

Thursday 3 May 2018

Australia – trade balance 11.30am AEST

## Markets

<b>SFE 200 Futures</b> (9.30am AEDST)	<b>6050</b>	<b>4</b>	<b>0.1</b>
<b>NZX 50</b>	8496	2	0.0
<b>DJIA Futures</b>	23842	17	0.1
<b>S&amp;P 500 Futures</b>	2629	2	0.1
<b>NASDAQ Futures</b>	6635	1	0.0

## Local Markets Commentary

The Australian market commences today's trade on negative US equities leads, but with some good overnight price gains for key commodities, ahead of influential domestic data.

In overnight commodities trade, US **gold** futures settled barely changed. **WTI** crude ultimately posted a strong gain.

**Iron ore** (China port, 62% Fe) rallied.

LME **copper**, **nickel** and **aluminium** were also pushed decidedly higher.

The **\$A** slipped below US75.0c again after appreciating to US75.15c early yesterday evening.

**Locally** today, March **trade** statistics are due **11.30am** AEST.

March building approvals will also be released then.

Pre-trade, AiG's April services sector activity index is anticipated.

*Japan's markets are closed today and tomorrow, due to public holidays.*

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	23924	-174	<b>-0.7</b>
<b>S&amp;P 500</b>	2636	-19	<b>-0.7</b>
<b>NASDAQ</b>	7101	-30	<b>-0.4</b>
<b>FTSE 100</b>	7543	23	<b>0.3</b>
<b>DAX 30</b>	12802	190	<b>1.5</b>
<b>Shanghai Comp</b>	3081	-1	<b>-0.0</b>

## Overseas Markets Commentary

Choppy trade featured across most major European and US equities markets overnight, with key data releases on both sides of the Atlantic to consider, and a much-anticipated post-policy meeting statement from the US Federal Reserve.

US indices notably trended lower following the central bank announcement, while Germany's DAX 30 trended higher in rally mode from early trade.

The statement revealed no inflation panic, including a prediction that recent growth would likely steady through the medium-term.

The rate of national economic progress was considered to remain 'moderate', as the bank's decision makers decided for no immediate change in rates.

Earlier, a US private sector employment report had estimated the creation of 204,000 jobs during April, following 241,000 in March.

The ISM's New York business conditions index jumped 10.3 to 64.3.

## Today's Stock Watch

### National Australia Bank (NAB)

1.5% higher, \$2.58B interim NPAT. 11.4% higher, \$9.6B revenue.

16.2% lower, \$2.76B cash earnings, in part due to \$A755M worth of pre-tax restructuring expenses.

Flat, 99c fully-franked in interim dividend.

5.3% lower, \$A373M credit impairment.

10.21% CET1, up 0.15%.

### Commonwealth Bank of Australia (CBA)

Confirming the May 2016 loss of back-up data for 19.3M accounts. CBA has concluded no information was compromised.

### Super Retail Group (SUL)

Supercheap Auto like-for-like sales grew 4.4% for the 17 weeks to 28 April, and 3.9% for the 43 weeks of the financial year-to-date. Total Supercheap sales rose 6.0% for the 43 weeks. BCF sales fell 0.4%, rose 0.7% and grew 3.7% respectively. Rebel sales are estimated at 2.2%, 1.5% and 3.0% growth respectively.

## Resources

### Lucapa Diamond Company (LOM)

The Angola Lulo diamond JV has unearthed a 46-carat pink diamond.



## VONEX LIMITED (ASX:VN8)

**State One is Lead Manager for the IPO of Vonex Limited - an innovative Australian telecom company currently generating revenue of +\$A8M.**

Please find below a link to the IPO information pack:  
<https://www.stateone.com.au/Vonex-IPO.html>

**Application can be made online or by completing the Application Form which can be found at the back of the Prospectus. CLOSING DATE FOR APPLICATIONS: 4 JUNE 2018.**

*Vonex, founded in 2009, is a Perth-based telecom company specialising in innovative Voice over Internet Protocol (VoIP) solutions and feature-rich Private Branch Exchange (PBX) technology.*

