

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	6243	-54	<b>-0.9</b>
<b>NZX 50</b>	10017	-109	<b>-1.1</b>
<b>DJIA Futures</b>	25271	-10	0.0
<b>S&amp;P 500 Futures</b>	2807	0	0.0
<b>NASDAQ Futures</b>	7316	1	0.0

## Local Markets Commentary

The Australian market opens today's trade following an overnight tumble across US equities markets, with a major domestic bank trading ex-dividend and a closely-watched monthly business conditions and outlook report due this morning.

**NAB releases its April business survey report 11.30am AEST.**

**A weekly consumer sentiment reading is due pre-trade.**

**In addition today, NAB trades ex-dividend. Please see p4 for a detailed list.**

**Post-ASX trade yesterday, China reported a 14.6% year-on-year drop in April vehicle sales, following a 5.2% March fall.**

**Industrial production, fixed asset investment and retail sales are anticipated tomorrow.**

In overnight commodities trade, **oil** declined.

US **gold** futures (June) rallied.

**Iron ore** (China port, 62% Fe) swung lower and fell.

LME **copper** and **nickel** dropped.

The **\$A** fell beneath US69.50c after trading at US69.80c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25325	-617	<b>-2.4</b>
<b>S&amp;P 500</b>	2812	-70	<b>-2.4</b>
<b>NASDAQ</b>	7647	-270	<b>-3.4</b>
<b>FTSE 100</b>	7164	-40	<b>-0.6</b>
<b>DAX 30</b>	11877	-83	<b>-1.5</b>
<b>Shanghai Comp</b>	2904	-35	<b>-1.2</b>

## Overseas Markets Commentary

US equities markets fell on opening overnight, dragging European indices lower, after China announced plans to increase import taxes on up to \$US60B worth of US products from 1 June, the ~5100-strong list including LNG.

Several sectors and high-profile stocks promptly dropped, and oil prices turned lower.

The US president subsequently confirmed he planned to meet with China's president at the G20 leader's summit scheduled for late June in Japan, signalling no likely resolution to trade agreement disagreements before then.

\* Investment trust listing 11am AEST – PCI \*

## Today's Stock Watch

### Mayne Pharma (MYX)

Teleconference scheduled to commence 10.30am AEST. For the four months to 30 April, revenue is down 15% and gross profit has fallen 20%. Revenue is up 1% to \$A428.5M for the 10 months to 30 April.

### Ruralco Holdings (RHL)

3.7% lower, \$A15.47M interim NPAT. 2.7% higher, \$686.11M revenue. 10c fully franked interim dividend. 50c NTA. Cautious outlook.

### Automotive Holdings Group (AHG)

Anticipating \$50M FY 2019 operating NPAT, against previous \$52M - \$56M guidance three months ago.

### Invocare Ltd (IVC)

Unaudited March quarter post-tax operating earnings rose 9.0%. 22.2% higher, operating EBITDA. Gross sales revenue rose 7.8%. Maintaining winter trade is difficult to forecast. Today's AGM chairman's speech also lodged pre-trade.

### Advanced Braking Technology (ABV)

ABV has secured a 'first-stage' contract to provide Thales Australia with brake-related design services for the Hawkei project. Pending a successful design, prototype development and testing phase over 12 months, Thales will invite ABV to tender to manufacture and supply specialised hill-hold brake mechanisms for the project. Purchase order in hand ahead of the anticipated completion of the first-stage contract by 30 September. The Hawkei project is set to supply the national government with 1100 Hawkei PMV-L vehicles under a project known as LAND 121. Last traded at 0.7c.

### Zoono Group (ZNO)

Additional sales and initial 10-year distribution agreement secured with New Zealand-headquartered The Z Factor for ZNO's poultry formulation incorporating Zoono Z71 microbe shield, which could reduce the antibiotic use.

The agreement follows trials which showed ZNO's product can reduce pathogen levels and boost weight.

The Z Factor says it is discussing distribution to poultry brands in several Asian nations, Australia, New Zealand and the UK. ZNO appreciated 98.72% yesterday on relatively high-volume trade, settling at 15.5c, the best price since June 2018.

This followed the announcement of an initial distribution agreement for the supply of ZNO anti-microbial products to the automotive and cruise sectors.



Earlier yesterday, reports of a late-weekend attack on commercial vessels near the strategically crucial Strait of Hormuz included structural damage to two Saudi Arabia oil tankers.

No major data releases were scheduled for overnight.

**Tonight** in the **US**, import and export prices are due, together with a business optimism index.

Companies expected to report earnings later today or tonight include: Allianz, Best Inc, Casio, JGC, Merck, Nissan, Premier Foods, Ralph Lauren, Seiko, Takeda Pharmaceutical, Thyssenkrupp and Vodafone.

