

Markets

| | | | |
|--------------------------------------|-------|-----|-------------|
| SFE 200 Futures (9.30am AEST) | 6462 | -2 | -0.0 |
| NZX 50 | 10210 | -12 | -0.1 |
| DJIA Futures | 25646 | 26 | 0.1 |
| S&P 500 Futures | 2834 | 2 | 0.1 |
| NASDAQ Futures | 7318 | 2 | 0.0 |

Local Markets Commentary

The Australian market commences opens a new week's trade with public holidays in the US and UK, a significantly reduced US GDP growth prediction, positioning to appoint a new UK PM early-June, a pre-term election called yesterday in Greece, and the European Parliament election count underway, ahead of new data out of China today.

In overnight Friday commodities trade, **iron ore** (China port, 62% Fe) rallied beyond \$US105.30/t after slipping below \$US104.t Thursday.

Oil seesawed higher.

US gold futures (June) turned slightly lower.

LME copper continued higher. **Nickel** swung higher and surged.

Due to the US and UK holidays, there will be no definitive international commodities trade leads until pre-ASX trade Wednesday.

The **\$A** appreciated to ~US69.25c after trading at ~US69.00c early Friday evening.

Regionally today, **China's April industrial profits** are anticipated **11.30am AEST**.

In Japan, **Bank of Japan** governor Haruhiko Kuroda is scheduled to speak publicly **1pm AEST**.

Locally today, a weekly capital city residential property price report is due pre-trade.

Also today, **ELD** trades ex-dividend. Please see p4 for a detailed list.

Overseas Markets

| INDEX | CLOSE | +/- | % |
|----------------------|-------|-----|------------|
| Dow Jones | 25586 | 95 | 0.4 |
| S&P 500 | 2826 | 4 | 0.1 |
| NASDAQ | 7637 | 9 | 0.1 |
| FTSE 100 | 7278 | 47 | 0.7 |
| DAX 30 | 12011 | 59 | 0.5 |
| Shanghai Comp | 2853 | 0.5 | 0.0 |

Overseas Markets Commentary

Varying degrees of risk appetite were demonstrated across major European and US equities markets overnight Friday, ahead of Monday public holidays in both the US and UK.

China – April industrial profits 11.30am AEST

Today's Stock Watch

Vocus Communications (👉 VOC)

VOC has granted due diligence to EQT Infrastructure after receiving an indicative, \$A5.25-per-share acquisition proposal. VOC traded at \$3.85 - \$4.04 last week.

Suncorp Group (SUN)

SUN has appointed CFO Steve Johnston as acting CFO. Former SUN CEO and MD Michael Cameron is stepping down from these roles, but will remain employed with SUN as an advisor until 9 August. SUN is planning to lodge full year results 7 August.

Fisher & Paykel Healthcare (FPH)

10% higher, full year \$NZ209.2M full year NPAT. 9% higher, \$NZ1.07B revenue.

NZ13.50c, NZ5.25c-franked final dividend, against NZ12.5c a year ago. \$NZ1.46 NTA.

A webcast teleconference was scheduled to commence 8am AEST.

Air New Zealand (AIZ)

Proposing to buy eight Boeing 787-10 Dreamliners at an undisclosed discount to the 'today's-price' total of \$US2.7B.

In addition, the agreement with Boeing includes options for AIZ to purchase up to 20 aircraft.

TPG Telecom (TPM) / Hutchison Telecommunications (Australia) (HTA)

Vodafone Hutchison Australia confirms the group has lodged an application for the Federal Court of Australia to consider that the proposed Vodafone Hutchison Australia merger with TPM will not cause a 'substantial' drop in competition as determined by the Australian Competition & Consumer Commission (ACCC).

Evolve Education Group (EVO)

\$NZ101.55M full year net loss. 0.9% lower, \$NZ137.18M revenue.

AVA Group (AVA)

Two FFT Aura Ai-2 orders in hand, worth a total \$A862,000.

One order is for perimeter protection for high-security US government sites. The other is for a nuclear power facility in North America.

Mobilcom Ltd (MOB)

Israel's navy has placed a \$280,000 order, boosting MOB's order revenue from the Israel Ministry of Defence to \$850,000.

Freedom Foods Group (FNP)

Resuming trade having completed a \$119.3M, \$4.80-per-share institutional entitlement offer and placement.

A retail entitlement offer, at the same price is scheduled for 29 May – 11 June. FNP last traded at \$4.80.



Key US indices noticeably pulled back from early gains by settlement.

Friday, China had again criticised the US's approach to trade negotiations, while maintaining resolve to secure an agreement.

The US president in the meantime had commenced two days of US-Japan trade talks Friday, after late-Thursday speculating that the US's position on Huawei could play some part in an ultimate deal with China and that China would be pushing for a deal in the very near term.

In the **UK** Friday, PM Theresa May announced she would step down from her leadership role 7 June.

