

## Markets

<b>SFE 200 Futures</b> (9.30am AEST)	6368	5	<b>0.1</b>
<b>NZX 50</b>	10218	37	<b>0.4</b>
<b>DJIA Futures</b>	25852	72	0.3
<b>S&amp;P 500 Futures</b>	2870	8	0.3
<b>NASDAQ Futures</b>	7536	25	0.3

## Local Markets Commentary

The Australian market commences a new week's trade with the national election returning the coalition government, but counting is yet to confirm whether this will be with a majority.

Elsewhere, since overnight international trade, the US has achieved trade talks progress with Canada and Mexico, the UK PM has announced she will present a new proposal for arrangements governing the planned separation from the European Union, and the Austrian government has been forced to call a national election.

Overnight, the government office and foreign embassy district of Iraq's capital Baghdad was reported to have sustained a single rocket attack. This is the first reported such attack in this area in ~eight months.

**Regionally** today, **Japan's** initial March quarter GDP estimate is anticipated 9.50am AEST.

**Locally**, sector reactions and expectations commentary, in relation to the national election result and further counting determinations, are anticipated to dominate.

A weekly capital city residential property price report is also due pre-trade.

In overnight Friday commodities trade, **oil** turned to settle lower.

**US gold** futures (June) extended Thursday's fall.

**Iron ore** (China port, 62% Fe) rallied further, trading above \$US101/t, exceeding \$US100/t for the first time since May 2014. 58% and 65% Fe also continued to rally to new multi-year peaks.

LME **copper** settled modestly lower. **Nickel** and **aluminium** fell.

The **\$A** traded in relatively narrow range after falling below US68.75c early Friday evening. This morning, the \$A has headed higher, towards \$US69.00.

## Overseas Markets

INDEX	CLOSE	+/-	%
<b>Dow Jones</b>	25764	-99	<b>-0.4</b>
<b>S&amp;P 500</b>	2860	-17	<b>-0.6</b>
<b>NASDAQ</b>	7816	-82	<b>-1.0</b>
<b>FTSE 100</b>	7349	-5	<b>-0.1</b>
<b>DAX 30</b>	12239	-71	<b>-0.6</b>
<b>Shanghai Comp</b>	2882	-73	<b>-2.5</b>

**Japan – March quarter GDP - 9.50am AEST**

## Today's Stock Watch

### Incitec Pivot (IPL)

\$A41.9M higher interim NPAT, following a \$7.6M net profit a year ago. 3.5% higher, \$1.74B revenue.

1.3c interim dividend, against 4.5c. 93c NTA.

### Elders Ltd (ELD)

34% lower, \$A27.36M interim NPAT. 2% lower, \$737.52M revenue. Flat, 9c fully franked interim dividend. 93c NTA.

### EML Payments (EML)

Planning to outlay £21.6M to acquire gift and incentive card specialist Flex-e-Card.

Teleconference scheduled to commence 10am AEST.

Access details lodged this morning.

### Scentre Group (SCG)

Selling 50% of Westfield Burwood, Sydney to the Perron Group for \$575M, and forming a 50:50 JV over the property.

SCG intends to use sale proceeds to reduce debt.

### ARQ Group (ARQ)

Selling reseller business TPP Wholesale to CentralNic Group Plc for \$24.4M cash.

### CardieX Ltd (CDX)

MoU secured with China telemedicine provider Health160, regarding a pilot for deploying inHealth developments within Health60.

### Alcidion Group (ALC)

\$700,000 children's health records contract secured with the NSW government. ALC will develop and trial two components of a proposed new digital records scheme.

### James Hardie Industries (JHX)

Non-executive directors Alison Littlely and Rudolf van der Meer will retire at the JHX 9 August AGM.

## Resources

### Lynas Corporation (LYC)

MoU secured with Blue Line Corporation for a rare earths separation JV in the US.

## Energy

### Cooper Energy (COE) / Healthscope Ltd (HSO)

COE will replace HSO on the S&P/ASX 200 from open 27 May (Monday next week).

HSO is being removed, pending final court approval for arrangements for its acquisition by Brookfield Capital Partners.



## Overseas Markets Commentary

Major European and US equities markets headed lower early overnight Friday, sentiment swinging intra-session amid ongoing US-international trade issues and speculation concerning Middle East scenarios.

Earlier Friday, **China** had indicated it was in no hurry to resume trade talks with the US, given the current US stance.

For its part, the US announced it would not yet levy import taxes on vehicles coming from the **European Union** and **Japan**.

