

Markets

SFE 200 Futures (9.30am AEST)	6388	53	0.8
NZX 50	10023	71	0.7
DJIA Futures	25381	35	0.1
S&P 500 Futures	2808	3	0.1
NASDAQ Futures	7194	15	0.2

Local Markets Commentary

The Australian market commences mid-week trade following an overnight US equities risk-sentiment bounce, ahead of influential domestic economic indicators and new China data this morning.

Locally today, March quarter **GDP** growth is due **11.30am** AEST.

Pre-trade, the AiG releases its May services sector activity index.

May new vehicle sales are also expected today.

In addition, **JHX** trades ex-dividend. *Please see pp4-5 for details.*

Regionally, Caixin releases its May services PMI for **China 11.45am** AEST.

In overnight commodities trade, **oil** turned to record its first positive settlement in five sessions.

US **gold** futures (August) settled slightly higher.

Iron ore (China port, 62% Fe) swung back above \$US100.35/t.

LME **copper** extended Monday's gain and **aluminium** turned higher. **Nickel** continued to pull lower.

The **\$A** appreciated to ~US69.90c after trading beyond US69.80c early yesterday evening.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25332	512	2.1
S&P 500	2803	59	2.1
NASDAQ	7527	194	2.7
FTSE 100	7214	29	0.4
DAX 30	11972	178	1.5
Shanghai Comp	2862	-28	-1.0

Overseas Markets Commentary

Major European equities markets opened lower overnight, but soon commenced a trend higher.

Key US indices traded higher from the start, sentiment never looking threatened, amid reassuring comments from the Federal Reserve and ongoing pressure to resolve US trade battles.

US Federal Reserve chair Jerome Powell unequivocally laid the groundwork for attendees at a monetary policy conference to entertain the possibilities of rates back at zero per cent and renewed bond purchases, should international trade hostilities look like definitively damaging the US economy.

Australia data – March quarter GDP- 11.30am AEST

Reserve Bank of Australia – economic analysis head Alexandra Heath speaks on *Australia's Resource Industry – A Look into the Crystal Ball*, Perth, **11.30am** AEST

China – Caixin services PMI - 11.45am AEST

Today's Stock Watch

Vocus Communications (VOC)

EQT Infrastructure has decided not to proceed with a proposed formal bid to acquire VOC for \$A5.25 cash-per-share.

VOC is promising a strategy update during the last week of June. VOC has traded at \$4.51 - \$4.70 since the indicative proposal was announced, yesterday settling at \$4.58.

eServGlobal Ltd (ESV)

Pending shareholder approval, ESV proposes to sell the group's core business to Seamless Distribution Systems AB for ~€2M cash, and to retain management of a 35.68% holding in HomeSend.

In association ESV will ask shareholders to approve a name change to Wameja Ltd.

ESV says it has secured indications of approval for the business sale from shareholders representing 41.4% of ESV.

Buddy Technologies (BUD)

LIFX reclassification to non-tariffed import codes achieved. Hence BUD has shipped four consecutive parcels of LIFX products to the US from China, without attracting the recently elevated tariffs, and solely the standard 2% - 3% import tax.

AuMake International (AU8)

Noting announcements out of China Monday regarding 'an action plan to promote domestic infant milk formula brands', AU8 says most of its product purchases destined for China are made within Australia by resident and visiting Chinese buyers.

Althea Group Holdings (AGH)

Victoria, Australia commercial-purpose, non-therapeutic-use hemp cultivation licence in hand, including for the processing of low-THC (hemp) cannabis.

Amcor Plc (* AMC)

The former Amcor Ltd commences ASX trade today as Amcor Plc due to its merger with Bemis, and with its home exchange now the NYSE. NYSE trade commences 11 June (Tuesday next week), New York time.

ASX trade commences on open today, on a deferred settlement basis, under the code AMCDC. Normal (T+2) trade is expected to commence 14 June (Friday next week).

Meanwhile, Bemis has been reported to be joining the S&P 500.



The chairman assured current implications were being watched closely, but that it remained uncertain whether trade differences could be resolved.

His comment that the ‘unconventional’ tag be perhaps removed from policy which included bond purchases did not go unnoticed, indicating a more-likely-than-not at least short-term expectation of deteriorating economic conditions.

“We know that tools like these are likely to be needed in some form in the future,” the chairman offered.

Yesterday, **China’s** Ministry of Foreign Affairs warned China companies and citizens to be on the watch for potential harassment in the US. The Ministry of Culture and Tourism was also reported to have warned of US safety issues.

In the meantime, China’s Commerce Ministry continued to espouse the line that respectful consultation remained the republic’s preferred way to achieve a trade agreement with the US.

In addition, an official described China’s rare earths as a ‘strategic resource’, amid speculation exports to the US were about to be severely restricted, and reports the US administration was actively encouraging US companies to develop a semi-conductor industry to the extent it could become independent of the US.

Late-Monday meanwhile, the US commerce secretary had confirmed early-week talks with **Mexico** officials, and underscored the US view that Mexico needed to do more to prevent US import tariffs being imposed from next week.

