

Tuesday 15 May 2018

Markets

SFE 200 Futures (9.30am AEDST)	6122	0	0.0
NZX 50	8760	47	0.5
DJIA Futures	24882	-4	0.0
S&P 500 Futures	2730	-1	0.0
NASDAQ Futures	6972	-2	0.0

Local Markets Commentary

The Australian market opens today's trade on benign overnight international equities leads, ahead of key domestic and regional reports.

Overnight commodities trade again proved decidedly mixed.

Brent crude rallied while WTI settled moderately higher.

US **gold** futures continued lower.

A three-day rally for **iron ore** (China port, 62% Fe) picked up in pace.

LME **copper** swung lower and **aluminium** higher.

Nickel surged, extending Friday's strong gain.

The **\$A** slipped to ~US75.30c after trading at ~US75.50c early yesterday evening.

Locally today, the **Reserve Bank of Australia (RBA)** releases the minutes of its 1 May policy meeting **11.30am** AEST.

This morning in Sydney, RBA deputy governor Guy Debelle has addressed possible static wage growth in a presentation on *The Outlook for the Australian Economy* at a CFO forum.

Dr Debelle will also speak on *Interest Rate Benchmark Reform* via video link at an International Swaps & Derivatives Association forum, Hong Kong, **11.40am** AEST.

In addition today, a weekly consumer sentiment reading is due pre-trade, and April overall lending figures, as calculated by the Australian Bureau of Statistics (ABS).

Regionally, **China's** April industrial production, fixed asset investment and retail sales figures are anticipated **midday** AEST.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24899	68	0.3
S&P 500	2730	2	0.1
NASDAQ	7411	8	0.1
FTSE 100	7711	-14	-0.2
DAX 30	12978	-24	-0.2
Shanghai Comp	3174	11	0.3

Overseas Markets Commentary

Choppy trade continued across major European and US equities markets overnight, in the absence of major data releases, ahead of the resumption of US-China trade talks tonight in the US, and some influential data releases for China, the US, euro zone and the UK.

Tonight in the US, April retail sales, March business

China – industrial production, fixed asset investment, retail sales **midday** AEST

Today's Stock Watch

Ruralco Holdings (RHL)

29.2% higher, \$16.05M interim NPAT. 7.0% higher, \$99.86M revenue. 9c fully franked interim dividend. 69c NTA. Varied divisional outlooks.

Automotive Holdings Group (AHG)

Lowering expected full year operating NPAT to ~\$75M. AHG is citing several factors, including 'challenging' retail automotive sector margins and regulatory change.

Austal Ltd (ASB)

Confirming a planned \$US30M capacity expansion will be focused on existing facilities in Western Australia and the Philippines. Details lodged this morning.

Today's announcement complements information regarding ASB activity lodged post-trade Friday.

Living Cell Technologies (LCT)

No safety issues determined in initial data from a one-year follow-up of patients who participated in a Phase IIb study of LCT's Parkinson's disease treatment NTCELL.

Macquarie Atlas Roads (MQA)

Presentation and chairman's opening address lodged for today's AGM.

National Australia Bank (NAB)

Trading ex-dividend (99c) today.

Resources

BlueScope Steel (BSL)

Raising expected EBIT for the half year to 30 June by \$74M to \$680M. Planning to release results 13 August.

Galaxy Resources (GXY)

Promoting updated feasibility statistics, including \$US474M capex and 26.9% post-tax IRR (first three years), for the Sal de Vida lithium project, Argentina. GXY is hosting its AGM today.

Energy

WorleyParsons Ltd (WOR)

North Sea project and technical support two-year contract extension in hand with Maersk Oil UK. The new agreement also provides for up to three potential one-year extensions.



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

inventories, a New York area business conditions index and home builders' monthly survey report are due.

Elsewhere, **Germany** issues its first March quarter GDP growth estimate and the **euro zone** its second, among other key reports.

The **UK** releases wages growth and unemployment statistics.

