

Markets

SFE 200 Futures (9.30am AEST)	6127	-11	-0.2
NZX 50	9018	21	0.2
DJIA Futures	24175	40	0.2
S&P 500 Futures	2710	5	0.2
NASDAQ Futures	7014	16	0.2

Local Markets Commentary

The Australian market commences trade, for the second last day of the financial year, following an overnight turn lower for US equities markets, and as a myriad of local stocks, mostly from the property sector, trades ex-dividend. *Please see pp3-4 for ex-dividend details.*

In overnight commodities trade, **oil** continued to rally.

US **gold** futures were pushed yet lower, albeit modestly for this session.

Iron ore (China port, 62% Fe) turned and fell.

LME **copper** continued to pull back. **Nickel** extended this week's gains and **aluminium** swung higher.

The **\$A** was pushed lower again after dropping below US73.70c early yesterday evening.

In **local** data releases today, the ABS publishes May job vacancies 11.30am AEST.

Regionally this morning, **New Zealand's** central bank has retained a 1.75% cash rate.

Overseas Markets

INDEX	CLOSE	+/-	%
Dow Jones	24118	-166	-0.7
S&P 500	2700	-23	-0.9
NASDAQ	7445	-117	-1.5
FTSE 100	7622	84	1.1
DAX 30	12349	114	0.9
Shanghai Comp	2813	-31	-1.1

Overseas Markets Commentary

US equities markets opened higher overnight but began falling before mid-session. Conversely, European indices headed higher through second-half trade.

The \$US and oil continued higher.

Among US international trade developments, the US administration announced an existing security review panel, the Committee on Foreign Investment in the US, would look at China's investments in US technology ventures.

This appeared to muddy understandings of likely new arrangements following a revelation earlier this week that investments from companies with minimum 25% Chinese ownership would be arbitrarily curbed.

Consequently, caution was evident in technology sector stock trade.

Earlier yesterday, China's central bank was reported to have influenced a further yuan depreciation towards a six-month low against the \$US.

Financial year – second last trading day

Today's Stock Watch

Service Stream (SSM)

SSM's services supply contract with NBN Co has been extended by 18 months to 31 December 2019.

Macquarie Telecom (MAQ)

Six-year wholesale telecommunications and data services supply agreement officially secured with NBN Co.

Compumedics Ltd (CMP)

FY 2018 core outcomes will be lower than anticipated. Expecting full year sales to 30 June to total \$36M.

Japan distribution agreement secured with Fukuda Denshi Co. Fukuda will distribute a minimum \$A3.6M worth of CMP neuro-diagnostic and monitoring systems over three years.

China June update also lodged this morning.

Planning to publish full year results 27 August

The Hydroponics Company (THC)

LoI secured with Canadian licensed cannabis producer Ascent Industries Corp for the exchange of cannabis strains and a potential off-take agreement.

THC appreciated 5.6% yesterday, settling at 56.5c.

Resources

Atlas Iron (AGO) / Fortescue Metals Group (FMG)

In response to FMG comments, AGO notes it may yet benefit from State Government policy with regards to Stanley Point port berths.

BCI Minerals (BCI)

78.3Mt @ 59.1% Fe maiden Kumina iron ore project maiden resource, using a 57% cut-off.

Quickstep Holdings Limited (QHL)

SP 7.5c, TP 15c

Recommendation: Buy (Higher Risk)

Australian Prime Minister Malcolm Turnbull has announced that Australia will spend nearly \$A7B on massive, long-range surveillance Triton drones that will dramatically expand the country's ability to monitor activities in the Pacific region.

The first RAAF Triton will come into service in 2023, with the full fleet (of six, potentially seven) set to be operating by 2025.

The initial \$1.4B includes \$200M for a joint program with the US Navy on the development, production and sustainment of the aircraft (which has the wingspan of a Boeing 737).

Readthrough for QHL:

The Triton surveillance drones are made by US defence giant Northrop Grumman.

QHL already has longstanding close ties with Northrop Grumman through the contract to build carbon fibre parts for the F-35 Joint Strike Fighter.

We would hope that QHL will be able to get additional work for this drone program.

State One executive chairman Alan Hill

Meanwhile, the American Institute for International Steel launched legal action in the US Court of International Trade alleging a constitutional breach in the recent imposition of steel import taxes.

May durable goods orders for the **US** continued to fall, this time by 0.6% after a 1.6% drop in April. The decline was less than feared, however.

Wholesale inventories rose 0.5%, after a 0.1% gain in April.

Pending home sales declined further, impacted by a shortage of stock. For the month, sales fell 0.5% following a 1.3% fall in April. Year-on-year, US pending home sales have fallen for five consecutive months.