In overnight corporate news, **Boeing** suffered again, falling ~5%, after a media company in China suggested China's new moves against US trade could in part be directed at Boeing's business.

**Apple** also suffered (trade almost 6% lower) from US-China trade argy-bargy, due also to uncertainty regarding any impact on Apple earnings.

In addition, the US Supreme Court ruled a class-action could proceed against the company.

The agricultural sector, again damaged by the souring of relations, also suffered, **Deere** stock hurt by a quick downgrade and pushed more than 5% lower. **Caterpillar** forfeited more than 4.5%.

Bruised sentiment in general, apart from predicted performance, pushed **Uber** more than 10% lower.

**Teva Pharmaceuticals** plummeted 15% on allegations of broad price manipulation.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1301.8</b>	oz	14.4	<b>1.1</b>
<b>Silver (NY) (Jul)</b>	14.777	oz	-0.013	<b>-0.1</b>
<b>Gold (LON) (10 May)</b>	1287	oz		
<b>Platinum</b>	853	oz	-10	<b>-1.2</b>
<b>WTI Crude (Jun)</b>	<b>61.04</b>	bbbl	-0.62	<b>-1.0</b>
<b>Brent Crude (Jul)</b>	<b>70.23</b>	bbbl	-0.39	<b>-0.6</b>
<b>Iron Ore (CHN port 62%)</b>	<b>96.10</b>	t	-1.14	<b>-1.2</b>
<b>Copper (LME,3mth,PM)</b>	<b>6016</b>	t	-130	<b>-2.1</b>
<b>Nickel</b>	11765	t	-205	<b>-1.7</b>
<b>Aluminium</b>	1808	t	-5	<b>-0.3</b>
<b>Lead</b>	1789	t	-33	<b>-1.8</b>
<b>Zinc</b>	2575	t	-63	<b>-2.4</b>
<b>Tin</b>	19375	t	-250	<b>-1.3</b>
<b>CBT Wheat (Jul)</b>	<b>4.39</b>	bshl	0.14	<b>3.3</b>

### Commodities Commentary

**Oil** – prices headed higher early, but dropped when China confirmed it planned to increase import taxes on select US goods from 1 June, as with the US, by as much as 25%, and including US LNG.

Prices were initially supported by concerns regarding the continued passage of oil through the Strait of Hormuz.

In addition, the (US) Houston shipping channel was again impacted by an incident, this time a collision late-Friday. Passage has been restored, but some companies are playing catch-up.

## Pre-Open Announcements

### Perpetual Credit Income Trust (\* PCI)

Credit and fixed income asset-focused investment trust scheduled to list **11am** AEST following a \$440M IPO at **\$1.10** per unit.

Commonwealth Securities, Morgans Financial, and National Australia Bank were joint lead managers. 400M quoted units.

### Infratil Ltd (\*\*\*) IFT)

IFT and Brookfield Asset Management have secured a conditional agreement to acquire Vodafone New Zealand from Vodafone Group Plc for \$NZ3.4B (enterprise value).

IFT and Brookfield will each contribute \$NZ1.029B equity.

In association, IFT director resigned as a director of Spark New Zealand (ASX: SPK) yesterday.

### Downer EDI (\* DOW) / Chorus Ltd (CNU)

\$220M field services agreement secured with CNU.

### nib Holdings (\* NHF) / QBE Insurance Group (QBE)

NHF has completed a \$24.2M acquisition of QBE's travel insurance business, initially announced early August 2018.

One-off transaction and integration costs are expected to tally \$11M.

### APN Industria REIT (\* ADI)

Outlaying a total \$38.35M for four industrial warehouses in Melbourne.

In association, ADI has conducted overnight a UBS-fully underwritten \$30M, \$2.73 per stapled security institutional placement.

ADI also plans a \$5M SPP, at the same price, but not underwritten.

Additional costs will be funded from extended and expanded bank debt.

Guidance confirmation and presentation also lodged post-trade yesterday.

ADI has traded at \$2.81 - \$\$2.85 the past five trading sessions.

### Kathmandu Holdings (\* KMD)

KMD is separating the chief operating officer (COO) and chief financial officer (CFO) roles.

KMD financial controller Chris Kiraid has been appointed CFO, as of today.

Reuben Casey is continuing as COO.

### Wattle Health Australia (\* WHA)

Corio Bay Dairy Group update lodged this morning.

### WestStar Industrial (WSI)

The \$750,000 development bonus component of a \$1.26M anticipated revenue contract is at risk, due to the property owner 'testing the market' by announcing the property is for sale.

WSI dropped 8% yesterday, falling to 2.3c.