Companies scheduled to report earnings later today or tonight include Allianz, CAR Inc, CYBG (interim), easyJet (interim), Home Depot, Mitsubishi UFJ Financial (full year), Noble Group, Premier Foods (full year), Toshiba (full year) and Vodafone (full year).

In overnight corporate news, **Qualcomm's** potential \$44B acquisition of **NXP Semiconductors** helped push NXP 12% higher.

Xerox confirmed the planned \$US6B merger with **Fujifilm** was off as of late-Sunday, in association with board renewal involving activist investor Carl Icahn. Together with an analyst rating downgrade, the new uncertainty pushed Xerox as much as 7% lower.

Commodities

COMMODITY	CLOSE	\$/US/	+/-	%
Gold (NY) (Jun)	1313	oz	-5	-0.4
Silver (NY) (May)	16.5	oz	-0.2	-1.3
Gold (LON)	1324	oz	6	0.4
Platinum	909	oz	-13	-1.4
WTI Crude (May)	71.0	bbl	0.3	0.4
Brent Crude (Jul)	78.2	bbl	1.1	1.4
Iron Ore (CHN port 62%)	68.9	t	1.5	2.3
Copper (LME, 3m, pm)	6885	t	-57	-0.8
Nickel	14500	t	445	3.2
Aluminium	2319	t	31	1.4
Lead	2385	t	40	1.7
Zinc	3055	t	-29	-0.9
Tin	20950	t	-25	-0.1
CBT Wheat (Jul)	4.91	bshl	-0.08	-1.5

Commodities Commentary

Oil – OPEC's monthly report, published overnight, included a 25,000bbl/d rise in 2018 international demand to 1.65MMbbl/d.

OPEC also noted a 'build-up of potentially disruptive concerns' in relation to 'uncertainties' surrounding economic growth 'after a period of considerable growth'.

Reporting varying statistics, OPEC nonetheless concluded that during April, 'The oil market was underpinned by renewed geopolitical issues, tightening product inventories and robust global demand'.

US government agency the EIA also released a report overnight, forecasting June domestic production to grow by a daily 144,000bbl to 7.178MMbbl/d.

In the meantime, interest in Shanghai crude futures, in which trading commenced in March, has reportedly been broadening.

Gold – prices headed lower early despite some relative \$US softness, but the \$US was pushed to session highs in late precious metals trade, ensuring another lower settlement for Comex futures.

US-China trade talks, and influential economic indicators out of China this week, from today, are

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 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

Pre-Open Announcements

HT&E Ltd (* HT1)

Anne Templeman-Jones has resigned as an HT1 director, effective immediately. Ms Templeman-Jones had been an HT1 board member for almost five years.

Swift Networks (* SW1) / Telstra Corporation (TLS) / St Barbara (SBM)

SBM will utilise SW1's digital entertainment and connectivity services, for three years, within the Leonora project mining camp. The deal has been secured in conjunction with SW1's TLS partnership, under which SW1 and TLS will jointly install and upgrade network infrastructure.

Aurora Labs (A3D)

Distribution agreement secured with Weartech, covering 14 nations across southern Africa.

SRG Ltd (SRG)

The former Structural Systems lodged a newsletter post-trade yesterday after resuming the company's climb past \$2.00 per share.

Star Combo Pharma (* S66)

Dietary supplements manufacturer scheduled to list on the ASX 11am AEST tomorrow following a \$5.8M IPO at 47.5c per share. ~75.5M shares.

Evans Dixon (ED1)

Financial services firm completed a successful ASX listing yesterday following a \$169.46M IPO at \$2.50 per share.

Opened at \$2.80, its highest price of the day and settled at its lowest, \$2.71. 49,158 shares changed hands across 17 transactions.

214.1M shares.

Resources

Newcrest Mining (* NCM)

Conference presentation lodged this morning. NCM is presenting tonight at the Global Mining Metal & Steel conference in Miami, US.

Presentation webcast access details lodged this morning.

