

Markets

| | | | |
|--------------------------------------|-------|-----|------|
| SFE 200 Futures (9.30am AEST) | 7146 | 45 | 0.6 |
| NZX 50 | 11286 | 20 | 0.2 |
| DJIA Futures | 33105 | -60 | -0.2 |
| S&P 500 Futures | 4151 | -8 | -0.2 |
| NASDAQ Futures | 12685 | -26 | -0.2 |

Local Markets Commentary

The Australian market opens mid-week trade amid a plethora of commentary regarding Australia's latest interest rate increase, with two key domestic economic reports due late morning, and new data in hand from China, Japan and South Korea since yesterday's ASX trade.

Overnight, US equities markets recorded new, ultimately decisive gains.

Locally today, the **Reserve Bank of Australia (RBA)** publishes its monthly chart pack, outlining **economic and financial market trends** (updated until late May) in graphic format, at **11.30am AEST**.

Yesterday, the RBA raised Australia's cash rate by 0.5% to 0.85% and the charts will help explain the economic factors behind the RBA's decision.

NAB's monthly business survey report, outlining **business sentiment**, based on current conditions and outlooks, is also expected at 11.30am.

Also today, a media-hosted **economic outlook** forum will feature an address by Australia's **treasurer** Jim Chalmers.

In addition, **treasury secretary** Steven Kennedy is listed to speak at an Australian Business Economists lunch.

Regionally, post-ASX trade yesterday, **China** reported \$US3.128 trillion in **foreign reserves** from \$US3.12 trillion at the end of April. Forecasters had anticipated \$US3.11 trillion for May.

Today, **Japan** is scheduled to release a final March quarter GDP reading just prior to the ASX open.

South Korea's final March quarter GDP estimate was reported earlier this morning, at 0.6% for the three months. This from 1.2% for the December quarter 2021 and following forecasts for 0.7% new growth. On an annualised basis, GDP growth came in at 3.0%.

In overnight commodities trade, **oil** turned higher, Brent crude settling beyond \$US120.50/bbl.

US **gold** futures also swung to record a positive close.

Iron ore (Nymex CFR China, 62% Fe) continued higher, trading above \$US145.85/t.

LME (3mth evening) **copper**, **nickel** and **aluminium** were pushed variously lower.

The **\$A** rose to ~US72.30c after trading at US72.00c early yesterday evening.

*** PGM exploration listing – 11am AEST – SPD ***

Today's Stock Watch
Sims Ltd (SGM)

Anticipating \$750M - \$770M FY22 underlying EBIT, pending shipments scheduled for close to the end of the financial year.

Atlas Arteria (ALX) / Pental Group (PDL)

IFM Global Infrastructure Fund has secured an ~15% ALX holding after purchasing additional stock at \$8.10 per share, post-ASX trade yesterday.

Further, IFM has indicated it is interested in presenting an indicative ALX takeover proposal, subject to due diligence.

PDL holds ~4.9% of ALX.

ALX has traded at \$7.07 - \$7.33 over the past five sessions.

Boral Ltd (BLD)

BLD has appointed InfraBuild CEO Vik Bansal as CEO and MD, effective by 5 December.

Mr Bansal will take over from Zlatko Todorovski.

GrainCorp Ltd (GNC)

Conference presentation, including guidance announced last month, plus strategy and focus, lodged this morning.

GNC is presenting today.

Platinum Asset Management (PTM)

\$19.588B FUM at 31 May from \$19.762B at 30 April.

Virgin Money UK (VUK)

Offering to repurchase £450M worth of fixed rate convertible notes for cash. Details lodged post-trade yesterday.

Resources
Southern Palladium (* SPD)

PGM explorer scheduled to list on the ASX **11am AEST**, following a \$19M IPO at 50c per share.

43.08M quoted shares.

SPD is gaining, on listing, 70% of the South Africa Bengwenyama PGM project (via Miracle Upon Miracle Investments), deemed to comprise mostly palladium-rhodium mineralisation.

Proposing to be primarily listed on the ASX, but applying also for a secondary listing on the JSE.

Austral Resources (AR1)

AR1 has secured two complementary exploration earn-in agreements with Glencore subsidiary Mount Isa Mines (MIM), one for MIM to explore for 330sq km surrounding the MIM Lady Loretta and AR1 Lady Annie operations, and another for AR1 to explore for copper oxide within the 116sq km MIM Russell fault tenement EPM 26435.

**Overseas Markets**

| INDEX | CLOSE | +/- | % |
|----------------------|-------|-----|------|
| Dow Jones | 33180 | 264 | 0.8 |
| S&P 500 | 4161 | 39 | 1.0 |
| NASDAQ | 12175 | 114 | 0.9 |
| FTSE 100 | 7599 | -9 | -0.1 |
| DAX 30 | 14557 | -97 | -0.7 |
| Shanghai Comp | 3241 | 5 | 0.2 |

Overseas Markets Commentary

Disappointing economic data and inflation warnings kept major European and UK equities trade in check overnight, together with early US equities sentiment.

Key US indices subsequently swung higher, however and then trended decisively so in later trade, with technology and energy stocks in favour.

