

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	6399	-31	<b>-0.5</b>
<b>NZX 50</b>	10088	-9	<b>-0.1</b>
<b>DJIA Futures</b>	25128	19	0.1
<b>S&amp;P 500 Futures</b>	2784	4	0.1
<b>NASDAQ Futures</b>	7228	12	0.2

## Local Markets Commentary

The Australian market opens today's trade ahead of closely-watched domestic data today and out of the US tonight, following decidedly negative overnight international equities trade.

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

US **gold** futures (June) swung to settle with a modest gain.

LME **copper**, **nickel** and **aluminium** traded lower.

The **\$A** again moved within a narrow range after trading at US69.15c early yesterday evening.

Locally today, March quarter private sector new **capital spending** figures are due from the Australian Bureau of Statistics **11.30am** AEST.

April **building approvals** will also be released then.

Several domestic high-profile stocks trade ex-dividend today, including **CSR**, **ORI**, **PMV**, **RHL** and **TNE**. Please see p3 for details.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25126	-221	<b>-0.9</b>
<b>S&amp;P 500</b>	2783	-19	<b>-0.7</b>
<b>NASDAQ</b>	7547	-60	<b>-0.8</b>
<b>FTSE 100</b>	7185	-84	<b>-1.2</b>
<b>DAX 30</b>	11838	-189	<b>-1.6</b>
<b>Shanghai Comp</b>	2915	5	<b>0.2</b>

## Overseas Markets Commentary

Major European and US equities markets fell on opening overnight, amid further economic growth warnings. Key US indices notably ultimately lost little further ground from opening levels, however.

The **European Central Bank's** (ECB) six-monthly financial stability review report included a list of risks to economic progress, these including the UK withdrawing from the European Union (EU) without any definitive agreement in place, regional real estate 'bubbles' and governments holding high levels of debt.

Specifically, the ECB said euro zone GDP growth was at risk from financial market shock which would likely be associated with a UK-EU separation.

Across the Atlantic, Morgan Stanley warned US economic growth was at risk, with the outlook 'deteriorating'.

Second last trading day of the month

## Today's Stock Watch

### Mirvac Group (MGR)

Resuming from a trading halt have raised \$A750 in an institutional placement at \$2.97 per stapled security.

A \$75M-capped SPP, at \$2.90 per stapled security, is planned to commence early June.

MGR last traded at \$3.10.

### Bendigo & Adelaide Bank (BEN)

BEN has appointed former Ericsson CEO for the UK and Australia Jaqueline Hey as chair, effective following the 29 October AGM.

### SRG Global (SRG)

\$30M, four-year refractory services contract secured with OneSteel's Whyalla, South Australia operations.

Options to extend the contract by two years could deliver \$45M revenue.

### Apollo Tourism & Leisure (ATL)

Revising expected FY 2019 NPAT to \$14M - \$15.5M, from a 2 May prediction of \$17.5M - \$19.5M.

ATL says \$11.8M Australian goodwill carrying value is under review.

The revised forecast excludes any potential goodwill impairment, and assumes trading conditions will remain sub-optimal through to 30 June.

ATL is also reviewing cost structures and RV sales business models. ATL declined 6.87% yesterday, settling at 61c.

### Invigor Group (IVO)

MoU secured with IVO's WeChat Pay partner Winning Group, for Winning to subscribe for up to \$A2.4M worth of IVO shares, in two tranches, at respectively 0.4c and 0.5c each.

IVO has traded at 0.3c - 0.6c the past five trading sessions, appreciating 100% yesterday.

### Mesoblast Ltd (MSB)

Remestemcel-L biologics licence application process underway.

### Patrys Ltd (PAB)

A PAT-DX1 pre-clinical study has delivered additional results indicating the PAB proposed triple-negative breast cancer metastases treatment can suppress tumour growth.

PAB appreciated 8% yesterday, settling at 2.7c.

## Resources

### Coppermoly Ltd (COY)

\$6M placement agreement secured with Shanghai Fuyuan Investment Co, at 1.5c per share. COY last traded 21 May, at 0.8c.



Meanwhile, US bond prices continued higher, pushing yields to ~1.8-year lows.

