

Tuesday 1 May 2018

Markets

SFE 200 Futures (9.30am AEDST)	5949	-17	-0.3
NZX 50	8431	-12	-0.2
DJIA Futures	24128	-3	0.0
S&P 500 Futures	2647	0	0.0
NASDAQ Futures	6614	0	0.0

Local Markets Commentary

The Australian market commences a new month's trade with a Reserve Bank of Australia (RBA) policy meeting, following an overnight fall for US equities markets, and with China's markets remaining closed for a second consecutive day.

In overnight commodities trade, US **gold** futures swung lower. **Oil** turned to settle higher.

Iron ore (China port, 62% Fe) continued lower.

LME **copper** turned slightly higher. **Aluminium** rallied.

The **\$A** kept falling after dropping to ~US75.50c early yesterday evening.

Locally today, outcomes from the RBA's policy meeting will be released **2.30pm AEST**.

Pre-trade, AiG's monthly **manufacturing** sector activity index, a weekly consumer sentiment reading and a monthly residential property price index are due.

A plethora of March quarter reports has also been lodged since yesterday's close-of-trade.

Markets in China remain closed today, due to the 1 May Labour Day holiday. Markets in Hong Kong, Singapore, and several other Asian nations are also closed today.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24163	-148	-0.6
S&P 500	2648	-22	-0.8
NASDAQ	7066	-54	-0.8
FTSE 100	7509	7	0.1
DAX 30	12612	31	0.3
Shanghai Comp	3082	Public	Holiday

Overseas Markets Commentary

US equities markets opened higher overnight, but were soon pushed into a downward trend amid end-of-month trade and the confirmation of some large mergers.

Major European equities indices chopped and swung, ahead of the closure of several European markets today for May Day commemorations.

In European data releases, **Germany's** final April CPI reading came in flat for the month and 1.6% higher year-on-year, following a 0.4% monthly gain in March. Some economists had predicted a slight pullback for April inflation.

March retail sales fell 0.6%, against expectations of a 0.8% improvement, and following a 0.2% decline in February, pushing the euro to ~three-month lows

RBA – policy meeting outcomes 2.30pm AEST

RBA governor Philip Lowe is also addressing an RBA board meeting dinner in Adelaide this evening

* Minerals exploration listing **midday AEST – ADT** *

Today's Stock Watch

Commonwealth Bank of Australia (CBA)

The Australia Prudential Regulation Authority (APRA) is requiring CBA to agree to enforceable remedial action regarding governance and company culture, and to also hold an extra \$1B of 'operational risk' capital.

CBA says it will implement all APRA recommendations.

APRA has this morning publicly released its CBA review and findings report.

Australia & New Zealand Banking Group (ANZ)

14% higher, \$A3.3B interim NPAT.

16% lower, \$A2.9B cash profit, but 4.1% higher, \$3.5B on a continuing operations basis.

6% higher, \$10.18B operating income (continuing operations). Flat, 80c fully-franked interim dividend.

\$408M credit impairment, against \$719M.

0.9% higher, 11.0% common equity tier 1 (APRA Basel). \$1.086 EPS.

Servcorp Ltd (SRV)

Revising FY 2018 pre-tax net profit guidance from \$45M - \$55M to \$30M - \$35M.

This is due to a combination of disappointing business in Saudi Arabia, Singapore and the US, and \$6M worth of strategic review outcome expenses.

Boral Ltd (BLD)

A teleconference addressing property earnings and a trading update from last week was scheduled to commence 9am AEST today.

Resources

Independence Group (IGO)

March quarter presentation lodged post-trade yesterday.

Webcast scheduled to commence 10am AEST.

Adriatic Metals Plc (* ADT) / Sandfire Resources (SFR)

Mineral explorer ADT is scheduled to list **midday AEST** following a \$10M IPO at 20c per CDI/share.

55.53M CDIs/shares.

SFR holds 7.65%; Charles Morgan 4.89%.

Energy

AWE Ltd (* AWE)

Company secretary Neville Kelly has resigned.

Mr Kelly accepted this role in 1999.

