

Markets

SFE 200 Futures (9.30am AEDST)	6024	-12	-0.2
NZX 50	8574	20	0.2
DJIA Futures	24851	-8	0.0
S&P 500 Futures	2729	-2	-0.1
NASDAQ Futures	6954	-4	-0.1

Local Markets Commentary

The Australian market opens today's trade on decidedly mixed overnight trade leads, with broad international geopolitical and economic relationships remaining in flux.

Yesterday evening, Reserve Bank of Australia (**RBA**) governor Philip Lowe told a seminar that any potential outcome of **China's** current debt build-up remains too early to call, but that the situation required close monitoring from Australia's economic perspective.

In overnight commodities trade, Brent and WTI **crude** again settled mixed.

US **gold** futures continued slightly higher.

Iron ore (China port, 62% Fe) extended its current decline, having now fallen each of the past five sessions.

LME **copper** and **nickel** turned and fell.

The **\$A** rose to ~US75.65c after dropping to ~US75.30c early yesterday evening.

Locally today, **PDL** (formerly BT Investment Management) trades ex-dividend.

This morning, **New Zealand** has reported a \$NZ3.67B trade deficit as at 30 April.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24887	52	0.2
S&P 500	2733	9	0.3
NASDAQ	7426	48	0.6
FTSE 100	7788	-89	-1.1
DAX 30	12977	-193	-1.5
Shanghai Comp	3169	-45	-1.4

Overseas Markets Commentary

US equities markets opened lower overnight and chopped, but trended higher, especially following the releases of Federal Reserve policy meeting minutes.

Major European indices headed lower from open and never recovered, amid weaker-than-anticipated data, ongoing uncertainty regarding Italy's likely stance in Europe, a yet higher \$US, and reports of possible new US-imposed vehicle import tariffs.

The **US Federal Reserve's** May policy meeting minutes indicated a more gradual than previously anticipated rise in rates, FOMC members noting businesses feared adverse outcomes to current tariff and trade talks.

The bank concluded however, that predicting ultimate developments remained difficult, and that another rate rise remained likely required 'soon'.

Today's Stock Watch

Reliance Worldwide Corporation (RWC)

Proposing to outlay £687.5M (~\$A1.2B) for UK-headquartered John Guest Holdings.

In association, RWC is planning a fully-underwritten \$A945M institutional entitlement offer, and a retail offer, each at \$4.15 per share, to raise up to \$A1.1B.

In addition, RWC is securing a \$A750 syndicated debt facility, underwritten by lenders.

A RWC chair Jonathan Munz entity will subscribe for \$A110M of new RWC shares.

The retail offer is scheduled for 31 May (Thursday next week) - 14 June.

RWC has traded at \$4.53 - \$4.84 over the past five trading sessions. Trading halt called this morning.

Myer Holdings (MYR)

MYR has appointed former Sears and Kmart (US) executive Allan Winstanley as chief merchandise officer, effective 2 July.

MYR's appointed CEO and MD John King has worked with Mr Winstanley at House of Fraser.

Aristocrat Leisure (📈 ALL)

2.8% higher, \$256.5M interim NPAT. 28.5% higher, \$1.58B revenue.

19c fully franked interim dividend, against 14c, 3.5c-franked a year ago. \$2.6B net debt.

Resources

Orocobre Ltd (ORE)

Argentina Cauchari JV resource estimated at 1200Mcum of brine averaging 450mg/L lithium and 4028mg/L potassium, for 3.0Mt of lithium carbonate equivalent. ORE 25%; also 29% of JV partner Advantage Lithium.

Energy

Origin Energy (ORG)

Selling the Acumen metering division for \$267M to intelliHUB. Completion is anticipated by 30 June.



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 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

Members also noted inflationary growth, but nothing considered rampant, and expectations of stronger June quarter GDP growth compared with the March quarter.

April new home sales fell 1.5% for the month, but a 2% pullback was anticipated by some.

