

Markets

SFE 200 Futures (9.30am AEST)	5491	-83	-1.5
NZX 50	10770	-21	-0.2
DJIA Futures	24195	43	0.2
S&P 500 Futures	2922	5	0.2
NASDAQ Futures	9310	13	0.1

Local Markets Commentary

The Australian market opens mid-week trade with key regional and domestic economic reports and figures due by late morning, amid continuing Australia-China trade tensions, and following an overnight turn lower in US equities sentiment.

Regionally today, **China** is due to reveal any change in the one-year and five-year loan prime rates **11.30am AEST**.

Closely-followed Takan indices and machinery orders are due for **Japan** pre-ASX trade.

Locally, the Australian Bureau of Statistics (ABS) releases **preliminary April retail sales** figures **11.30am AEST**.

Also this morning, Westpac and the Melbourne Institute publish their April **leading index** report.

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

In overnight commodities trade, **oil** prices diverged, WTI crude settling with a further gain, but Brent crude pushed moderately lower.

US **gold** futures (June) seesawed higher.

Iron ore (Nymex CFR China, 62% Fe) turned lower, but remained above \$US94.60c/t.

LME **copper** continued modestly higher. **Nickel** continued to rally. **Aluminium** turned lower.

The **\$A** fell to US65.25c after trading at US65.55c early yesterday evening. This morning, the \$A has appreciated to ~US65.40c.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24207	-391	-1.6
S&P 500	2923	-31	-1.1
NASDAQ	9185	-50	-0.5
FTSE 100	6002	-46	-0.8
DAX 30	11075	16	0.2
Shanghai Comp	2899	23	0.8

Overseas Markets Commentary

Major European and US equities markets chopped and swung through overnight trade, key US indices settling at session lows.

Economic data releases and US retail earnings had proved mixed in the meantime, and high-profile officials on both sides of the Atlantic repeated Covid-19 economic warnings.

China – loan prime rates – 11.30am AEST
Australia – preliminary April retail sales – 11.30am AEST

Today's Stock Watch
Genworth Mortgage Insurance Australia (GMA) / National Australia Bank (NAB)

NAB will not renew a GMA supply and service contract due to expire 20 November. This is expected to adversely impact ~12% of GMA's gross written premium, based on FY19 figures.

Fletcher Building (FBU)

A webcast teleconference was scheduled to commence 8.30am AEST. \$NZ55M April EBIT loss, not including significant items. Significant cost-cutting underway, including the loss of ~10% of the FBU workforce, impacting 1500 positions. \$NZ650M net debt. \$NZ970M cash on hand. \$NZ525M credit.

Australian Agricultural Company (AAC)

\$31.3M full year NPAT following a \$148.4M net loss a year ago. \$1.53 NTA against \$1.42. ~One third of AAC meat exports to China are not affected by China's recently announced suspension of select imports.

Boral Ltd (BLD) / Wagners Holding Company (WGN)

BLD is heralding a 'favourable judgment' by the Queensland Supreme Court regarding a cement supply pricing dispute with WGN. Orders will be made 4 June, when the reasons for the judgment will also be disclosed.

Bapcor Ltd (BAP)

\$122M worth of applications received in BAP's SPP, prompting BAP to boost the size of the offer by \$26M to \$56M.

Southern Cross Electrical Engineering (SXE)

Five-year, \$40M regional services agreement secured with Energy Queensland, replacing a three-year agreement which commenced August 2017.

Computershare Ltd (CPU)

An investor briefing and Q&A scheduled to commence 9am AEST Wednesday. Business review presentation lodged post-trade yesterday.

Resources
Newcrest Mining (NCM)

Sufficient water secured, from new licences and recent rainfall, to sustain Cadia, NSW production for a minimum two years.

Energy
Worley Ltd (WOR)

WOR has secured two two-year global offshore development framework agreements with BP International, one for conceptual engineering and the other for early FEED.