*A "once-in-a-lifetime" opportunity: we believe that the rollout of the National Broadband Network (NBN) will require millions of customers having to disconnect from Telstra's copper/landline network and reconnect to the new (government-owned) fibre-optic network; this will act as a catalyst to spread market share more evenly and provide opportunities for nimble technology-driven telco players like Vonex.*

*Vonex has also developed an innovative telecommunications/social media application - Oper8tor. Management is targeting a soft-launch of the App in Europe in 2018/2019.*

**For further information, call your State One adviser at 08 9288 3388 or 1300 651 898 or Email: [vonex@stateone.com.au](mailto:vonex@stateone.com.au)**

In US political news, the end-of-May retirement of the lawyer representing the US administration in the special counsel investigation into alleged Russian influence in the 2016 presidential campaign was announced.

The **euro zone**'s initial March quarter GDP reading came in at 0.4% growth for the three months, following 0.7% for the December quarter 2017. Year-on-year, the region's economy grew 2.5% from 2.8% three months earlier.

Final April PMIs remained strong, including a 56.2 for the manufacturing sector, up -0.2 for the month.

**Germany**'s manufacturing PMI remained robust and steady at 58.1.

In the **UK**, a 52.5 April construction sector PMI represented a return to expansion mode, from the 47 recorded in March.

**Tonight** in the US, the ISM's services sector index, March trade figures and factory orders are due.

In addition, March quarter productivity, weekly new unemployment claims and a jobs layoff report are anticipated, ahead of monthly national employment figures tomorrow night.

Bayer, DowDuPont, Glencore, Kellogg and KKR are among companies scheduled to report earnings tonight.

Updates are anticipated at AGMs for GlaxoSmithKline, Reckitt Benckiser and Rolls-Royce.

In overnight corporate news, data analysis firm **Cambridge Analytica** announced it was closing after losing key clients in the wake of Facebook data allegations.

Same store sales soured appetite for **YUM! Brands**, the stock tumbling ~7.5% despite better-than anticipated revenue and adjusted profit.

**Apple** was pushed more than 4% higher, as in post-Tuesday US trade, following the (post-Tuesday US trade) announcements of boosts to dividend and buy-back plans, together with a better-than-anticipated quarterly profit and a positive outlook statement.

**Snap** dropped more than 20% on poorly-received figures and predictions of lower advertising revenue during re-design work.

*Meanwhile, UK markets are heading towards a Monday public holiday weekend.*

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1306</b>	oz	-0.1	-0.1
<b>Silver (NY) (May)</b>	16.4	oz	0.3	1.7
<b>Gold (LON)</b>	1307	oz	-6	-0.5
<b>Platinum</b>	893	oz	1	0.1
<b>WTI Crude (May)</b>	<b>67.9</b>	bbl	0.7	1.0
<b>Brent Crude (Jul)</b>	<b>73.4</b>	bbl	0.2	0.3
<b>Iron Ore (CHN port 62%)</b>	<b>67.0</b>	t	1.6	2.4
<b>Copper</b>	<b>6820</b>	t	75	1.1
<b>Nickel</b>	13980	t	330	2.5
<b>Aluminium</b>	2322	t	62	2.7
<b>Lead</b>	2270	t	-23	-1.0
<b>Zinc</b>	3047	t	-5	-0.2
<b>Tin</b>	21080	t	-125	-0.6
<b>CBT Wheat (May)</b>	<b>5.26</b>	bshl	-0.04	-0.8

### Commodities Commentary

**Oil** – overnight Brent and WTI price increases

## Pre-Open Announcements

### Roots Sustainable Agricultural Technologies (\* ROO)

ROO has installed a world-first, stand-alone condensation irrigation system which using solar and/or wind energy, independently of electricity grids and usual water supply. ROO is promoting the system at Agri-Tech Israel, 8 – 10 May.

### Kyckr Ltd (\* KYK)

Five-year agreement secured with a US-headquartered bank, whereby the bank will use KYK' API data systems.

### Phoslock Water Solutions (\* PHK)

10-year Australian patent in hand, after expiring in December 2017.

### Emerge Gaming (EM1)

South Africa marketing partnership secured with Detonator Media Group.

## Resources

### Encounter Resources (\* ENR) / Newcrest Mining (NCM)

ENR has secured five new JVs with NCM and will hence benefit by up to \$1M for exploration within the Tanami and West Arunta regions.

