

Markets

SFE 200 Futures (9.30am AEDST)	6136	-16	-0.3
NZX 50	9014	25	0.3
DJIA Futures	24300	-3	0.0
S&P 500 Futures	2721	-1	0.0
NASDAQ Futures	7076	3	0.0

Local Markets Commentary

The Australian market opens mid-week trade on overnight price gains for some key commodities and largely vacillating international equities trade, ahead of final key May data out of China today and influential data for the US, UK and euro zone from tonight through the end of the week.

Locally today, **AZJ** hosts an investor day and CSR its AGM. Select property stocks will be in focus ahead of the sector trading ex-dividend tomorrow.

Regionally, **China** is expected to publish May industrial profits **11.30am** AEST.

This morning, **New Zealand** has reported an ~NZ3.6B May trade deficit.

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

US gold futures continued their decline.

Iron ore (China port, 62% Fe) picked up the pace of its current move higher.

LME **copper** continued lower but **nickel** turned higher.

The **\$A** was pushed a little lower after falling beneath US74.0c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24283	30	0.1
S&P 500	2723	6	0.2
NASDAQ	7562	30	0.4
FTSE 100	7538	28	0.4
DAX 30	12234	-36	-0.3
Shanghai Comp	2845	-15	-0.5

Overseas Markets Commentary

Major European and US equities markets opened higher overnight.

Choppy trade ensued amid rallies for oil and the \$US, and publicly-expressed concerns regarding international trade relationships, select energy and technology stocks ultimately supporting bounces.

International Monetary Fund (IMF) MD Christine Lagarde, a US Federal Reserve regional president and the CEOs of both Exxon Mobil and Chevron bemoaned trade tensions.

In new data releases, May UK residential mortgage applications rose ~3%.

In the US, Case-Shiller's April house price index rose 6.4% year-on-year following a 6.5% gain in March. For the month, the increase came in at just 0.2%, against 0.5%.

The Richmond Fed manufacturing climbed four points to 20, and The Consumer Board consumer

* LIC listing 11am AEST - EFF *

Financial year - third last trading day

Today's Stock Watch

McMillan Shakespeare (MMS)

Planning to stop offering the Money Now POS service, likely by the end of the week.

This will contribute to an additional \$18M - \$24M post-tax asset impairment. Details lodged post-trade yesterday.

Expecting to publish full year results 22 August.

Ridley Corporation (RIC)

Generally positive results, albeit with considerable variations, achieved with RIC's Novacq commercial trials.

RIC initiated the trials with three prawn farm operators on a profit-share basis late last year. As a result of the outcomes, RIC intends to continue to progress Novacq to potential commercialisation in Australia during FY 2019.

Redbubble Ltd (RBL)

RBL co-founder, MD and CEO Martin Hosking is retiring from these positions, effective 1 August.

RBL COO Barry Newstead will take over from Mr Hosking.

Mr Hosking will remain with RBL as a non-executive director.

A teleconference was scheduled to commence 8.30am AEST. Access details, including for a transcript and recording, lodged post-trade yesterday.

Nuheara Ltd (NUH)

Reporting the successful completion of LiveIQ engineering validation testing. NUH plans to commence shipping the hybrid active noise cancellation hearing bud during the December quarter. NUH has traded lower the past two sessions, settling at 9.7c yesterday.

Capitol Health (CAJ)

CAJ is outlaying an initial combined \$17M for nine radiology clinics, six in Perth and three in Melbourne. Performance-related payments may total \$3.3M.

The purchases could boost CAJ FY 2019 revenue by \$16.5M and EBITDA by \$3.1M.

CAJ is funding the purchases from cash reserves and debt facilities.

Milton Corporation (MLT)

Deputy MLT CEO Brendan O'Dea has been appointed MD and CEO, effective 1 August. Retiring CEO Frank Gooch was appointed CEO in 1999 and MD in 2002.

CSR Ltd (CSR)

AGM this morning.

Aurizon Holdings (AZJ)

Today's investor day webcast scheduled for 1.30pm AEST.

Evans & Partners Australian Flagship Fund (* EFF)

Scheduled to list 11am AEST following a \$32.44M IPO at \$1.60 per unit. ~20.27M quoted units.

Resources

Hazer Group (HZR)

Pilot plant scale graphite and hydrogen have been produced using the Hazer process in an alternate reactor.

Output rates averaged 7.5kg/day.

confidence index fell to 126.2 from 128.

Tonight in the US, May durable goods orders, wholesale inventories, pending home sales and weekly mortgage applications are due.

Elsewhere, **Bank of England** governor Mark Carney is scheduled to speak publicly following the release of the bank's financial stability report. Overnight, caution from a Bank of England policy committee member sparked a fall for the British pound.

In overnight corporate news, **General Electric** stock benefited ~8% from further plans to cut net debt by \$US25B by 2020, the group revealing it would sell its Baker Hughes holding over two-three years, and planned to spin off its health care division after selling 20%.

