

Markets

SFE 200 Futures (9.30am AEST)	6503	-11	-0.2
NZX 50	10229	-9	-0.1
DJIA Futures	25748	-23	-0.1
S&P 500 Futures	2855	-3	-0.1
NASDAQ Futures	7419	-11	-0.1

Local Markets Commentary

The Australian market opens today's trade following an overnight return to negative US equities sentiment.

China's president has warned of 'difficult times', and the US administration is reportedly planning to place an additional 5000 military personnel in the Middle East.

In overnight commodities trade, **iron ore** (China port, 62% Fe) jumped to settle beyond \$US105.5/t.

Oil fell.

US gold futures (June) turned slightly higher.

LME copper picked up the pace of its current decline. **Nickel** and **aluminium** were also pushed lower.

The **\$A** fell to ~\$US68.80c after trading at ~\$US68.90c early yesterday evening.

Locally today, **PDL** trades ex-dividend. *Please see p3 for a detailed list.*

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25777	-101	-0.4
S&P 500	2856	-8	-0.3
NASDAQ	7751	-35	-0.5
FTSE 100	7334	5	0.1
DAX 30	12169	25	0.2
Shanghai Comp	2892	-14	-0.5

Overseas Markets Commentary

Choppy trade featured across major European and US equities markets overnight, key US indices trading lower from the outset, amid unsettling tech, telecommunications and manufacturing corporate news, UK government angst and broadening impacts from the US-China trade stoush.

Pre-US trade, Japan's Softbank-owned, but UK-based, **ARM** confirmed it had instructed employees to suspend business with **Huawei** 16 May, as the UK's **BT** (formerly British Telecom) mobile phone network EE said it would not be including Huawei devices in its 5G launch next week.

Further, a media report claimed the US administration was considering prohibiting China video surveillance company **Hangzhou Hikvision** from purchasing US technology.

US treasury secretary Steven Mnuchin in the meantime confirmed to a parliamentary committee that the administration was

* Investment management systems listing 11am AEST – PWL *

Today's Stock Watch

Aristocrat Leisure (ALL)

34.9% higher, \$346.0M interim NPAT. 35.0% higher, \$2.11B revenue. 22c fully franked interim dividend, up 3c. \$2.43B net debt.

Codan Ltd (CDA)

Anticipating \$42M - \$45M FY 2019 underlying NPAT, supported in particular by stronger-than-expected 2H metal detector and communications business sales. \$29M cash as at 30 April. Site tour presentation lodged post-trade yesterday.

The Reject Shop (TRS)

Anticipating a \$1M - \$2M full year net loss, following previous guidance of a \$3.1M - \$4.1M NPAT.

Overall sales have fallen 1% year-on-year for 2H FY 2019-to-date. Comparable store sales are 2.9% lower.

In addition, TRS describes 2H gross margins as 'well below expectations'.

CEO Ross Sudano is leaving TRS 'in the near term'.

TRS has appointed TRS GM supply chain, strategy and innovation Dani Aquilina as acting CEO.

Further, TRS has appointed Breville Group (ASX: BRG) chair Steven Fisher as an independent non-executive director, effective 14 June.

Major shareholder Allensford/Kin group representative Zac Midalia is also joining the TRS board the same day.

Powerwrap Ltd (PWL)

Financial advisor client portfolio administration and management systems provider scheduled to list 11am AEST following a \$17.4M IPO at 35c per share.

193.86M quoted shares.

Invest Future Impact Small Caps Fund (* IMPQ)

Managed fund expected to commence ASX trade on market open.

Resources

Kidman Resources (KDR) / Wesfarmers Ltd (WES)

Scheme implementation agreed following WES's \$1.90 cash-per-share proposal for the 100% acquisition of KDR and the subsequent completion of satisfactory due diligence.

Energy

Liquefied Natural Gas (LNG)

US industrial tax exemption incentive approved for LNG's Magnolia project.



considering raising import taxes on another \$US300B worth of goods from China, but was at least a few weeks away from any action.

