

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	5775	-181	<b>-3.0</b>
<b>NZX 50</b>	10754	-401	<b>-3.6</b>
<b>DJIA Futures</b>	25363	198	0.8
<b>S&amp;P 500 Futures</b>	3028	18	0.6
<b>NASDAQ Futures</b>	9661	44	0.5

## Local Markets Commentary

The Australian market commences Friday trade with new data in hand from China and following a substantial overnight fall in international equities sentiment.

US equities futures have turned higher this morning.

Post-ASX trade yesterday, **China** reported a 14.5% year-on-year jump in May vehicle sales.

**Locally** today, no major economic indicators are scheduled for release.

**S&P/ASX indices** June quarter rebalance changes have been lodged pre-trade, however. *Please see pp 4- 5 for details.*

**Regionally**, China's foreign direct investment (FDI) is anticipated anytime from post-ASX trade today. A batch of material data is scheduled for release Monday.

In overnight commodities trade, **oil** turned and tumbled.

US **gold** futures (August) swung higher.

**Iron ore** (Nymex CFR China, 62% Fe) continued slightly lower.

LME **copper** and other key base metals fell.

The **\$A** appreciated to ~US70.00c after trading at ~US69.30c early yesterday evening.

Earlier this morning, the \$A was pushed below US68.35c.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25128	-1862	<b>-6.9</b>
<b>S&amp;P 500</b>	3002	-188	<b>-5.9</b>
<b>NASDAQ</b>	9493	-528	<b>-5.3</b>
<b>FTSE 100</b>	6077	-252	<b>-4.0</b>
<b>DAX 30</b>	11970	-560	<b>-4.5</b>
<b>Shanghai Comp</b>	2921	-23	<b>-0.8</b>

## Overseas Markets Commentary

Major European and US equities markets dropped on opening overnight and never looked like recovering.

US equities notably settled at or near session lows, Covid-19 spread reports and sobering outlooks from the US Federal Reserve and the OECD the previous day appearing to weigh the most.

In the meantime, the US Department of Agriculture reported increased soybean sales to China.

**S&P/ASX indices** - quarterly rebalance revealed this morning.  
 Please see pp4-5 for details

## Today's Stock Watch

### Seven West Media (SWM)

SWM has secured revised contract arrangements with the AFL for the 2020 – 2022 seasons.

The group now expects to realise a net \$87M in media rights reductions, production savings and other benefits for these seasons.

In addition, SWM has secured rights for the 2023 and 2024 seasons.

SWM forfeited 11.4% yesterday, settling at 15.5c.

SWM will be removed from the S&P/ASX 300 prior to 22 June trade.

### Seven Group Holdings (SVW)

Investor presentation lodged pre-trade.

SVW is presenting to analysts today.

### Smartpay Holdings (SMP)

The New Zealand Commerce Commission (NZCC) has cleared Verifone Inc's former proposed acquisition of SMP's NZ business and assets.

Verifone terminated the initial proposal as NZCC approval had not been obtained by a 30 April deadline.

SMP appears positive regarding 'any subsequent deal with Verifone'.

### Incitec Pivot (IPL)

IPL has raised \$A57.5M in the \$2.00-per-share SPP which followed last month's \$A600M institutional placement.

IPL has traded at \$2.03 - \$2.25 for the week to date.

### Sky Network Television (SKT)

SKT raised \$NZ37.4M in the retail entitlement offer, which followed an institutional placement.

Altogether over the past three weeks, SKT has raised \$NZ157.2M.

### Hazer Group (HZR)

Resuming from a trading halt with commitments for an \$8.4M, 42c-per-share placement, against an initially targeted \$6M.

IN addition, HZR has negotiated terms for a \$6M secured loan facility.

HZR traded at 51c – 57.5c the five sessions immediately prior to calling the halt.

## Energy

### TerraCom Ltd (TER)

Finalising the sale of all Mongolian interests for ~\$US3M.



Sales to China reportedly tallied 337,000t in the week to 4 June. 'New-crop' sales to China were reported at 517,000t.

In overnight **data** releases, **Italy's** April industrial production was reported 19.1% lower for the month, following a 28.4% March tumble.

Year-on-year, output was down 42.5%.

In the **US**, weekly new unemployment claims rose by 1.542M, following 1.897M the previous week, and generally on par with expectations.

May producer prices improved by 0.4% for the month, against a 1.3% April fall. The rise was mostly attributed to higher meat prices.

Against May 2019 however, prices were down 0.8%.

Meanwhile, a 30-year bond auction produced a 1.450% yield, against 1.342% at the previous such offer.

**Tonight** in the **US**, an initial June consumer sentiment reading, as calculated by the University of Michigan, is due, together with May import and export prices.

Elsewhere, the **UK** reports April trade figures and industrial production, at the same time updating GDP for the three months to 30 April.