Geopolitical issues also bubbled, the US administration again repeating views Iran was responsible for attacks on oil tankers earlier in May, and that the only reason Iran would reduce its commitment to an international nuclear agreement was 'to seek atomic weapons'.

The US national security advisor spoke of 'important and timely' regional security matters as he visited the United Arab Emirates.

Reactions to a Monday US media report quoting a Chinese official as confirming rare earths US supply restrictions were under consideration also continued to cut into risk sentiment, with a new report emerging out of China yesterday. Rare earths supply is crucial in particular to the tech hardware sector.

In the meantime, Huawei had lodged an 'unconstitutional' legal claim against the US government in a US district court.

Overnight data releases included the **US** Richmond Fed manufacturing index, which jumped 67% to five.

National weekly mortgage applications dropped 3.3% ahead of the summer holiday season and despite steady 30-year mortgage rates (4.33%).

The (US) Federal Deposit Insurance Corporation (FDIC) reported an 8.7% year-on-year rise in US bank profits during the March quarter, to \$US60.7B. The FDIC attributed most of the gain to net interest income boosts.

Earlier in **Germany**, the May unemployment rate was calculated at 5.0% from 4.9%.

**Tonight** in the **US**, the first revision of the March quarter GDP reading, April goods trade, wholesale inventories and pending home sales, plus weekly new unemployment claims are due.

Companies scheduled to report earnings include: Aveva, Costco Wholesale, Dell, Dollar General, Dollar Tree, Gap, Gazprom and Johnson Matthey.

Marks & Spencer is among stocks trading ex-dividend on the FTSE 100 amid speculation it may not be retained on this index at the next rebalance.

In overnight corporate news, **Abercrombie & Fitch** suffered a greater than 25% slide after undershooting expected quarterly sales and reporting a \$US19M net loss, albeit against a \$US42.5M loss a year earlier.

**Dick's Sporting Goods** lifted full-year guidance, but was pushed more than 5% lower.

In the UK, major **supermarket chains** fell after an industry report confirmed further shrapnel from the discounters.

Palo Alto Networks has reported post-US trade.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1281</b>	oz	3.9	<b>0.3</b>
<b>Silver (NY) (Jul)</b>	14.411	oz	0.091	<b>0.6</b>
<b>Gold (LON) (28 May)</b>	1282	oz	3	<b>0.3</b>
<b>Platinum</b>	790	oz	-6	<b>-0.8</b>
<b>WTI Crude (Jul)</b>	<b>58.81</b>	bbl	-0.33	<b>-0.6</b>
<b>Brent Crude (Jul)</b>	<b>69.45</b>	bbl	-0.66	<b>-0.9</b>
<b>Iron Ore (CHN port 62%)</b>	<b>108.62</b>	t		

## Pre-Open Announcements

### Emerge Gaming (\*\* EM1)

MoU secured with Digital Circus Media (DCM), for DCM to launch EM1 products throughout North America.

### Audinate Group (AD8)

AD8 has appointed Aidan Williams as CEO, effective 13 September.

### Shine Corporate (SHJ)

A confidential settlement has been agreed following shareholder class action, but it remains subject to court approval.

SHJ has admitted no liability and says the group's share of settlement and costs will not impact earnings.

## Resources

### Champion Iron (\* CIA)

Funding secured via a \$C185M preferred share offer and a fully-underwritten \$US200M credit facility.

CIA is planning to acquire 100% of Bloom Lake.

A webcast teleconference was scheduled for 9am Wednesday ET (North America).

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>AFT</b>	AGM
	<b>CGC</b>	AGM
	<b>FAR</b>	AGM
	<b>TGA</b>	Full year
<b>Tomorrow</b>	MSB	Q3
	SHV	Interim
	YAL	AGM

## Trading Halts

Company	Code	Resuming
Caeneus Minerals	CAD	30 May
Carnavale Resources	CAV	30 May
Orthocell Ltd	OCC	30 May
Strike Energy	STX	30 May
Australian Dairy Nutritionals Group	AHF	31 May
Ava Risk Group	AVA	31 May
First Graphene	FGR	31 May
Warrego Energy	WGO	31 May