Earlier, China's president Xi Jinping had asserted the nation needed to 'prepare for difficult times'.

In addition, a federal court had supported the Federal Trade Commission determination that US chip manufacturer **Qualcomm** had charged excessive licence fees and illegally suppressed competition.

Also earlier, **British Steel**, purchased by private equity group Greybull for £1 from Tata Steel in 2016, was placed into liquidation, following trading difficulties amid UK-European Union (EU) separation delays and US-China trade woes.

In the **UK** parliament, a senior government minister in favour of the UK's planned separation from the EU, resigned in protest against the PM's proposed new plan. Other government MPs predicted the new arrangement would not be approved and encouraged the PM to step down.

In afternoon US trade, **US Federal Reserve** policy meeting minutes indicated no rate changes in the near term. However, a regional president speaking in Hong Kong yesterday, suggested any persisting ultra-weak inflation could force a downward move.

Earlier, **European Central Bank** (ECB) president Mario Draghi bemoaned weak appetite for progressing a proposed regional banking union.

Overnight data releases included **UK** April CPI growth which rose 0.6% for the month and 2.1% year-on-year, following respective 0.2% and 1.9% increases in March.

In the US, weekly mortgage applications rose 2.4% as 30-year rates fell from 4.44% to 4.30%.

Meanwhile in **Germany**, yields for a 10-year bond auction fell to 0.07% from 0.02%.

Tonight in the **US**, April new homes sales, weekly new unemployment claims, a regional manufacturing index and Markit preliminary May PMIs are due.

Elsewhere, **European Central Bank** (ECB) April policy meeting minutes are due.

In addition, European Parliament elections commence. These are scheduled to continue until Sunday.

Companies due to report earnings later today or tonight include: Best Buy, HP, Hewlett-Packard Enterprises, Intuit, Medtronic, United Utilities and Weibo.

US supermarket chain Morrison's, Carnival and Imperial Brands trade ex-dividend on the FTSE 100.

In overnight corporate news, US retailer **Lowe's** fell more than 11% on a weak outlook. **Nordstrom** had reported similarly post-Tuesday US trade, and was pushed ~9% lower.

10% was cut from **Urban Outfitters** on women's clothing rental plans which were effectively panned by analysts.

Target results pushed that stock more than 5% higher, however.

In the UK, department store **Marks & Spencer** full year profit and sales both declined.

Two additional Chinese airlines sought 737 Max-grounding compensation from **Boeing**.

Pre-Open Announcements

Immutep Ltd (* IMM)

The European Patent Office has granted a December 2034 patent for Eftilagimod Alpha, the patent entitled 'Combined preparations for the treatment of cancer'.

Noxopharm Ltd (* NOX)

Broadening the LuPIN trial to include an additional 24 patients, due to encouraging data to date.

Webster Ltd (* WBA)

\$A2.12M interim NPAT, against \$3.77M a year ago. \$69.1M income.

Anticipating an almost break-even result for the full year to 30 September, due to drought impacts across the group's operations.

Teaminvest Private Group (* TIP)

Australian-focused private equity firm scheduled to list on the ASX 11am AEST tomorrow following a \$3.97M IPO at \$1.00 per share.

Eight investments, six wholly-owned.

~111M quoted shares.

Resources

Lucapa Diamond Company (* LOM)

The Lesotho Mothae kimberlite diamond mine has delivered a 126-carat diamond.

Mothae is located within 5km of the higher \$US/carats kimberlite diamond mine in the world.