The **euro zone's** April production is also due, following sobering output reports from select members this past week.

In overnight corporate news, **Lufthansa** announced 22,000 of 135,000 jobs would go, and that the airline anticipated operating 100 fewer staff.

Almost three weeks ago, the group secured a €9B rescue deal, under which ownership would be restructured and whereby Germany's government would acquire 20%.

**Unilever** (owns Ben & Jerry's, Dove, Marmite) announced it would merge its two UK and Netherlands divisions and operate from UK headquarters.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY)</b> (Aug)	<b>1739.8</b>	oz	19.1	<b>1.1</b>
<b>Silver (NY)</b> (Jul)	<b>17.889</b>	oz	0.09	<b>0.5</b>
<b>Gold (LON)</b> (10 Jun)	<b>1722</b>	oz		
<b>Platinum</b>	<b>798</b>	oz	-32	<b>-3.9</b>
<b>WTI Crude</b> (COMEX Jul)	<b>36.34</b>	bbl	-3.26	<b>-8.2</b>
<b>Brent Crude</b> (ICE EUR Aug)	<b>38.55</b>	bbl	-3.18	<b>-7.6</b>
<b>Iron Ore</b> (NYMEX,CHN,62%)	<b>102.75</b>	t	-0.14	<b>-0.1</b>
<b>Copper</b> (LME,3mth Ind,PM)	<b>5758</b>	t	-132	<b>-2.3</b>
<b>Nickel</b>	<b>12640</b>	t	-340	<b>-2.6</b>
<b>Aluminium</b>	<b>1596</b>	t	-32	<b>-2.0</b>
<b>Lead</b>	<b>1738</b>	t	-6	<b>-0.3</b>
<b>Zinc</b>	<b>1995</b>	t	-36	<b>-1.8</b>
<b>Tin</b>	<b>16940</b>	t	-250	<b>-1.5</b>

### Commodities Commentary

**Oil** – economic recovery timelines, growing Covid-19 numbers across several US States and other key nations, and hence crude demand outlooks, appeared the major influence on overnight trade.

A weekly US petroleum drill rig count is due tonight.

## Pre-Open Announcements

### Ellex Medical Lasers (ELX)

Following the announcement yesterday morning that the Australian Competition and Consumer Commission (ACCC) would not oppose the proposed acquisition of ELX by Lumibird Group, ELX anticipates a 30 June transaction completion.

ELX appreciated 17.1% yesterday on news of the go-ahead, settling at 61.5c after trading as high as 63.5c intra-session.

### TPG Telecom (TPM)

Anticipating the previously flagged special dividend will be 49c – 52c.

### Orcoda Ltd (ODA)

ODA subsidiary Resource Connect Logistics has secured an initial five-year contract with the Mt Buller and Mt Stirling Resort Management Board, to supply guest transit and rideshare services to Mt Buller Ski Resort customers during ski seasons.

Two two-year extension options are also on offer.

ODA anticipates \$2M - \$3M annual revenue from the contract. The exception is for the ski season commencing 22 June, due to Covid-19 impacts.

## Resources

### Mineral Commodities \* (MRC)

High-grade non-magnetic zircon rutile concentrates demand from China continues to the extent that MRC is selling all such output to China.

Garnet and ilmenite sales have been disrupted, however.

Mining and processing has been underway again since 13 April. Reporting \$US18.6M worth of account receivables.

### Beacon Minerals (BCN)

Produced 2245oz of gold from the WA goldfields Jaurdi project during May. Milled 49,002t.

Additional statistics lodged pre-trade.

### Predictive Discovery (PDI)

PDI's \$2.12M entitlement offer attracted \$1.56M worth of standard applications, \$1.23M worth of additional applications, and oversubscriptions worth \$668,170.

### First Graphene (FGR)

FGR has raised \$6.2M in the entitlement offer, with \$1.8M coming from shortfall allocations.

### Orminex Ltd (ONX)

ONX executive chairman Daryl Henthorn has resigned this role, but intends to remain with ONX as a non-executive director.

All payments to directors have been stopped for six months.

ONX plans to rotate executive and chair responsibilities until the appointment of another executive.



**Gold** – prices jumped early overnight, with equities decidedly out of favour and some safe-haven interest evident.

Ultimately, prices pulled back some however, despite US equities continuing to fall.

**Base metals** – worse-than-anticipated outlook reports and commentary impacted overnight sentiment.

On the flip side, China reported a second consecutive year-on-year monthly rise in vehicle sales, with a 14.5% increase for May.

Meanwhile, a Covid-19 – related death of a worker prompted continued threats of industrial action at some Codelco operations, further risking this year's *copper* output.

May **residential property prices, industrial production, retail sales** and **fixed asset investment** due out of **China** Monday could produce some caution tonight.