<b>Copper</b> (LME,3mth,PM)	<b>5892</b>	t	-75	<b>-1.3</b>
<b>Nickel</b>	12045	t	-85	<b>-0.7</b>
<b>Aluminium</b>	1797	t	-8	<b>-0.4</b>
<b>Lead</b>	1825	t	11	<b>0.6</b>
<b>Zinc</b>	2546	t	-16	<b>-0.6</b>
<b>Tin</b>	18770	t	-370	<b>-1.9</b>
<b>CBT Wheat (Jul)</b>	<b>4.95</b>	bshl	-0.10	<b>-2.0</b>

### Commodities Commentary

**Oil** – choppy trade was reported overnight, amid an increased public US focus on Middle East relations, and speculation regarding the outcomes and the actual ultimate timing of key OPEC meetings initially scheduled for June, amid further talk of current reduced supply.

Brent crude traded as low as \$US68.08/bbl and WTI at \$US56.88/bbl.

Midwest US flooding has caused some disruptions to pipeline deliveries, but a Cushing-Illinois line was reported to be reopening tonight.

Meanwhile, China's oil imports from Iran were reported 21% higher immediately before the six-month sanctions exemption period ended early this month.

Overall crude exports from Iran during May were reported at a daily 400,000bbl, 50% fewer barrels each day than during April.

The US in the meantime had warned Hong Kong this week that if it services a tanker carrying oil from Iran it could attract sanctions.

The weekly US petroleum inventories report from the EIA is due tonight. Overnight, an industry publication included an estimate of a greater than 5MMbbl weekly drawdown on crude stocks.

**Gold** – safe-haven and defensive investment interest extended to gold overnight, amid economic growth warnings for both the US and euro zone.

Tonight's second March quarter US GDP estimate is likely to swing currency, and hence possibly gold, sentiment.

A **European Central Bank** (ECB) financial stability report, published overnight, warned of multiple risks to regional economic growth.

**Base metals** – a report out of China's communist party newspaper yesterday strengthened views a near-term US-China trade agreement was unlikely.

Among industry revelations, Arcelor Mittal announced it would reduce *steel* output at two facilities in western Europe, one in France and one in Germany, due to soft demand and imports into the region. In addition, the group said it planned to increase the scheduled shut down time for a furnace in Spain.

In China, a leakage caused a temporary shutdown at a Baiyin Nonferrous Group *zinc* smelter that can produce up to 85,000tpa. Reports also emerged China *scrap metal* import licences and quotas could be determined earlier than usual, perhaps by 30 June.

Official PMIs are expected out of China Friday, and a revised GDP reading in the US tonight, each likely to flavour international economic growth prospect views.

### Suspensions *(select)*

Company	Code	Since
Alto Metals	AME	16 May
Animoca Brands Corporation	AB1	14 May
Axiom Mining	AVQ	29 May
Blue Sky Alternative Investments	BLA	20 May
Bojun Agriculture Holdings	BAH	27 May
Carbine Resources	CRB	23 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 (%)
<b>CSR</b>	Today	<b>13</b>	50	6.56
<b>GCI</b>	Today	<b>0.88</b>	0	4.11
<b>ORI</b>	Today	<b>22</b>	0	2.47
<b>PMV</b>	Today	<b>33</b>	100	1.87
<b>QRI</b>	Today	<b>0.65</b>	0	1.00
<b>RHL</b>	Today	<b>10</b>	100	3.41
<b>TNE</b>	Today	<b>3.15</b>	75	1.20
MXT	Tomorrow	0.87	0	5.65
ALQ	Mon	11.5	35	2.80
NAC	Mon	1.35	100	6.05
NBI	Mon	0.88	0	2.99
NSC	Mon	1	100	9.24
IPL	Tue	1.3	0	1.85
JHX	Wed	30.06	0	2.31
GTK	Thu (6 Jun)	4.72	8.5	2.57
KMD	Thu	3.29	0	6.23
OFX	Thu	3.28	100	3.54

**Exchange Rates**

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.6920	0.0003	0.05
<b>EUR – USD</b>	1.1137	0.0006	0.05

**Australian Data Today**

ABS	Private new capital expenditure	Apr
ABS	Building approvals	Apr

**US Data Tonight**

GDP (2 <sup>nd</sup> estimate of three)	Mar Q
Trade balance (goods)	Apr
Pending home sales	Apr
Wholesale inventories	Apr
Initial jobless claims	25 May

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