

Thursday 10 May 2018

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>6110</b>	<b>21</b>	<b>0.3</b>
<b>NZX 50</b>	8639	19	0.2
<b>DJIA Futures</b>	24479	-23	-0.1
<b>S&amp;P 500 Futures</b>	2693	-3	-0.1
<b>NASDAQ Futures</b>	6891	-5	-0.1

## Local Markets Commentary

The Australian market opens today's trade following positive overnight international equities leads, ahead of respective China and US CPI readings today and tonight, and amid a swag of domestic corporate updates.

In overnight commodities trade, **oil** continued to rally.

US **gold** futures again settled barely changed.

**Iron ore** (China port, 62% Fe) pulled back for a second consecutive session.

LME **copper** swung higher.

The **\$A** appreciated to ~US74.60c after trading below US74.40c early yesterday evening.

Regionally today, **China** is expected to release April **CPI** and producer prices **11.30am** AEST.

Locally, the Melbourne Institute's monthly inflation expectations report is due.

Later today, the Western Australian government reveals the details of its annual budget.

This morning, the Reserve Bank of **New Zealand** has retained its key lending rate at 1.75%.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	24543	182	<b>0.8</b>
<b>S&amp;P 500</b>	2698	26	<b>1.0</b>
<b>NASDAQ</b>	7340	73	<b>1.0</b>
<b>FTSE 100</b>	7663	97	<b>1.3</b>
<b>DAX 30</b>	12943	31	<b>0.2</b>
<b>Shanghai Comp</b>	3159	-2	<b>-0.1</b>

## Overseas Markets Commentary

The energy, finance and technology sectors helped US equities markets trend decisively higher overnight following uncertain early trade.

The FTSE 100 reached four-month peaks, but Germany's DAX chopped and swung throughout, the euro trading at new calendar year lows.

In **US** releases, April producer prices were reported 0.1% higher for the month and 2.6% year-on-year, following 0.3% and 3.0% respective gains in March.

March wholesale inventories rose 0.3% for the month, following a 1.0% jump in February.

**Tonight** in the US, April CPI, the April national budget statement and weekly initial jobless claims are due.

Elsewhere, the Bank of England holds a policy meeting after which governor Mark Carney will speak.

Bridgestone, BT, ITV, INPEX, Kirin Holdings,

## China - CPI 11.30am AEST

## Today's Stock Watch

### Janus Henderson Group (JHG)

\$US371.9B AUM as at 31 March. \$US165.2M net income, against \$42.6M a year earlier, and \$US471.7M for the December quarter 2017. The quarterly difference was largely attributed to one-off acquisition and transaction costs. US36c March quarter dividend, up 13%. Additional details and presentation lodged post-trade yesterday.

### Pendal Group (PDL) (formerly BTT)

The former BT Investment Management (BTT) has grown interim NPAT 45.3% to \$114.76M. 29.5% higher, \$114.53M cash profit. Total income is 25% higher, at \$307.93M. 22c, 15%-franked interim dividend. \$1.041 NTA. 41.2c EPS.

### AMP Ltd (AMP)

Today's AGM update includes a 2% fall in Australian wealth management assets during the March quarter to \$A128.3M. The AMP bank loan book grew 2% to \$A19.8B.

In addition, AMP says it will 'vigorously defend' class actions initiated in the NSW Supreme Court and Victorian Federal Court of Australia.

### Xero Ltd (XRO)

\$27.84M full year net loss, following a \$69.1M loss a year ago. 38% higher, \$NZ406.58M revenue. FY 2018 EBITDA has turned positive. NZ57c NTA.

### Downer EDI (DOW)

Today's investor day presentation lodged pre-trade.

## Resources

### Iluka Resources (ILU)

Harbour Fund II will support a shareholder class action filed against ILU in the Federal Court of Australia.

ILU denies liability and will defend its position.

## Energy

### Caltex Australia (CTX)

Today's AGM speeches and presentation lodged pre-trade.



