

Markets

SFE 200 Futures (9.30am AEST)	7229	16	0.2
NZX 50	12471	31	0.3
DJIA Futures	34597	7	0.0
S&P 500 Futures	4208	1	0.0
NASDAQ Futures	13681	7	0.1

Local Markets Commentary

The Australian market commences today's trade with further material domestic and regional data due late morning, following mostly lacklustre overnight international equities trade leads.

In overnight international political developments, opposition parties in Israel reportedly agreed a coalition that could remove Benjamin Netanyahu as PM.

Yesterday evening, Reserve Bank of Australia (RBA) deputy governor Guy Debelle told the Australian Senate economics legislation (estimates) committee that wages growth was not expected to be optimal before 2024 and that the central bank was targeting 3%.

The RBA also assessed short, sharp Covid-19 – related lockdowns as having limited overall national economic impact to date.

In addition, the bank had determined households were sitting on savings and possessed greater spending capacity.

Locally today, the Australian Bureau of Statistics (ABS) publishes April trade figures and final April retail sales (preliminary sales were reported last month), **11.30am AEST**.

Meanwhile pre-trade, AiG has reported a **58.3 May construction sector activity index**, from 59.1 for April and following expectations of a further increase to 60.0.

TNE trades ex-dividend today. Please see p3 for a detailed ex-dividend list.

Regionally today, Caixin is due to release its May services PMI for China at 11.45am AEST.

Also today, a final May services PMI is expected for **Japan 10.30am AEST**.

In addition, Japan is due to conduct a 10-year government bond auction, 1.45pm.

New Zealand, in the meantime, is heading towards a Monday public holiday weekend, when local markets will be closed.

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

US **gold** futures recorded a modest gain.

Qingdao **iron ore** (CFR China, 62% fines) added US\$2c/t to \$US209.19/t.

Nymex iron ore (CFR China, 62%) reportedly tumbled below \$US171.2/t.

LME **copper** and **aluminium** fell. **Nickel** turned to rise moderately.

The **\$A** appreciated beyond US\$77.55c, after falling beneath US\$77.20c early yesterday evening.

Australia – April trade balance; retail sales (final) – 11.30am AEST

Today's Stock Watch
Crown Resorts (CWN)

CWN is standing down the majority of its Crown Melbourne staff, due to the extended Covid-19 containment restrictions in Victoria.

CWN will pay those stood down, including select casual staff, a one-off discretionary payment.

Wesfarmers Ltd (WES)

Today's strategy briefing materials lodged pre-trade.

A webcast was scheduled to commence 8.30am AEST.

Mesoblast Ltd (MSB)

\$US26.515M March quarter net loss. \$US1.9M revenue, against \$US12.2M a year ago. For the nine months to 31 March, revenue tallies \$US5.46M, against \$US31.455M. \$US158.3M cash. A webcast was scheduled for 8.30am AEST.

Sezzle Inc (SZL)

Three-year instore and digital payments agreement secured with US-headquartered Target Corporation.

Australian Clinical Labs (ACL)

Upgrading FY21 NPAT and revenue forecasts. Figures lodged pre-trade.

MMA Offshore (MRM)

Four contracts worth a total \$A54M - \$A70M recently secured. Details lodged pre-trade. Asset sales continue.

Freedom Foods Group (FNP)

In response to media reports regarding Federal Court of Australia proceedings, FNP is pointing out FNP claims against Blue Diamond Growers have not been dismissed, and nor have Blue Diamond's claims against FNP been determined.

Some FNP claims will be sorted in California, USA. FNP's Australian legal claims can also be pursued in California.

FNP is challenging Blue Diamond almond base supply pricing practices.

Resources
Classic Minerals (CLZ) / Independence Group (IGO)

IGO is exercising rights to acquire a 51% holding in CLZ's Fraser Range tenements, having spent \$1.5M on exploration, and will now also pay CLZ \$500,000 under a 2019 agreement.

In addition, IGO plans to spend an additional \$1M over the next two years, to gain 70% of the Fraser Range JV.

Gold Road Resources (GOR)

GOR discovery and growth executive director Justin Osborne has resigned from the GOR board. Mr Osborne has been with GOR eight years and will continue as an employee until 1 July.

**Overseas Markets.**

INDEX	CLOSE	+/-	%
Dow Jones	34600	25	0.1
S&P 500	4208	6	0.1
NASDAQ	13756	20	0.1
FTSE 100	7108	28	0.4
DAX 30	15603	35	0.2
Shanghai Comp	3597	-28	-0.8

Overseas Markets Commentary

Marked choppy trade featured across major European, UK and US equities markets overnight, amid some key data releases.

