

Monday 4 June 2018

Markets

SFE 200 Futures (9.30am AEDST)	6029	34	0.6
NZX 50	8636		
DJIA Futures	24596	-33	-0.1
S&P 500 Futures	2730	-4	-0.1
NASDAQ Futures	7077	-6	-0.1

Local Markets Commentary

The Australian market opens a new week's trade ahead of a myriad of domestic data releases today and tomorrow.

Since overnight Friday positive international trade:

- **China** has declared that previous trade and business agreements with the US could be negated by the introduction of tariffs and new adverse trade measures;
- **G7** finance ministers, with the exception of the US, condemned the latest US tariffs announcement for Canada, the European Union and Mexico, recording their displeasure in a formal statement released Saturday at the end of a three-day summit in Whistler, Canada.

In mixed overnight Friday commodities trade, **oil** fell further, as did **US gold** futures.

Iron ore (China port, 62% Fe) turned higher.

LME **copper**, **aluminium** and **nickel** traded higher, nickel in rally mode.

The **\$A** appreciated to ~US75.70c after falling below US75.45c early Friday evening.

Locally today, a flurry of economic indicators is due.

The Australian Bureau of Statistics (ABS) reports April **retail sales** and March quarter **business indicators** (incl profits and inventories) **11.30am AEST**.

May **job advertisements**, as compiled by the ANZ, the Melbourne Institute's monthly **inflation** gauge report and HIA's May new home sales will also be published, ahead of another swag of reports and the Reserve Bank of Australia's (**RBA**) policy meeting tomorrow.

Pre-trade, a weekly capital city residential property price report is due today.

New Zealand's markets will remain closed today due to a public holiday.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24635	219	0.9
S&P 500	2735	29	1.1
NASDAQ	7554	112	1.5
FTSE 100	7702	24	0.3
DAX 30	12724	119	1.0
Shanghai Comp	3075	-20	-0.7

Overseas Markets Commentary

Major European and US equities markets headed higher on opening or from early trade overnight Friday, key European indices settling at or near

Australia – retail sales & business indicators **11.30am AEST**

Western Australia - public holiday today

Today's Stock Watch

CYBG Plc (CYB)

Confirming a new proposal to Virgin Money Holdings (UK) regarding an all-scrip merger. Details lodged this morning.

Commonwealth Bank of Australia (CYB)

AUSTRAC and the CBA have settled in a bid to end civil proceedings initiated by AUSTRAC.

CBA has admitted to more than 53,500 breaches, and agreed to pay a \$700M penalty, and is due to cover \$2.5M worth of AUSTRAC court fees.

Vicinity Centres (VCX)

Proposing to offload up to \$1B worth of shopping centres, in order to fund priority projects in Melbourne, Perth and Sydney.

Kogan.com Ltd (KGN)

KGN has secured a partnership with major New Zealand mobile network operator Vodafone NZ enabling KGN to launch Kogan Mobile in New Zealand.

In addition, KGN is planning to offer its own range of whitegoods and built-in kitchen appliances under new supply and logistics agreements

Resources

AVZ Minerals (AVZ)

Heralding new drilling results from a 20,000m program within the Manono lithium project, Democratic Republic of Congo.

Energy

Liquefied Natural Gas (LNG)

Subscriptions secured for an ~\$A28M placement at 50c per share. LNG traded at 42.5c – 45c last week. A webcast teleconference was scheduled to commence at 9am AEST.

Tap Oil (TAP)

Gulf of Thailand Manora-8ST1 log interpretation has determined 307ft of net oil pay across several zones. Details lodged this morning. TAP 30%.



VONEX LIMITED (ASX:VN8)

VONEX Ltd (VN8) will list on or around 12 June with a minimum subscription of \$6 million.

Additional subscriptions for a further \$1 million will be accepted.

The offer closes today, 4 June.

This is your last opportunity to participate in this offer.

If you are thinking of applying for VN8 shares, you should do so now.

You will need to complete the online application form that accompanies the Prospectus.

The Prospectus is available at:

<https://www.stateone.com.au/Vonex-IPO.html> or

<https://investors.vonex.com.au/offer/>

Any enquiries about the offer should be directed to the Lead Manager, Alan Hill at State One Equities Pty Ltd:

session lows, however.

Earlier, **Spain's** parliament had voted to remove the PM, replacing him with the opposition leader, who has since been sworn in.

Spain's parliament is pro-European Union, but not so the new **Italian** parliament, determined, and approved by the president, overnight Thursday through Friday.

Threats continued in response to the US decision not to extend an exemption period for aluminium and steel imports from Canada, the European Union and Mexico.

In new **US** data releases, the national May employment report included the creation of 223,000 jobs, 25,000 more than forecast.

Average earnings rose 0.3% for the month and 2.7% year-on-year, following 0.1% and 2.6% respective figures for April.

Unemployment slipped 0.1% to 3.8%, an 18-year low.

In other US economic indicators, the ISM's May manufacturing PMI was reported at 58.7, against 57.3 for April.

May construction spending rebounded 1.8% after dropping 1.7% in April.

In the **euro zone**, final May manufacturing PMIs generally provided little surprise, remaining robust.

Italy's fell 0.8 to 52.7 however, and a final March national quarter GDP reading remained at 1.4% growth.

In the **UK**, the manufacturing PMI rose 0.5 to 54.4, against expectations of a 0.4 decline.

Tonight in the US, April factory orders and the ISM's New York region business activity index are due.

Companies scheduled to report earnings include Dell Technologies and Virgin Media.

In overnight Friday and weekend corporate news, **Société Générale** and Italy's **UniCredit** were reportedly conducting due diligence on a possible merger.