Overnight, the US president commented from the UK, that he expected at least the initial 5% tax to be implemented.

In new data releases, the **euro zone’s** initial May year-on-year CPI growth fell to 1.2% following 1.7% for April.

April employment slipped 0.1% to 7.6%.

In the **UK**, a construction PMI fell by 1.9 points to a contractionary 48.6.

In the **US**, the ISM’s New York business activity index shocked, tumbling to 48.6 from 77.3.

April factory orders dropped 0.8% following a 1.3% March rise.

The March report had initially estimated a 1.9% jump in orders, the revision effectively altering some March quarter GDP expectations.

Year-on-year, April orders represented a 1.6% increase.

Tonight in the US, the Fed Reserve’s district-by-district economic summary ‘beige book’ report, a private sector employment report, the ISM’s services sector activity index and weekly mortgage applications are due.

Several Federal Reserve officials also speak publicly, including governor Michelle Bowman, who will meet with a Senate banking committee.

Elsewhere, the US president continues his UK visit.

American Eagle Outfitters and Campbell Soup are among the more high-profile stocks scheduled to report earnings or provide trading updates.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1328.7	oz	0.8	0.1
Silver (NY) (Jul)	14.769	oz	0.029	0.2

Pre-Open Announcements

WorleyParsons Ltd (* WOR)

Today’s investor day presentation lodged.

McGrath Ltd (** MEA)

Proposing to acquire a Richard Shalhoub business operating as Sotheby’s International Realty, CBD and Pymont for ~€1.6M cash.

Richard Shalhoub formerly worked for MEA.

Prime Media Group (* PRT)

5.9% fall in advertising revenue for the financial year to 31 May. Anticipating \$36.5M - \$38.5M full year EBITDA, and retaining \$16M - \$18M core NPAT guidance.

NEXTDC Ltd (NXT)

\$200M raised in an unsecured debt offer through an additional tranche of existing NXT’s \$300M worth of Notes IV.

\$170M was raised via a floating rate offer and \$30M at a fixed rate.

Details lodged post-trade yesterday.

Magellan Financial Group (MFG)

MFG has appointed Hamish McLennan as MFG deputy chair and Robert Fraser as Magellan Asset Management chair.

Magellan Asset Management is the responsible entity and main operating subsidiary of MFG.

Mediland Pharm (* MPH)

The MPH Auckland store has achieved a \$2M turnover in the initial six weeks of trade, supported by MPH’s target clientele, tourists from China.

In addition, MPH is expecting to complete its proposed acquisition of Ian’s Health Lounge in the near term, due to the positive progress to date of due diligence.

DroneShield Ltd (DRO)

Rollout underway for DRO’s firmware version 1.1 of DroneShieldComplete software designed for the DroneSentinel and DroneSentry products.

Anteo Diagnostics (ADO)

ADO’s 1.1c-per-share rights issue has closed oversubscribed and raised \$2.55M.

ADO scaled back applications and conducted a same-terms \$1.1M placement in order to accommodate some of the additional demand.

ADO has erased debt through the offer.

ADO has traded at 1.4c – 1.7c over the past two sessions, yesterday setting at 1.5c.

Australian Unity Office Fund (AOF) / Charter Hall Group (CHC) / Abacus Property Group (ABP)

Conditional NSW regulatory planning and environment approval in hand for the proposed development of 2 Valentine Ave, Parramatta, Sydney.



Gold (LON)	1324	oz	7	0.5
Platinum	819	oz	-1	-0.1
WTI Crude (Jul)	53.48	bbl	0.23	0.4
Brent Crude (Aug)	61.97	bbl	0.69	1.1
Iron Ore (CHN port 62%)	100.38	t	1.26	1.3
Copper (LME,3mth,PM)	5891	t	35	0.6
Nickel	11810	t	-60	-0.5
Aluminium	1787	t	15	0.9
Lead	1845	t	32	1.8
Zinc	2473	t	-1	-0.1
Tin	19090	t	-60	-0.3
CBT Wheat (Jul)	5.06	bshl	-0.14	-2.6

Commodities Commentary

Oil – perceived bargain prices, combined with a return to risk tolerance and a swinging \$US, pushed and pulled prices overnight. Meanwhile, Russia's Rosneft declared it would be seeking government compensation should Russia agree mid-year to extend participation in a current OPEC-led production curb agreement.

A weekly US petroleum inventories report is due from the EIA tonight. Overnight, post-US trade, an industry publication estimated an ~3.5MMbbl rise for stored crude.

Gold – the overnight Comex futures close notably marked a week of sessional higher settlements.

The \$US fell on monetary policy easing comments from the US Federal Reserve chair, but swung shortly after.

A European Central Bank policy meeting later tomorrow, some closely-watched US economic reports tonight and tomorrow night, plus US monthly employment statistics Friday, are expected to toy with second-half week gold sentiment.

Base metals – LME sentiment swung through overnight trade, as the \$US fell and then recovered, amid consideration of central bank and US-China plus US-Mexico trade-related comments.

Post-Monday trade, reports emerged major *aluminium* producers were touting a 10% - 14% increase in September quarter prices for delivery to Japan.

