

Markets

SFE 200 Futures (9.30am AEDST)	6043	-4	-0.1
NZX 50	8584	-29	-0.3
DJIA Futures	24832	-13	-0.1
S&P 500 Futures	2725	-1	0.0
NASDAQ Futures	6903	-6	-0.1

Local Markets Commentary

The Australian market commences midweek trade on negative overnight US equities leads, ahead of key international reports and an anticipated Australia-China speech by the Reserve Bank of Australia governor tonight.

In overnight commodities trade, **oil** settled mixed, WTI crude lower but Brent moderately higher.

US **gold** futures closed slightly higher.

Iron ore (China port, 62% Fe) was pushed lower for a fourth consecutive session.

LME **copper** rallied. **Nickel** turned higher.

The **\$A** slipped to ~US75.80c after trading beyond US75.95c early yesterday evening.

Locally today, the Australian Bureau of Statistics (ABS) is due to report March quarter construction work 11.30am AEST. The Department of Jobs reports skilled vacancies.

A monthly leading indicators report is also due from Westpac and the Melbourne Institute today.

Regionally, an initial May manufacturing PMI is due for **Japan** 10.30am AEST.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24834	-179	-0.7
S&P 500	2724	-9	-0.3
NASDAQ	7378	-16	-0.2
FTSE 100	7877	18	0.2
DAX 30	13170	92	0.7
Shanghai Comp	3214	0.5	0.0

Overseas Markets Commentary

Sentiment waned across US equities markets overnight, but major European indices trended higher.

Earlier yesterday, **China** had announced plans to cut vehicle import tariffs by as much as 10% from 1 July, as part of a continued approach to opening up the nation's economy to more international business. This supported vehicle manufacturing sector equities trade on both sides of the Atlantic.

The **US** president in the meantime expressed dissatisfaction with last week's US-China trade negotiations, and appeared to pull back from earlier enthusiasm regarding restoring exports to ZTE.

The US was also reported to be considering a 10% reduction in the import of steel and aluminium from the **European Union**.

Earlier proposed tariffs on such EU imports (25% and 10% respectively) were pushed until 1 June.

RBA – governor Philip Lowe speaks on *Australia's Deepening Economic Relationship with China: Opportunities & Risks* at an Australia-China Relations Institute event, **6.05pm** AEST, Sydney

Today's Stock Watch

Commonwealth Bank of Australia (CBA)

Selling the bank's 37.5% holding in BoCComm Life Insurance Company to Mitsui Sumitomo Insurance Co for RMB3.2B (~\$A668M).

Australian Agricultural Company (AAC)

\$102.6M full year net loss, following a \$71.6M net profit a year ago. \$1.62 NTA. Challenges remain. Webcast teleconference scheduled to commence 10.30am AEST.

In addition, former The Salvation Army Australia CFO Nigel Simonsz has been appointed AAC CFO, effective 1 August. Further, AAC has appointed AuctionsPlus CEO Anna Speer as COO pastoral, effective 16 August.

Sirtex Medical (SRX)

SRX is returning from a trading halt describing CDH Genetech's \$33.60 cash-per-share offer as 'capable of acceptance'. The offer sits in competition to Varian Medical Systems' \$28-per-share bid, which the SRX board has previously recommended. In addition, SRX is lowering FY 2018 underlying EBITDA guidance to the lower end of \$75M - \$85M, due to disappointing 2H sales.

SRX was trading at \$29.83 when it called yesterday's trading halt.

Fonterra Shareholders' Fund (FSF)

Fonterra Co-op is forecasting a \$NZ7/kg milk solids FY 2019 farmgate price. The FY 2018 price prediction has increased by NZ20c to \$NZ6.75. Overall costs will likely push FY 2018 earnings and dividends lower, however. FY 2019 collections in New Zealand are expected to grow by 1.5%.

Resources

Rio Tinto (RIO)

Negotiating the potential sale of the company's 40%-production share of the Grasberg operation, Indonesia for ~\$3.5B.

Energy

Santos Ltd (STO)

STO has rejected Harbour Energy's final bid and terminated discussions.



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>

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

In addition, US investors were awaiting a pending parliamentary vote on legislation proposed to adjust finance sector regulations introduced following the 2008-09 financial crisis.

Meanwhile, in overnight US data releases, the Richmond Fed manufacturing index was reported to have jumped 19 points to 16.

In the **UK**, public sector borrowing was reported to have slowed during April on an annual basis.

Bank of England governor Mark Carney told parliamentarians that the UK's planned exit from the European Union has contributed to average household incomes falling £900 more than forecast two years ago.

Tonight in the US, Federal Reserve policy meeting minutes, April new home sales and Markit initial May PMIs are due.

Elsewhere, the UK reports April CPI.

US specialist retailer Lowe's, UK department store Marks & Spencer, Severn Trent, Target Corp and Vedanta Resources are among companies scheduled to report earnings later today or tonight.

In overnight corporate news, **BP** revealed plans to cut 3% of exploration and production jobs by year's end, citing efficiency targets.

In the US, the CEO of retailer **JC Penney** announced he is leaving to become CEO and president at **Lowe's** which is reporting tonight. JC Penney was pushed ~4% lower and Lowe's ~1.5%, both retailers considered strugglers.