In scant overnight Friday data releases, **UK** April sales did not fall as feared, but rather came in flat for the month, following a 1.2% March rise.

Year-on-year, April sales were 5.2% higher.

In the **US**, April durable goods orders fell 2.1% after increasing 1.7% in March, the monthly decline representing the largest in 2019 to date. Shipments were reported 1.6% lower.

The March figure had initially been reported as a 2.6% gain.

The \$US subsequently declined and JP Morgan cut its June quarter US GDP growth prediction by 1.25%, to 1.0%.

Tonight, markets in the US and UK are closed due to public holidays.

Meanwhile, four days of voting concluded for the **European Parliament** elections yesterday, with exit-polling suggesting a more divisive outcome, with pro-EU candidates remaining largely in favour, but with a likely reduced majority, and with Greens, and in France, the far-right, scoring gains on traditional parties.

In overnight Friday corporate news, **Amazon** benefited from a forecast of a \$US3000/share price by mid-2021 - mid-2022.

Foot Locker reversed 16% on a disappointing full year prediction that followed quarterly earnings that undershot expectations.

Post-Thursday US trade reporter **HP Inc** was pushed more than 4% higher after boosting its full-year profit forecast.

NB: US and UK markets (including the London Metals Exchange) will be closed Monday due to public holidays.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|--------------------------------|---------------|-------|-------|-------------|
| Gold (NY) (Jun) | 1283.6 | oz | -1.8 | -0.1 |
| Silver (NY) (Jul) | 14.555 | oz | 0.058 | -0.4 |
| Gold (LON) (23 May) | 1284 | oz | | |
| Platinum | 804 | oz | 6 | 0.8 |
| WTI Crude (Jul) | 58.63 | bbl | 0.72 | 1.2 |
| Brent Crude (Jul) | 68.69 | bbl | 0.93 | 1.4 |
| Iron Ore (CHN port 62%) | 105.32 | t | 1.53 | 1.5 |
| Copper (LME,3mth,PM) | 5969 | t | 35 | 0.6 |
| Nickel | 12430 | t | 540 | 4.5 |
| Aluminium | 1802 | t | 5 | 0.3 |
| Lead | 1831 | t | 15 | 0.8 |
| Zinc | 2558 | t | 30 | 1.2 |
| Tin | 19290 | t | -35 | -0.2 |
| CBT Wheat (Jul) | 4.88 | bshl | 0.18 | 3.8 |

Pre-Open Announcements

Woolworths Group (* WOW)

\$A1.7B off-market buy-back completed at \$A33.6434/share. WOW conducted an 84.68% scale-back, with 58.7M shares ultimately repurchased. Additional details lodged this morning. WOW traded at \$32.48 - \$34.84 last week.

PainChek Ltd (PCK)

UK distribution agreement secured with Person Centred Software (PCS). PCS supplies to 1200 aged care providers.

PCK's pain assessment device has already been integrated into PCS's major product range.

PCK appreciated 19.48% Friday, settling at 9.2c.

Immuron Ltd (IMC)

Conducting a ~\$US2M underwritten offer of 500,000 American Depositary Shares (ADS) at \$US4.00 each.

Each ADS represents 40 ordinary IMC shares.

The offer is expected to close overnight Wednesday.

IMC traded at A18.5c – A19c on the ASX last week.

WPP AUNZ (* WPP)

WPP has appointed BMW Group global digital strategy, corporate planning and product strategy VP Jens Monsees as CEO and MD, effective 1 October.

Interim WPP CEO since October 2018 John Steedman will resume his executive director and media investment management chairman roles.

AuMake International (* AU8)

Positive trading update lodged this morning.

Select Harvests (SHV)

Planning to lodge interim results Friday (31 May) and to host a webcast presentation 2pm AEST that day.

Access details lodged post-trade Friday.

Powerwrap Ltd (PWL)

Financial advisor client portfolio administration and management systems provider completed its ASX listing Thursday, following a \$17.4M IPO at 35c per share.

Thursday trade opened and closed on par, but Friday, PWL settled at 42c, 20% higher for the session, after trading as high as 46.5c. 193.86M quoted shares.

Splitit Payments (SPT)

SPT director Alon Feit has reduced his SPT holding from 10.44% to 8.32% in two off-market sales at 80c each.

SPT traded at 80.5c – 99c last week, settling lower the last four sessions of the week to close at 81.5c.

The previous Friday, SPT had settled at 91.5c.

Avecho Biotechnology (AVE) / Phosphagenics Ltd (POH)

The former POH will commence trading as AVE from today, following a name change approved at last week's AGM.

Teaminvest Private Group (TIP)

Australian-focused private equity firm completed its ASX listing Friday, following a \$3.97M IPO at \$1.00 per share.



Commodities Commentary

Oil – pushed and pulled overnight Friday by plenty of international trade speculation amid a lack of supply-demand updates.

Brent crude ended 4.9% lower for the week and WTI down 6.8%.

