

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	6301	14	<b>0.2</b>
<b>NZX 50</b>	10171	39	<b>0.4</b>
<b>DJIA Futures</b>	25648	-26	-0.1
<b>S&amp;P 500 Futures</b>	2853	-2	-0.1
<b>NASDAQ Futures</b>	7521	-8	-0.1

## Local Markets Commentary

The Australian market opens today's trade following largely positive overnight international equities and commodities trade leads, ahead of additional April data out of China and influential domestic data reports this morning, and as a major domestic bank trades ex-dividend.

Among other considerations, Australia remains two days out of official polling day for the national government election.

**China's April residential property price index is due 11.30am AEST.** Post-ASX trade yesterday, China reported a 6.2% rise in January – April foreign direct investment, against 6.5% for January through March.

**Locally** today, the Australian Bureau of Statistics (ABS) releases April **employment** figures, also at **11.30am AEST**.

Prior to this, the Melbourne Institute publishes its monthly inflation expectations report.

Also today, **Reserve Bank of Australia** (RBA) assistant governor (financial system) Michele Bullock is speaking at the ASIC annual forum, **12.45pm AEST**.

In addition, **WBC** is among stocks trading ex-dividend. *Please see p4 for a detailed list.*

In overnight commodities trade, **oil** continued higher.

US **gold** futures (June) turned to record a slight gain.

**Iron ore** (China port, 62% Fe) swung higher, approaching \$US97.0/t.

LME **copper**, **nickel** and **aluminium** extended Tuesday's gains.

The **\$A** again barely changed after trading at US69.25c early yesterday evening.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25648	116	<b>0.5</b>
<b>S&amp;P 500</b>	2851	17	<b>0.6</b>
<b>NASDAQ</b>	7822	88	<b>1.1</b>
<b>FTSE 100</b>	7297	55	<b>0.8</b>
<b>DAX 30</b>	12100	108	<b>0.9</b>
<b>Shanghai Comp</b>	2939	55	<b>1.9</b>

## Overseas Markets Commentary

US equities markets trended higher early overnight.

## Australia – April employment statistics - 11.30am AEST

**Reserve Bank of Australia** assistant governor (financial system) Michele Bullock is scheduled to address the ASIC annual forum, Sydney, **12.45pm AEST**

## Today's Stock Watch

### CSR Ltd (CSR)

CSR has appointed Goodman Fielder Australia and New Zealand MD Julie Coates as CEO and MD, effective 2 September.

Ms Coates' appointment is due to the planned retirement of current CEO Rob Sindel.

Mr Sindel will remain with CSR until mid-September.

Ms Coates is also a former MD of Woolworths' (ASX: WOW) Big W, and a previous David Jones (ASX: DJS) operations director. She remains a Coca-Cola Amatil (ASX: CCL) non-executive director.

### CSL Ltd (CSL)

CSL has appointed recent Biogen pharmaceutical operations and technology executive VP Paul McKenzie as COO, effective 3 June.

### Xero Ltd (XRO)

\$NZ27.14M full year net loss, following a \$NZ24.91M net loss a year ago. Revenue grew 36% to \$NZ552.82M.

XRO will not pay a dividend. NZ45c NTA.

### CYBG Plc (CYB)

£29M interim NPAT. £77M impairments.

14.5% CET1, ~0.6% lower than for 30 September 2018.

Conduct provisions boosted by £33M, largely due to speculative PPI claims processing.

Results mostly impacted by £214M worth of acquisition and integration costs. CYB completed its Virgin Money acquisition October 2018.

CYB traded 0.58% higher yesterday, following seven consecutive lower settlements, and hosted a webcast presentation yesterday evening, from London.

## Resources

### Prodigy Gold (PRX)

Northern Territory Tobruk project farm-in and JV agreement secured with Newmont Goldcorp Corporation.

Newmont Goldcorp plans to earn 70% by funding \$A12M worth of exploration. The group, which will manage Tobruk, will gain 51% on a \$6M spend over four years.

In addition, Newmont Goldcorp will advance \$A1.5M cash to PRX within 20 business days and a \$A1M on any decision to proceed to phase two activity.

Exploration is expected to commence before 30 June.



Major European indices jumped ~two hours from close, initial trade appearing dampened by weaker data out of China, reported earlier yesterday.

US relations with China and the Middle East remained clouded with China's president again publicly declaring yesterday that the nation remained open for business.

The US administration reportedly ordered non-essential consulate and embassy personnel from Iraq, amid reports of a further US regional military build, and the US president issued an executive order which could ban the use of Huawei telecommunications equipment by US firms.

Reports also emerged, however, that the US may not impose China vehicle and parts import taxes by Saturday, as previously indicated.

In addition, the US administration promoted an aluminium and steel-favourable near-term trade agreement with Canada and Mexico.