## VONEX LIMITED (ASX:VN8)

**State One is Lead Manager for the IPO of Vonex Limited - an innovative Australian telecom company currently generating revenue of +\$A8M.**

Please find below a link to the IPO information pack:  
<https://www.stateone.com.au/Vonex-IPO.html>

**Application can be made online or by completing the Application Form which can be found at the back of the Prospectus. CLOSING DATE FOR APPLICATIONS: 4 JUNE 2018.**

*Vonex, founded in 2009, is a Perth-based telecom company specialising in innovative Voice over Internet Protocol (VoIP) solutions and feature-rich Private Branch Exchange (PBX) technology.*

*A "once-in-a-lifetime" opportunity: we believe that the rollout of the National Broadband Network (NBN) will require millions of customers having to disconnect from*

Morrison's, News Corporation, Nvidia, Suzuki Motor, Symantec and Yamaha Motor are among companies scheduled to report earnings or provide updates today and tonight.

BP, GlaxoSmithKline and Shell trade ex-dividend on the FTSE 100.

In overnight corporate news, **Toyota Motor** cited US-Japan trade issues and yen strength when predicting a 15% fall in the new financial year. The stock rose 4% however, supported by a planned \$US2.7B buy-back.

China's **ZTE** announced usual business operations were at a standstill due to the drying up of component supply from the US following new US trade rules.

**Walmart** revealed a \$US16B (77%) holding in India's e-commerce major **Flipkart** and subsequently fell 3%.

**TripAdvisor** appreciated ~23% on better-than anticipated earnings and improved annual guidance.

**Alphabet** and **Facebook** received support however, rising ~3% and ~2% respectively.

Earlier, **Vodafone** confirmed it had finalised a €19B acquisition of European cable networks held by **Liberty Global**.

In energy sector trade, **BP** (up ~4%) and **Shell** (~3.5% higher) largely contributed to the FTSE 100's strong gain.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1313</b>	oz	-0.7	-0.0
<b>Silver (NY) (May)</b>	16.5	oz	0.04	0.3
<b>Gold (LON)</b>	1307	oz	-3	-0.2
<b>Platinum</b>	913	oz	1	0.1
<b>WTI Crude (May)</b>	<b>71.1</b>	bbbl	2.08	3.0
<b>Brent Crude (Jul)</b>	<b>77.2</b>	bbbl	2.36	3.2
<b>Iron Ore</b> (CHN port 62%)	<b>66.5</b>	t	-0.3	-0.5
<b>Copper</b> (LME, 3m, pm)	<b>6810</b>	t	65	1.0
<b>Nickel</b>	13925	t	40	0.3
<b>Aluminium</b>	2366	t	9	0.4
<b>Lead</b>	2292	t	4	0.2
<b>Zinc</b>	3076	t	16	0.5
<b>Tin</b>	21110	t	185	0.9
<b>CBT Wheat (Jul)</b>	<b>5.11</b>	bshl	-0.04	-0.8

### Commodities Commentary

**Oil** – overnight prices reached 3.5-year peaks on expectations of tighter oil supply given the US pledge to reinstate sanctions against Iran.

Kuwait and Saudi Arabia vowed to support customers, particularly Iran's key Asian sales market, but Iraq spoke only of a 'possible' supply shortfall.

Some buyers have switched from historical suppliers over the past year, due to cheaper oil from the US, which has been boosting production.

Meanwhile, a US company is claiming \$US25M compensation in legal action against Venezuela's PDVSA, initiated following a payment-related breach. Venezuela's oil exports reportedly tallied 29% fewer barrels for the March quarter, than a year earlier.

Goldman Sachs in the meantime, ventured Brent crude could trade at \$US82.50 within ~six weeks.

EIA's (US government agency) weekly petroleum

*Telstra's copper/landline network and reconnect to the new (government-owned) fibre-optic network; this will act as a catalyst to spread market share more evenly and provide opportunities for nimble technology-driven telco players like Vonex.*

*Vonex has also developed an innovative telecommunications/social media application – Oper8tor. Management is targeting a soft-launch of the App in Europe in 2018/2019.*

**For further information, call your State One adviser at 08 9288 3388 or 1300 651 898 or Email: [vonex@stateone.com.au](mailto:vonex@stateone.com.au)**

### Pre-Open Announcements

#### Nufarm Ltd (NUF)

Today's investor day presentations lodged pre-trade.

#### Genworth Mortgage Insurance Australia (\* GMA)

CEO and chairman speeches for today's AGM lodged pre-trade.

#### Telstra Corporation (TLS)

TLS has appointed Texas-based, former US telecommunications executive Roy H Chestnutt as a non-executive director, effective tomorrow.