A weekly US petroleum drill rig count, published overnight Friday, revealed five fewer active oil rigs, taking the total to 797.

Limited Nymex trade tonight, during the US public holiday, will not produce an official settlement price.

ICE Brent trade will be shortened during the UK public holiday as well.

Gold – prices were pushed lower overnight Friday, even as the ICE \$US index weakened.

Comex June futures closed 0.6% higher for the week, however, Another US March quarter GDP estimate is among economic indicators expected to influence currency, and hence gold, trade this week.

Limited Comex trade tonight, during the US public holiday, will not produce official settlement prices.

Base metals – a softer \$US, and some positioning, particularly out of China, ahead of public holidays in the UK and US, supported overnight Friday trade.

Nickel was notably pushed ~\$US500/t higher within one 10-minute period.

China's **iron ore** port inventories were reported 4.39Mt lower for the week on Friday, at 127.68Mt.

Meanwhile, over the weekend, the chances of industrial action at a key Codelco **copper** operation in Chile have increased. Union workers' votes are anticipated by mid-week.

Friday however, LME three-month copper closed lower for a sixth consecutive week.

Among other releases Friday, **Japan's** April CPI growth was reported at 0.1% for the month following a flat result in March.

A March all industry activity index was estimated to have fallen 0.4% after declining 0.2% in February.

China's April industrial profits are due tonight, but will have no impact on LME trade until at least tomorrow night. China's official May PMIs are anticipated Friday and could produce some caution from overnight Thursday.

The LME will not trade tonight, due to a public holiday in the UK. US Comex and Nymex trade will also be limited, due to a US public holiday.

Exchange Rates

| CURRENCIES | LAST | +/- | % |
|------------------|--------|--------|------|
| AUD – USD | 0.6934 | 0.0002 | 0.03 |
| EUR – USD | 1.1211 | 0.0002 | 0.01 |

Australian Data Today

| | | |
|-----------|--|--------|
| CoreLogic | Capital city residential property prices | 24 May |
|-----------|--|--------|

Opened at 93.5c and traded at 90c – 95c before closing at 90c.

225,641 shares changed hands across 43 transactions.

Eight investments, six wholly-owned. ~111M quoted shares.

Resources

Gindalbie Metals (* GBG)

Court approval in hand for to progress GBG's Coda Minerals demerger plans, and also the proposed 100% acquisition of GBG by Angang Group Hong Kong (Holdings).

Jervois Mining (JRV)

Conditional approval in hand to trade on the TSX.V as a result of the proposed merger with M2 Cobalt Corp.

Meanwhile, JRV says New South Wales Nico Young nickel-cobalt project off-take and project partner negotiations are 'advancing'.

Preliminary economic assessment (PEA) lodged post-trade Friday.

JRV is resuming trade, having last traded at 24.5c.

Reports & Events

(selected scheduled)

| When | Company | Report/Event |
|-----------------|------------|--------------|
| Today | ARQ | AGM |
| | EVO | Full year |
| | FPH | Full year |
| Tomorrow | GXY | AGM |
| Thu | FAR | AGM |
| Fri | SHV | Interim |
| | YAL | AGM |

Trading Halts

| Company | Code | Resuming |
|--------------------|------|----------|
| Micro-X Ltd | MX1 | 27 May |
| Vector Resources | VEC | 27 May |
| Auroch Minerals | AOU | 28 May |
| Estrella Resources | ESR | 28 May |
| Immuron Ltd | IMC | 28 May |
| Kogi Iron | KFE | 29 May |
| Metalicity Ltd | MCT | 29 May |

Suspensions (select)

| Company | Code | Since |
|----------------------------|------|--------|
| Alto Metals | AME | 16 May |
| Animoca Brands Corporation | AB1 | 14 May |
| Bojun Agriculture Holdings | BAH | 27 May |

**Overseas Data Today & Tonight**

| | | |
|--------------|-----------------------------------|-----|
| China | Industrial profits | Apr |
| Japan | Leading economic index (3pm AEST) | Mar |

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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| | | |
|----------------------------------|-----|--------|
| Carbine Resources | CRB | 23 May |
| Blue Sky Alternative Investments | BLA | 20 May |
| Symbol Mining | SL1 | 16 May |
| Venture Minerals | VMS | 22 May |

Ex-Dividends

| Code | Ex-Div | Div (c) | Franking (%) | Yield (%) |
|------------|--------|-------------|--------------|-----------|
| CIE | Today | 1.06 | 75 | 8.33 |
| ELD | Today | 9 | 100 | 1.38 |
| WHF | Today | 10 | 100 | 2.03 |
| ALL | Wed | 22 | 100 | 1.58 |
| CSR | Thu | 13 | 50 | 6.40 |
| ORI | Thu | 22 | 0 | 2.49 |
| PMV | Thu | 33 | 100 | 1.91 |
| RHL | Thu | 10 | 100 | 3.42 |
| TNE | Thu | 3.15 | ~75 | 1.26 |