| Birimian Ltd            | BGS  | 1 May  |
| Hawkley Oil & Gas       | HOG  | 12 May |
| Quintis Ltd             | QIN  | 17 May |

**Exchange Rates**

| CURRENCIES       | LAST   | +/-     | %     |
|------------------|--------|---------|-------|
| <b>AUD – USD</b> | 0.7437 | 0.0004  | 0.06  |
| <b>EUR – USD</b> | 1.1155 | -0.0005 | -0.04 |

**Australian Data Today**

|          |                            |     |
|----------|----------------------------|-----|
| MelbInst | Inflation expectations     | Apr |
| ABS      | Employment                 | Apr |
| RBA      | Assets; forex transactions | Apr |

**US Data Tonight**

|                                     |        |
|-------------------------------------|--------|
| Initial jobless claims              | 13 May |
| Conference Board leading indicators | Apr    |
| Philadelphia Fed manufacturing      | May    |

**Other Overseas Data Today & Tonight**

|                  |                            |       |
|------------------|----------------------------|-------|
| <b>China</b>     | Property prices            | Apr   |
| <b>Japan</b>     | GDP (prelim)               | Mar Q |
| <b>UK</b>        | Retail sales               | Apr   |
| <b>Euro zone</b> | ECB policy meeting minutes | May   |

**Need More Information?**

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).

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**Ex-Dividends**

| Code       | Ex-Div | Div (c) | Fr (%) | Yield (%) |
|------------|--------|---------|--------|-----------|
| <b>AUF</b> | Today  | 5       | 100    | 1.57      |
| <b>ECX</b> | Today  | 7.5     | 100    | 3.86      |
| <b>SNC</b> | Today  | 3.5     | 100    | 6.33      |
| <b>WBC</b> | Today  | 94      | 100    | 5.85      |
| IPL        | Mon    | 4.5     | 0      | 2.49      |
| AST        | Wed    | 5.4     | 0      | 5.09      |

**Reports & Events**

(selected scheduled)

| When            | Company    | Report/Event     |
|-----------------|------------|------------------|
| <b>Today</b>    | <b>BDR</b> | AGM              |
|                 | <b>GXY</b> | AGM              |
|                 | <b>JHX</b> | Q4; Full-year    |
|                 | <b>SEH</b> | AGM              |
| <b>Tomorrow</b> | IVC        | AGM              |
|                 | OSH        | AGM (Pt Moresby) |
|                 | SYD        | Apr              |
|                 | SYR        | AGM              |
| <b>Mon</b>      | AIA        | Apr              |
|                 | FPH        | Full-year        |
| <b>Tue</b>      | ALQ        | Full-year        |
|                 | CGF        | Investor Day     |
|                 | SKI        | AGM              |
|                 | TNE        | Interim          |
| <b>Wed</b>      | OZL        | AGM              |
|                 | PRG        | Full-year        |
|                 | RKN        | AGM              |
|                 | TWR        | Interim          |