

Markets

SFE 200 Futures (9.30am AEDST)	6093	-7	-0.1
NZX 50	8547	-162	-1.9
DJIA Futures	24627	-33	-0.1
S&P 500 Futures	2706	-3	-0.1
NASDAQ Futures	6879	-12	-0.2

Local Markets Commentary

The Australian market commences midweek trade ahead of further key regional economic indicators and following overnight falls across US equities markets.

In largely negative overnight commodities trade, **oil** settled higher.

US **gold** futures were pushed decisively lower.

Iron ore (China port, 62% Fe) turned and dropped.

LME **copper** continued to fall. **Nickel** turned lower.

The **\$A** dropped below US74.80c after falling to ~US75.10c early yesterday evening.

Also overnight, North Korea suspended talks scheduled for today with South Korea, citing regional US-South Korea military exercises. A proposed meeting between the leaders of North Korea and the US are also seen at risk.

Regionally today, **Japan** releases a March quarter GDP estimate **9.50am** AEST.

China's April property prices are expected **11.30am**, and foreign direct investment **1pm**.

Locally today, the Australia Bureau of Statistics (ABS) publishes its March quarter **wage price index 11.30am** AEST.

In addition, the Reserve Bank of Australia (RBA) releases a research discussion paper entitled *The Effect of Minimum Wage Increases on Wages, Hours Worked and Job Loss*.

Westpac and the Melbourne Institute also release their monthly **consumer confidence** report, this one likely to reflect reactions to the national budget.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24706	-193	-0.8
S&P 500	2711	-19	-0.7
NASDAQ	7352	-60	-0.8
FTSE 100	7723	12	0.2
DAX 30	12970	-8	-0.1
Shanghai Comp	3192	18	0.6

Overseas Markets Commentary

US equities markets fell on opening overnight and never looked like recovering.

The \$US rallied and 10-year sovereign bond yields rose to seven-year peaks, above 3.0%, and not just briefly, seemingly refuelling inflation jitters.

Further, commentary out of China-US trade talks in Washington indicated no quick fix.

Earlier yesterday, China had reported a slowdown in fixed asset investment and retail sales, but a pickup

Japan – March quarter GDP **9.50am** AEST

Australia – wage price index **11.30am** AEST

* Dietary supplements listing **11am** AEST – **S66** *

Today's Stock Watch

CYBG Plc (CYB)

£76M interim net loss following a £30M net profit a year ago. 11.3% CET1 against 12.5%.

CYB says the UK operating environment remains challenging. CYB hosted a webcast teleconference yesterday evening.

In the meantime, Credit Suisse has re-rated CYB as neutral, from outperform.

Myer Holdings (MYR)

FY 2018-to-date total sales are down 3.4%, at \$2.355B. Online sales have grown ~49% to \$141.1M.

Total sales for the 13 weeks to 28 April fell 2.7% to \$635.3M. Comparable store sales fell 3.1%.

CEO and MD appointee John King will commence 4 June.

Computershare Ltd (CPU)

Proposing to pay €354.5M for Zurich-headquartered employee share plan administration business Equatex Group. A teleconference was scheduled to commence 9.30am AEST.

The a2 Milk Company (A2M)

Expecting \$NZ900M - \$NZ920M full year revenue.

70% higher \$NZ660M revenue achieved for the nine months to 31 March.

A2M is conducting an investor roadshow in Singapore and Hong Kong, commencing today.

Coca-Cola Amatil (CCL)

Today's AGM presentation plus chairman and MD addresses lodged.

CCL director and recent AMP (ASX: AMP) chair Catherine Brenner is retiring from the CLL board at the 2019 AGM.

Downer EDI (DOW) / Spotless Group (SPO)

\$A400M syndicated debt facility secured for DOW and a \$A900M one for SPO. Details lodged this morning. DOW holds 87.8% of SPO.

Boral Ltd (BLD)

Today's investor day presentation lodged pre-trade.

Link Administration Holdings (LNK)

Credit Suisse has re-rated LNK as outperform, from neutral.



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.

in industrial production.

Across the Atlantic, US considerations appeared less in focus, major European indices chopping and swinging amid a batch of influential and mixed data releases.

In the **euro zone**, a 0.4% final March quarter GDP growth reading disappointed, albeit in line with the initial estimate, following 0.7% for the December quarter 2017.

Year-on-year, GDP was 2.5% higher, against 2.8% three months earlier. The euro subsequently traded at its lowest against the \$US for the calendar year-to-date.

March industrial production improved 0.5% following a 0.9% drop in February. Year-on-year, output represented a 3% gain, against 2.6% at the end of February.

Germany's initial March quarter GDP estimate came in at just 0.3%, following 0.6% for the December quarter.

In the **UK**, March quarter weekly earnings (including bonuses) rose 2.6% following 2.8% for the December quarter 2017. Excluding bonuses, growth was calculated at 2.9%, 0.2% ahead of inflation.

The number of new unemployment claims rose by 31,200 in April following a 15,700 increase for March.

The number of people in employment rose 197,000 (to 32.3M) during the March quarter, the largest quarterly increase in just over two years.

An initial productivity estimate represented a 0.5% pull back, however.

Among **US** data releases April retail sales rose 0.3%, following forecasts of an up to 0.4% improvement. Core sales (excluding volatile sectors) rose 0.4%. March's core sales were revised higher to a 0.5% increase.

A New York State manufacturing index jumped 4.3 points to 20.1, following expectations of a slight decline.

Tonight in the US, housing starts, building permits, industrial production and weekly mortgage application reports are due.

Companies scheduled to report earnings later today or tonight include Burberry (full year), Cisco Systems, Macy's and Tencent.