In addition, Mr Kelly was AWE's inaugural CFO, from 1997 until 2011. From 2011 through the year-to-date, he was AWE's corporate GM.

Current AWE CFO Ian Bucknell has been appointed as joint company secretary with AWE WA legal manager John Newman.

against the \$US. Year-on-year, sales were 1.3% higher.

In mixed **US** data releases, March personal income and spending rose 0.3% and 0.4% respectively for the month.

The core personal consumption expenditures (PCE) index rose 1.9% year-on-year, following a 1.6% rise in February, bolstering views of up to three more US rate rises before year's end.

Pending home sales rose 0.4%, but up to a 1.0% gain had been anticipated after February's 3.1% jump.

Meanwhile, the Chicago PMI rose 0.2 to 57.6, following forecasts of 58.0.

A 21.8 Texas region manufacturing index undershot expectations of 23.0, but followed 21.4 and 22.8 for the two previous months.

Tonight in the US, the US Federal Reserve commences a two-day policy meeting from which outcomes will be known early Thursday AEST.

Among data releases, ISM's April manufacturing index, March construction spending and April vehicle sales are due.

Companies scheduled to report earnings or provide updates later today and tonight include: Apple, Archer Daniels Midland, Merck, Pfizer and Yamaha.

In overnight corporate news, Ohio-headquartered **Marathon Petroleum** revealed it was paying \$US36B for San Antonio competitor, refiner and pipeline specialist **Andeavor**, to become the nation's largest refiner. Marathon was pushed ~7% lower, and Andeavor 13% higher.

In the UK, **Sainsbury's** supermarket chain and US-headquartered Walmart's UK subsidiary **Asda** confirmed a merger valuing Asda at £7.3B.

McDonald's was pushed more than 5.5% higher after March quarter profit exceeded industry forecasts.

Pharmaceuticals manufacturer **Allergan** also bettered expectations but was pushed 5% lower.

In the same sector, **Celgene** fell 4.5% on an independent report anticipating a delay for the firm's proposed MS treatment.

The previously announced \$US26B merger of **T-Mobile** and **Sprint** pushed the telcos respectively ~6% and ~13.5% lower on regulatory fears.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1316	oz	-4	-0.4
Silver (NY) (May)	16.4	oz	-0.1	-0.9
Gold (LON)	1322	oz		
Platinum	902	oz	-11	-1.2
WTI Crude (May)	68.6	bbl	0.5	0.7
Brent Crude (Jun)	75.2	bbl	0.5	0.7
Iron Ore (CHN port 62%)	65.4	t	-0.3	-0.4
Copper	6807	t	10	0.2
Nickel	13593	t	-235	-1.7
Aluminium	2255	t	32	1.4
Lead	2320	t	-26	-1.1
Zinc	3127	t	6	0.2
Tin	21175	t	275	1.3
CBT Wheat (May)	5.07	bshl	0.11	2.2

Commodities Commentary

Oil – prices were pushed higher on a public claim by

Pre-Open Announcements

Aristocrat Leisure (* ALL)

Today's investor day presentation lodged pre-trade.

ASX Ltd (ASX)

Today's presentation of financial results for the nine months to 31 March lodged pre-trade.

ASX is presenting at a Sydney conference this morning.

Admedus Ltd (AHZ)

25% higher (year-on-year,) \$6.2M March quarter revenue.

Fonterra Shareholders' Fund (FSF)

Promising a Q3 business update later this month.

December 2017, January 2018 and February 2018 statistics lodged this morning.

Cedar Woods Properties (CWP)

CWP financial controller Leon Hanrahan has been appointed CFO, effective 1 June.

Current CWP CFO Paul Freedman is continuing as company secretary, and will take on new systems implementation with the digital and technology division.

Ardent Leisure (AAD)

Bowling and entertainment division sale completed, with \$150M net proceeds earmarked for debt repayment.

AAD is anticipating a \$22M - \$26M pre-tax profit on the sale.

Recce Pharmaceuticals (RCE)

Quarterly report lodged post-trade yesterday, highlighting 'good progress' and 'prudent' financial management.

