

Markets

SFE 200 Futures (9.30am AEST)	5417	-123	-2.2
NZX 50	10573	41	0.4
DJIA Futures	24020	-105	-0.4
S&P 500 Futures	2872	-11	-0.4
NASDAQ Futures	8836	-34	-0.4

Local Markets Commentary

The Australian market commences a new month's trade on a Friday with a batch of key domestic data due from pre-trade, a large domestic bank trading ex-dividend, and several regional markets closed for May day, ahead of a material manufacturing index due for the US tonight.

Regionally today, the Bank of **Japan** is scheduled to release policy meeting minutes just prior to the ASX open. A final April manufacturing PMI reading is anticipated 10.30am AEST.

Locally today, the IAG's April **manufacturing** index has already been released, at a decidedly contractionary 35.8 from an expansion mode 53.7.

The Australia Bureau of Statistics (ABS) releases March **producer price indices** 11.30am AEST.

HIA is scheduled to report April **home sales** 10am AEST.

An April **residential property price** index is also expected this morning.

The Reserve Bank of Australia's (RBA) reveals monthly **commodity prices** post-trade.

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

In overnight commodities trade, **oil** rose sharply for a second consecutive session.

US **gold** futures (June) picked up the pace of its latest pull back.

Iron ore (Nymex CFR China, 62% Fe) settled just US1c/t higher.

In base metals (LME) trade, **copper** and other key non-ferrous base metals fell.

The **\$A** fell to ~US64.85c after trading at ~US65.40c early yesterday evening.

*Markets in **China, Hong Kong, Singapore and South Korea** are closed today, for Labor Day.*

Japan's markets will be closed Tuesday and Wednesday next week.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24346	-288	-1.2
S&P 500	2912	-27	-0.9
NASDAQ	8890	-25	-0.3
FTSE 100	5901	-214	-3.5
DAX 30	10862	-246	-2.2
Shanghai Comp	2860	38	1.3

Australia – April AIG PMI – 35.8

Today's Stock Watch

ResMed Inc (RMD)

39% higher year-on-year, \$US217.5M March quarter net operating profit. 16% higher, \$US769.5M revenue. US39c dividend. A teleconference commenced 6am AEST.

Reliance Worldwide Corporation (RWC)

Teleconference scheduled for 10am AEST.

Commencing a four-day manufacturing week in Australia from 11 May. Customer service and warehouse operations will remain five-day.

NEXTDC Ltd (NXT)

27MW contracted commitments in place, up by 6MW since 4 March. Increasing expected FY20 capex from \$320M - \$340M to \$340M - \$380M.

Janus Henderson Group (JHG)

\$US332.4M March quarter operating income loss, including \$US487.3M worth of charges.

21% year-on-year fall in AUM to \$US294.4B. 3% lower, \$US352.7B average AUM. \$US2.35 NTA, against \$US1.68 at 31 December 2019. US36c dividend.

A webcast teleconference and AGM were held overnight.

Austal Ltd (ASB)

\$324M Royal Australian Navy contract secured, but a US Navy guided missile frigates contract for which ASB tendered, has gone to a competitor.

Orora Ltd (ORA)

\$A1.72B sale of ORA's Australasian Fibre Business completed. ORA anticipates \$A1.55B net proceeds. Strategic review underway. Update promised for later this year.

Althea Group (AGH)

Three-year supply and distribution agreement secured for Germany from second-half 2020.

Resources

Sandfire Resources (SFR) / Kopore Metals (KMT)

SFR is planning to purchase KMT's exploration assets in Namibia for \$1M cash and \$1M SFR shares.

Energy

Origin Energy (ORG)

Teleconference scheduled for 10am AEST.

Acquiring 20% of UK retailer Octopus Energy and planning to use Octopus's Kraken operations and customer technology.

Paying \$134M upfront and up to an additional \$373M over four years.



Overseas Markets Commentary

Major European equities markets declined steadily overnight, amid additional gloomy data releases and further warnings accompanying high-profile company earnings reports.

Key US indices mostly opened lower, the NASDAQ trading higher early but chopping and swinging through the session, as investors digested quarterly results and outlooks in particular from the likes of Facebook, Kraft Heinz, McDonald's and Microsoft, in the wait for reports from Amazon and Apple.

In the meantime, the **US Federal Reserve** revealed it would boost direct lending to businesses, underscoring the need for ongoing unprecedented measures.

Earlier, the **European Central Bank** post-policy meeting press conference with president Christine Lagarde delivered a forecast of a 5% - 12% drop in euro zone GDP for the year.

The bank also announced plans to offer loans to banks at rates as low as -1.0%.

Among overnight **data** releases, an initial estimate for **euro zone** March quarter GDP had already confirmed contraction, down 3.8% for the three months and 3.3% year-on-year.

