

Markets

SFE 200 Futures (9.30am AEST)	6441	-43	-0.7
NZX 50	10110	-13	-0.1
DJIA Futures	25360	-9	0.0
S&P 500 Futures	2803	-2	-0.1
NASDAQ Futures	7285	-10	-0.1

Local Markets Commentary

The Australian market commences mid-week trade on generally negative overnight international equities and mixed key commodities trade.

Markets in the US and UK had traded for their first regular sessions of the week.

In overnight commodities trade, **WTI crude** gained.

US gold futures (June) declined.

LME copper settled slightly higher. **Nickel** fell. **Aluminium** recorded a modest rise.

The **\$A** effectively trod water after trading at ~US69.25c early yesterday evening.

Locally today, new home sales figures are scheduled for release at 11am AEST, ahead of a raft of closely-watched indicators due over the next several days prior to next week's Reserve Bank of Australia policy meeting.

In addition, **ALL** trades ex-dividend. *Please see p4 for details.*

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25348	-238	-0.9
S&P 500	2802	-24	-0.8
NASDAQ	7607	-30	-0.4
FTSE 100	7269	-9	-0.1
DAX 30	12027	-44	-0.4
Shanghai Comp	2910	18	0.6

Overseas Markets Commentary

US equities markets lost opening gains overnight, steadily trending lower to settle at or near session lows. Major European indices chopped and swung markedly.

The US president had on Monday reversed pre-holiday weekend remarks, suggesting any trade agreement would be a while coming, and spoke of a possible 'substantial' rise in import taxes for goods from China.

Among **US** data releases, two March house price indices were reported, one rising 0.1% for the month and the Case-Shiller index by 0.7%. Year-on-year, Case-Shiller sample city prices had risen 2.7%.

The Conference Board May consumer confidence reading meanwhile rose five points to 134.1.

Today's Stock Watch

Telstra Corporation (TLS)

Anticipating \$200M worth of FY 2019 restructuring costs, in part due to an earlier-than-anticipated commencement of workforce reductions.

6000 of the 8000 previously-flagged job losses could be determined by the end of the financial year.

In addition, TLS is expecting a \$500M FY 2019 legacy IT assets write-down.

Planning to lodge full year results 15 August.

Downer EDI (DOW)

Assessing potential financial impact from Murra Warra wind farm project partner Senvion having entered self-administration.

DOW says stage one of the project has reached an advanced stage, and that work is continuing, with 95% of DOW's plant work completed on schedule and within budget.

DOW says it 'holds a substantial bank guarantee from Senvion', whose lenders and major bond holders have agreed a €100M debtor-in-possession facility.

Senvion is headquartered in Germany and manufactures wind turbines.

Fletcher Building (FBU)

FBU is confirming that it has instigated several claims against Precinct Properties and that further claims are likely.

FBU says it cannot reveal additional details due to confidentiality agreements.

Bank of Queensland (BOQ)

Chairman Roger Davis is planning to retire from the BOQ board at the end of October and to step down from chairman duties on the October release of full year results.

Patrick Allaway has been appointed chairman elect. Mr Allaway joined the BOQ board 1 May.

Virgin Australia Holdings (VAH)

VAH has appointed Fonterra COO global consumer and foodservice, former Heinz Australia MD, and previous Good year Dunlop Tyres Australia & New Zealand MD and CEO Judith Swales as an independent non-executive director, effective today.

In association, Sam Mostyn is retiring from the VAH board today.

Energy

Carnarvon Petroleum (CVN)

Logging-while-drilling tools indicate offshore WA 437P Dorado-2 hosts similar reservoirs to Dorado-1. Drilling continues to a total planned 4548m measured depth. CVN 20%.



The Dallas Fed's (Texas region) manufacturing index dropped to -5.3 from two.

In the **euro zone**, a business climate index fell from 0.42 to 0.30.

An economic sentiment index rose by 1.2 to 105.1, however.

A final May consumer confidence reading confirmed an improvement to -6.5 from -7.3.