US Federal Reserve chair Jerome Powell and US treasury secretary Steven Mnuchin met (virtually) with a Senate banking committee, Mr Powell reiterating more Fed and parliamentary funding approval support may yet be needed for the Covid-19 outbreak, which Mr Powell again described as 'first and foremost a public health crisis'.

Mr Powell also again highlighted the premise for the range of support initiated to date, that the 'scope and speed of this downturn ... are significantly worse than any recession since World War II'.

Mr Mnuchin maintained the US economy might 'never recover' should lockdowns continue. In addition, he flagged a review and extension of a small business eight-week payroll loans program.

Across the Atlantic, the UK chancellor described the Covid-19 – induced UK recession as severe and looking unlikely to lead to a speedy recovery.

Meanwhile, the World Health Assembly (World Health Organisation AGM) ended after two days with formal approval for an independent Covid-19 review.

Earlier yesterday, International Monetary Fund (IMF) MD Kristalina Georgieva warned Covid19 – spawned protectionism would exacerbate poverty spread due to lower wages and increased costs.

In overnight data releases, **UK** employment claims swelled by 856,500 in April, following a 12,100 March increase, the new rise pushing total claims a 24-year peak of 2.1M.

March quarter productivity was calculated 1.1% lower year-on-year, in a preliminary estimate and following a 0.3% rise for the December quarter 2019.

In the **euro zone**, ZEW's May economic sentiment index jumped to 46 from 25.2, following forecasts of 29.

April new car registrations stalled by 76.3% year-on-year, following a 55.1% March reversal.

March construction output dropped 51.4% year-on-year.

The ZEW economic sentiment index for **Germany** came in at a notable 51, from 28.2, against expectations of 32.

The current conditions component was calculated at -93.5 however, from -91.5.

In the **US**, April building permits tumbled 20.8% for the month, after declining 5.7% in March.

Housing starts plummeted by 30.2% following an 18.6% March drop.

Tonight in the US, Federal Reserve April monetary policy meeting minutes are keenly anticipated, despite a myriad of central bank public commentary since then.

Weekly mortgage applications are also due.

Elsewhere, Germany conducts a 10-year bond auction.

Companies scheduled to report earnings later today and tonight include: Analog Devices, Ctrip.com, Expedia, Japan Pulp & Paper, JVC Kenwood, Lowe's, Marks & Spencer and Target Corp.

In overnight corporate news, **Lockheed Martin** revealed a parts shortage could delay the delivery of up to 24 F-35 fighter jets.

Meanwhile UK and US markets are heading towards a Monday public holiday weekend.

Pre-Open Announcements

Contango Income Generator (* CIE)

Paying a 0.96c fully franked March quarter dividend.
CIE will trade ex-dividend 26 May (Tuesday next week).
The dividend will be paid at COB 9 June.

Buddy Technologies (BUD)

BUD has demonstrated LIFX integration capacity at Microsoft's annual developer conference.

Bod Australia (BDA)

Heralding April medicinal cannabis prescriptions growth.

Resources

Alumina Ltd (* AWC)

Company and industry updates anticipated at today's AGM (1pm AEST).

Kin Mining (KIN)

WA Cardinia gold project presentation lodged this morning.

New Century Resources (NCZ)

Trading halt called post-trade yesterday ahead of an announcement regarding 'a potential material acquisition'.
Meanwhile, NCZ is extending the deadline for entitlement offer applications to 29 May.

Alkane Resources (ALK) / Image Resources (IMA)

Conference presentations lodged post-trade yesterday.
ALK was pushed 8.98% lower yesterday, settling at 74c.