A plethora of data releases included **euro zone** March quarter GDP growth was confirmed in a final reading at 0.4% for the three months and 1.2% year-on-year.

For the December quarter 2018, GDP growth was reported at 0.2% and 1.2% respectively.

In **Germany**, March quarter GDP growth was estimated, in an initial reading, at 0.4% for the three months, following a flat December quarter result. This provided some relief.

Year-on-year, GDP grew 0.7%, against 0.6% for the December quarter.

30-year bond auction yields averaged 0.58% against 0.68% previously.

In the **US**, April retail sales disappointed, slipping 0.2% for the month, after rising 1.7% in March.

Industrial production surprised on the downside also, falling 0.5% for the month, following a 0.2% March increase. Year-on-year, output was 0.9% higher.

The New York Fed regional manufacturing index headed to 17.8 however, from 10.1.

A home builders' housing market index rose three points to 66.

March business inventories were calculated flat following a 0.3% February increase.

Weekly mortgage applications declined 0.6%.

**Tonight** in the **US**, weekly initial jobless claims, April building permits and housing starts and the Philadelphia Fed manufacturing index are due.

Elsewhere, the **euro zone's** March trade balance will attract interest.

Companies expected to report earnings later today or tonight include: Baidu, Burberry, Korean Air Lines, Kumho, Nvidia, Pinterest and Walmart.

GlaxoSmithKline, Royal Dutch Shell and Tesco trade ex-dividend on the FTSE 100.

In overnight corporate news, China's **Alibaba** Group was pushed greater than 1.5% higher on better-than-anticipated quarterly earnings.

US retailer **Macy's** also exceeded expectations but traded lower.

**Cisco Systems** has reported positive figures post-US trade.

## Pre-Open Announcements

### **BWX Ltd (P BWX)**

BWX has appointed BWX non-executive director David Fenlon as CEO and MD, effective 1 July, and is commencing a restructure. Anticipating \$21M - \$23M FY 2019 trading EBITDA. Details lodged this morning.

### **Orbital Corporation (OEC)**

Anticipating \$A15M FY 2019 revenue, revised lower due to supply volume issues for propulsion system manufacturing on behalf of The Boeing Company subsidiary Insitu Inc.

### **Seafarms Group (SFG)**

SFG has issued \$2.998M worth of additional shares to 13.23% shareholder Nippon Suisan Kaisha (Nissui) at 9c each.

This was in association with an anti-dilution agreement and follows SFG's recent \$20M share placement.

Nissui will now hold 14.73% of SFG.

SFG has traded at 8.9c – 9.4c over the past five trading sessions, yesterday settling at 9.2c.

### **99 Wuxian Ltd (NNW)**

Unaudited \$A660,000 interim NPAT, against a \$A1.46M net loss a year ago.

March quarter revenue grew 72.7% year-on-year, to \$A12.15M.

Gross profit increased 31.6% to \$A8.89M.

### **New Energy Solar (NEW)**

\$US23M secured term loan secured plus \$1.6M worth of associated credit support.

### **BTC Health (BTC) / Sigma Healthcare (SIG) / Admedus Ltd (AHZ)**

BTC 8c-per-share SPP scheduled for 20 – 30 May.

The SPP follows an \$8M private placement, supported by a \$2M subscription from SIG, and in support of BTC's acquisition of AHZ's hospital infusion business.

In addition, BTC chairman and pre-placement 17.1% shareholder Richard Treagus has provided BTC with a \$4M short-term funding facility.

SIG will hold 10.5% of BTC.

BTC resumed trade yesterday, settling ~35.3% higher, at 11.5c.

## Resources

### **Ramelius Resources (\* RMS)**

WA Symes' Find shallow, high-grade, significant-width RC drilling intersections lodged this morning.

Additional infill and step-out assays also lodged.

Resource and reserve calculations underway.

### **Lucapa Diamond Company (LOM)**

The Lulo diamond project, Angola has delivered another 100+ carat diamond, this time a 130-carat gem.

**Commodities**

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1297.8</b>	oz	1.5	0.1
<b>Silver (NY) (Jul)</b>	14.812	oz	0.00	0.0
<b>Gold (LON) (14 May)</b>	1298	oz		
<b>Platinum</b>	844	oz	-9	-1.1
<b>WTI Crude (Jun)</b>	<b>62.02</b>	bbl	0.24	0.4
<b>Brent Crude (Jul)</b>	<b>71.77</b>	bbl	0.53	0.7
<b>Iron Ore (CHN port 62%)</b>	<b>96.95</b>	t	2.61	2.8
<b>Copper (LME,3mth,PM)</b>	<b>6085</b>	t	43	0.7
<b>Nickel</b>	12149	t	229	1.9
<b>Aluminium</b>	1855	t	16	0.9
<b>Lead</b>	1814	t	4	0.2
<b>Zinc</b>	2626	t	33	1.3
<b>Tin</b>	19700	t	-95	-0.5
<b>CBT Wheat (Jul)</b>	<b>4.50</b>	bshl	0.01	0.2

**Commodities Commentary**

**Oil** – prices were pushed and pulled overnight by forecasts, data and Middle East tensions.

The International Energy Agency's (IEA) monthly oil report, released overnight, included a 90,000bbl/d pullback in forecast 2019 international oil demand growth to 1.3MMbbl/d.