China's May FDI is anticipated anytime from post-ASX trade today, and hence could also influence some considerations.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.6841	-0.0013	<b>-0.19</b>
<b>EUR – USD</b>	1.1297	0.0000	0.00

### US Data Tonight

Uni of Michigan consumer sentiment (prelim)	Jun
Import and export prices	May

### Other Overseas Data Today & Tonight

<b>Japan</b>	Industrial production (final)	Apr
<b>UK</b>	GDP	Apr Q
UK	Trade balance	Apr
UK	Industrial production	Apr
<b>Euro zone</b>	Industrial production	Apr

### Need More Information?

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### Trading Halts

Company	Code	Resuming
Flamingo AI	FGO	12 Jun
Mach7 Technologies	M7T	12 Jun
African Gold	A1G	15 Jun
Alliance Aviation Services	AQZ	15 Jun
Cirralto Ltd	CRO	15 Jun
Harvest Technology Group	HTG	15 Jun
Medlab Clinical	MDC	15 Jun
Metals Australia	MLS	15 Jun
Norwood Systems	NOR	15 Jun
PharmAust Ltd	PAA	15 Jun
Proteomics International Laboratories	PIQ	15 Jun
Vango Mining	VAN	15 Jun
Weebit Nano	WBT	15 Jun
Yandal Resources	YRL	15 Jun
Anson Resources	ASN	16 Jun
Blue Star Helium	BNL	16 Jun
Bryah Resources	BYH	16 Jun
Integrated Payment Technologies	IP1	16 Jun
Arrow Minerals	AMD	17 Jun
PolarX Ltd	PXX	17 Jun

### Suspensions *(select)*

Company	Code	Since
Aura Energy	AEE	20 May
Meteoric Resources	MEI	11 Jun
(The) PAS Group	PGR	29 May
Pioneer Credit	PNC	4 Jun
Suda Pharmaceuticals	SUD	5 Jun

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
IBC	Mon	1	100	2.64
PL8	Mon	0.4	100	5.70
SHV	Thu	9	100	4.75
ORA	Fri (19 Jun)	37.2	50	4.89
SGO	Fri	2	100	0.00
HVN	22 Jun	6	100	5.69

### Reports & Events

(selected)

When	Company	Report/Event
<b>Mon</b>	HSX	AGM (1pm AEST)
<b>Tue</b>	CPH	AGM (1.30pm AEST)



	ORA	AGM (10.30am AEST)
<b>Wed</b>	GEM	AGM (10am AEST)
<b>Thu</b>	PPH	AGM (midday AEST)
<b>Fri (19 Jun)</b>	OGC	AGM
<b>22 Jun</b>	TCL	Trading update
<b>24 Jun</b>	CSR	AGM (10am AEST)
	TPM	AGM (10.30am AEST)
<b>26 Jun</b>	EVO	Full year
<b>29 Jun</b>	ALQ	AGM
	FPH	Full year

### June quarter S&P/ASX indices re-balance

The following changes will be effective from the opening of trade **22 June**:

#### S&P/ASX 20

**Out:** AMC

**In:** ALL

#### S&P/ASX 50

**Out:** AMP

**In:** A2M

#### S&P/ASX 100

**Out:** URW, WHC

**In:** NXT, SAR

#### S&P/ASX 200

**Out:** EHE, HUB, JIN, MYX, PLS, PNI

**In:** CIP, MP1, MSB, OBL, PRU

#### S&P/ASX 300

**Out:** AYS, CDD, HT1, ISX, ITG, NCZ, OGC, PDN, SDA, SWM, SYR, WPP

**In:** AEF, AFG, CCX, ELO, EOS, IDX, KMD, MVP, OPT, PAR, PBH, RED, SLK, TYR, UWL

#### S&P/ASX All Ordinaries

**Out:** 3PL, AC8, AGY, AJL, AML, ARQ, ATL, ATS, AUZ, AVG, AYS, CAN, CCV, CII, CLH, COG, COI, DCG, DWS, EWC, EXP, FBR, GNG, GOW, HAS, HRR, HZN, ISU, ISX, LNG, LVH, MLX, MNS, MOC, MRM, MTO, MWY, NMT, OVH, PAN, PGC, PPG, PVS, RCT, REX, SDA, SFX, SGH, SKT, SXE, TGN, TZN, WHA, WJA

**In:** 360, ADT, AIZ, ALC, ALK, AMS, AMX, ANO, AT1, ATU, BSA, BTH, BWR, CBR, CHN, CMM, CYL, D20, DEG, DTC, DUB,

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**S&P/ASX All Australian 200**

**Out:** API, AVH, CVN, EHE, EHL, PGH, PLS

**In:** AUB, CIP, CQE, EOS, RMS, WGX