This, as it continued trade negotiations with Canada and Mexico (*please see 'Tonight' below*).

In the **UK**, the opposition party (Labor) declared it had stopped negotiating with the PM regarding finding agreement on arrangements governing the UK's planned withdrawal from the **European Union** (EU), as no agreement could be reached.

This created greater fear that the UK-EU separation would happen with no approved deal in place, and sent to British pound to four-month lows.

Among overnight Friday data releases the **euro zone** final reading of April CPI growth was confirmed at 0.7% for the month and 1.7 year-on-year. Core inflation growth rose 0.1% from the initial year-on-year estimate, to 1.3%, against 0.8% for March.

Construction output rose 6.3% following a 7.6% March jump.

In the **US**, the University of Michigan's initial May consumer sentiment estimate was reported at 102.4, 5.2 points higher than the final April reading and the highest in 15 years.

Conference Board's April leading index rose 0.2% after a 0.3% March rise.

**Tonight** in the **US**, the Chicago Fed national activity index is due.

In addition, the **US Federal Reserve** chair is due to speak publicly, but post-US trade. The vice chair and the Philadelphia Fed president will speak before and during trade, however.

Further, reaction is anticipated to late-weekend news that **Canada**, **Mexico** and the **US** had reportedly agreed a plan for the removal of US import taxes imposed last year on aluminium and steel imports from its bordering neighbours.

Elsewhere, **UK** parliamentarians will react to the PM's plan to present a 'bold' improvement on previously-rejected proposed arrangements for governing everything from trade to immigration to cross-border finance when the UK leaves the European Union (EU).

This, ahead of a government Cabinet meeting scheduled for Tuesday.

The PM promised the plan over the weekend, ahead of the likely vote during the business week commencing 3 June.

The opposition leader, who called a halt to previous negotiations over a plan, said he would consider any new proposal.

Meanwhile the European Parliament elections, in which the UK must now participate are scheduled for Thursday.

Friday, the UK parliament is set to go into recess until Tuesday 4 June.

In the meantime, **Austria** will be abuzz with the prospect of electing a new parliament following a bribery scandal which has forced the

## Pre-Open Announcements

### Domino's Pizza Enterprises (\* DMP)

Hosting a webcast investor question-related update and concluding Q & A Wednesday, commencing 4.30pm AEST.

DMP is not intending to provide a trading update during the webcast.

Planning to lodge full year results 21 August.

Webcast access details lodged post-trade Friday.

### Botanix Pharmaceuticals (BOT)

BOT has appointed former Anacor Pharmaceuticals VP and Dermavent Sciences COO Vince Ippolito as president.

### Southern Cross Electrical Engineering (\* SXE)

Heralding \$30M worth of new contracts. Details lodged this morning.

### Sydney Airport (\* SYD)

Passenger numbers grew 0.1% year-on-year in April, with the domestic passenger tally falling 1.3%.

The domestic passenger total is down 1.8% for the year-to-date. Additional statistics lodged this morning.

### Cynata Therapeutics (CYP)

CYP has appointed GBS Ventures and Medvest founder Geoff Brooke as an independent non-executive director.

### IDT Australia (IDT)

Medicinal cannabis manufacturing licence in hand.

## Resources

### Resolute Mining (RSG)

Today's AGM materials lodged.

### Black Cat Syndicate (\* BC8)

WA Bulong gold project drilling has returned some significant-width, high-grade assays.

Updated and upgraded prospect resources anticipated in July and September.

## Reports & Events

(selected scheduled)

When	Company	Report/Event
<b>Today</b>	<b>IPL</b>	Interim
	<b>RSG</b>	AGM
<b>Tomorrow</b>	LYC	Investor Day
	OFX	Full year
<b>Wed</b>	DMP	Update
<b>Thu</b>	ALL	Interim



chancellor to announce a national election would be scheduled 'as soon as possible'.

Companies expected to report earnings later today or tonight include: Gap, Korea Zinc and Ryanair (full year).

In overnight Friday corporate news, US retailer **Walmart** reported higher revenue and profit.

**Deere & Co** undershot expected quarterly profit and reduced its full-year guidance, due to anticipated lower demand from the agribusiness sector struggling during the US-China trade push-and-shove.