In the **US**, **treasury secretary** Janet Yellen told a Senate finance committee she viewed US inflation at 'unacceptable' levels, but that she did not attribute this to the US administration's 2021 spending legislation.

Ms Yellen pointed out developed nations with differing fiscal policies were also experiencing higher-than-anticipated inflation.

Meanwhile, the **World Bank** warned of possible stagflation, combining price increases with reduced economic growth.

The bank also lowered its 2022 international growth forecast from 4.1% (predicted in January) to 2.9%, adding higher interest rates, to curb inflation, could push many nations into recession.

Yesterday afternoon (AEST), the **Reserve Bank of Australia** had raised Australia's cash rate by 0.5%, in an attempt to tame inflation growth, this resulting in an immediate >50-point drop for the S&P/ASX 200 index.

Among overnight **data** releases, the Sentix June investor confidence index for the **euro zone** came in at -15.8 from -22.6. Forecasters had anticipated a slighter improvement to -20.0.

The currency bloc's May construction PMI fell 1.2 points into a contractionary 49.2, against expectations for a 0.3-point improvement to 50.7.

In **Germany**, April factory orders surprised, reported 2.7% lower for the month after having dropped 4.2% in March, and defying predictions for a 1.5% rise.

The May construction PMI fell further into contraction mode, from 46.0 to 45.4, against forecasts for an improvement to 47.2

The **UK's** May services PMI was finalised at 53.4 from 58.9, an improvement on the initial May estimate of 51.8.

The BRC May retail sales monitor, reported yesterday morning (AEST) post-Monday UK trade, indicated a 1.5% decline in like-for-like year-on-year activity, following a 1.7% April drop.

In the **US**, April trade figures included a \$US87.1B trade deficit, this attributed to higher-than-anticipated exports, following forecasts for a \$US91B shortfall. The March deficit was reported at \$US107.7B.

A consumer credit report estimated \$US38.07B growth in credit for April, undershooting forecasts for \$US51B and following a

Pre-Open Announcements**Fonterra Shareholders' Fund (* FSF)**

Fonterra Co-op is planning an up to \$NZ50M share buy-back from 30 June.

Rationale and commentary lodged this morning.

Lumos Diagnostics (LDX)

\$8M raised in the institutional component of LDX's 19c-per-share entitlement offer.

The retail component, scheduled for 10 – 23 June, is expected to deliver an additional ~\$A3.2M.

FFI Holdings (FFI)

Anticipating an ~\$1.8M full year pre-tax profit.

This follows \$4.69M a year earlier, excluding compensation received from Main Roads Western Australia.

Commentary lodged post-trade yesterday.

Ellerston Asian Investments (EAI)

EAI non-executive director Paul Dortkamp has resigned from the EAI board, effective yesterday.

Collection Technologies (CT1)

CT1 has appointed former AMA Group (ASX: AMA) and Money3 Corporation (ASX: MNY) chair Raymond Malone to the CT1 board, as non-executive chairman.

Recent CT1 chair Leath Nicholson is remaining on the CT1 board as a non-executive director.

Resources**Tietto Minerals (* TIE)**

Côte d'Ivoire Abujar gold project diamond drilling has delivered several additional significant-width and/or high-grade intersections.

Assays lodged this morning.

Corazon Mining (CZN)

Manitoba, Canada Lynn Lake Ni-Cu-Co sulphide project diamond drilling has intersected 'extensive' nickel and copper mineralisation.

Details and plans lodged post-trade yesterday.

Australian Mines (AUZ)

Pushing back the closing date for the \$3.7M entitlement offer by one week to 17 June.

Uvre Ltd (* UVA) / Red Dirt Metals (RDT)

Explorer UVA completed its ASX listing yesterday, following a \$6M IPO at 20c per share.

Opened at 22c and traded at 19c – 22.5c before settling on par at 20c.

~2.4M shares were traded across 124 transactions.

~31.5M quoted shares.

RDT held 12.22% on listing.

RDT conditionally sold the Utah, US East Canyon uranium-vanadium project to UVA late-2021, pending the listing, for



\$US47.34B March credit climb.

Tonight (early evening AEST) the **OECD** (Organisation for Economic Co-operation & Development) is due to publish and present its latest world Economic Outlook.

Prior to this (earlier afternoon AEST), the **Reserve Bank of India** announces results from today's policy meeting.

In the **US** tonight, April wholesale inventories are due, together with weekly mortgage applications.

In addition, treasury hosts a 10-year note auction and treasury secretary Yellen meets with a House of Representatives' committee.

Elsewhere, a final March quarter GDP reading for the euro zone and Russia's May inflation rate are anticipated.

In addition tonight, Germany hosts a 10-year government bond auction and the UK a 10-year treasury gilt offer.

Earlier yesterday, a 30-year government bond auction in Japan produced a 1.049% yield from 1.015%.

In overnight corporate news, US retailer **Target** again warned inflation levels were adversely impacting consumer spending, at the same time cutting the group's June quarter margin forecast for the second time in a few weeks.