Markit's initial May manufacturing and services PMIs also surprised on the upside, coming in respectively at 56.6 and 55.7

Weekly mortgage applications continued to fall as 30-year rates continued higher, to as much as 4.86%.

Late-Tuesday, the US president indicated the planned US-North Korea leaders meeting was unlikely to happen in June.

In the **UK**, April CPI slipped 0.1% on an annual basis to 2.4%, but rose 0.4% for the month following a 0.1% increase for March.

Undershooting forecasts however, the figures pushed the British pound to new 2018 lows against the \$US.

Euro zone data largely disappointed.

Germany's initial May manufacturing PMI represented a 1.3-point fall to a remaining robust 56.8, but the lowest reading in 15 months. The services sector activity index also fell, by 0.9 to 52.1, a 20-month low.

The respective overall **euro zone** figures came in at 55.5 (-0.7) and 53.9 (-0.8) respectively.

Earlier, a May manufacturing PMI for Japan had been estimated 1.3 lower than for April, at 52.5.

Meanwhile in **Italy**, the president approved the nominee for PM put up by a coalition that is feared could promote friction with the European Union.

In **Turkey**, the central bank raised a key lending rate by 3% to 16.5%, producing a desired, if temporary, lira rally.

Tonight in the US, weekly new unemployment claims, March house prices, a regional manufacturing index and April existing home sales are due.

Best Buy, Gap, Lenovo, Medtronic, TalkTalk and United Utilities are among companies scheduled to report earnings later today or tonight.

In overnight corporate news, **Comcast** (~2%) announced it was preparing to challenge the **Disney** (~1%) bid for much of **Twenty-First Century Fox** (+~1.5%) with an indicative cash offer seemingly supported by Twenty-First 7.4% shareholder Christopher Hohn.

Fortunes varied for a swag of retailers on both sides of the Atlantic, following earnings reports.

Tiffany was propelled more than 20% higher on figure, an improved full-year profit prediction and a \$US1B buy-back.

Target Corp however, tumbled more than 5.5% after falling short of profit expectations.

Lowe's benefited from high-profile investor Bill Ackman's revelation that his hedge fund held ~\$US1B worth of the home improvement retailer's stock.

UK department store **Marks & Spencer** revealed another profit fall, in part due to costs associated with store closures. Earlier this week, the group said it would accelerate the closure program and likely shutter 100 stores within four years.

Meanwhile, US and UK markets are heading towards

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

Westfield Corporation (* WFD)

AGM today. Shareholders also vote on the proposed takeover by Unibail-Rodamco.

Air New Zealand (📉 AIZ) / Fonterra Shareholders' Fund (📉 FSF)

Credit Suisse has re-rated AIZ and FSF as underperform, from neutral.

Webster Ltd (* WBA)

8% lower, \$3.76M interim NPAT. \$47.9M income. 61% lower, \$20.3M sales.

Income is skewed to 2H, due to harvest timings. \$1.2469 NTA, water rights included.

Farm Pride (* FRM)

Revising FY 2018 EBITDA lower, to \$5M - \$8M, due to sustained oversupply in the egg market.

Collection House (* CLH)

Subsidiary ThinkMe Finance has secured an Australian credit licence from the Australian Securities and Investments Commission (ASIC), enabling it to offer credit to customers.

Spark Infrastructure (* SKI)

Today's AGM speeches and presentation lodged.

CIMIC Group (* CIM)

A Leighton Asia JV has secured an infrastructure contract with the Land Transport Authority, Singapore. The work is expected to be worth \$A380M revenue to Leighton, and is expected to be completed by 2026.

Gryphon Capital Income Trust (GCI)

Fixed income specialist scheduled to list 11am AEST **tomorrow** following a \$175.3M IPO at \$2.00 per unit. 87.65M units. LoanNet holds 14.26%.

ClearVue Technologies (CVU)

Renewable energy-focused company scheduled to list 12.30pm AEST **tomorrow** following a \$5M IPO at 20c per share. 55.99M shares.

Resources

Alumina Ltd (* AWC)

Today's AGM speeches and presentation lodged.

