

Markets

SFE 200 Futures (9.30am AEST)	5320	-68	-1.3
NZX 50	10770	-48	-0.5
DJIA Futures	23514	-60	-0.3
S&P 500 Futures	2842	-11	-0.4
NASDAQ Futures	9043	-36	-0.4

Local Markets Commentary

The Australian market commences mid-week trade with China trade relations in focus, an update from a major domestic bank and two key domestic economic reports due.

This, ahead of material UK and euro zone data tonight, and following an overnight fall in US equities sentiment.

Regionally this morning, the **Reserve Bank of New Zealand** is due to reveal monetary policy meeting outcomes, and the Bank of Japan to release April bank lending statistics.

Locally today, Westpac and the Melbourne Institute publish their monthly **consumer sentiment** report **10.30am** AEST.

The Australian Bureau of Statistics (ABS) is due to release the March quarter **wage price index** **11.30am** AEST.

In addition today, **RMD** trades ex-dividend.

In overnight commodities trade, **oil** swung higher.

US **gold** futures (June) also reversed direction, with a relatively moderate gain.

Iron ore (Nymex CFR China, 62% Fe) seesawed higher, beyond \$US87.80/t.

LME **copper** and other key non-ferrous base metals turned lower and fell.

The **\$A** barely changed after trading at ~US64.85c early yesterday evening.

This morning, the \$A has fallen below US64.75c.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	23765	-457	-1.9
S&P 500	2870	-60	-2.1
NASDAQ	9003	-190	-2.1
FTSE 100	5995	55	0.9
DAX 30	10820	-5	-0.1
Shanghai Comp	2892	-3	-0.1

Overseas Markets Commentary

Choppy trade featured across major European equities markets overnight, amid a flurry of news regarding the relaxing of lockdown regulations and regional spikes in Covid-19 cases, and some positive UK corporate earnings reports.

In the US, key indices opened higher but trended lower in late

Today's Stock Watch
Commonwealth Bank of Australia (CBA)

Planning to sell 55% of Colonial First State, for \$US1.7B cash proceeds, to global investment company KKR.

The sale is expected to produce a \$1.5B post-tax gain, and to boost CBA's CET1 by 0.3% - 0.4%.

Pending APRA and FIRB approvals, a pre-30 June 2021 settlement is anticipated.

Also this morning, CBA has reported a \$1.3B March quarter NPAT, similar cash net profit, and flat, \$6.21B operating income.

10.7% and 11.1% level two and one respective CET1.

Provisions were boosted \$1.5B during the quarter to \$6.4B.

CEO March quarter trading update video commentary access link lodged pre-trade.

Eclix Group (ECX)

\$13.195M interim NPAT, following a \$120.345M net loss a year ago. 4.9% lower, \$336.396M revenue. 9.95c NTA, against 3.30c.

Stockland (SGP)

March quarter update lodged this morning.

Discussing assistance packages with tenants.

Creso Pharma (CPH)

The ASX has requested CPH disclose that the retail sales licence secured by the group's Mernova Medicinal with Health Canada is subject to the completion of satisfactory due diligence regarding the legality of selling.

CPH maintains it is confident of obtaining a legal opinion within a week. Resuming trade after gaining 12.7% to last trade at 7.1c before calling a trading halt.

Genworth Mortgage Insurance Australia (GMA)

Fitch Ratings has revised GMA's rating to A from A+, with a negative outlook maintained. Fitch describes GMA capitalisation as 'very strong'. \$3.1B cash and investments.

Resources
Rio Tinto (RIO)

Metals & Mining conference presentation lodged pre-trade.

Audio webcast access details also lodged.

Newcrest Mining (NCM)

Global Mining Metals & Steel conference presentation lodged post-trade yesterday. NCM was due to present overnight.

Analyst briefing book and webcast link also provided.

Iluka Resources (ILU)

Global Mining Metals & Steel conference presentation lodged in late trade yesterday. ILU was due to present overnight.



trade to settle at session lows following a batch of new domestic economic data releases.