Geopolitical issues were also in focus, with opposition groups in Israel attempting to form an agreed coalition that could oust Benjamin Netanyahu as PM.

In addition, US treasury secretary Janet Yellen and China vice premier Liu He revealed they had participated in a videoconference to discuss the two nations' economic relationship, which they described as 'very important' without offering details of the discussions.

Meanwhile, China disputed Malaysia's claims yesterday that Chinese military transport planes had flown 'in tactical formation' off Sarawak.

Malaysia described the incident as a 'serious threat to national sovereignty' and deployed fighter jets.

European Central Bank president Christine Lagarde repeated the bank's expectation of supportive monetary policy that would preserve 'favourable financing conditions' for some time yet, 'well into the economic recovery.

ECB bond purchases are expected to be maintained at recent rates at the monetary policy meeting scheduled for Thursday next week.

In overnight **data** releases, **euro zone** April producer prices were calculated 1.0% higher for the month, following a 1.1% March rise. Against April 2020, prices were up 7.6%.

Germany's April retail sales disappointed, dropping 5.5% for the month after a 7.7% March jump.

Sales were 4.4% higher than for April 2020, however.

The **UK's** April consumer credit figures included a rise in mortgage approvals, but fall in mortgage lending, to £3.3B from £11.1B.

Meanwhile, a UK 10-year treasury gilt (listed debt) auction produced a 0.940% rate from 0.924%.

In the **US**, the Federal Reserve's district-by-district economic roundup report, the beige book concluded moderate overall economic progress for early April through late May.

Supply chains remained an issue and higher wage and input prices were noted.

Finding suitable candidates for jobs again featured as a hindrance to select business growth.

An IBD/TIPP economic optimism index in the meantime rose from 54.4 to 56.4.

Tonight in the **US**, weekly new jobless claims are due, and the

Pre-Open Announcements**iSelect Ltd (* ISU) / Prime Media Group (PRT)**

ISU subsidiary has agreed an affiliate marketing services arrangement with PRT division Seven Affiliate Sales.

Seven Affiliates will enable ISU TV campaigns across the PRT regional television network, with ISU anticipating \$3M - \$5M additional revenue from these.

ISU will pay Seven Affiliates cash for lead generation or revenue share of converted Energy Watch sales.

Djerriwarrh Investments (DJW)

Top-20 investments as at 31 May lodged post-trade yesterday.

Air New Zealand (AIZ)

AIZ has appointed Vector NZ chief digital officer and former Accenture NZ MD Nikhil Ravishankar as chief digital officer, effective September.

Norwood Systems (NOR)

NOR has secured an additional \$170,000 software development services contract with Avicena.

Telix Pharmaceuticals (TLX)

Conference presentation lodged post-trade yesterday.

1st Group (1ST)

1ST has reappointed 1ST founder Klaus Bartosch as CEO following a board renewal.

Stephe Wilks has been appointed CEO chair and finance and technology specialist (Ms) Magali Azema-Barac as a non-executive director.

Dr Azema-Barac holds a PhD in artificial intelligence (AI) from University College London.

Keypath Education International (KED)

Education technology specialist completed its ASX listing yesterday following a \$212M IPO at \$3.71 per CDI.

Opened at \$3.71 and traded at \$3.40 - \$3.73 before settling at \$3.55.

~5.56M shares changed hands across 1171 transactions.

~208.22M CDIs/shares.

Resources**DGO Gold (* DGO)**

DGO has temporarily ceased a Mallina East 8000m drilling program after completing 1000m, to enable additional consultation with a regional native title group not included in the initial heritage surveying and subsequent drilling clearance.

DGO anticipates drilling will recommence in July.

NickelX Ltd (NKL)

Heralding conclusions from a Biranup project Black Dragon gold prospect data review.

Matador Mining (MZZ)

Boosting the Newfoundland landholding 37% to 750sq km.



ISM's GDP-significant services activity index are keenly anticipated, together with May private employment and job cuts reports.

Elsewhere, May services PMI updates are due for the UK and euro zone.

Broadcom, DocuSign and Lululemon Athletica are among companies scheduled to report earnings tonight.

