

Tuesday 22 May 2018

Markets

SFE 200 Futures (9.30am AEDST)	6080	-13	-0.2
NZX 50	8629	14	0.2
DJIA Futures	24998	-4	0.0
S&P 500 Futures	2731	-2	-0.1
NASDAQ Futures	6910	-6	-0.1

Local Markets Commentary

The Australian market commences today's trade following positive overnight US and UK equities trade.

In mixed overnight commodities trade, **oil** swung higher.

US **gold** futures settled essentially flat.

Iron ore (China port, 62% Fe) fell for a third consecutive session.

LME **copper** turned modestly higher.

The **\$A** appreciated to ~US75.85c after trading at ~US75.20c early yesterday evening.

Locally today, a weekly consumer sentiment reading is due pre-trade.

In addition, **AST** and **IPL** trade ex-dividend.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	25013	298	1.2
S&P 500	2733	20	0.7
NASDAQ	7394	40	0.5
FTSE 100	7859	80	1.0
DAX 30	13078	Public	Holiday
Shanghai Comp	3214	21	0.6

Overseas Markets Commentary

UK and US equities markets opened higher overnight, DJIA and FTSE 100 sentiment never looking seriously threatened.

The FTSE 100 and FTSE 250 reached new record peaks with the British pound trading at its lowest for 2018. The euro also continued lower against the **\$US**, helping push the \$US to new five-month highs.

Germany's markets remained closed due to a public holiday.

Meanwhile, the US revealed a significant ratcheting of demands from **Iran** in exchange for a new international agreement. One of these included withdrawing from the Syrian conflict.

In scant new data releases, the Chicago Fed national activity index was reported 0.24 higher, at 0.34.

Tonight in the US, a regional manufacturing index is due.

Elsewhere, **Bank of England** governor Mark Carney is scheduled to meet with MPs.

Hewlett Packard Enterprise, Kohl's and Shaftesbury are among companies scheduled to report earnings later today or tonight. Sony is hosting an investor day in Japan and will webcast events.

Today's Stock Watch

APN Outdoor (APO) / HT&E Ltd (HT1) / ooh!media Ltd (OML) / News Corporation (NWS)

APO has confirmed it has approached HT1 with an indicative proposal to acquire the Adshel business in Australia and New Zealand.

The APO offer is worth ~\$470M, against OML's earlier Adshel offer of ~\$355M.

BWX Ltd (BWV)

Resuming from a trading halt with an unsolicited, indicative proposal from BWX CEO and MD John Humble, BWX finance director Aaron Finlay and Bain Capital Private Equity.

The consortium is proposing to acquire 100% of BWX with a \$6.60-per-share cash offer, or the alternative of a 75% scrip and 25% cash bid.

Conditions include the satisfactory completion of due diligence.

BWX traded at \$4.38 - \$4.97 last week.

Healthscope Ltd (HSO)

Closing Geelong Private Hospital and Cotham Private Hospital over the next four weeks following a review of the company's hospital property portfolio.

HSO will also realise an impairment on the Frankston Private hospital, contributing to a revised, anticipated \$340M - \$345M FY 2018 hospital operating EBITDA, against previous ~\$359.4M guidance.

HSO also plans to divest the (closed) Como Private Hospital site. In addition, HSO has decided not to provide due diligence access to the two groups proposing to acquire HSO, after determining each proposal undervalues the company.

Further, HSO is conducting a sale process for its Asian Pathology business, after receiving 'a number of' approaches.

HSO plans to publish FY 2018 results 21 August.

James Hardie Industries (JHX)

47% lower, \$US146.1M NPAT. 7% higher, \$US2.055B net sales. US30c final dividend. Q4 statistics also lodged this morning.

OFX Group (OFX)

5% lower, \$A18.69M full year NPAT. 55 higher, \$120.59M revenue. 3c fully franked final dividend, up 10c.

22.91c NTA, against 21.5c a year ago.

Technology One (TNE)

1% higher, \$A8.1M interim NPAT. 6% higher, \$120.26M revenue. 2.86c, 2.15c-franked interim dividend.

2.55c EPS. 31.21c NTA.

Webcast teleconference scheduled to commence 11am AEST.

AMP Ltd (AMP)

Morgan Stanley has re-rated AMP as overweight, from equal-weight.



VONEX LIMITED (ASX:VN8)

State One is Lead Manager for the IPO of Vonex Limited - an innovative Australian telecom company currently generating revenue of +\$A8M.

Please find below a link to the IPO information pack:

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

In overnight corporate news, **General Electric** confirmed agreement with **Wabtec** (Westinghouse Air Brake Technologies Corp) for General Electric to sell its transport manufacturing division into rail stock produce Wabtec.

General Electric appreciated ~2.5%, and Wabtec ~3.5%, with other large industrials including Boeing and Caterpillar also gaining.

Model 3 electric vehicle upgrade plans appeared to support **Tesla** to a more than 2% rise.

Ryanair's CEO ventured some airlines could suffer significantly from higher fuel prices. The stock swung between a 3% fall and 5% gain on a pleasing report, coupled with fears of rising staffing and fuel costs.