Bank of America began the process of slimming its UK investment headquarters, announcing three executive appointments who would move select UK business to Paris in 2019.

After tumbling below \$US140 the previous session, **Netflix** shares were pushed almost 4% higher on an analyst's 'outperform' determination.

Apple settled higher (~1%) for the first time in four sessions.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1257	oz	-9	-0.7
Silver (NY) (Jul)	16.4	oz	-0.04	-0.2
Gold (LON)	1269	oz		
Platinum	867	oz	0	0.0
WTI Crude (Aug)	70.5	bbbl	2.5	3.6
Brent Crude (Jul)	76.3	bbbl	1.6	2.1
Iron Ore (CHN port 62%)	66.6	t	1.1	1.7
Copper (LME, 3mth, PM)	6713	t	-42	-0.6
Nickel	14785	t	55	0.4
Aluminium	2158	t	3	0.1
Lead	2411	t	-9	-0.4
Zinc	2840	t	-18	-0.6
Tin	20100	t	-25	-0.1
CBT Wheat (Jul)	4.70	bshl	-7	-1.5

Commodities Commentary

Oil – prices rebounded following official indications the US was prepared to act on any oil exports from Iran, including to major customers India and China. Saudi Arabia in the meantime was reported to be preparing to produce a record domestic 11MMbbl next month

There was more for traders to consider, Iraq confirming it would seek to ensure price stability, and Libya's ability to maintain export volumes questioned due to an internal sector dispute.

WTI crude notably settled beyond \$US70.0/bbl for the first time in ~two months.

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

Gold – traded at new six-month lows overnight as the \$US index appreciated ~0.4%.

Meanwhile, Capital Economics reported China was boosting its physical gold holdings in the current lower price environment.

Base metals – relative \$US strength amid ongoing speculation regarding the potential outcomes for metals trade amid the current trade disputes, appeared to dampen general overnight sentiment.

Pre-Open Announcements

Angel Seafood Holdings (* AS1)

Australian Quality Inspection Service (AQIS) accreditation, enabling exports, in hand for AS1's fish processing and export site in Port Lincoln, South Australia.

July update promised.

Avita Medical (* AVH)

RECELL positive clinical trial results have been presented at burns treatment conference in Shanghai, China.

In addition, Peking Union Medical College Hospital and AVH have completed a national training session for plastic surgeon specialists using RECELL.

Sunland Group (SDG)

Outlaying \$13.1M for a 3.26ha site in the Brisbane suburb of Kenmore.

SDG plans to construct 96 four-bedroom terrace houses on the site. The combined value is expected to be \$65M,

Michael Hill International (MHJ)

Multi-option and operational facilities successfully renegotiated. MHJ is promising an update regarding any failure to satisfy of conditions precedent within 20 business days.

Details lodged this morning.

Noni B Ltd (NBL)

Proposing an off-market buy-back of up to 75,000 shares issued under an employee share scheme.

NBL will offer \$1.53, \$1.61 and \$1.98 for one third each of the shares.

NBL has traded at \$2.93 - \$3.14 over the past five trading sessions.

Resources

Resolute Group (* RSG)

Confirming the acquisition of a 27% holding in TSX-listed Loncor Resources following successful due diligence.

Hammer Metals (* HMX)

Binding term sheet secured for HMX to sell its 75% holding the Millennium JV cobalt project to JV partner Global Energy Metals Corporation (GEMC).

As a result, HMX will hold 19.9% of GEMC and qualify for board representation.

Hylea Metals (* HCO)

Heralding high-grade and near-surface intersections from drilling within the Tiger's Creek prospect, New South Wales.

The results include significant-width cobalt, nickel, platinum and scandium intersections.

Cape Lambert Resources (* CFE)

\$210,000 placement completed at 4c per share.

CFE has traded at 3c - 3.1c over the past five trading sessions.



The Shanghai Composite again settled lower yesterday, this time at the least in two years, and at what qualified as 'bear' territory.

Today's release of **China's** May industrial profits could strengthen fears of an economic slowdown or bolster views that administrators would maintain targeted growth levels.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7393	0.0002	0.02
EUR – USD	1.1652	0.0004	0.03

US Data Tonight

Durable goods orders	May
Wholesale inventories	May
Pending home sales	May
MBA mortgage applications	22 Jun

Other Overseas Data Today & Tonight

China	Industrial profits	May
UK	BoE financial stability report	Jun

Need More Information?

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State One Analyst Comment

Quickstep Holdings Limited (ASX: QHL)

SP 7.5c, TP 15c

Recommendation: Buy (Higher Risk)

Australian Prime Minister Malcolm Turnbull has announced that Australia will spend nearly \$A7B on massive, long-range surveillance Triton drones that will dramatically expand the country's ability to monitor activities in the Pacific region.

The first RAAF Triton will come into service in 2023, with the full fleet (of six, potentially seven) set to be operating by 2025.

The initial \$1.4B includes \$200M for a joint program with the US Navy on the development, production and sustainment of the aircraft (which has the wingspan of a Boeing 737).