The IEA predicted demand would come in at 100.4MMbbl/d for this year.

April crude supply declined by a daily 300,000bbl, the EIA calculated.

OPEC's daily production rose by 60,000bbl, to 30.21MMbbl/d, but the EIA predicted just 30.2MMbbl/d of OPEC demand for second-half 2019, against 30.9MMbbl/d during the current quarter.

A weekly US petroleum inventory report, also published overnight, by US government agency the EIA, estimated crude stockpiles grew by 5.43MMbbl, against expectations of a further draw down. Petrol stocks eased by 1.12MMbbl.

In the meantime, Russia promised to restore flow through the Druzhba pipeline in full by early June at the latest.

**Gold** – US equities proved attractive again overnight, detracting from gold interest.

Some weaker-than-anticipated data, and geopolitical fog, supported a higher settlement for Comex futures, however.

**Base metals** – a batch of comparatively soft data out of China yesterday was variously interpreted, some pointing to potential further stimulus.

**China's April industrial production** (up 5.4% year-on-year, against 8.5% in March), **January – April fixed asset investment** (6.1%, 6.3%) and **retail sales** (7.2%, 8.7%) figures, each undershot expectations.

January – April foreign direct investment, reported post-ASX trade yesterday, rose 6.2%, following a 6.5% January – March increase.

**Japan's April machine tool orders**, reported later yesterday, slid 33.4% year-on-year, following a 28.5% March drop.

In metal-specific news, China reported 3.9% higher year-on-year April **aluminium** production totalling 2.92Mt. The pending winter

**Greenpower Energy (GPP)**

Queensland Lincoln Springs copper-cobalt project Nellie cobalt prospect 1m RC drilling samples lodged this morning.

**Energy****Sundance Energy (\* SEA)**

SEA has boosted its borrowing base availability by 39% to \$US170.0M.

**Elk Petroleum (ELK)**

Voluntary administrators appointed.

ELK last traded 26 February.

**Reports & Events**

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>XRO</b>	Full year
<b>Mon</b>	IPL	Interim
<b>Tue</b>	LYC OFX	Investor Day Full year
<b>Thu</b>	ALL	Interim
<b>Fri</b>	GTK	Interim

**Trading Halts**

Company	Code	Resuming
Alliance Mineral Assets	A40	16 May
Alto Metals	AME	16 May
Minotaur Exploration	MEP	16 May
Chesser Resources	CHZ	17 May
Connected IO	CIO	17 May
Great Western Exploration	GTE	17 May
Northern Minerals	NTU	17 May
NRW Holdings	NWH	17 May
Otto Energy	OEL	17 May
Pantoro Ltd	PNR	17 May
St Barbara	SBM	17 May

**Suspensions (select)**

Company	Code	Since
Animoca Brands Corporation	AB1	14 May
Gulf Manganese Corporation	GMC	15 May
Impression Healthcare	IHL	8 May
Questus Ltd	QSS	10 May
Symbol Mining	SL1	16 May
Tempo Australia	TPP	29 Apr



season is expected to mean environmental-related output curbs, however.

### Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.6929	0.0002	0.02
EUR – USD	1.1208	0.0006	0.05

### Australian Data Today

ABS	Employment	Apr
Melbourne Institute	Inflation expectations	May
RBA	Forex transactions	Apr
RBA	Official reserve assets	Apr

### US Data Tonight

Philadelphia Fed manufacturing	Apr
Housing starts	Apr
Building permits	Apr
Initial jobless claims	11 May

### Other Overseas Data Today & Tonight

China	Residential property price index	Apr
Japan	Producer prices	Apr
Euro zone	Trade balance	Mar

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### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
ASG	Today	2	100	8.00
PL8	Today	6.5	100	5.56
SNC	Today	3.5	100	3.91
WBC	Today	94	100	6.99
ZEL	Today	28.77	0	5.35
DDR	Tomorrow	5	100	3.95
AST	Tue	4.86	45.06	5.17
UOS	Tue	2	0	4.48
FMG	Wed	60	100	3.81
GZL	Wed	17	100	1.63
PDL	Thu	20	10	6.80
CIE	27 May	1.06	75	8.55
CSR	30 May	13	50	7.89
ORI	30 May	22	0	2.57
PMV	30 May	33	100	2.01
RHL	30 May	10	100	3.42

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