Releasing a financial stability report, **Bank of England** governor Mark Carney lambasted the European Commission (EU) for weak attempts to ensure regional financial security, in contrast to strong positions and proposals put forward by the UK.

The bank's report bemoaned the EU stance amid financial sector negotiations regarding arrangements as and after the UK separated from the European Union.

Tonight in the US, a final March quarter GDP growth reading is keenly anticipated, together with weekly new unemployment claims.

Elsewhere, Bank of England chief economist Andy Haldane is scheduled to speak publicly.

Nike and Walgreens Boots Alliance are among companies scheduled to report earnings.

British American Tobacco, Burberry, Coca-Cola HBC and International Consolidated Airlines trade ex-dividend on the FTSE 100.

In overnight corporate news, **Walt Disney's** proposed purchase of select **Twenty-First Century Fox** assets received notice of pending conditional approval from the US Department of Justice.

Commodities

COMMODITY	CLOSE	\$US/	+/-	%
Gold (NY) (Aug)	1256	oz	-1	-0.3
Silver (NY) (Jul)	16.1	oz	-0.2	-1.3
Gold (LON)	1260	oz	-8	-0.7
Platinum	857	oz	-10	-1.2
WTI Crude (Aug)	72.8	bbl	2.2	3.2
Brent Crude (Jul)	77.6	bbl	1.3	1.7
Iron Ore <small>(CHN port 62%)</small>	64.6	t	-2	-3.0
Copper <small>(LME, 3mth, PM)</small>	6693	t	-21	-0.3
Nickel	14880	t	95	0.6
Aluminium	2176	t	19	0.9
Lead	2436	t	26	1.0
Zinc	2876	t	36	1.3
Tin	19855	t	-245	-1.2
CBT Wheat (Jul)	4.89	bshl		

Commodities Commentary

Oil – near-term and potential supply constraints, for varying reasons, out of Canada, Iran, Libya and Venezuela supported further overnight price gains, despite \$US strength. Prices have since pulled back some in post-settlement trade, however.

Intra-session, WTI crude traded as high as \$US73.06/bbl, an ~3.5-year peak, following the release of a weekly US petroleum inventories report by government agency the EIA, which estimated a 9.9MMbbl drop in stored crude.

Pre-Open Announcements

Automotive Holdings Group (* AHG)

HNA Group has not yet received Foreign Investment Review Board approval of its planned purchase of AHG's refrigerated logistics business.

Pacific Smiles Group († PSQ)

May-June trading performance has fallen below expectations. Details lodged this morning.

Ingenia Communities Group (* INA)

Today's New South Wales Central Coast investor tour presentations lodged pre-trade.

INA has trade higher the past five sessions.

McGrath Ltd (MEA)

AL Capital CEO Wayne Mo has been appointed as a non-executive director, effective yesterday.

Mr Mo is Aqualand Group's MEA board representative.

Resources

Lynas Corporation (LYC)

Early \$US20M principal repayment on a 3.75% pa \$US150M secured facility which matures 30 June 2020.

Northern Star Resources (* NST) / Tanami Gold (* TAM)

Ownership level options remain fluid, with NST advising Central Tanami gold project commercial production will not be attained by 31 July, a key date in the initial JV agreement.

NSL Consolidated (* NSL)

Expecting June quarter sales volumes to reach a record 20,000t.

Reward Minerals (RWD)

London forum presentation lodged post-trade yesterday. RWD delivered the presentation Tuesday.

Energy

Central Petroleum (* CTP)

WM 26 may require additional work prior to completion, due to low natural permeability.

Helios Energy (HE8)

Quin Creek 141 vertical frack successfully completed.

Trading Halts

Company	Code	Resuming
Carnegie Clean Energy	CCE	28 Jun
Tag Pacific	TAG	28 Jun
Talga Resources	TLG	28 Jun
Alligator Energy	AGE	29 Jun
Skin Elements	SKN	29 Jun
Venus Metals Corporation	VMC	29 Jun

Suspensions (select)

Company	Code	Since
Allegiance Coal	AHQ	27 Jun
Centennial Mining	CTL	25 Jun
Cervantes Corporation	CVS	26 Jun
EHR Resources	EHX	18 Jun
Elixir Petroleum	EXR	14 Jun



Notably, stocks at the Cushing depot declined by 2.7MMbbl.

Net daily imports fell by 512,000bbl.

In the meantime, Iran's atomic energy agency revealed a facility was resuming operations to produce a uranium gas after nine years, ahead of plans to grow the nation's uranium enrichment program. The move has not breached a 2015 international agreement which lifted sanctions against Iran.