Retailer **Abercrombie & Fitch** was pushed more than 8.5% lower, following a quarterly loss, but one that was not as bad as feared, coupled with revenue that surpassed expectations. Same store sales were likely the bruiser, rising 5% during the quarter but forecast for 2% - 4% gains in the current quarter.

Apple was reported to be advancing discussions with a possible network of apps, including **Snap** and **Pinterest**, that would jointly distribute advertisements.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1295	oz	-5	-0.4
Silver (NY) (May)	16.4	oz	-0.06	-0.4
Gold (LON)	1301	oz		
Platinum	902	oz	-3	-0.3
WTI Crude (Jul)	65.8	bbbl	-1.2	-1.8
Brent Crude (Jul)	76.8	bbbl	-0.8	-1.0
Iron Ore <small>(CHN port 62%)</small>	66.2	t	0.9	1.3
Copper <small>(LME,3m,pm)</small>	6896	t	44	0.6
Nickel	15445	t	225	1.5
Aluminium	2305	t	13	0.6
Lead	2444	t	-14	-0.6
Zinc	3101	t	1	0.0
Tin	20750	t	150	0.7
CBT Wheat (Jul)	5.23	bshl	-0.03	-0.6

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Pre-Open Announcements

Genex Power (* GNX)

\$7.036M total generation revenue achieved by the North Queensland 50MW Kidston solar project by 31 May, \$1.535M during May, despite wetter-than-anticipated weather.

Jumbo Interactive (* JIN)

Anticipating 45% higher, \$11.0M FY 2018 NPAT and 15% higher, \$37.3M revenue.

Proposing to pay an 8c special dividend.

Additional statistics lodged this morning.

Jatenergy Ltd (JAT)

Chasing \$5.86M in a private placement at 10c per share.

Shareholders will meet to vote on the proposal 11 July.

JAT traded at 12.5c – 15c last week.

Salmat Ltd (SLM)

Proposing to pay an 8c fully franked special dividend, funded by part proceeds from the completion of the sale of the Contact business last month.

Resources

Alkane Resources (* ALK)

Updated Tomingley gold project underground resources and reserves lodged this morning.

In addition, ALK has published review outcomes for the Dubbo multi-mineral project.

Statistics include a possible \$A4.7B free cash flow over 20 years and \$1.3B capex.

Bass Metals (* BSM)

Commencing a sales process for all tenements and mining interests in Tasmania, after terminating an exclusive sales negotiation period and term sheet with NQ Minerals.

Titomic Ltd (TTT)

Non-executive director John Barnes has resigned due to commitments with his own US consultancy.

Energy

Strike Energy (* STX) / Energy World Corporation (* EWC)

Heralding the successful seven-stage fracture stimulation of Jaws-1, PEL 96, South Australia Cooper Basin.

STX 66.7% and operator; EWC 33.3%.

Trading Halts

Company	Code	Resuming
King River Copper	KRC	4 Jun
Argosy Minerals	AGY	5 Jun
Cougar Metals	CGM	5 Jun
Havilah Resources	HAV	5 Jun
Impelus Ltd	IMS	5 Jun
Talisman Mining	TLM	5 Jun
Tanga Resources	TRL	5 Jun

Commodities Commentary

Oil – new statements out of discussions between Kuwait, Saudi Arabia and the UAE were anticipated over the weekend, holding back oil sentiment.

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A weekly US petroleum rig count, published overnight Friday, included an additional two operational oil rigs.

Gold – a batch of positive US economic indicators, published overnight Friday, fuelled expectations of a June US rate rise, further supporting the \$US, but constraining gold interest.

Durable goods orders, due tonight, and the ISM's services sector PMI, expected tomorrow, are considered possible further catalysts for \$US strength.

If these prove disappointing however, gold prices may no fall to the \$US1280s/oz, as predicted by several industry analysts for this week.

In addition, tariffs argy-bargy is expected to continue ahead of a G7 leaders' summit in Quebec, Canada from Friday, and in response to strong remarks out of China over the weekend.

Base metals – generally supported overnight demand-supply speculation and a raft of positive data.

Meanwhile, BHP was reported to be again negotiating with workers at the Escondida copper operation, Chile.

China's Caixin May manufacturing PMI, published Friday, remained at a steady 51.1.

Japan's final manufacturing PMI for May came in at 52.8, against 52.5 for April.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7566	0.0003	0.04
EUR – USD	1.1664	0.0004	0.03

Australian Data Today

ABS	Retail sales	Apr
ABS	Business indicators	Mar Q
ANZ	Job advertisements	May
MInst	Inflation Gauge	May
HIA	New home sales	May
CLgc	Capital city rsdntl propty prices	1 Jun

US Data Tonight

Factory orders	Apr
ISM New York	May

Other Overseas Data Today & Tonight

UK	Construction PMI	May
Euro zone	Sentix investor confidence	Jun
Euro zone	Producer prices	Apr

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Suspensions *(select)*

Company	Code	Since
Antilles Oil & Gas	AVD	10 May
Axiom Mining	AVQ	30 May
HearMeOut Ltd	HMO	21 May
Mobecom Ltd	MBM	14 May
Mobilarm Ltd	MBO	30 May
Murray River Organics Group	MRG	4 Jun
Nusantara Resources	NUS	4 Jun
Pacific Bauxite	PBX	31 May

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
IFT	Today	9.87	0	4.83
VII	Tomorrow	1.5	0	4.84
ALQ	Wed	9	40	2.24
JHX	Wed	31.92	0	1.89
KMD	Thu	3.18	100	5.06
OFX	Thu	3	100	2.99
PTB	Thu	5	100	7.81
TCO	Thu	5	100	4.63
EVO	Fri	1.84	0	6.36
SLM	Fri	8	100	tbc

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