Additional details lodged this morning.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	ALL	Interim
	EXL	AGM
	VEA	AGM
Tomorrow	GTK	Interim
Tue	GXY	AGM
Thu (30 May)	FAR	AGM
Fri	YAL	AGM

Trading Halts

Company	Code	Resuming
AdAlta Ltd	1AD	23 May



NB: US and UK markets (including the LME) will be closed Monday due to public holidays.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1274.2	oz	1	0.1
Silver (NY) (Jul)	14.449	oz	0.039	0.3
Gold (LON) (21 May)	1271	oz		
Platinum	803	oz	-12	-1.5
WTI Crude (Jul)	61.42	bbl	-1.71	-2.7
Brent Crude (Jul)	70.99	bbl	-1.19	-1.7
Iron Ore (CHN port 62%)	105.78	t	3.48	3.4
Copper (LME,3mth,PM)	5932	t	-76	-1.3
Nickel	11960	t	-105	-0.9
Aluminium	1781	t	-16	-0.9
Lead	1808	t	1	0.1
Zinc	2548	t	-33	-1.3
Tin	19325	t	-150	-0.8
CBT Wheat (Jul)	4.74	bshl	-0.05	-1.0

Commodities Commentary

Oil – the EIA’s weekly US petroleum inventories report, published overnight, included a fall in imports, but lower-than-usual seasonal refinery use, a daily 100,000bbl output increase to 12.2MMbbl/d, and a 1.2MMbbl ‘strategic petroleum reserve’ release, pushed crude inventories 4.7MMbbl higher.

Stored petrol rose by 3.7MMbbl and distillate by 800,000bbl.

Meanwhile, Turkey confirmed it is no longer purchasing oil from Iran.

Gold – concerning corporate and political news pushed equities out of favour overnight, supporting some gold interest.

US Federal Reserve policy meeting minutes a near-term status quo approach, but a regional president noted rates could move lower should inflation remain too low for the central bank’s comfort.

Base metals – copper traded at four-month lows overnight, and aluminium at almost 2.5-year lows.

An apparent deepening of **US-China** trade woes remained in focus.

In addition, broader impacts were underscored with **Japan’s** April trade figures, released yesterday.

These included a surplus drop to ¥60.4B from ¥527.8B at the end of March.

Exports fell 2.4% year-on-year, as they had in March, but imports jumped 6.4% after a 1.2% March rise. Exports have now fallen for five consecutive months.

March machinery orders rose 3.8% for the month, but came in 0.7% below those for March 2018.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6879	-0.0002	-0.03
EUR – USD	1.1156	0.0005	0.05

Amani Gold	ANL	23 May
AVZ Minerals	AVZ	23 May
Carbine Resources	CRB	23 May
Intiger Group	IAM	23 May
Myanmar Metals	MYL	23 May
Calima Energy	CE1	24 May
iCandy Interactive	ICI	24 May
Lucapa Diamond Company	LOM	24 May
Strandline Resources	STA	24 May
Twenty Seven Co	TSC	24 May

Suspensions (select)

Company	Code	Since
Alderan Resources	AL8	22 May
Alto Metals	AME	16 May
Animoca Brands Corporation	AB1	14 May
Blue Sky Alternative Investments	BLA	20 May
Jervois Mining	JRV	22 May
Millennium Minerals	MOY	21 May
Pure Alumina	PUA	22 May
Symbol Mining	SL1	16 May
Venture Minerals	VMS	22 May
Woomera Mining	WML	22 May

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
PDL	Today	20	10	6.48
CLF	Tomorrow	5.25	100	4.41
CIE	Mon	1.06	75	8.23
ELD	Mon	9	100	1.37
WHF	Mon	10	100	3.95
ALL	Wed (29 May)	22	100	tbc
CSR	Thu (30 May)	13	50	6.83
ORI	Thu	22	0	2.49
PMV	Thu	33	100	1.95
RHL	Thu	10	100	3.41
TNE	Thu	3.15	~75	1.18

**US Data Tonight**

New home sales	Apr
Initial jobless claims	18 May
Markit PMIs (prelim)	May
Kansas City Fed manufacturing	May

Other Overseas Data Today & Tonight

Japan	Manufacturing PMI (prelim)	May
Japan	Machine tool orders (final)	Apr
Germany	GDP (final)	Mar Q
Germany	PMIs (prelim)	May
Germany	IFO business climate	May
Euro zone	ECB policy meeting minutes	Apr
Euro zone	PMIs (prelim)	May

Need More Information?

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