The quarterly drop was the largest on record for the region. Further, figures for France and Italy placed these two nations in technical recession.

The first reading of regional April CPI represented 0.3% growth for the three months and 0.4% year-on-year.

March unemployment rose to 7.4% from 7.3%.

Germany's March retail sales tumbled 5.6% for the month and were down 2.8% year-on-year.

Unemployment rose to 3.5% from 3.4%.

In the **UK**, March domestic vehicle production tumbled 37.6% year-on-year.

In the **US**, weekly new unemployment claims rose by 3.84M, against expectations of a greater slowdown in the weekly figures, to ~3.5M. Within the six weeks to the end of last week, US new unemployment claims tallied 30M.

March personal income and spending fell by 2% and 7.5% respectively.

The Chicago April PMI declined further into contraction mode, estimated at 35.4 from 47.8.

Meanwhile currencies trade was reportedly volatile prior to end-of-month fixing. The euro strengthened 0.77% against the \$US while the \$US rose 0.53% against Japan's yen.

For the session, the ICE \$US index fell 0.50%.

Tonight in the US, ISM's April manufacturing index is keenly anticipated. March construction spending is also due.

Companies scheduled to report earnings, or provide a trading update, later today and tonight include: AbbVie, Chevron, Colgate-Palmolive, Estee Lauder, ExxonMobil, Honeywell, Mitsui, Novo Nordisk, Phillips 66 and Royal Bank of Scotland.

Berkshire Hathaway will reveal March quarter performance Saturday and also convene a virtual AGM.

In overnight corporate news, **Royal Dutch Shell** announced it would not pay a quarterly dividend (the first time in ~eight

Pre-Open Announcements

SkyCity Entertainment Group (* SKC)

Some development work has recommenced, including for the NZ International Convention Centre.

Ardent Leisure Group (ALG)

Looking to supplement liquidity, as most centres in the US are expected to remain closed this month, despite some staged re-openings for others.

Openpay Group (OPY)

Appreciated 23% yesterday, trading as high as 95c and settling at 85.5c, after lodging the company's March quarter business review.

Access details for a recording of the subsequent teleconference lodged post-trade yesterday.

Resources

Alacer Gold Corporation (AQG)

Quarterly operational and financial figures lodged this morning.

Neometals Ltd (NMT)

\$94.9M cash. \$6M receivables and investments. No debt.

Trading Halts

Company	Code	Resuming
Argonaut Resources	ARE	1 May
G Medical Innovations Holdings	GMV	1 May
Golden Mile Resources	G88	1 May
Pure Minerals	PM1	1 May
3D Resources	DDD	4 May
Austal Ltd	ASB	4 May
AVZ Minerals	AVZ	4 May
Buddy Technologies	BUD	4 May
Crowd Media Holdings	CM8	4 May
DataDot Technology	DDT	4 May
Ingenia Communities	INA	4 May
Liquefied Natural Gas	LNG	4 May
Newcrest Mining	NCM	4 May
Nuheara Ltd	NUH	4 May
Oventus Medical	OVN	4 May
Smartpay Holdings	SMP	4 May
Tempus Resources	TMR	4 May
Wameja Ltd	WJA	4 May
Australian Potash	APC	5 May
OncoSil Medical	OSL	5 May
Cashwerkz Ltd	CWZ	6 May
Elixinol Global	EXL	6 May
Predictive Discovery	PDI	6 May



decades), and was suspending a share buy-back, after profit dropped 46% to \$US2.9B.

ConocoPhillips reported a \$US1.7B quarterly loss.

Post-US trade, **Amazon** reported a 26% year-on-year lift in March quarter sales to \$US75B, but warned of rising costs, mostly related to Covid-19 – related expenses.

Also post-US trade, **Apple** also reported better-than-anticipated sales (\$US58.3B), and lifted its dividend by 6%, but offered no definitive outlook figures.

Major mainland European markets will be closed tonight, due to Labor Day.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1694.2	oz	-19.2	-1.1
Silver (NY) (Jul)	14.973	oz	-0.342	-2.2
Gold (LON) (29 Apr)	1703	oz		
Platinum	768	oz	-10	-1.3
WTI Crude (Jun)	18.84	bbbl	3.78	25.1
Brent Crude (Jun)	25.27	bbbl	2.73	12.1
Iron Ore (NYMEX,CHN,62%)	83.84	t	0.01	0.0
Copper (LME,3mth Ind,PM)	5196	t	-59	-1.1
Nickel	12160	t	-165	-1.3
Aluminium	1488	t	-20	-1.3
Lead	1629	t	-18	-1.1
Zinc	1928	t	-17	-0.9
Tin	15100	t	-205	-1.3

Commodities Commentary

Oil – late-yesterday, the International Energy Agency (IEA) revised its international 2020 oil demand forecast to a 9% drop, and described the impacts of the Covid-19 outbreak as the ‘biggest shock to the global energy system in more than seven decades’.