Commodities				
COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1909.9	oz	4.9	0.3
Silver (NY) (Jul)	28.30	oz	0.19	0.7
Gold (LON) (1 Jun)	1899	oz		
Platinum	1186	oz	-3	-0.3
WTI Crude (NYMEX Jul)	68.83	bbl	1.11	1.6
Brent Crude (ICE EUR Aug)	71.35	bbl	1.10	1.6
Iron Ore (NYMEX,CHN,62%)	171.13	t	-27.22	-15.9
Copper (LME Ind)	10115	t	-134	-1.3
Nickel	18210	t	76	0.4
Aluminium	2436	t	-36	-1.5
Lead	2217	t	-7	-0.3
Zinc	3069	t	2	0.1
Tin	30703	t	0	0.0

Commodities Commentary

Oil – overnight trade was reportedly mostly supported by OPEC demand recovery optimism, reiterated following Tuesday's OPEC+ meeting.

The International Energy Agency (IEA) also confirmed a rise in demand, in a World Energy Investment report.

The IEA also predicted overall 2021 international energy sector investment would grow by 10% to \$US1.9 trillion.

In the meantime, talks with Iran regarding the 2015 international nuclear agreement and compliance issues, were reportedly put on hold for a week.

In price moves, Brent crude traded as high as \$US71.48/bbl, the highest price in ~18 months.

WTI reached \$US69/bbl intra-session, not recorded since October 2018.

A US weekly report from the API, published overnight post-US trade, estimated a 5.36MMbbl draw on US stored crude last week.

Government agency the EIA is due to release its weekly inventories report tonight.

Gold – a stronger \$US failed to prevent Comex futures recording a modest overnight gain.

Producer prices out of the euro zone, indicated further inflationary pressure, helping support some gold demand.

Key US data tonight and tomorrow night is also expected to influence views of how soon the US Federal Reserve might adjust monetary policy.

Base metals – a stronger \$US and further indications of reduced China buying at elevated prices, pushed *copper* lower overnight.

A Caixin-calculated May services PMI for China today is expected to influence some of tonight's trade, should it differ significantly

Details, including two blocks (127sq km) adjacent to MZZ's Cape Ray gold project, lodged this morning.

Essential Metals (ESS)

Conference presentation lodged post-trade yesterday.

ESS presented post-trade, after trading at 9.9c intra-session and settling 4.49% higher for the day, at 9.3c.

FYI Resources (FYI)

Investor presentation lodged post-trade yesterday.

Mayur Resources (MRL)

~4M MRL shares are due to released from escrow 10 June (Thursday next week).

Lachlan Star (LSA)

Pleading ignorance in response to an ASX price query.

LSA traded as high as 4.1c yesterday before settling at 3.8c, after closing out last week at 2.7c.

Energy

Karoon Energy (* KAR)

FID achieved for the Patola project, Santos Basin Brazil.

Further, KAR has agreed an iEPCI contract with TechnipFMC.

Development is expected to cost \$US175M - \$US195M.

Trading Halts

Company	Code	Resuming
Alpha HPN	A4N	3 Jun
Vonex Ltd	VN8	3 Jun
Castillo Copper	CCZ	4 Jun
Nova Minerals	NVA	4 Jun
Straker Translations	STG	4 Jun

Suspensions (select)

Company	Code	Since
Artemis Resources	ARV	2 Jun
CI Resources	CII	3 Jun
DomaCom Ltd	DCL	11 May
Immuron Ltd	IMC	31 May
Metro Mining	MMI	27 May

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
TNE	Today	3.82	60	1.06
ALQ	Mon	14.6	70	1.19
MHI	Mon	1	0	0.00
OCA	Mon	1.65	0	1.46
IFT	Tue	10.34	0	2.14
CIM	11 Jun	60	20	0.00



from recent readings or expectations.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7745	0.0002	0.02
EUR – USD	1.2211	-0.0004	-0.03

Australian Data Today

AiG	PCI	May
ABS	Trade balance	Apr
ABS	Retail sales (final)	Apr

US Data Tonight

ISM non-manufacturing index	May
Initial jobless claims	29 May
ADP employment	May
Challenger job cuts	May
Productivity (final)	Mar Q
Markit services PMI (final)	May

Other Overseas Data Today & Tonight

China	Caixin services PMI	May
Japan	Services PMI (final)	May
UK	Services PMI (final)	May
Germany	Services PMI (final)	May
Euro zone	Services PMI (final)	May

Need More Information?

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

Reports & Events

(selected; all times AEST)

When	Company	Report/Event
Today	FPH	Investor day #3 of 3
	MSB	Mar Q
	WES	Strategy briefing day
Wed	KP2	AGM (NB: 6.30pm)
Thu (10 Jun)	ROG	AGM
Fri	MMM	AGM (NB: 5pm)

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