

Friday 18 May 2018

Markets

SFE 200 Futures (9.30am AEDST)	6122	14	0.2
NZX 50	8634	30	0.4
DJIA Futures	24722	18	0.1
S&P 500 Futures	2720	2	0.1
NASDAQ Futures	6909	3	0.0

Local Markets Commentary

The Australian market commences Friday trade with additional key data out of Japan and following broadly weak overnight US equities sentiment.

Japan was scheduled to report April CPI 9.30am AEST.

In mixed overnight commodities trade, **oil** and **US gold** futures settled essentially flat.

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

LME **copper** and **nickel** continued to gain, but **aluminium** fell further.

The **\$A** was pushed lower, to ~US75.10c after trading at ~US75.35c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24714	-55	-0.2
S&P 500	2720	-2	-0.1
NASDAQ	7382	-16	-0.2
FTSE 100	7788	54	0.7
DAX 30	13115	118	0.9
Shanghai Comp	3154	-15	-0.5

Overseas Markets Commentary

US equities markets opened lower overnight and vacillated again, amid international trade and diplomatic disquiet and a reversal of retail sector sentiment.

Early equities trade across major European markets appeared hesitant, but indices soon trended higher as Brent crude rose beyond \$US80/bbl.

US weekly new unemployment claims unexpectedly rose by 11,000 following forecasts of a 4000 increase.

The Philadelphia Fed business activity index jumped 11.2 points to 34.4, defying expectations of an ~two-point decline. The employment sub-component reached a seven-month peak of 30.2, up 3.1 points for the month.

The Conference Board's leading index rose 0.4% following a similar gain in March.

Euro zone March construction output declined 0.3% after a 0.7% fall for February.

Tonight in the US, three **Federal Reserve** official are due to speak publicly, Loretta Mester for the second time and Robert Kaplan for the third.

Elsewhere, **Bank of England** chief economist Andy Haldane is scheduled to speak at a UK luncheon.

AstraZeneca and Campbell Soup are among companies scheduled to report earnings later today or tonight.

Japan – April CPI **9.30am** AEST

Today's Stock Watch

Australia & New Zealand Banking Group (ANZ)

Proposing to sell its 55% holding in the ANZ Royal Bank, Cambodia to Tokyo Stock Exchange-listed J Trust.

JV partner the Royal Group has approved the deal, but regulatory approvals are also required from the National Bank of Cambodia and the Ministry of Commerce.

CSL Ltd (↓ CSL)

Expecting \$US1.68B - \$US1.71B FY 2018 NPAT, on a constant currency basis.

CSL's previous prediction was for \$US1.55B - \$US1.60B.

Codan Ltd (CDA)

Anticipating \$38M fully year underlying NPAT, supported by growing metal detector sales.

In addition, CDA subsidiary Minetec has secured a \$9.5M contract with BHP's Olympic Dam project.

\$20M net cash as at 30 April.

Westfield Corporation (WFD)

Unibail-Rodamco shareholders have approved the proposed WFD acquisition. WFD securityholders are scheduled to vote 24 May (Thursday next week).

Sydney Airport (SYD)

April overall passenger numbers grew 2.6% to 3.68M. The international passenger total rose 1.8% to be 5.1% higher for the year-to-date. Overall passenger numbers are up 3.8% year-to-date. SYD hosts its AGM Friday next week.

Janus Henderson Group (↑ JHG)

Trading ex-dividend (36c) today.

InvoCare Ltd (IVC)

Chairman's speech and presentation lodged for today's AGM.

Resources

Rio Tinto (RIO)

Office of the National Rail Safety Regulator approval in hand for the use of autonomous trains within RIO's WA iron ore operations.



VONEX LIMITED (ASX:VNS)

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.

In overnight corporate news, UK online grocery retailer **Ocado** was propelled to a record £10 high after striking a deal with US company **Kroger**, which will use Ocado's robot-heavy warehousing and delivery systems at the same time boosting its Ocado holding from 1% to 6%. Ocado ultimately settled 44.4% higher for the session.

Specialist UK retailer **Mothercare** described its position as 'perilous' as it announced the planned closure of 50 stores, impacting up to 800 employees.

US retailer **JC Penney** tumbled on falling sales and reduced earnings guidance after reporting a smaller-than-anticipated quarterly loss.

US retail giant **Walmart** was pushed lower on disappointing US same-store sales. In addition, reduced margins, in part due to increase fuel costs, highlighted a growing industry chorus.

Cisco Systems, which had reported post-US Wednesday trade, fell more than 3.5% on what appeared to be viewed as a ho-hum outlook.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1290	oz	0.0	0.0
Silver (NY) (May)	16.4	oz	0.07	0.4
Gold (LON)	1320	oz		
Platinum	889	oz	-1	-0.1
WTI Crude (May)	71.5	bbl	0.0	0.0
Brent Crude (Jul)	79.3	bbl	0.02	0.0
Iron Ore (CHN port 62%)	67.5	t	-0.5	-0.8
Copper (LME, 3m, pm)	6879	t	53	0.8
Nickel	14595	t	120	0.8
Aluminium	2293	t	-23	-1.0
Lead	2374	t	33	1.4
Zinc	3096	t	22	0.7
Tin	20650	t	-75	-0.4
CBT Wheat (Jul)	4.98	bshl	0.04	0.7

Commodities Commentary

Oil – prices rose early (Brent at ~\$US80.50/bbl and WTI at ~\$US72.20/bbl) but were pushed back, in part due to continued \$US strength. Some analysts pointed to profit-taking.