First Graphene (* FGR)

Kahatagaha Graphite Lanka has ordered an additional 260t of graphite from FGR's Sri Lankan project.

Orminex Ltd (* ONX)

WA goldfields Comet Vale gold project mining underway.



likely to influence currencies trade and hence also precious metals.

Base metals – pushed and pulled overnight by currency ratios, higher LME *copper* stockpiles (+3.8%), reports China's *lead* production could yet fall significantly, Russian sanctions commentary (*aluminium* and *nickel* output in focus) and varying reports of the extent of demand from the electric vehicle industry.

China's April industrial production, fixed asset investment and retail sales, due today, are expected to influence tonight's trade.

Construction activity in particular, will be keenly assessed.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7526	0.0001	0.01
EUR – USD	1.1932	0.0005	0.04

Australian Data Today

ANZ/RMgn	Consumer sentiment	13 May
RBA	Policy meeting minutes	1 May
ABS	Lending finance	Mar

US Data Tonight

Retail sales	Apr
NAHB survey	May
New York Fed (Empire State) manufacturing	May
Business inventories	Mar

Other Overseas Data Today & Tonight

China	Industrial production	Apr
China	Fixed asset investment	Apr
China	Retail sales	Apr
Japan	Tertiary industry index	Mar
UK	Average weekly earnings	MarQ
UK	ILO unemployment	MarQ
UK	Unemployment claims	Apr
Germany	GDP (prelim)	MarQ
Germany	ZEW economic conditions	May
Euro zone	GDP (final)	MarQ
Euro zone	Industrial production	Mar
Euro zone	ZEW economic sentiment	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.

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Reports & Events

(selected)

When	Company	Report/Event
Today	GXY	AGM
	MQA	AGM
	RHL	Interim
Tomorrow	BLD	Investor day
	CCL	AGM
	CYB (Tuesday UK)	Interim
	MYR	Q3 sales
	SIG	AGM
Thu	ABC	AGM
	OML	AGM
	SYR	AGM
Fri	APX	AGM
	IVC	AGM
	SYD	Apr
22 May	JHX	Q4
	OFX	Full year
	TNE	Interim
23 May	AIA	Apr
	AAC	Full year
	BKL	Meet-mangmnt
	BLY	AGM
	RKN	AGM

Trading Halts

Company	Code	Resuming
Alchemy Resources	ALY	16 May
Antara Lifesciences	ANR	16 May
Auris Minerals	AUR	16 May
Creso Pharma	CPH	16 May
DTI Group	DTI	16 May
Fe Ltd	FEL	16 May
NBL Ltd	NBL	16 May
P2P Transport	P2P	16 May
Patrys Ltd	PAB	16 May
Sandfire Resources	SFR	16 May
Simple Solutions	SIS	16 May
Symbol Mining	SL1	16 May

Suspensions (select)

Company	Code	Since
Antilles Oil & Gas	AVD	10 May
Bard1 Life Sciences	BD1	14 May
BPH Energy	BPH	10 May
Emergent Resources	EMG	4 May
Enhanced Oil & Gas Recovery	EOR	2 May
MEC Resources	MMR	10 May
Mobecom Ltd	MBM	14 May
Omni Market Tide	OMT	10 May
Queensland Bauxite	QBL	4 May



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TikForce Ltd	TKF	14 May
World.Net Services	WNS	9 May

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
LHC	Today	18	100	4.08
NAB	Today	99	100	6.95
TOX	Today	58	100	2.92
UOS	Today	2.5	0	4.35
ASG	Tomorrow	4.2	100	4.90
CD1	Tomorrow	11	00	0.00
PL8	Tomorrow	0.5	100	4.02
REX	Tomorrow	4	100	9.43
WBC	Thu	94	100	6.26
ZEL	Thu	20.46	0	4.34
JHG	Fri	36	0	3.75
AYK	21 May	26	100	5.66
AYZ	21 May	33	100	3.45
IPL	22 May	4.5	0	2.69