

Markets

SFE 200 Futures (9.30am AEST)	5353	45	0.9
NZX 50	10746	1	0.0
DJIA Futures	23588	54	0.2
S&P 500 Futures	2851	4	0.2
NASDAQ Futures	9102	22	0.3

Local Markets Commentary

The Australian market commences Friday trade with a batch of influential data due out of China middle of the day and material euro zone and US data scheduled for release tonight, following overnight US presidential threats to the China-US trade accord.

China's April industrial production, April retail sales and January – April fixed asset investment are due **midday** AEST, accompanied by a National Bureau of Statistics press conference.

Locally today, debate is expected to continue regarding Australia's trade relations with China.

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

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

US **gold** futures (June) extended this week's rise, picking up the rate of increase.

Iron ore (Nymex CFR China, 62% Fe) also continued a new run of gains, approaching \$US88.75/t.

LME **copper** and **aluminium** extended this week's declines, albeit slightly. **Nickel** fell decisively.

The **\$A** rose to ~US64.55c after trading at ~US64.45c early yesterday evening.

The \$A has traded beyond US65.65c this morning.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	23625	377	1.6
S&P 500	2853	33	1.2
NASDAQ	8944	81	0.9
FTSE 100	5742	-163	-2.8
DAX 30	10337	-206	-2.0
Shanghai Comp	2870	-28	-1.0

Overseas Markets Commentary

Negative sentiment prevailed across major European and US equities markets on opening overnight, amid mixed data releases and a strong focus on China.

Key US indices strengthened to close with notable gains, however, ahead of influential economic indicators scheduled for release by China today, and a batch of material euro zone and US data due tonight.

In addition, in late-US trade, reports emerged World Trade

China – industrial production, retail sales, and fixed asset investment – midday AEST

Today's Stock Watch
Boral Ltd (BLD)

Teleconference commencing **11am** AEST.

Issuing \$US200M of notes, securing \$A365M worth of new bank loan facilities, and extending \$US665M of a \$US750M debt facility from July 2021 to June 2024. Closing some plants temporarily and reducing other shifts.

President and VP changes also lodged this morning.

Kogan.com Ltd (KGN)

Outlaying \$4.4M for furniture and homewares specialist Matt Blatt. KGN is funding the acquisition from cash reserves.

Kyckr Ltd (KYK)

Anticipating a minimum \$A100,000 from a renewed annual contract with Commerzbank, covering the 'Kyckr for Business' portal in the UK. Further, KYK is reporting 39% higher year-on-year, record \$A260,000 April revenue.

Michael Hill International (MHJ)

CEO Daniel Bracken is reducing his work load for a few weeks following recent surgery. 100 stores in Australia, and 25 in New Zealand, will be operational from tomorrow. Stores in Canada are expected to begin reopening from late May.

Coca-Cola Amatil (CCL)

CCL has appointed former Nine Entertainment (ASX: NEC) and CSR (ASX: CSR) CFOs Greg Barnes as CCL CFO, effective 1 June.

James Hardie Industries (JHX)

JHX has appointed Inchcape chair Nigel Stein and former 3M executive VP industrial business and transportation business Harold Wiens as independent non-executive directors, effective today. Non-executive JHX director Brian Anderson is planning to retire from the JHX board at the conclusion of the 7 August AGM. JHX is scheduled to release March quarter and full year results Tuesday next week.

Resources
Bluescope Steel (BSL)

A cyber security breach has disrupted some operations.

South32 Ltd (S32) / Inca Minerals (ICG)

S32 is withdrawing from the earn-in agreement for ICG's Riqueza project after spending \$A3.8M on initial exploration.

OceanaGold Corporation (OGC)

\$US26M March quarter net loss, against a \$12.4M net profit a year ago, and \$8.7M profit for the December quarter 2019. \$US138.2M revenue, against \$US179.5M and \$US152.1M respectively. \$177.4M liquidity. \$121.1M net debt.



Organisation (WTO) director general Roberto Azevedo had decided to leave the WTO in August, a year ahead of the expiry of his second four-year term.

Pre-overnight US trade, the US president had again threatened not to progress trade relations with China, repeating accusations that China had been irresponsible in not containing Covid-19 at its source.

Meanwhile yesterday, China was reported to have purchased US soy bean oil, the first in two years, and to have enabled companies in China to import barley and blueberries from the US.

An executive of China's agricultural trading agency COFCO was reported in the meantime to have declared China ready to increase US agribusiness imports under the preliminary trade accord signed in January.