Readthrough for QHL:

The Triton surveillance drones are made by US defence giant Northrop Grumman.

QHL already has longstanding close ties with Northrop Grumman through the contract to build carbon fibre parts for the F-35 Joint Strike Fighter.

We would hope that QHL will be able to get additional work for this drone program.

State One executive chairman Alan Hill

Trading Halts

Company	Code	Resuming
Allegiance Coal	AHQ	27 Jun
iCollege Ltd	ICT	27 Jun
Mount Burgess Mining	MTB	27 Jun
oOh!media Ltd	OML	27 Jun
Todd River Resources	TRT	27 Jun
WPG Resources	WPG	27 Jun
Alderan Resources	AL8	28 Jun
Carnegie Clean Energy	CCE	28 Jun
Mithril Resources	MTH	28 Jun
New Talisman Gold Mines	NTL	28 Jun
Tag Pacific	TAG	28 Jun
Talga Resources	TLG	28 Jun
Venus Metals Corporation	VMC	29 Jun

Suspensions (select)

Company	Code	Since
Australian Mines	AUZ	19 Jun
Centennial Mining	CTL	25 Jun
Cervantes Corporation	CVS	26 Jun
EHR Resources	EHX	18 Jun
Elixir Petroleum	EXR	14 Jun
Global Fortune Investment	GFI	13 Jun
Mobilarm Ltd	MBO	30 May
Murray River Organics Group	MRG	4 Jun
Pursuit Minerals	PUR	18 Jun
Winmar Resources	WFE	7 Jun

**Ex-Dividends**

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
ABP	Tomorrow	9	0	4.65
ABW	Tomorrow	0.3	0	5.75
AIB	Tomorrow	0.23	0	12.77
AJD	Tomorrow	2.5	0	4.95
AOD	Tomorrow	0.3	100	6.42
AOF	Tomorrow	3.9	0	6.11
AOG	Tomorrow	9	0	3.75
APA	Tomorrow	24	0	4.57
APW	Tomorrow	0.4	0	1.74
APZ	Tomorrow	2.1	0	4.34
ARF	Tomorrow	3.2	0	5.79
AUP	Tomorrow	4.03	0	9.83
AVN	Tomorrow	4.07	0	6.98
AYF	Tomorrow	8.75	49.98	5.87
BWP	Tomorrow	9	0	5.36
CDP	Tomorrow	20.1	0	4.88
CHC	Tomorrow	16.2	33.95	4.80
CIP	Tomorrow	4.85	0	7.40
CLW	Tomorrow	6.8	0	5.91
CMA	Tomorrow	4.53	0	7.35
CMW	Tomorrow	2.09	0	7.35
CNI	Tomorrow	4.1	24.39	5.71
CQR	Tomorrow	14.2	0	6.51
CRR	Tomorrow	5	0	6.76
CZZ	Tomorrow	42	100	2.50
DXS	Tomorrow	24.1	0	4.81
EAF	Tomorrow	2.6	0	2.11
EGD	Tomorrow	4	0	1.84
EMF	Tomorrow	~49.18	0	26.62
ENN	Tomorrow	8.4	0	7.52
ERF	Tomorrow	5.16	0	8.06
FET	Tomorrow	3.77	0	5.57
FOR	Tomorrow	22	0	10.21
FPP	Tomorrow	~2.37	1	tbc
GCI	Tomorrow	0.46	0	0.23
GCM	Tomorrow	2.13	53.00	4.00
GDF	Tomorrow	2.25	0	7.49
GDI	Tomorrow	3.88	0	5.92
GMG	Tomorrow	14.25	0	2.85
GOZ	Tomorrow	11.2	0	5.97
GPT	Tomorrow	12.61	0	4.83
GTY	Tomorrow	5.35	0	3.79
IDR	Tomorrow	4.2	0	6.16
IOF	Tomorrow	10.15	0	3.82
KLA	Tomorrow	2.25	0	0.21
LEP	Tomorrow	10.45	0	3.66
MGG	Tomorrow	3	0	3.70
MGR	Tomorrow	6	0	5.00
MOGL	Tomorrow	8.6	0	tbc
NEW	Tomorrow	3.75	0	5.24
NSR	Tomorrow	4.9	0	5.78
PLG	Tomorrow	3.7	0	6.58
RCT	Tomorrow	9.64	0	7.98
RFF	Tomorrow	2.51	0	4.62
RFP	Tomorrow	2.51	100	0.00
SCP	Tomorrow	7.1	0	5.45
SGP	Tomorrow	13.5	0	6.42
SYD	Tomorrow	18.5	0	4.85

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TCL	Tomorrow	28	8.92	4.59
TGH	Tomorrow	3.79	0	6.23
TGP	Tomorrow	2	0	25.49
TOT	Tomorrow	2.25	0	6.87
URF	Tomorrow	5	0	6.37
VCX	Tomorrow	8.2	0	6.04
CLF	Fri	2.25	100	4.33
GNC	Fri	8	100	2.85