### Commodities

COMMODITY	CLOSE	\$US/	+/-	%
<b>Gold (NY) (Jun)</b>	<b>1275.7</b>	oz	-10.5	<b>-0.8</b>
<b>Silver (NY) (Jul)</b>	14.388	oz	-0.151	<b>-1.0</b>
<b>Gold (LON)</b>	1281	oz	-11	<b>-0.8</b>
<b>Platinum</b>	816	oz	-17	<b>-2.1</b>
<b>WTI Crude (Jun)</b>	<b>62.76</b>	bbl	-0.11	<b>-0.2</b>
<b>Brent Crude (Jul)</b>	<b>72.21</b>	bbl	-0.41	<b>-0.6</b>
<b>Iron Ore</b> (CHN port 62%)	<b>101.70</b>	t	2.49	<b>2.5</b>
<b>Copper</b> (LME,3mth,PM)	<b>6054</b>	t	-27	<b>-0.4</b>
<b>Nickel</b>	12015	t	-120	<b>-1.0</b>
<b>Aluminium</b>	1829	t	-22	<b>-1.2</b>
<b>Lead</b>	1824	t	-10	<b>-0.6</b>
<b>Zinc</b>	2594	t	-37	<b>-1.4</b>
<b>Tin</b>	19450	t	5	<b>0.0</b>
<b>CBT Wheat (Jul)</b>	<b>4.65</b>	bshl	-0.02	<b>-0.4</b>

### Commodities Commentary

**Oil** – prices were pushed lower overnight Friday, for the first time in the trading week, ahead of an *OPEC*-led production cut agreement monitoring committee meeting Sunday, with media reports claiming post-June output increase possibilities could also be discussed.

Come Sunday the United Arab Emirates energy minister suggested retaining production cuts would be prudent.

This was followed by comments from Saudi Arabia's energy minister, indicating general agreement to control inventories, but also suggesting situations and views could change by as early as next month.

No decision will be made until an *OPEC* meeting scheduled for late June and associated meetings with non-*OPEC* members who are agreement participants.

Meanwhile, ExxonMobil evacuated foreign employees from an oil field in **Iraq** Saturday, drawing the ire of Iraq's oil minister. Since then, a rocket has reportedly landed and exploded near the US embassy in a fortified zone of Baghdad, the Iraqi capital.

Brent crude finished the week 2.3% higher and WTI up 1.8%.

A weekly US petroleum drill rig count, published overnight Friday, included three fewer operational oil rigs, representing a second consecutive week of a reduction in the tally for active oil rigs. This now stands at 802.

**Gold** – Comex futures traded at two-week lows overnight Friday, as prices fell for a second consecutive session.

	VEA	AGM
<b>Fri</b>	GTK	Interim

### Trading Halts

Company	Code	Resuming
eSports Mogul Asia Pacific	ESH	20 May
Mako Gold	MKG	20 May
Elsight Ltd	ELS	21 May
GWR Group	GWR	21 May
Infratil Ltd	IFT	21 May
LBT Innovations	LBT	21 May
Millennium Minerals	MOY	21 May

### Suspensions (select)

Company	Code	Since
Alto Metals	AME	16 May
Animoca Brands Corporation	AB1	14 May
Great Western Exploration	GTE	17 May
Impression Healthcare	IHL	8 May
Otto Energy	OEL	17 May
Symbol Mining	SL1	16 May

### Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
AST	Tomorrow	4.86	45.06	5.10
UOS	Tomorrow	2	0	0.74
FMG	Wed	60	100	3.46
GZL	Wed	17	100	1.62
PDL	Thu	20	10	6.69
CLF	Fri	5.25	100	4.55
CIE	27 May	1.06	75	8.55
CSR	30 May	13	50	7.68
ORI	30 May	22	0	2.50
PMV	30 May	33	100	1.97
RHL	30 May	10	100	3.42



Additional US data came in positive, including a consumer sentiment index, which reached a 15-year peak.

This week, US Federal Reserve policy meeting minutes and new manufacturing and services sector activity updates are likely to prove the most influential data releases for gold trade.

**Base metals** – international trade issues and uncertain political scenarios appeared to mostly dampen overnight Friday sentiment. The British pound and the euro remained relatively week against the \$US.

International manufacturing updates, due later this week, could influence weekly moves.

### Exchange Rates

CURRENCIES	LAST	+/-	%
<b>AUD – USD</b>	0.6891	-0.0011	<b>-0.15</b>
<b>EUR – USD</b>	1.1163	0.0004	<b>0.04</b>

### Australian Data Today

Corellgc	Capital city residential property prices	17 May
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### US Data Tonight

Chicago Fed national activity index	Apr
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### Other Overseas Data Today & Tonight

<b>Japan</b>	GDP (prelim)	Mar Q
Japan	Industrial production (final; 2.30pm AEST)	Mar
<b>Germany</b>	Producer prices	Apr

### 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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