### Panoramic Resources (PAN)

PAN has appointed Nicholas Cernotta as a non-executive director, effective yesterday.

Mr Cernotta is a Pilbara Minerals (ASX: PLS) non-executive director and former Fortescue Metals Group (ASX: FMG) operations director.

### Matsa Resources (MAT)

Re-confirming plans to resume Red October gold project mining. Update lodged this morning.

## Energy

### Z Energy (ZEL)

8% higher, \$NZ263M full year NPAT, on a historical cost basis. 10% higher, fully franked NZ21.9c final dividend.

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>IRE</b>	AGM
	<b>NAB</b>	Interim
	<b>QBE</b>	AGM
	<b>STO</b>	AGM
<b>Tomorrow</b>	MQG	Full year
<b>Mon</b>	HT1	AGM; update
	WBC	Interim
<b>Wed</b>	CBA	Trading update
	GMG	Q3 update
	IPL	Interim
<b>Thu (10 May)</b>	AMP	AGM; AUM
	BTT	Interim
	CTX	AGM



varied notably, Brent heading higher mostly in later trade.

The EIA (US government agency) weekly petroleum inventories report, published overnight, surprised with crude stockpiles estimated to have grown by 6.2MMbbl, 5MMbbl of this attributed to the West Coast, where storage levels are considered more erratic.

**Gold** – new 4.5-month peaks for the \$US index in early trade again damaged gold trade overnight, but some support returned following the release of the US **Federal Reserve** post-policy meeting statement.

**Base metals** – initial comments from US-China trade talks are anticipated anytime from later today.

**Copper** and **nickel** rebounded from four-week lows, in part due to data and a late-trade \$US slip on a more benign than expected US Federal Reserve statement.

**Aluminium** was supported by a fall in LME inventories.

Caixin's April **China** manufacturing PMI, published yesterday, represented a 0.1 gain for the month to 51.1, but as with China's official NBS figures, released Monday, included a fall for component export orders.

Caixin's final April services PMI for China is expected tomorrow.

Japan's April services PMI, reported yesterday, pleased at 52.5, following 50.9 in March.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.7488	-0.0004	<b>-0.05</b>
<b>EUR – USD</b>	1.1952	0.0000	0.00

### Australian Data Today

ABS	Trade balance	Mar
ABS	Building approvals	Mar
AiG	PSI	Apr
VFACTS	Vehicle sales	Apr

### US Data Tonight

Trade balance	Mar
ISM non-manufacturing	Apr
Factory orders	Mar
Productivity	MarQ
Initial jobless claims	28Apr
Challenger job cuts	Apr

### Other Overseas Data Today & Tonight

<b>UK</b>	PMI services	Apr
<b>Euro zone</b>	CPI (initial)	Apr
Euro zone	PPI	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](mailto:advice@stateone.com.au).

GMA	AGM
NUF	Investor day
SEH	AGM

**Fri (11 May)** NWS Q3

### Trading Halts

Company	Code	Resuming
Celsius Resources	CLA	3 May
Collection House	CLH	3 May
Emergent Resources	EMG	4 May
Invigor Group	IVO	4 May
Lion Energy	LIO	4 May
Pacific Bauxite	PBX	4 May
Queensland Bauxite	QBL	4 May

### Suspensions (selected)

Company	Code	Since
Astro Resources	ARO	17 Apr
Beadell Resources	BDR	30 Apr
Enhanced Oil & Gas Recovery	EOR	2 May
Jack-In Group	JIP	27 Apr
PolarX Ltd	PXX	2 May
Rision Ltd	RNL	17 Apr
Samson Oil & Gas	SSN	16 Apr
Spectrum Rare Earths	SPX	2 May
Wangle Technologies	WGL	13 Apr
Wattle Health Australia	WHA	6 Apr

### Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
<b>API</b>	Today	<b>3.5</b>	100	5.04
<b>CBC</b>	Today	<b>1.5</b>	100	3.32
<b>WAT</b>	Today	<b>2</b>	100	2.50
SNC	Tue	3.5	100	6.70
RMD	Wed	3.25	0	0.99
TWD	Fri	11	100	6.40

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