#### GI Dynamics (\* GID)

A meta-analysis report, including 17 published studies and highlighting GID's EndoBarrier weight loss product, has been published in the American Diabetes Association journal *Diabetes Care*.

#### Stockland (\* SGP)

Today's investor day presentation lodged pre-trade. A live webcast commenced 8am AEST.

#### NRW Holdings (NWH)

\$420M contract finalised for Baralaba North coal mine planning, plus mining and processing services, to be provided by NWH. The work is expected to conclude June 2021.

#### SkyCity Entertainment Group (SKC)

Selling an Auckland, New Zealand property for \$NZ40M. Settlement is anticipated late-April 2019.

### Resources

#### Hazer Group (\* HZR)

Heralding capacity and stability results from test work using HZR's lithium for use in lithium-ion batteries.

#### Mincor Resources (\* MCR)

WA goldfields Widgiemooltha gold project update lodged this morning. MCR anticipates delivering first ore in July.

### Reports & Events

(selected)

When	Company	Report/Event
<b>Today</b>	<b>AMP</b>	AGM; AUM
	<b>CTX</b>	AGM
	<b>DOW</b>	Investor day
	<b>GMA</b>	AGM
	<b>NUF</b>	Investor day
	<b>PDL (BTT)</b>	Interim
	<b>SEH</b>	AGM
	<b>SGP</b>	Investor day



inventories report, published overnight, estimated a 2.2MMbbl fall in crude stocks.

**Gold** – US equities in favour meant gold interest was again contained overnight, despite no new gains for the \$US index.

Tonight's US CPI update could be influential, amid calls rising oil prices could push June quarter inflation beyond targets.

**Base metals** – overnight prices in part supported by a relatively stable \$US.

In addition, the approaching northern summer typically boosts *copper* demand, and LME warehouse stocks were reported overnight at an ~four-month low.

Meanwhile, Chile reported an 18.9% year-on-year rise in March quarter copper production.

**China's** April CPI and producer prices, expected today, could influence some trade tonight.

Yesterday, **Japan** reported 0.8% year-on-year wages growth for March.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7459	-0.0001	<b>-0.01</b>
<b>EUR – USD</b>	1.1854	0.0002	<b>0.02</b>

### Australian Data Today

MInst	Inflation expectations	May
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### US Data Tonight

CPI	Apr
Budget statement	Apr
Initial jobless claims	5 May

### Other Overseas Data Today & Tonight

<b>China</b>	CPI	May
China	PPI	May
<b>Japan</b>	BoJ summary of opinions	Apr
Japan	Bank lending	Apr
Japan	Eco watchers survey	Apr
<b>UK</b>	BoE policy statement	May
UK	BoE inflation report	May
UK	NIESR GDP estimate	Apr
UK	Trade balance	Mar
UK	Industrial production	Mar
<b>Euro zone</b>	Economic bulletin	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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	XRO	Full year
<b>Tomorrow</b>	NWS (Thurs in US)	Q3
	REA	Q3
<b>Mon</b>	ELD	Interim
<b>Tue</b> (15 May)	GXY	AGM
	MQA	AGM

### Trading Halts

Company	Code	Resuming
Admedus Ltd	AHZ	10 May
Biotron Ltd	BIT	10 May
Fatfish Internet Group	FFG	10 May
IOT Group	IOT	10 May
Minbos Resources	MNB	10 May
Omni Market Tide	OMT	10 May
Artemis Resources	ARV	11 May
Montezuma Mining	MZM	11 May

### Suspensions (select)

Company	Code	Since
Astro Resources	ARO	17 Apr
Emergent Resources	EMG	4 May
Enhanced Oil & Gas Recovery	EOR	2 May
Jack-In Group	JIP	27 Apr
PolarX Ltd	PXX	2 May
Queensland Bauxite	QBL	4 May
Rision Ltd	RNL	17 Apr
Samson Oil & Gas	SSN	16 Apr
Wangle Technologies	WGL	13 Apr
World.Net Services	WNS	9 May

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
TWD	Tomorrow	11	100	6.38
ANZ	Mon	80	100	5.73
MQG	Mon	320	45	4.65
NAB	Tue	99	100	6.89
UOS	Tue	2.5	0	4.32
ASG	16 May	4.2	100	4.71
PL8	16 May	0.5	100	4.06
REX	16 May	4	100	9.46
WBC	17 May	94	100	6.32
ZEL	17 May	20.46	0	4.24



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