Microequities Asset Management Group (MAM)

Asset management firm completed its ASX listing yesterday following an \$18.98M IPO at 80c per share.

Opened at 85c and slipped to 75c where it settled. 318,127 shares changed hands across 37 transactions.

132.938M shares.

Resources

Mineral Resources (* MIN) / Atlas Iron (AGO)

MIN produced 3020t of iron ore, 109t of spodumene and 1104t of DSO lithium during the March quarter. Shipped a respective 1047t, 111t and 1044t.

Additional MIN March quarter information lodged post-trade yesterday.

Reports & Events

(selected scheduled)

When	Company	Report/Event
Today	AQG	Mar Q
	ALL	Investor day
	ANZ	Interim
	DXS	Mar Q
Tomorrow	GMA	Mar Q
	GPT	AGM
	HTA	AGM
	MYO	AGM
	RIO	AGM
	SIQ	AGM
	WOW	Mar Q

Israel's PM Benjamin Netanyahu that Iran had been cheating with regards to nuclear weaponry.

For its part, Iran labelled the allegations 'propaganda'.

The US is seeking a revamped agreement for the 2015 lifting of sanctions against Iran and the administration has set an arbitrary 12 May deadline. In the meantime, US government agency EIA reported 10.26MMbbl/d domestic production for February, a 260,000bbl/d increase for the month.

The Brent June contract expired overnight, with July delivery settlement at \$74.69/bbl.

Gold – the US **Federal Reserve's** policy meeting commences tonight but no outcomes will be known until early Thursday AEST.

Overnight, prices headed lower early amid enduring \$US strength, gold falling beneath a 200-day moving average, but recovered some when oil jumped.

Base metals – mixed outcomes as the \$US continued higher during end-of-month trade.

China's official April PMIs were reported yesterday as 51.4 for the manufacturing sector (from 51.5 in March), and 54.8 for the services sector (from 54.6). Caixin's initial estimates are expected from tomorrow.

Statements out of trade talks between China and the US later this week are also in focus.

Aluminium was pushed higher after a key **Rusal** owner reportedly agreed to sell control levels of stock.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7532	0.0003	0.04
EUR – USD	1.2082	0.0004	0.04

Australian Data Today

RBA	Policy statement	May
AiG	PMI	Apr
ANZ/RyMgn	Consumer sentiment	29Apr
CLgc	House price index	Apr

US Data Tonight

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

Other Overseas Data Today & Tonight

Japan	PMI manufacturing (final)	Apr
UK	PMI manufacturing	Apr
UK	Mortgage finance	Mar

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Thu	IRE NAB QBE STO	AGM Interim AGM AGM
Fri	MQG	Full year
Mon (7 May)	HT1 WBC	AGM; update Interim
Wed (9 May)	GMG IPL	Q3 update Interim
Thu (10 May)	AMP BTT CTX GMA NUF SEH	AGM; AUM Interim AGM AGM Investor day AGM
Fri (11 May)	NWS	Q3

Trading Halts

Company	Code	Resuming
Renascor Resources	RNU	1 May
88 Energy	88E	2 May
Emeco Holdings	EHL	2 May
EVZ Ltd	EVZ	2 May
PolarX Ltd	PXX	2 May
Registry Direct	RD1	2 May
Spectrum Rare Earths	SPX	2 May
Tungsten Mining	TGN	2 May
UraniumSA Ltd	USA	2 May
Vital Metals	VML	2 May

Suspensions (selected)

Company	Code	Since
Astro Resources	ARO	17 Apr
Beadell Resources	BDR	30 Apr
Jack-In Group	JIP	27 Apr
Rision Ltd	RNL	17 Apr
Samson Oil & Gas	SSN	16 Apr
Skin Elements	SKN	17 Apr
Wangle Technologies	WGL	13 Apr
Wattle Health Australia	WHA	6 Apr

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
ACQ	Tomorrow	2.7	100	4.16
API	Thu	3.5	100	5.17
CBC	Thu	1.5	100	3.28
WAT	Thu	2	100	2.50
SNC	8 May	3.5	100	6.93



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