In overnight corporate news, **Vodafone** released full year results but surprised the most with the announcement that CEO Vittorio Colao planned to leave the company in October.

Specialist US retailer **Home Depot** was pushed more than 1.5% lower on disappointing quarterly same-store sales, despite market-beating profit.

Amazon fell a similar amount on a proposed new corporate tax in Seattle.

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 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

Star Combo Pharma (* S66)

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

Fletcher Building (↓ FBU)

\$NZ229.5M raised in the \$NZ4.80-per-share retail entitlement offer. A bookbuild for 20.2M shares attracted \$NZ6.45 per share.

FBU has traded on the ASX the past five sessions at \$A5.78 - \$A6.13.

P2P Transport (* P2P)

Proposing to acquire Black & White Cabs for \$8.1M, comprising \$4M cash and \$4.1M worth of P2P shares. Up to \$12M may also be payable on FY 2019 and FY 2020 performance.

P2P says it will fund the purchase from existing cash and a debt facility that the company is finalising with a 'big four' bank.

Novonix Ltd (NVX)

The Dow Chemical Company chairman and CEO Andrew Liveris will now officially become an NVX director 1 July. The appointment was foreshadowed October 2017.

Evans & Partners Asia Fund (* EAF)

The former Asian Masters Fund is relisting as EAF 11am AEST tomorrow following a restructuring from a LIC to a direct equities investment trust.

130.34M listed units.

IMF Bentham (IMF)

Confidential settlement achieved in a case funded in Australia by IMF. The settlement is expected to be completed during 1H FY 2019.

Resources

Talga Resources (* TLG)

Heralding capacity, power and efficiency parameters when TLG graphite was tested in commercial-size cells for lithium-ion batteries. Details lodged post-trade yesterday.

Sheffield Resources (* SFX)

WA Derby port access agreement in hand.

SFX is planning to export Thunderbird mineral sands project concentrate from the port.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1290	oz	-23	-1.8
Silver (NY) (May)	16.2	oz	-0.3	-1.5
Gold (LON)	1320	oz	-4	-0.3
Platinum	895	oz	-14	-1.5
WTI Crude (May)	71.3	bbl	0.35	0.5
Brent Crude (Jul)	78.4	bbl	0.2	0.3
Iron Ore (CHN port 62%)	67.3	t	-1.6	-2.4
Copper (LME,3m,pm)	6808	t	-77	-1.1



Nickel	14425	t	-75	-0.5
Aluminium	2327	t	8	0.3
Lead	2348	t	-37	-1.6
Zinc	3062	t	7	0.2
Tin	20875	t	-75	-0.4
CBT Wheat (Jul)	4.94	bshl	0.02	0.5

Commodities Commentary

Oil – a significantly stronger \$US and commentary questioning the ability of European nations to work around US sanctions against Iran contained overnight prices. Iran, however, claimed European talks were 'on the right path'.

In addition, the American Petroleum Institute estimate crude stockpiles had grown last week, defying expectations of a drawdown.

A weekly US petroleum inventories report by government agency the EIA is due tonight.

Gold – prices traded at five-month lows overnight as the \$US rallied.

Futures notably settled sub-\$US1300/oz.

Base metals – a 0.8% higher \$US index impacted overnight trade enthusiasm.

China's April industrial production (7% year-on-year, following 6% in March), fixed asset investment (Jan-Apr 7% y-o-y, against 7.5%) and retail sales (9.4% after 10.1%), reported yesterday, drew plenty of commentary.

Fixed asset investment and retail sales not only came off the pace, but also undershot forecasts for a slight slowdown. Industrial production growth had been forecast at just 6.3%, and hence pleased.

Meanwhile, a relatively small copper mine in Chile was reported to have closed following a fatality.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7473	0.0001	0.01
EUR – USD	1.1830	-0.0008	-0.07

Australian Data Today

Wstpc/MI	Consumer sentiment	May
ABS	Wage price index	Mar Q
DoJobs	Employment indicator	May

US Data Tonight

Housing starts	Apr
Building permits	Apr
Industrial production	Apr
MBA mortgage applications	11 May

Other Overseas Data Today & Tonight

China	Property prices	Apr
China	Foreign direct investment (FDI)	Apr
Japan	GDP (prelim)	MarQ
Japan	Industrial production (final)	Mar
Germany	CPI (final)	Apr
Euro zone	CPI (final)	Apr

Energy

Tap Oil (TAP)

Target's statement lodged post-trade yesterday, advising shareholders to reject the 7c-per-share offer from Risco Energy Investments.

TAP has traded at 7.3c – 7.4c the past five trading sessions.

Reports & Events

(selected)

When	Company	Report/Event
Today	BLD	Investor day
	CCL	AGM
	MYR	Q3 sales
	SIG	AGM
Tomorrow	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
DTI Group	DTI	16 May
NBL Ltd	NBL	16 May
Battery Minerals	BAT	17 May
Flinders Mines	FMS	17 May
Six Sigma Metals	SI6	17 May
Venture Minerals	VMS	17 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
TikForce Ltd	TKF	14 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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Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
ASG	Today	4.2	100	4.89
CD1	Today	11	00	0.00
PL8	Today	0.5	100	4.02
REX	Today	4	100	9.15
DDR	Tomorrow	4.4	100	5.87
LTN	Tomorrow	0.2	0	0.00
WBC	Tomorrow	94	100	6.26
ZEL	Tomorrow	20.46	0	4.36
JHG	Fri	36	0	3.82
AYK	Mon	26	100	5.80
AYZ	Mon	33	100	3.45
ELD	Mon	9	100	1.96
AST	Tue	4.62	0	5.47
IPL	Tue	4.5	0	2.65