Post-Monday US trade, the **US Federal Reserve** revealed it would start buying corporate bond ETFs from last night.

Meanwhile overnight, the US House of Representatives was presented with a proposed bill for \$US3 trillion worth of additional Covid-19 – related support, including \$US75B for increased testing.

Earlier yesterday, **China** revealed 0.9% April deflation, following a 1.2% March CPI fall. Year-on-year CPI had grown by 3.3%, undershooting expectations, following the March 4.3% year-on-year rise.

Producer prices dropped 3.3% year-on-year, further than anticipated, and against a 1.5% year-on-year March decline.

A 10-year bond auction in the meantime **Japan** produced yields of -0.001%, following 0.023%.

Among **overnight data** releases, **US** April CPI fell 0.8% for the month, following a 0.4% March decline.

Year-on-year, CPI grew 0.3%, against expectations of a 0.5% rise.

The April budget statement revealed a record \$US738B deficit, due to Covid-19 – related spending and the pushing back of 15 April tax payments to 15 July.

The deficit usurped the \$US235B February (2020) deficit which had been the most recent record monthly shortfall.

A small business optimism index fell to 90.9 from 96.4.

Yields for a 10-year note auction fell to 0.700% from 0.782%.

Tonight in the **US**, **US Federal Reserve** chair Jerome Powell is scheduled to speak publicly, via a Peterson Institute webcast, 9am US EDT.

April producer prices and weekly mortgage applications are also due.

Elsewhere, the **UK** releases an initial March quarter **GDP** estimate.

In addition, Germany conducts a 30-year bond auction.

Companies scheduled to report earnings later today and tonight include Commerzbank, Cisco Systems, and TUI.

Commodities				
COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1706.8	oz	8.8	0.5
Silver (NY) (Jul)	15.709	oz	0.029	0.2
Gold (LON) (11 May)	1703	oz		
Platinum	759	oz	-6	-0.8
WTI Crude (Jun)	25.78	bbl	1.64	6.8
Brent Crude (Jul)	29.98	bbl	0.35	1.2
Iron Ore (NYMEX,CHN,62%)	87.81	t	1.12	1.3
Copper (LME,3mth Ind,PM)	5227	t	-51	-1.0
Nickel	12295	t	-95	-0.8
Aluminium	1482	t	-15	-1.0
Lead	1635	t	-41	-2.5
Zinc	1991	t	-38	-1.9
Tin	15220	t	-20	-0.1

Pre-Open Announcements

GPT Group (* GPT)

Today's AGM materials lodged pre-trade.

Lifestyle Communities (* LIC)

Planning to purchase a Clyde North, Victoria site, for the purpose of constructing 275 new homes.

In addition, LIC is acquiring a 1.2ha site adjacent to the St Leonards site.

Apollo Tourism & Leisure (* ATL)

Market update lodged this morning.

'Closely' monitoring financial liquidity.

Catapult Group International (CAT)

Conference presentation lodged post-trade yesterday.

CAT was due to present overnight.

CAT was pushed 4.2% lower yesterday, after trading higher for five consecutive sessions.

Resources

Red 5 (RED)

WA King of the Hills gold project final feasibility update lodged this morning. Outcomes anticipated by 30 September.

Liontown Resources (* LTR)

WA Moora project initial fieldwork, including auger sampling, has delivered strong gold anomalism, with notable coincident copper, nickel, palladium and platinum.

Energy

Carnarvon Petroleum (* CVN)

WA-437-P Dorado field development update lodged this morning.

Three contractors have been chosen to present FPSO designs, vessel construction plans and supply terms.

A final FEED contract award is anticipated by year's end.

A FID is anticipated during 2021.

CVN 20%.

Regergen Ltd (* RLT)

Drilling contract secured for the Virginia natural gas and helium project's first inclined well.

Trading Halts

Company	Code	Resuming
Creso Pharma	CPH	13 May
Mesoblast Ltd	MSB	13 May
Schrole Group	SCL	13 May
Alterra Ltd	1AG	14 May
Atomos Ltd	AMS	14 May
AVZ Minerals	AVZ	14 May
Chalice Gold Mines	CHN	14 May



Commodities Commentary

Oil – WTI crude traded at five-week peaks overnight, in part supported by reports OPEC+ members are considering extending the current production curb agreement beyond 30 June.