A May services PMI for **China**, as estimated by Caixin, is due today.

Today and tonight, services sector activity will also be reported for Australia, Japan, the euro zone, UK and US (major sector contributor to GDP).

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6991	-0.0001	-0.01
EUR – USD	1.1255	0.0003	0.03

Australian Data Today

ABS	GDP	Mar Q
AiG	PSI	May
VFACTS	New vehicle sales	May

Meanwhile, AOF is urging shareholders to take no action in response to the planned formal cash bid from a CHC-ABP consortium.

Hutchison Telecommunications Australia (HTA)

Vodafone Group Plc annual report lodged post-trade yesterday.

PKS Holdings (* PKS)

Clinical decision subscription-based support provider scheduled to list on the ASX 11am AEST tomorrow following a \$20.948M IPO at 20c per share.

121.141M quoted shares.

Resources

Hot Chili (** HCH)

Initial diamond drilling has confirmed a large extension to Chile Cortadera copper-gold mineralisation.

The Cortadera project is 14km from HCH's Productora copper project.

Alkane Resources (* ALK)

Anticipating 48,000oz – 49,000oz FY 2019 output, against previous 42,000oz – 47,000oz guidance.

Expected costs have in association fallen from \$1050/oz to \$950/oz.

Hawthorn Resources (HAW) / Saracen Mineral Holdings (SAR)

HAW has completed the \$13.5M sale of certain mining leases and exploration tenements to SAR.

Dateline Resources (DTR)

MD and CEO Glenn Dovaston has resigned, effective immediately, due to personal reasons.

DTR director Stephen Baghdadi is assuming MD responsibilities.

Energy

Cooper Energy (** COE) / AGL Energy (AGL)

Agreements in place for COE to supply gas from the Sole and Casino Henry projects to AGL.

Details lodged this morning.

Whitebark Energy (** WBE)

Alberta, Canada Wizard Lake project Rex-1 commercial oil production underway.

A Wizard Lake pipeline and production facilities have been completed and Rex-1 has been connected to the pipeline.

Trading Halts

Company	Code	Resuming
Alice Queen	AQX	5 Jun
Core Lithium	CXO	5 Jun
Dacian Gold	DCN	5 Jun
Great Southern Mining	GSN	5 Jun
LBT Innovations	LBT	5 Jun

**US Data Tonight**

Fed Beige book	Jun
ISM non-manufacturing	May
ADP private sector employment	May
MBA mortgage applications	31 May
Markit services, composite PMIs (final)	May

Other Overseas Data Today & Tonight

China	Caixin services PMI	May
Japan	Services PMI	May
UK	Services PMI	May
Germany	Services PMI	May
Euro zone	Retail sales	Apr
Euro zone	Services PMI	May
Euro zone	Producer prices	Apr

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Nickel Mines	NIC	5 Jun
Zenith Energy	ZEN	5 Jun
ARC Exploration	ARX	6 Jun
Cazaly Resources	CAZ	6 Jun
Elixinol Global	EXL	6 Jun
Emerge Gaming	EM1	6 Jun
Hexagon Resources	HXG	6 Jun
Lake Resources	LKE	6 Jun
LatAm Autos	LAA	6 Jun
Peel Mining	PEX	6 Jun
Ruralco Holdings	RHL	6 Jun
Venus Metals Corporation	VMC	6 Jun
Visioneering Technologies Inc	VTI	6 Jun
LandMark White	LMW	7 Jun
Six Sigma Metals	SIG	7 Jun

Suspensions *(select)*

Company	Code	Since
Alto Metals	AME	16 May
Animoca Brands Corporation	AB1	14 May
Axiom Mining	AVQ	29 May
Blue Sky Alternative Investments	BLA	20 May
Bojun Agriculture Holdings	BAH	27 May
Caravel Minerals	CVV	4 Jun
Carbine Resources	CRB	23 May
Cervantes Corporation	CVS	30 May
Gascoyne Resources	GCY	3 Jun
Infinity Lithium Corporation	INF	3 Jun
Symbol Mining	SL1	16 May
Vector Resources	VEC	27 May
XPD Soccer Gear Group	XPD	27 May

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
JHX	Today	30.06	0	2.36
GCM	Tomorrow	4	100	3.95
GTK	Tomorrow	4.72	8.5	2.67
KMD	Tomorrow	3.29	0	6.32
OFX	Tomorrow	3.28	100	3.63
TCO	11 Jun	10	100	4.17
CIM	13 Jun	86	100	3.30
FPH	13 Jun	12.77	0	1.46
PL8	13 Jun	0.5	100	5.58
SHV	13 Jun	12	100	0.98
JYC	17 Jun	1.7	100	7.24
IFT	20 Jun	9.62	0	3.79
DLX	21 Jun	43	100	1.44
ARF	27 Jun	3.38	0	4.81
MSV	27 Jun	0.1	100	0.00
NEW	27 Jun	3.9	0	6.01



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RFF	27 Jun	2.61	0	4.60
SYD	27 Jun	19.5	0	5.05
TCL	27 Jun	30	6.66	3.96