Gold – a rallying \$US proved a key factor in keeping prices lower overnight.

Any major variance in a final US March quarter GDP growth reading tonight would influence \$US moves.

Base metals – vacillating overnight trade demonstrated a cocktail of bargain-buying, end-of-half year/June quarter positioning and robust-\$US considerations.

Copper was reportedly pushed as low as \$US6667/t intra-session.

Nickel traded as low as \$US14505/t when a report emerged that mining companies in the Philippines were looking to influence the government to ease large-scale mining restrictions.

China's May industrial profits, published yesterday, were reported 16.5% higher, following a 15% gain for April. Official June PMIs are keenly anticipated Saturday, but these come following the last trading session for June.

Exchange Rates

CURRENCIES	LAST	+/-	%
AUD – USD	0.7342	0.0002	0.02
EUR – USD	1.1561	0.0007	0.06

Australian Data Today

ABS	Job vacancies	May
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US Data Tonight

GDP (3 rd and final)	Mar Q
Kansas City Fed manufacturing	May

Other Overseas Data Today & Tonight

Japan	Retail sales	May
Germany	CPI (prelim)	Jun
Germany	GfK consumer confidence	Jul
Euro zone	ECB economic bulletin	Jun
Euro zone	Business & consumer confidence	Jun

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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Global Fortune Investment	GFI	13 Jun
Murray River Organics Group	MRG	4 Jun
Pursuit Minerals	PUR	18 Jun
Winmar Resources	WFE	7 Jun
WPG Resources	WPG	27 Jun

Ex-Dividends

Code	Ex-Div	Div (c)	Franking (%)	Yield (%)
ABP	Today	9	0	4.71
ABW	Today	0.3	0	5.75
AIB	Today	0.23	0	12.77
AJD	Today	2.5	0	4.95
AOD	Today	0.3	100	6.42
AOF	Today	3.9	0	6.19
AOG	Today	9	0	3.70
APA	Today	24	0	4.53
APW	Today	0.4	0	1.74
APZ	Today	2.1	0	4.40
ARF	Today	3.2	0	5.82
AUP	Today	4.03	0	9.83
AVN	Today	4.07	0	7.13
AYF	Today	8.75	49.98	5.83
BWP	Today	9	0	5.37
CDP	Today	20.1	0	4.82
CHC	Today	16.2	33.95	4.83
CIP	Today	4.85	0	7.43
CLW	Today	6.8	0	5.89
CMA	Today	4.53	0	7.41
CMW	Today	2.09	0	7.38
CNI	Today	4.1	24.39	5.71
CQR	Today	14.2	0	6.54
CRR	Today	5	0	6.69
CZZ	Today	42	100	2.49
DXS	Today	24.1	0	4.85
EAF	Today	2.6	0	2.06
EGD	Today	4	0	1.87
EMF	Today	~49.18	0	26.09
ENN	Today	8.4	0	7.59
ERF	Today	5.16	0	7.99
FET	Today	3.77	0	5.55
FOR	Today	22	0	10.17
FPP	Today	~2.37	1	2.27
GCI	Today	0.46	0	0.23
GCM	Today	2.13	53.00	4.00
GDF	Today	2.25	0	7.43
GDI	Today	3.88	0	5.89
GMG	Today	14.25	0	2.87
GOZ	Today	11.2	0	6.02
GPT	Today	12.61	0	4.86
GTY	Today	5.35	0	3.78
HPI	Today	9.8	0	5.90
IDR	Today	4.2	0	6.23
IOF	Today	10.15	0	3.83
KLA	Today	2.25	0	0.21
LEP	Today	10.45	0	3.69
MGG	Today	3	0	3.69
MGR	Today	6	0	5.00
NEW	Today	3.75	0	5.17
NSR	Today	4.9	0	5.82
PLG	Today	3.7	0	6.58
RCT	Today	9.64	0	8.06



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RFF	Today	2.51	0	4.62
RFP	Today	2.51	100	0.00
SCP	Today	7.1	0	5.56
SGP	Today	13.5	0	6.46
SYD	Today	18.5	0	4.88
TCL	Today	28	8.92	4.59
TGH	Today	3.79	0	6.28
TGP	Today	2	0	25.49
TOT	Today	2.25	0	6.92
URF	Today	5	0	6.39
VCX	Today	8.2	0	6.10
CLF	Tomorrow	2.25	100	4.37
EDC	Tomorrow	1.93	100	7.20
GNC	Tomorrow	8	100	2.93
MXT	Tomorrow	1.01	0	3.46