Overnight, **Russia's** Rosneft confirmed **Venezuelan oil** was reaching its refineries in India and that Venezuela's PDVSA was continuing to pay its debt to Rosneft as planned. For its part, Rosneft also offered it would need to cut debt by \$US2B - \$US3B during the current quarter.

Meanwhile, a drilling productivity report from US government agency the EIA predicted major formation shale production was likely to increase by a daily 83,000bbl during June, pushing output to ~8.5MMbbl/d.

**Gold** – equities were decidedly out of favour overnight, bolstering gold trade interest sufficiently to push Comex futures beyond \$US1301.00/oz.

Futures have settled higher for the past three consecutive sessions, but key data this week and any moves to counter international tensions in the Middle East or resolve the US-China stand-off could impact sentiment.

In addition, any significant rises or falls in key economic indicators due during the second half of the week, could also swing prices.

**Base metals** – supply reports out of China benefited overnight *aluminium* trade, but *lead* traded at ~three-year lows, in part due to the pending northern hemisphere summer.

Key *copper* smelters in China are scheduled for maintenance this month, prompting predictions of price buoyancy.

A 14.6% year-on-year drop in China's April vehicle sales, reported yesterday, did nothing to lift sentiment in general overnight, although more important data is due **tomorrow**.

The prospect of this (industrial production, fixed asset investment and retail sales figures) could produce noticeable caution tonight.

#### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.6944	-0.0000	<b>-0.00</b>
<b>EUR – USD</b>	1.1231	0.0007	<b>0.06</b>

#### Australian Data Today

ANZ/RyMgn	Consumer sentiment	12 May
NAB	Business survey	Apr

#### US Data Tonight

Import and export prices	Apr
NFIB business optimism index	Apr

#### Other Overseas Data Today & Tonight

<b>China</b>	Foreign direct investment	Apr
<b>Japan</b>	Bank lending	Apr
Japan	Eco watchers survey	Apr
<b>UK</b>	Unemployment claims	Apr
UK	Hourly earnings	Mar
UK	ILO unemployment rate	Mar
<b>Germany</b>	CPI (final)	Apr

#### NetLinkz Ltd (NET)

NET has appointed C-Suite IT consultant and former Ferrier Hodgson executive director Jim Preketes as COO.

#### Tinybeans Group (TNY)

Planning to host a performance-focused teleconference Thursday, commencing 9.30am AEST.

Access details lodged this morning.

#### Resources

#### Metals X (\* MLX)

Heralding several 'outstanding' intersections from Tasmania Renison tin project Bell 50 target diamond drilling.

Assays lodged this morning.

#### Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>IVC</b>	AGM
	<b>RHL</b>	Interim
<b>Tomorrow</b>	APE	AGM
	DLX	Interim
	SIG	AGM
<b>Thursday</b>	XRO	Full year
<b>20 May</b>	IPL	Interim
<b>21 May</b>	OFX	Full year
<b>23 May</b>	ALL	Interim

#### Trading Halts

Company	Code	Resuming
Animoca Brands Corporation	AB1	14 May
Avenira Ltd	AEV	14 May
Blue Sky Alternatives Access Fund	BAF	14 May
Infratil Ltd	IFT	14 May
Northern Cobalt	N27	14 May
WhiteHawk Ltd	WHK	14 May
Wiseway Group	WWG	14 May
Argent Minerals	ARD	15 May
Breaker Resources	BRB	15 May
BTC Health	BTC	15 May
Elixir Petroleum	EXR	15 May
Greenpower Energy	GPP	15 May
Gulf Manganese Corporation	GMC	15 May
Roots Sustainable Agricultural Tech	ROO	15 May



Germany	ZEW economic sentiment	May
<b>Euro zone</b>	Industrial production	Mar
Euro zone	ZEW economic sentiment	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](mailto:advice@stateone.com.au)

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Saturn Metals	STN	15 May
Specialty Metals International	SEI	15 May

### Suspensions *(select)*

Company	Code	Since
Impression Healthcare	IHL	8 May
Questus Ltd	QSS	10 May
Tempo Australia	TPP	29 Apr

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
<b>JIN</b>	Today	<b>8</b>	100	1.58
<b>NAB</b>	Today	<b>83</b>	100	7.79
ASG	Thu	2	100	7.76
PL8	Thu	6.5	100	5.50
SNC	Thu	3.5	100	3.89
WBC	Thu	94	100	6.93
ZEL	Thu	28.77	0	5.40
AST	21 May	4.86	45.06	5.17
UOS	21 May	2	0	4.48
PDL	23 May	20	10	6.84
CSR	30 May	13	50	7.79
ORI	30 May	22	0	2.62
PMV	30 May	33	100	1.99