Monday, three members had announced they would cut output beyond the agreed reductions in June, this followed overnight by reports Russia had been able to cut oil and gas condensate output from 11.25MMbbl/d to a daily 9.45MMbbl during the first 11 days of May.

In the meantime, US government agency the EIA reduced its forecast for 2020 domestic oil output from a daily 11.8MMbbl to 11.7MMbbl/d, pointing out that this would represent the first annual decline since 2016, ahead of another 800,000bbl/d predicted fall in 2021 production.

The EIA is due to publish its weekly US petroleum inventories report tonight, with OPEC's monthly oil report also keenly anticipated tonight.

The International Energy Agency is scheduled to release its monthly oil sector report tomorrow night.

Post-overnight settlement, an American Petroleum Institute report has estimated US crude stocks rose by 7.58MMbbl last week.

Gold – reduced risk sentiment and a \$US (ICE \$US index -0.3%) pullback supported gold overnight

TD Securities issued a new set of forecasts which included pushing its \$US2000/oz prediction back to at least late-2021. The group expects \$US1775/oz for the December quarter 2020 and \$US1650/oz for the current quarter.

Base metals – data out of China yesterday dampened early sentiment.

April CPI again revealed deflation for the month (-0.9%), undershooting expectations, and producer prices continued lower (-3.3% year-on-year), falling further than anticipated.

In addition, a leading index for Japan also fell, from 91.9, to 83.8 in a preliminary estimate.

Among the forecasters, Glencore predicted 2020 global copper supply would fall 4% short of demand.

China's April industrial production, retail sales and fixed asset investment updates are keenly anticipated Friday.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6471	0.0000	0.00
EUR – USD	1.0848	0.0000	0.00

Australian Data Today

Wstpc/MInst	Consumer sentiment	May
ABS	Wage cost index	Mar Q

US Data Tonight

PPI	Apr
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Ecofibre Ltd	EOF	14 May
MG Unit Trust	MGC	14 May
Middle Island Resources	MDI	14 May
Regional Express Holdings	REX	14 May
Taruga Minerals	TAR	14 May
Volt Resources	VRC	14 May
Xped Ltd	XPE	14 May
New Zealand Coastal Seafoods	NZS	15 May
Nvoi Ltd	NVO	18 May

Suspensions *(select)*

Company	Code	Since
BPH Energy	BPH	30 Apr
Cellmid Ltd	CDY	11 May
Golden Deeps	GED	12 May
Liquefied Natural Gas	LNG	4 May
Skin Elements	SKN	12 May
Victory Offices	VOL	23 Apr

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
RMD	Today	4.16	0	0.46
DDR	Tomorrow	7.5	100	3.92
PL8	Tomorrow	0.4	100	5.91
JHG	Fri	54.83	0	7.25
MQG	Mon	180	40	5.70
UOS	Tue	2	0	3.60
AST	20 May	5.1	50	tbc
PDL	21 May	15	10	7.56
AMC	27 May	11.5	0	tbc
IAP	28 May	4.3	0	2.85
ORI	28 May	16.5	0	3.51

Reports & Events

(selected)

When	Company	Report/Event
Today	CBA	Mar Q
	ECX	Interim
	GPT	AGM (10am AEST)
	SIG	AGM
	SGP	Mar Q
Tomorrow	GNC	Interim (10am AEST)
	LEG	AGM
	OGC	Mar Q (tele Fri , 7.30am AEST)
	VVR	AGM (10am AEST)
Fri	AHZ	AGM (10am AEST)



MBA mortgage applications 8 May

URW

AGM (10.30am Paris)

Other overseas Data Today & Tonight

Japan	Bank lending	Apr
Japan	Eco watchers survey	Apr
UK	GDP	Mar Q
UK	Trade balance	Mar
UK	Industrial production	Mar
Euro zone	Industrial production	Mar

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