The agreed hiatus on China-US tariffs argy-bargy boosted chip manufacturers.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1291	oz	-0.4	-0.0
Silver (NY) (May)	16.5	oz	0.1	0.5
Gold (LON)	1288	oz	-1	-0.1
Platinum	899	oz	14	1.6
WTI Crude (May)	72.2	bbbl	0.96	1.4
Brent Crude (Jul)	79.2	bbbl	0.7	0.9
Iron Ore (CHN port 62%)	65.3	t	-1.5	-2.4
Copper (LME,3m,pm)	6879	t	24	0.4
Nickel	14675	t	-75	-0.5
Aluminium	2280	t	10	0.4
Lead	2410	t	80	3.4
Zinc	3104	t	4	0.2
Tin	20700	t	-80	-0.4
CBT Wheat (Jul)	5.07	bshl	-0.11	-2.1

Commodities Commentary

Oil – prices gained on sanctions talk, including both Iran and Venezuela, WTI crude continuing to new 3.5-year highs in post-settlement trade.

Brent traded as high as \$US79.59 post-settlement.

Venezuela's presidential election sparked possible sanctions talk, which would push the nation's crude output yet lower.

In association, reports emerged that OPEC would review and would possibly 'adjust' other individual member curbs and/or its overall target.

Venezuela's OPEC-reported 1.505MMbbl/d April output represented an ~500,000bbl/d drop below its OPEC-set target. The IEA estimated Venezuela's daily April output at 1.42MMbbl.

The next major OPEC meeting is scheduled for 22 June.

Gold – traded at 2018 lows on positive equities sentiment and a robust \$US index which was pushed to a six-month high.

Pending significant new geopolitical news, US Federal Reserve policy meeting minutes and domestic housing figures are viewed as the next major influences on the \$US this week.

Base metals – swinging overnight trade reported, copper trading at a one-week peak of \$US6923/t intra-session.

Yesterday, **Japan** published April trade figures which included a 7.8% year-on-year rise in exports and 5.9% higher imports, each undershooting forecasts and pushing the yen significantly lower against the \$US..

Application can be made online or by completing the Application Form which can be found at the back of the Prospectus. CLOSING DATE FOR APPLICATIONS: 4 JUNE 2018.

Vonex, founded in 2009, is a Perth-based telecom company specialising in innovative Voice over Internet Protocol (VoIP) solutions and feature-rich Private Branch Exchange (PBX) technology.

A "once-in-a-lifetime" opportunity: we believe that the rollout of the National Broadband Network (NBN) will require millions of customers having to disconnect from Telstra's copper/landline network and reconnect to the new (government-owned) fibre-optic network; this will act as a catalyst to spread market share more evenly and provide opportunities for nimble technology-driven telco players like Vonex.

Vonex has also developed an innovative telecommunications/social media application – Oper8tor. Management is targeting a soft-launch of the App in Europe in 2018/2019.

For further information, call your State One adviser at 08 9288 3388 or 1300 651 898 or Email: vonex@stateone.com.au

Pre-Open Announcements

Pinnacle Investment (* PNI)

Ord Minnett has cancelled PNI buy advice, in favour of a hold recommendation.

IMF Bentham (IMF)

IMF has received \$3.6M following the January 2018 settlement of a case in the US. IMF says it is expecting ~\$2.2M pre-tax profit.

PharmAust Ltd (* PAA) / Zelda Therapeutics (* ZLD)

PAA CEO Richard Hopkins has resigned to take up the MD position at ZLD.

Dr Hopkins will leave PAA at the end of the week and commence as full-time ZLD MD 1 July.

PAA executive chairman Roger Aston will be PAA acting CEO.

Resources

Lucapa Diamond Company (LOM)

25 carat yellow gem diamond recovered from the Lesotho Mothae mine. LOM 70%.

Energy

Buru Energy (* BRU)

Roc Oil is paying \$64M cash for 50% of the WA Canning Basin Ungani production licences L20 and L21.

Roc is also agreeing to fund \$20M of a \$25M exploration program across three regional permits.

BRU proposes to remain Ungani oil field operator.

Reports & Events

(selected)

When	Company	Report/Event
Today	JHX	Full year
	OFX	Full year
	TNE	Interim

**Exchange Rates**

CURRENCIES	LAST	+/-	%
AUD – USD	0.7584	0.0002	0.02
EUR – USD	1.1793	0.0002	0.02

Australian Data Today

ANZ/RyMgn Consumer sentiment 20 May

US Data Tonight

Richmond Fed manufacturing May

Other Overseas Data Today & Tonight

UK Public sector finances 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.

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Tomorrow	AIA	April
	AAC	Full year
	BKL	Meet-mangmnt
	BLY	AGM
	RKN	AGM
Thu	AWC	AGM
	ALQ	Full year
	ALL	Interim
	BDR	AGM
	MUA	AGM
	SKI	AGM
	WFD	AGM
Fri	SYD	AGM
28 May	MLB	AGM

Trading Halts

Company	Code	Resuming
Alara Resources	AUQ	22 May
Actinogen Medical	ACW	23 May
Kairos Minerals	KAI	23 May
Oliver's Real Food	OLI	23 May
Seafarms Group	SFG	23 May
Sky Space & Global	SAS	23 May
Venus Metals	VMS	23 May
Encounter Resources	ENR	24 May

Suspensions (select)

Company	Code	Since
Antilles Oil & Gas	AVD	10 May
Dotz Nano	DTZ	21 May
Emergent Resources	EMG	4 May
Enhanced Oil & Gas Recovery	EOR	2 May
HearMeOut Ltd	HMO	21 May
Mobecom Ltd	MBM	14 May
Queensland Bauxite	QBL	4 May
TikForce Ltd	TKF	14 May
Wolf Petroleum	WOF	21 May

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
AST	Today	4.62	0	5.59
IPL	Today	4.5	0	2.66
WHF	Tomorrow	9	100	3.82
MTR	Thu	16	100	1.52
PDL	Thu	22	15	4.63
TLT	Thu	1.8	0	1.74
OPG	Fri	1	100	4.35