Avanco Copper (AVB)

Industrial action by truck drivers, including road blockages, could stop supplies reaching the Antas operation, Brazil.

Monday holiday long weekends.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Jun)	1294	oz	2	0.2
Silver (NY) (May)	16.5	oz	-0.11	-0.7
Gold (LON)	1288	oz		
Platinum	900	oz	-5	-0.6
WTI Crude (Jul)	71.8	bbl	-0.4	-0.5
Brent Crude (Jul)	79.8	bbl	0.2	0.3
Iron Ore (CHN port 62%)	64.1	t	-0.3	-0.5
Copper (LME, 3m, pm)	6867	t	-112	-1.6
Nickel	14650	t	-130	-0.9
Aluminium	2270	t	0	0.0
Lead	2477	t	1.5	0.1
Zinc	3029	t	-27	-0.9
Tin	20625	t	95	0.5
CBT Wheat (Jul)	5.31	bshl	0.09	1.8

Commodities Commentary

Oil – a \$US at six-month peaks and profit-taking were cited as major reasons for an early decline in overnight prices.

Iran in the meantime had described US demands and sanctions versus fully-restored diplomacy as 'theatrical'.

Weekly US petroleum inventories, as calculated by the EIA, included a surprise 5.8Mmmbbl rise for crude and 1.9Mmmbbl for petrol, out of step with usual seasonal figures.

Gold – impacted by new 2018 highs for the \$US index, but some sentiment lifted following Federal Reserve policy meeting minutes, which were interpreted as a little less hawkish than anticipated.

Base metals – \$US strength, a batch of disappointing data out of Europe, and international trade uncertainties proved sufficient to impact sentiment for key overnight LME trade.

Yesterday, Japan's initial May manufacturing PMI was reported 1.3 lower for the month, at 52.5.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7571	0.0012	0.16
EUR – USD	1.1709	0.0012	0.10

US Data Tonight

Initial jobless claims	19 May
Existing home sales	Apr
FHFA house price index	Mar
Kansas City Fed manufacturing	May

Other Overseas Data Today & Tonight

Japan	Leading index (3pm AEST)	Mar
UK	Retail sales	Apr
Germany	GDP (final)	MarQ
Germany	GfK consumer confidence	Jun
Euro zone	ECB policy meeting minutes	Apr
Euro zone	ECB financial stability review	Apr

Reports & Events

(selected)

When	Company	Report/Event
Today	AWC	AGM
	ALQ	Full year
	ALL	Interim
	AIA	April
	BDR	AGM
	MUA	AGM
	SKI	AGM
Tomorrow	WFD	AGM
	SYD	AGM
Mon	FPH	Full year
	MLB	AGM
	MNC	AGM
Tue	CGF	Investor day
	TWR	Interim

Trading Halts

Company	Code	Resuming
UltraCharge Ltd	UTR	24 May
American Pacific Borate & Lithium	ABR	25 May
Impact Minerals	IPT	25 May
Invigor Group	IVO	25 May
King River Copper	KRC	25 May
Tesserent Ltd	TNT	25 May
Xped Ltd	XPE	25 May
Classic Minerals	CLZ	28 May
Frontier Digital Ventures	FDV	28 May
Reliance Worldwide Corporation	RWC	28 May

Suspensions (select)

Company	Code	Since
Antilles Oil & Gas	AVD	10 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
Venus Metals Corporation	VMS	23 May
Wolf Petroleum	WOF	21 May

Ex-Dividends

Code	Ex-Div	Div (c)	Fr (%)	Yield (%)
MTR	Today	16	100	1.52
PDL	Today	22	15	4.66
TLT	Today	1.8	0	1.74
OPG	Tomorrow	1	100	5.00
DLX	Mon	14	100	3.53
ALL	Tue	19	100	tbc
CSR	31 May	13.5	75	5.19
ORI	31 May	20	0	2.67
RBD	31 May	16.98	0	3.70



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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RHL	31 May	9	100	4.72
TNE	31 May	2.86	75.17	1.86