End of month trade appeared mostly influenced by production cutbacks, however.

Norway confirmed it planned to cut crude production, by as much as 13% (250,000bbbl/d) in June, and by a likely daily 134,000bbbl for July through December.

Royal Dutch Shell announced it would reduce crude output by 420,000bbbl/d in June.

ConocoPhillips revealed a 35% production cut by June.

Meanwhile OPEC+ members are due to commence additional output reductions from today.

The Brent June futures contract expired on settlement tonight, the July delivery contract adding 9.3% (\$US2.25/bbl) for the session, to close at \$US26.48/bbl.

A US petroleum drill rig count is due tonight.

Gold – currency twists prior to end-of-month fixing, data and some early Covid-19 treatment optimism toyed with overnight prices.

Data, including an initial March quarter GDP estimate for the euro zone, largely disappointed.

In addition, the European Central Bank’s post-policy meeting

Suspensions *(select)*

Company	Code	Since
Alt Resources	ARS	30 Apr
BPH Energy	BPH	30 Apr
CML Group	CGR	28 Apr
Jupiter Energy	JPR	28 Apr
Neurotech International	NTI	14 Apr
Panoramic Resources	PAN	15 Apr
Victory Offices	VOL	23 Apr
Virgin Australia Holdings	VAH	16 Apr

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
NAB	Today	30	100	9.79
NBI	Today	0.9	0	7.30
ACQ	Mon	3.75	100	7.78
WAT	Mon	2	100	2.35
SNC	Tue	3.5	100	10.14
JMS	Wed	0.75	0	24.07
OMH	Thu	1	0	8.45
JHG	Fri	US36	0	8.53

Reports & Events

(selected)

When	Company	Report/Event
Today	360	AGM
	OSH	AGM (1pm AEST)
	RMD	Mar Q (tele 6am AEST)
Mon	TCL	Investor briefing (9.30am AEST)
	WBC	Interim
Wed	IAP	Full year (tele 4.30pm AEST)
	PPH	Full year (tele 9am AEST)
Thu	HTA	AGM
	IRE	AGM (11.30am AEST)
	RIO	AGM (4pm AEST)
	WPP	AGM (tele 10am AEST)
	ZEL	Full year
Fri	AMP	AGM (11am AEST)
	MQG	Full year



press conference pulled no outlook punches. Meanwhile, a 40% year-on-year global drop in the volume of gold used in manufacturing jewellery was reported by Refinitiv for the March quarter. China's demand for gold for jewellery was reported to have plunged 62%. Overall international physical demand was estimated to have declined 26%, to 753t. For its part, the World Gold Council calculated March quarter overall investment demand for gold had surged 80% year-on-year.

Base metals – pushed and pulled overnight by data releases, especially for China, inventory updates and corporate announcements.

LME *aluminium* inventories were estimated 78% higher than mid-January levels.

Shanghai *copper* stocks were reported to have fallen however.

Premiums for contracted copper also picked up, indicating expectations of ongoing increasing demand.

In corporate news, Glencore anticipated the group's 2020 copper output would fall 3% to 1.25Mt, and *zinc* production would drop 8% to 1.16Mt, as the company cut capex by up to \$US1.5B from the previously anticipated \$US5.5B.

For the March quarter, Glencore copper output declined 9% year-on-year to 293,300t. Zinc production rose 13% to 295,600t. Nickel production also rose, by 4% to 28,200t.

China Molybdenum revealed a pick up in copper and cobalt deliveries to ports from its DRC operations.

China's official April PMIs, reported yesterday, included a 1.2-point fall to 50.8 for manufacturing and 0.9-point rise to 53.2 for the services sector.

Caixin also reported its April manufacturing PMI for China yesterday, at a contractionary 49.4 from 50.1.

Japan's March industrial production, also released yesterday, dropped 3.7% for the month and 5.2% year-on-year.

Retail sales were reported 4.5% lower for the month and down 4.6% year-on-year.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6488	-0.0023	-0.35
EUR – USD	1.0943	-0.0009	-0.09

Australian Data Today

IAG	PMI	Apr
CoreLogic	Home price index	Apr
ASX	Producer price indices	Mar
RBA	Commodity prices (4.30pm AEST)	Apr

US Data Tonight

ISM manufacturing	Apr
Construction spending	Mar
Markit manufacturing PMI (final)	Apr



Other Overseas Data Today & Tonight

Japan	BOJ policy meeting minutes	Apr
Japan	PMI manufacturing (final)	Apr
UK	PMI manufacturing (final)	Apr
UK	BoE consumer credit	Mar

Need More Information?

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