In **Germany**, GfK's consumer confidence index slipped 0.1 to 10.1.

April import prices rose 0.3% for the month following no change in March. Year-on-year, prices came in 1.4% higher, against 1.7% for March.

Tonight in the **US**, another regional manufacturing index and weekly mortgage applications are due.

Companies scheduled to report earnings include: Abercrombie & Fitch, Bank of Montreal, Dick's Sporting Goods and Palo Alto Networks.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1277.1	oz	-6.5	-0.5
Silver (NY) (Jul)	14.32	oz	-23.5	-1.6
Gold (LON) (24 May)	1283	oz		
Platinum	796	oz	-8	-1.0
WTI Crude (Jul)	59.14	bbl	0.51	0.9
Brent Crude (Jul)	70.11	bbl	0.0	0.0
Iron Ore (CHN port 62%)	108.62	t		
Copper (LME,3mth,PM)	5968	t	13	0.2
Nickel	12130	t	-225	-1.8
Aluminium	1804	t	8	0.5
Lead	1815	t	-10	-0.6
Zinc	2559	t	-1	-0.0
Tin	19140	t	-160	-0.8
CBT Wheat (Jul)	5.04	bshl	15	3.0

Commodities Commentary

Oil – international prices swung some and settled mixed overnight, in the absence of significant new supply disruption news and demand-related figures.

In the meantime, supply from the US distribution centres, including in Cushing, Oklahoma, was reported to have been restricted by regional flooding.

Gold – US equities safe-haven stocks remained in favour overnight, and bond prices rose, but gold suffered another fall.

Comex silver futures meanwhile traded at six-month lows.

Tomorrow's second March quarter **US GDP** estimate could attract plenty of speculation and commentary. Friday last week, the US president bemoaned Federal Reserve policy in relation to slower-than-desired economic progress.

A **European Central Bank (ECB)** financial stability report due this evening could also influence international economic health perceptions.

Base metals – uncertainty surrounding potential outcomes from US-China relations appeared to constrain overnight trade sentiment, despite a regulatory official in China helping support

Pre-Open Announcements

Mirvac Group (** MGR)

Trading halt called this morning, ahead of a \$750M fully underwritten institutional placement at \$2.97 per stapled security, and a planned \$75M SPP.

MGR has traded at \$3.04 - \$3.15 the past five trading sessions.

Invigor Group (** IVO)

HoA secured to acquire Sun Asia Group.

In association, Geoff Shannon plans to join IVO and to support the growth of Sun Asia within IVO.

Further, Mr Shannon plans to purchase \$1M worth of IVO shares at 0.4c each and to enter into a \$500,000 convertible note facility with a 0.5c conversion price.

IVO has settled at 0.3c the past three weeks.

MGC Pharmaceuticals (* MXC)

MXC-Royal Melbourne Institute of Technology Australian cannabis cultivation research licence in hand.

Actinogen Medical (* ACW)

A dose escalation committee has recommended the safety study of ACW's XanaHES, a proposed Alzheimer's treatment, be continued with some protocol changes.

ResApp Health (RAP)

RAP is contracting a UK-headquartered medical device firm to develop wearable devices that will carry RAP's respiratory diagnostic and management technology.

RAP plans to pay £75,000 cash for each device and to issue \$A250,000 worth of shares on commencement of the project.

On CE Mark approval, RAP will pay \$A500,000.

RAP has traded at 14c – 18c the past five trading sessions, appreciating 16.7% yesterday.

Rent.com.au Ltd (RNT)

JV agreement secured with Fair Go Finance, with the aim of developing and funding financial products for visitors to RNT's website and app.

Investec Australia Property Fund (* IAP)

Industrial, office and retail-focused property investor commenced ASX trade yesterday, following a \$101.5M offer at \$1.32 per unit.

Opened at \$1.40 and rose to \$1.44 where it settled.

6.05M units changed hands across 98 transactions.

Trading commenced on a deferred settlement basis. Normal (T+2) trade is expected to commence tomorrow.

~555.725M quoted units.