Further, as China implemented new initiatives to contain increased numbers of Covid-19 cases in Wuhan, the republic's finance minister promoted additional fiscal support.

The **European Central Bank** (ECB) published an economic bulletin which included estimates of a 5% - 12% drop in euro zone GDP during 2020, as noted publicly recently by ECB officials.

Earlier, Japan had lifted the Covid-19 state of emergency declaration for 39 of 47 prefectures, but not for select cities and areas, including Tokyo and Osaka, and the northern part of Hokkaido.

Among overnight data releases, **Germany's** April CPI was finalised at 0.4% growth for the month. Prices were 0.9% higher than for April 2019.

In **France**, March quarter unemployment was estimated at 7.8% from 8.1% for the December quarter 2019, and against expectations of 8.5%.

Italy's March trade surplus also defied expectations, coming in at €5.685B against €6.085B at the end of February, and following forecasts of €2.5B.

In the US, weekly new unemployment claims tallied 2.981M, against expectations of 2.45M. The new figure meant that over the eight weeks to 9 May, 36M people in the US had applied for unemployment support.

April import and export price indices fell 2.6% and 3.3% respectively for the month, following 2.4% and 1.7% March declines.

Against April 2019, prices were down 6.8% and 7% respectively.

Meanwhile, the UK conducted a five-year bond auction, yields falling to 0.037% from 0.168%.

Earlier yesterday a 30-year offer of government bonds in Japan produced 0.449% yields, from 0.43%.

Tonight in the **US**, April retail sales and industrial production, plus March business inventories and a March job opening report are due, together with the May New York region manufacturing index and an initial estimate of May consumer sentiment by the University of Michigan.

Elsewhere, **Germany** releases an initial March quarter GDP estimate, and the **euro zone**, a second March quarter GDP reading, together with March trade figures.

Companies scheduled to report earnings later today and tonight include: Campbell Soup, Dai-ichi Life, Hapag Lloyd, JD.com, Mitsubishi UFJ Financial Group, Nippon Paper Industries, Samsung

Pre-Open Announcements

Meridian Energy (* MEZ)

April operational report lodged pre-trade, highlighting 13.7% lower year-on-year New Zealand electricity demand and 0.3% lower MEZ retail sales volumes.

Contact Energy (* CEN)

April operational report lodged pre-trade, highlighting 300GWh of mass market electricity and gas sales, against 337GWh for April 2019.

Mass market electricity and gas netback came in at \$NZ96.66/MWh, against \$NZ86.47MWh/h.

Vmoto Ltd (* VMT)

VMT's \$1M SPP received \$3.95M worth of subscriptions.

Imagion Biosystems (IBX)

May investor newsletter lodged post-trade yesterday.

Resources

Tyranna Resources (* TYX) / Marmota Energy (* MEU) / Syngas Ltd (* SYS)

TYX is considering its options regarding the company's Jumbuck gold project, particularly in relation to the SYS offer for the project, announced in November 2019.

Yesterday, MEU announced it had offered a fully-funded \$1.3M for the project, \$1M in cash and \$300,000 in MEU shares issued directly, on a pro-rata basis, to TYX shareholders.

MEU has requested due diligence for a period of 10 business days.

Legend Mining (* LEG)

Heralding WA Fraser Range region Rockford project Mawson prospect diamond and air core drilling results.

Assays lodged this morning.

Energy

Buru Energy (* BRU)

76,817bbl of Ungani crude was taken on board by Petro-Diamond Singapore (PDS) Wednesday.

BRU's 50% revenue share is expected to deliver ~\$A1.2M.

Considering all Roc Oil – BRU Ungani JV options for when the contract with PDS expires 30 June, due to the uncertainties created by shipping constraints and oil market balance.

Suspending Ungani production is one low-cost option, with no material operational consequences.

Trading Halts

Company	Code	Resuming
New Zealand Coastal Seafoods	NZS	15 May
Superior Resources	SPQ	15 May



Life, Sumitomo Mitsui Financial Group and TDK.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1740.9	oz	9.6	1.4
Silver (NY) (Jul)	16.156	oz	0.485	3.1
Gold (LON) (13 May)	1708	oz		
Platinum	769	oz	7	0.9
WTI Crude (Jun)	27.56	bbbl	2.27	9.0
Brent Crude (Jul)	31.13	bbbl	1.94	6.7
Iron Ore (NYMEX,CHN,62%)	88.74	t	0.39	0.4
Copper (LME,3mth Ind,PM)	5217	t	-6	-0.1
Nickel	12070	t	-190	-1.6
Aluminium	1479	t	-1	-0.1
Lead	1623	t	23	1.4
Zinc	1970	t	1	0.1
Tin	15030	t	-115	-0.8

Commodities Commentary

Oil – the International Energy Agency’s (IEA) monthly oil sector report, published overnight, included a 21.5MMbbl/d forecast drop in May crude demand, and a prediction of an overall 4% drop in the international economy.