Commodities

| COMMODITY | CLOSE | \$US/ | +/- | % |
|--|--------|-------|------|------|
| Gold (NY) (Aug) | 1852.1 | oz | 8.4 | 0.5 |
| Silver (NY) (Jul) | 22.18 | oz | 0.09 | 0.4 |
| Gold (LON) (6 Jun) | 1847 | oz | | |
| Platinum | 1011 | oz | -4 | -0.4 |
| WTI Crude (NYMEX Jul) | 119.41 | bbbl | 0.91 | 0.8 |
| Brent Crude (ICE EUR Aug) | 120.57 | bbbl | 1.06 | 0.9 |
| Iron Ore (NYMEX CHN port;62%Fe) | 145.88 | t | 1.07 | 0.7 |
| Copper (LME 3mth Evening) | 9700 | t | -46 | -0.5 |
| Nickel | 29499 | t | -224 | -0.8 |
| Aluminium | 2781 | t | -4 | -0.2 |
| Lead | 2226 | t | 8 | 0.4 |
| Zinc | 3796 | t | -76 | -2.0 |
| Tin | 36063 | t | 485 | 1.4 |

Commodities Commentary

Oil – supply and demand commentary featured overnight, optimism for a post-Covid containment restrictions pickup in demand from China, and reports of no progress in international negotiations with Iran, which could ultimately lift petroleum sanctions, supporting higher prices.

In addition, Libya's El Sharara oil field was again reported offline and warnings regarding potential petroleum sector industrial action in Norway strengthened.

A US weekly petroleum inventories report is due tonight from government agency the EIA.

Overnight, post-US trade, the American Petroleum Institute (API) published a weekly report which included a 1.845MMbbl rise for US crude stocks last week.

Gold – the \$US (ICE index) down ~0.18%, coupled with some bargain buying following two consecutive sessional falls, ultimately turned prices higher overnight.

5M UVA shares at 20c each plus \$225,000.

In addition, RDT shareholders were offered a priority allocation of up to \$1.5M worth of shares in UVA's IPO.

Energy

Talon Energy (* TPD) / TMK Energy (* TMK)

Heralding Snow Leopard drilling results.

Details lodged pre-trade.

TPD is earning a 33% working interest.

Trading Halts

| Company | Code | Resuming |
|------------------------|------|----------|
| Blackstone Minerals | BSX | 8 Jun |
| Lumos Diagnostics | LDX | 8 Jun |
| Way 2 Vat | W2V | 8 Jun |
| Babylon Pump & Power | BPP | 9 Jun |
| BMG Resources | BMG | 9 Jun |
| Dateline Resources | DTR | 9 Jun |
| Lucapa Diamond Company | LOM | 9 Jun |
| Oventus Medical | OVN | 9 Jun |
| RocketBoots Ltd | ROC | 9 Jun |

Suspensions (selected)

| Company | Code | Since |
|-----------------------------------|------|--------|
| 9 Spokes International | 9SP | 30 May |
| Hannans Ltd | HNR | 3 Jun |
| Locality Planning Energy Holdings | LPE | 23 May |
| ResApp Health | RAP | 2 Jun |
| Sensera Ltd | SE1 | 23 May |
| The Sustainable Nutrition Group | TSN | 18 May |
| Walkabout Resources | WKT | 2 Jun |



Yesterday's Reserve Bank of Australia rate hike will be followed by a Reserve Bank of India policy meeting today and the European Central Bank's overnight Thursday, keeping inflation and favoured central bank policy in focus.

Some GDP updates and a US CPI reading are also expected to sway some currency trade and hence gold sentiment this week.

Meanwhile, Peru's May silver production has been reported 4.4% lower than for May 2021, at 247,227kg. January – April output had been reported down 6.1%.

Base metals – overnight base metals trade was influenced by a swinging \$US, inventory estimates and caution ahead of key data releases and central bank statements yet to come this week.

Meanwhile, Bank of America ventured LME-registered aluminium warehouses were likely to be drained by October, pending smelter activity amid high energy prices and following this year's Covid management restrictions in China.

China's May **trade** figures, expected **tomorrow**, will influence late-week trade.

Exchange Rates

| CURRENCIES | LAST | +/- | % |
|------------|--------|--------|------|
| AUD – USD | 0.7224 | 0.0049 | 0.68 |
| EUR – USD | 1.0701 | 0.0026 | 0.24 |

Australian Data Today

| | | |
|-----|--|-----|
| RBA | Chart pack (economic, financial market trends) | May |
| NAB | Business confidence & conditions | May |

US Data Tonight

| | |
|---------------------------|-------|
| Wholesale inventories | Apr |
| MBA mortgage applications | 3 Jun |

Other Overseas Data Today & Tonight

| | | |
|-------------|-----------------------------|-------|
| Japan | GDP (final) | Mar Q |
| Japan | Bank lending | May |
| South Korea | GDP (final) | Mar Q |
| India | RBI policy meeting outcomes | 8 Jun |
| UK | Construction PMI | May |
| UK | Halifax home prices | May |
| Germany | Industrial production | Apr |
| Euro zone | GDP (final) | Mar Q |
| Russia | Inflation | 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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