A weekly US petroleum drill rig count is due tonight.

Gold – fell to new five-month lows in early trade, in a large part due to a robust \$US. Supported by broad geopolitical and US equities caution.

Any definitively adverse or encouraging outcomes from US-China trade talks in Washington are viewed as a potential major influence on tonight's trade.

Central bank commentary from both the US and UK could also swing currency ratios.

Base metals – pushed and pulled overnight by inventories, Asia LME week commentary (out of Hong Kong), \$US constraints and various statistics.

Yesterday, **China's** January - April foreign direct investment (FDI) rose 0.1% against a 0.5% rise for January - March.

Japan reported a 3.9% drop in March machinery orders, following a 2.1% increase in February. Year-on-year, orders were 2.4% lower.

LME **aluminium** on-warrant inventories were reported 18% higher from Wednesday.

In the meantime, Aluminium Corp of China (Chalco) had predicted exporting 30,000t - 50,000t of alumina this month.

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

Fleetwood Corporation (** FWD)

Anticipating \$5.5M FY 2018 underlying EBIT and confirming an earlier May earnings update.

FWD is continuing to review operations and consider options.

The modular accommodation business is growing and further growth potential is seen in this division, rather than in caravan manufacturing, for which business continues to decline.

In addition, the board is seeking to recruit additional board members with appropriate expertise, and plans to seek approval for selected nominees at the November AGM.

In the meantime, a FWD substantial shareholder is planning to call a meeting at which to promote to other shareholders a chosen potential new director.

FWD's board says it will not support any independent meeting and process, and has unsuccessfully invited the substantial shareholder to participate in the board's ongoing director search and selection process.

Stockland (SGP)

SGP has appointed Melinda Conrad as a non-executive director, pending securityholder approval at the 24 October AGM.

Ms Conrad is a director of ASX Ltd (AX: ASX), Caltex Australia (ASX: CTX) and OFX Group (ASX: OFX).

Charter Hall Retail REIT (CQR)

Two Sydney properties sold for a combined \$71.8M, as part of CQR's plan to sell lower growth assets.

Charter Hall Long WALE REIT (CLW)

CLW has sold a Brisbane property for \$38.73M, on par with book value.

Flamigo AI (FGO)

Master services agreement secured with NASDAQ-listed EXL Service Holdings.

Frontier Digital Ventures (FDV)

Outlaying \$A500,000 cash to lift its share of AutoDeal.com.ph from 33.33% to 36.84%, in association with AutoDeal's earlier-than-anticipated achievement of \$A800,000pa revenue.

Swift Networks (SW1)

900,000 shares are due for release from escrow 31 May, and 38M on 1 June.

Resources

Lucapa Diamond Company (* LOM)

The Angola Lulo diamond JV has sold an additional 1632 carats of diamonds for a gross \$US3M.

**Exchange Rates**

CURRENCIES	LAST	+/-	%
AUD – USD	0.7507	-0.0003	-0.04
EUR – USD	1.1793	-0.0002	-0.02

Overseas Data Today & Tonight

Japan	CPI	Apr
Germany	Producer prices	Apr
Euro zone	Trade balance	Mar

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KGL Resources (KGL)

Northern Territory Jervois copper project resource boosted 18% to 384,800t of overall contained copper, and the copper grade by 43% to 1.53% Cu.

Additional statistics lodged this morning.

Reports & Events

(selected)

When	Company	Report/Event
Today	APX	AGM
	IVC	AGM
	SYD	April
Tue	JHX	Q4
	OFX	Full year
	TNE	Interim
Wed	AIA	April
	AAC	Full year
	BKL	Meet-mangmnt
	BLY	AGM
	RKN	AGM
Thu	AWC	AGM
	ALQ	Full year
	ALL	Interim
	BDR	AGM
	SKI	AGM
	WFD	AGM
Fri (25 May)	SYD	AGM

Trading Halts

Company	Code	Resuming
Antipa Minerals	AZY	18 May
SenSen Networks	SNS	18 May
HearMeOut Ltd	HMO	21 May
Paringa Resources	PNL	21 May
Lodestar Minerals	LSR	22 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
Flinders Mines	FMS	17 May
Mobecom Ltd	MBM	14 May
Queensland Bauxite	QBL	4 May
TikForce Ltd	TKF	14 May

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
JHG	Today	36	0	3.87
AYK	Mon	26	100	5.80
AYZ	Mon	33	100	3.62

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ELD	Mon	9	100	1.83
AST	Tue	4.62	0	5.62
IPL	Tue	4.5	0	2.64
WHF	Wed	9	100	3.79
PDL	Thu	22	15	4.70
TLT	Thu	1.8	0	1.74
OPG	Fri (25 May)	1	100	4.60