Global June quarter crude demand would fall by 20% and for the year by 9%, the IEA also ventured.

In addition, the IEA warned of weak margins as refining activity picked up.

In the meantime, Norway’s sovereign wealth fund sold holdings in another batch of companies due to their coal activity and/or greenhouse gas emissions tallies. These included Australia’s AGL Energy, Anglo American, Glencore, Sasol and RWE. BHP was one of several companies listed as ‘under observation’.

A weekly US petroleum drill rig report is due tonight.

Gold – prices were pushed to their highest in three weeks overnight, amid mixed data releases, a weaker \$US and acknowledgement international economic recovery over an extended period would likely require additional fiscal and monetary policy support.

A plethora of influential international data is due today and tonight, potentially producing some volatility during tonight’s trade.

Base metals – our economic commentary out of the US post-Wednesday LME trade, US-China trade relations disquiet, concerted moves by China to prevent another Covid-19 Wuhan outbreak, and another domestic acknowledgement of China’s economic risk appeared major influences on overnight base metals sentiment.

In addition, China’s Jiangxi province announced tax and loan support for copper producers.

LME copper inventories in the meantime were reported at 282,675t, the most since October 2019.

Further, spot prices for copper were reported to be \$US30/t lower than for three-month prices, against the \$US2/t discount in March.

News also continued of further relaxation of Covid-19

Hot Chili	HCH	18 May
Roots Sustainable Agricultural Technologies	ROO	18 May
Torian Resources	TNR	18 May
United Malt Group	UMG	18 May
Wide Open Agriculture	WOA	18 May

Suspensions (select)

Company	Code	Since
BPH Energy	BPH	30 Apr
Cellmid Ltd	CDY	11 May
Liquefied Natural Gas	LNG	4 May
Skin Elements	SKN	12 May
Victory Offices	VOL	23 Apr
Xped Ltd	XPE	14 May

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
BLV	Today	10.13	100	0.00
JHG	Today	54.83	0	7.82
MQG	Mon	180	40	2.42
UOS	Tue	2	0	3.68
AST	Wed	5.1	50	5.31
PDL	Thu	15	10	7.89
AMC	27 May	11.5	0	3.64
IAP	28 May	4.3	0	2.78
ORI	28 May	16.5	0	3.42

Reports & Events

(selected)

When	Company	Report/Event
Today	AHZ	AGM (10am AEST)
	URW (SE)	AGM (6.30pm AEST)
Mon	FDV	AGM (1pm AEST)
	TPW	Full year
Tue	ABC	AGM (10am AEST)
	JHX	Full year, MarQ (9am AEST)
	TNE	Interim
Wed	AWC	AGM (1pm AEST)
	BLY	AGM
	GEM	AGM
Thu	ALL	Interim
	GXY	AGM (4pm AEST)
	RSG	AGM (5pm AEST)



containment restrictions, supporting future increased demand expectations.

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

Late yesterday, Japan reported April machine tool orders had plummeted 48.3% year-on-year, following a 40.7% March dive.

China's April residential property prices are expected Monday, with foreign direct investment slated for early weekend.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6468	0.0008	0.12
EUR – USD	1.0807	0.0003	0.03

US Data Tonight

Retail sales	Apr
New York Fed Empire State manufacturing	May
Industrial production	Apr
Business inventories	Mar
JOLTS job openings	Mar
Uni of Michigan consumer sentiment (initial)	May

Other overseas Data Today & Tonight

China	Industrial production	Apr
China	Retail sales	Apr
China	Fixed asset investment	Apr
Japan	Producer prices	Apr
Germany	GDP (initial)	Mar Q
Germany	Producer prices	Apr
Euro zone	GDP (2nd)	Mar Q
Euro zone	Trade balance	Mar

Need More Information?

Contact your State One Stockbroking advisor on 08 9288 3388 or 1300 651 898, or by email, advice@stateone.com.au

Fri (22 May)	SHV SYR	Interim (post-ASX; tele 9am Mon) AGM (10am AEST)
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