IAP's assets are located in Australia and New Zealand.

Smartgroup Corporation (SIQ)

Conference presentation lodged post-trade yesterday.

SIQ is presenting tomorrow.

BrainChip Holdings (* BRN)



that nation's trade with a comment that seemed to dismiss fears of possible grave consequences.

Meanwhile, after weeks of speculation, a China National Development & Reform Commission official reportedly confirmed *rare earths* supply restrictions to the US were under 'serious' consideration, and that priority would be given to domestic demand before supplies were allocated, on 'reasonable demand', from nations other than the US.

Copper inventories monitored by the LME and Shanghai Futures Exchange in the meantime continued to be reported in decline.

Tonight's LME trade could be influenced by the ECB's financial stability report, combined with some early caution ahead of the first revision of US March quarter GDP growth, due tomorrow evening, and PMIs expected out of China late-week.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6923	0.0000	0.01
EUR – USD	1.1167	0.0005	0.05

Australian Data Today

HIA	New home sales	Apr
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US Data Tonight

Richmond Fed manufacturing	May
MBA mortgage applications	24 May

Other Overseas Data Today & Tonight

Germany	Unemployment	Apr
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BRN's Akida neural processing core has become available as IP for licensing and integrating into select circuits.

Details lodged post-trade yesterday.

Resources

First Cobalt Corp (* FCC)

An FCC refinery restart study has confirmed the potential to double production potential beyond 5000tpa.

This would mean a \$US45M capex, \$US7.5M more than a previous estimate. The refinery is in Canada.

Lucapa Diamond Company (* LOM)

A sale of 7008 carats of Lesotho Mothae kimberlite diamond project diamonds has returned \$US3.5M. A third tender, prior to 30 June, is under consideration. LOM 70%; Lesotho government 30%.

Caravel Minerals (* CVV)

Caravel copper project scoping study outcomes include a \$A1.05B pre-tax NPV (7%), \$A481M initial capex and 20% post-tax IRR, on 16Mtpa production for an initial five years before increasing to 30Mtpa.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	AKP	AGM
	SVT	AGM
Tomorrow	AFT	AGM
	CGC	AGM
	FAR	AGM
	TGA	Full Year
Fri	MSB	Q3
	SHV	Interim
	YAL	AGM

Trading Halts

Company	Code	Resuming
Axiom Mining	AVQ	29 May
Cape Lambert Resources	CFE	29 May
Kogi Iron	KFE	29 May
Caeneus Minerals	CAD	30 May
Carnavale Resources	CAV	30 May
Orthocell Ltd	OCC	30 May
Strike Energy	STX	30 May
Superior Resources	SPQ	30 May
Mirvac Group	MGR	31 May

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Suspensions *(select)*

Company	Code	Since
Alto Metals	AME	16 May
Animoca Brands Corporation	AB1	14 May
Blue Sky Alternative Investments	BLA	20 May
Bojun Agriculture Holdings	BAH	27 May
Carbine Resources	CRB	23 May
GetSwift Ltd	GSW	28 May
Metalicity Ltd	MCT	29 May
Symbol Mining	SL1	16 May
Vector Resources	VEC	27 May
XPD Soccer Gear Group	XPD	27 May

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
ALL	Today	22	100	1.55
CSR	Tomorrow	13	50	6.53
GCI	Tomorrow	0.88	0	4.07
ORI	Tomorrow	22	0	2.47
PMV	Tomorrow	33	100	1.88
QRI	Tomorrow	0.65	0	1.02
RHL	Tomorrow	10	100	3.41
TNE	Tomorrow	3.15	75	1.20
ALQ	Mon	11.5	35	2.77
NAC	Mon	1.35	100	6.05
NBI	Mon	0.88	0	2.99
NSC	Mon	1	100	9.09
IPL	Tue	1.3	0	1.84
JHX	Wed (5 Jun)	30.06	0	2.31
GTK	Thu	4.72	8.5	2.57
KMD	Thu	3.29	0	6.41
OFX	Thu	3.28	100	3.55