Fellow US retailer, **Kohl's**, appreciated ~7% after reporting better-than-anticipated quarterly earnings.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1292	oz	1.1	0.1
Silver (NY) (May)	16.6	oz	0.03	0.2
Gold (LON)	1288	oz	0.05	0.0
Platinum	905	oz	6	0.7
WTI Crude (Jun)	72.1	bbl	-0.1	-0.2
Brent Crude (Jul)	79.6	bbl	0.35	0.4
Iron Ore <small>(CHN port 62%)</small>	64.4	t	-0.9	-1.4
Copper <small>(LME,3m,pm)</small>	6979	t	100	1.5
Nickel	14780	t	105	0.7
Aluminium	2270	t	-10	-0.4
Lead	2475	t	65	2.7
Zinc	3056	t	-48	-1.6
Tin	20530	t	-170	-0.8
CBT Wheat (Jul)	5.22	bshl	0.15	2.8

Commodities Commentary

Oil – prices swung overnight, WTI at new 3.5-year peaks in early trade, following the revelation of US demands levelled at Iran and new US sanctions against Venezuela.

China-US trade concerns reportedly influenced later pressure on WTI futures.

Reports continued that OPEC could consider lifting overall output as early as 22 June, in response to issues faced by Iran and Venezuela, both OPEC members.

Some suggested the situation formed part of the agenda for talks between Saudi Arabia, the UAE and Russia later this week in St Petersburg.

A weekly US petroleum inventories report is due

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

Ardent Leisure (* AAD)

AAD has appointed former Aristocrat Leisure (ASX: ALL) CFO and company secretary Toni Korsanos as an independent non-executive director, effective 1 July.

MMJ Phyto Tech (* MMJ)

MMJ has sold its Cannabis Wheaton Income Corp and e-Sense Lab holdings for \$C5.6M and \$A200,000 respectively.

Resources

Syrah Resources (* SYR)

Purchase agreement secured for the Louisiana, US battery anode material production site. This follows a LoI secured in April. SYR proposes to pay \$US1.225M for the 25-acre site which hosts a 50,000sq ft industrial building.

Kidman Resources (* KDR)

CFO Charles McGill has resigned, effective immediately. KDR GM finance and commercial Jason Eveleigh is acting CFO.

Mincor Resources (MCR)

Heralding additional successful drilling within the Cassini nickel prospect, WA goldfields.

Energy

Sacgasco Ltd (* SGC) / Pancontinental Oil & Gas (* PCL) / Xstate Resources (* XST)

Dempsey 1-15 commercial gas production commencing soon, at ~1200mcf/d. Details and further plans lodged this morning. SGC 50% and operator; PCL and XST each 10%.

Central Petroleum (* CTP)

West Mereenie 26 JV well drilling underway. CTP 50%; Macquarie Mereenie 50%.

Reports & Events

(selected)

When	Company	Report/Event
Today	AIA	April
	AAC	Full year
	BKL	Meet-mangmnt
	BLY	AGM



tonight from government agency the EIA.
The WTI June contract expired overnight, the July contract setting at \$72.20, also down 0.2%.

Gold – reduced US equities sentiment supported overnight gold trade, as did a slight \$US pullback.
US Federal Reserve policy meeting minutes from early this month are expected to influence tonight's trade.

Base metals – fatalities during protests at Vedanta Resources' (temporarily shut down) copper smelter in India supported copper to further overnight gains.

Technical and the move past a 55-day moving average benefited *nickel*.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7578	0.0001	0.01
EUR – USD	1.1783	0.0005	0.04

Australian Data Today

ABS	Construction work done	MarQ
DeptofJobs	Skilled vacancies	Apr

US Data Tonight

Federal Reserve policy meeting minutes	2 May
New home sales	Apr
Markit PMIs (init)	May
MBA mortgage applications	18 May

Other Overseas Data Today & Tonight

Japan	PMI manufacturing (init)	May
UK	CPI	Apr
UK	Producer prices	Apr
UK	PMIs	May
Germany	PMIs (init)	May
Euro zone	PMIs (init)	May
Euro zone	Consumer confidence	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.

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	RKN	AGM
	WPL	Investor day
Tomorrow	AWC	AGM
	ALQ	Full year
	ALL	Interim
	BDR	AGM
	MUA	AGM
	SKI	AGM
	WFD	AGM
Fri	SYD	AGM
Mon (28 May)	FPH	Full year
	MLB	AGM
	MNC	AGM
Tue (29 May)	CGF	Investor day
	TWR	Interim

Trading Halts

Company	Code	Resuming
Oliver's Real Food	OLI	23 May
Venus Metals	VMS	23 May
Encounter Resources	ENR	24 May
Jatenergy Ltd	JAT	24 May
UltraCharge Ltd	UTR	24 May
Sipa Resources	SRI	25 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 (%)
CD2	Today	4	0	0.00
WHF	Today	9	100	3.81
MTR	Tomorrow	16	100	1.52
PDL	Tomorrow	22	15	4.68
TLT	Tomorrow	1.8	0	1.74
OPG	Fri	1	100	4.35
DLX	Mon (28 May)	14	100	3.53
CSR	31 May	13.5	75	5.22
ORI	31 May	20	0	2.67
RBD	31 May	16.98	0	3.70
RHL	31 May	9	100	4.75



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