Trading Halts

Company	Code	Resuming
Aura Energy	AEE	20 May
Cann Global	CGB	20 May
European Lithium	EUR	20 May
Flamingo AI	FGO	20 May
G Medical Innovations Holdings	GMV	20 May
Race Oncology	RAC	20 May
Technology Metals Australia	TMT	20 May
Vango Mining	VAN	20 May
Volt Resources	VRC	20 May
EcoGraf Ltd	EGR	21 May
Nickel Mines	NIC	21 May
RTG Mining	RTG	21 May
Westgold Resources	WGX	21 May
Invex Therapeutics	IXC	22 May
New Century Resources	NCZ	22 May
Decmil Group	DCG	25 May
Firstwave Cloud Technology	FCT	25 May
Golden State Mining	GSM	25 May
Kairos Minerals	KAI	25 May

**Commodities**

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1745.6	oz	11.2	0.7
Silver (NY) (Jul)	17.901	oz	0.433	2.5
Gold (LON) (18 May)	1735	oz		
Platinum	831	oz	25	3.1
WTI Crude (Jun)	32.50	bbl	0.68	2.1
Brent Crude (Jul)	34.65	bbl	-0.16	-0.5
Iron Ore (NYMEX,CHN,62%)	90.65	t	-0.84	-0.9
Copper (LME,3mth Ind,PM)	5355	t	23	0.4
Nickel	12455	t	210	1.7
Aluminium	1491	t	-8	-0.5
Lead	1681	t	21	1.2
Zinc	2029	t	10	0.5
Tin	15420	t	138	0.9

Commodities Commentary

Oil – prices diverged overnight, amid Covid-19 economic impact warnings, including from UK and US officials.

In the meantime, reports emerged the US Navy had issued a warning to armed vessels traversing the Gulf, that they would be deemed a 'threat' should they come any closer than 100m to any US vessel.

June WTI futures expired at the end of overnight trade.

July futures settled at \$US31.96/bbl, after adding 1% (US31c/bbl).

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

Post-overnight settlement, a US industry body has reported a 4.8MMbbl draw on domestic stored crude last week.

Gold – prices turned higher overnight, in part due to a weaker \$US but also in response to US Federal Reserve chair Mr Powell's (video call) comments to a Senate banking committee.

Mr Powell again promoted the central bank's preparedness and willingness to boost stimulus.

Base metals – US-China and China-Australia trade tensions, plus new Covid-19 economic impact warnings constrained some overnight sentiment.

In the meantime, a new Covid-19 outbreak was flagged in key metals producer Chile.

Japan's March industrial production, reported yesterday, was finalised as a 3.7% decline for the month and 5.2% year-on-year drop.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6541	0.0004	0.07
EUR – USD	1.0926	0.0003	0.03

Australian Data Today

Wstpc/MInst	Leading index	Apr

Suspensions (select)

Company	Code	Since
Advance NanoTek	ANO	18 May
Astivita Ltd	AIR	18 May
Cellmid Ltd	CDY	11 May
Eon NRG	E2E	19 May
Liquefied Natural Gas	LNG	4 May
Skin Elements	SKN	12 May
Superior Resources	SPQ	15 May

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
AST	Today	5.1	50	5.20
PDL	Tomorrow	15	10	7.20
ELD	Mon	9	100	1.74
CIE	Tue	0.96	100	tbc
AMC	27 May	17.7	0	3.52
WHF	27 May	10.25	100	4.51
IAP	28 May	4.3	0	2.66
ORI	28 May	16.5	0	3.28

Reports & Events

(selected)

When	Company	Report/Event
Today	AAC	Full year
	AWC	AGM (1pm AEST)
	CIA	Full year (w/cast tele 10.30pm AEST)
	CPU	Investor briefing (9am AEST)
	BLY	AGM
	GEM	AGM
Tomorrow	ALL	Interim
	GXY	AGM (4pm AEST)
	RSG	AGM (5pm AEST)
Fri	SHV	Interim (post-ASX; tele 9am Mon)
	SYR	AGM (10am AEST)
Mon	TLT	AGM (9am AEST)
Tue	CCL	AGM
	MOE	AGM (11am AEST)



ABS	Retail sales (preliminary)	Apr
DeptofEmplty	Skilled vacancies	Apr

US Data Tonight

Federal Reserve policy meeting minutes	Apr
MBA mortgage applications	15 May

Other overseas Data Today & Tonight

China	Prime loan rates	May
Japan	Tankan index	May
Japan	Machinery orders	Mar
UK	CPI	Apr
Euro zone	CPI (final)	Apr
Euro zone	Consumer confidence	May

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