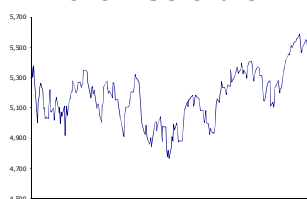


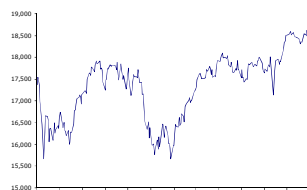
STATE ONE SPINNAKER

14 August 2016
Issue 333

12 month XJO chart



12 month Dow Jones chart



State One Research Products

Spinnaker Free Weekly

Market Opener Free Daily

Daily Resources [Clients Only](#)

Overview

For more research visit:

www.stateone.com.au/research

State One Stockbroking Ltd

Head Office

Level 14, State One House

172 St George's Terrace

Perth WA 6000

Perth Tel: (+61 8) 9288 3388

Sydney Tel: (+61 2) 9024 9105

Email: broker@stateone.com.au

Web: www.stateone.com.au

Global Wrap – 14 August 2016

World Markets	15/08/2016	8/08/2016	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5531	5538	-0.1%	0.3%	1.0%
Dow Jones	18576	18544	0.2%	-0.1%	13.5%
Nasdaq	5233	5221	0.2%	2.8%	20.7%
S&P 500	2184	2183	0.1%	0.5%	14.4%
FTSE 100	6916	6793	1.8%	2.8%	4.8%
DAX30	10713	10367	3.3%	5.6%	5.8%
Shanghai Composite	3051	3004	1.5%	0.4%	39.4%
Nikkei 225	16920	16651	1.6%	0.7%	11.1%
Hang Seng	22767	22146	2.8%	4.0%	-6.6%
Currency					
AUD/USD	0.7654	0.7650	0.1%	0.3%	3.2%
Commodities					
Oil (\$/bbl)	44.7	42.0	6.5%	-2.1%	-54.2%
Gas (\$/gal)	2.6	2.8	-4.5%	0.8%	-1.5%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	4746	4793	-1.0%	-3.2%	-32.0%
Lead (\$/t)	1811	1795	0.9%	-0.7%	-19.4%
Zinc (\$/t)	2310	2271	1.7%	3.5%	-0.4%
Aluminium (\$/t)	1635	1628	0.4%	1.6%	-18.8%
Nickel (\$/t)	10445	10580	-1.3%	0.0%	-44.6%
Tin (\$/t)	18200	18410	-1.1%	3.0%	-18.5%
Gold (\$/oz)	1343	1341	0.1%	2.1%	2.3%
Silver (\$/oz)	19.7	19.7	-0.1%	1.2%	-1.4%
Platinum (\$/oz)	1129	1151	-1.9%	3.5%	-23.7%
Wheat (\$/t)	440.000	416.000	5.8%	6.5%	-21.6%

Source: Iress

Global Wrap

US

Federal Reserve July policy meeting minutes, July CPI, several housing and construction sector reports, industrial production figures and some key regional manufacturing indices will offer welcome perspective on the US economy this week.

Market reactions may be mute, or exaggerated, given peak summer season, when full-volume trade usually evaporates until after the Labor Day public holiday on the first Monday in September.

Several reports confounded this past week.

June quarter productivity disappointed, falling for a third consecutive quarter, this time by 0.5%, despite forecasts of a 0.4% improvement.

A job openings report and weekly new unemployment claims encouraged, however.

July producer prices surprised Friday, falling 0.4% after a 0.5% rise in June.

Retail sales also underwhelmed, remaining steady for July, at \$US457.7B. A 0.4% rise had been expected, following a 0.8% improvement in June.

Europe

The European Central Bank's (ECB) July policy meeting minutes, regional CPI and trade balance figures will turn the spotlight on the euro zone this week.

Those focusing on the UK will have CPI, unemployment, retail sales and the July budget to analyse.

A second euro zone June quarter GDP growth estimate headlined regional data releases Friday, confirming the initial 0.3%, following 0.6% for the March quarter, but representing a 1.6% improvement on the June quarter 2015.

This past week, the Bank of England's (BoE) attempt to buy government bonds (gilts) was largely thwarted by not enough holders (including pension funds and insurers) wanting to let go of a long-time favourite safe-haven investment. The shortfall pushed prices up and yields down – those for March 2019 to -0.01%.

Last week a two-thirds majority of BoE policy-makers had voted for £60B worth of government bond purchases. In addition, the central bank set a £10B target for corporate bond buys and said it would make available an additional £100B to banks.

This past week, those following the rise of residential property prices in the UK, in particular London, were jolted Thursday by a RICS report which estimated July prices had risen at one-third the rate they had in June. An adverse tax change was apportioned blame, in part, but such a rate of variance – the slowest rise in three years – had not been anticipated.

July retail sales surprised on the upside however, rising 1.1% after declining 0.5% in June. Analysts attributed the gain largely to relatively warm weather and successful promotional campaigns.

All up, the British pound traded at ~one-month lows against the \$US and at its least in five weeks against the euro. But not, however, following the release of surprisingly weak US retail sales Friday.

China

China's July economic figures have largely disappointed.

Hence, July foreign direct investment (FDI) is keenly anticipated Monday.

July industrial production, published Friday, rose 6% following 6.2% growth in June.

July retail sales improved 10.2% but this followed a 10.6% rise for June.

January – July fixed assets investment rose 8.1%, after a 9.0% January – June increase and against expectations of 8.8%.

China began the week reporting a 4.4% year-on-year fall in July exports and a 12% imports drop.

Tuesday, July CPI was revealed 1.8% higher year-on-year, following the 1.9% growth estimated for June. The monthly gain came in at 0.2%.

Producer prices came in better-than-feared, falling 1.7% year-on-year, against forecasts of a further 2% pullback on June's 2.6% decline. For the month, July prices rose 0.2%.

Japan

Monday's June quarter GDP growth figures will likely prove the most debated domestic release for Japan in the coming week, given a July Bank of Japan policy meeting 'opinions summary' indicated quite divergent views.

Following two consecutive months of falls, June core machinery orders surprised this week with an 8.3% rise for the month. Some increase had been anticipated, one survey suggesting a 3.4% monthly improvement. Year-on-year, June orders represented a 0.9% decrease.

The next scheduled Bank of Japan policy meeting is 20 – 21 September, allowing plenty of time for further data to be compiled and digested.

Australia

Apart from corporate financial results, July workforce statistics, Reserve Bank of Australia (RBA) August policy meeting minutes and a monthly leading indicators summary are the likely most anticipated reports of the coming week.

Glenn Stevens did not waste his last scheduled public address as RBA governor this past Wednesday, opting to implore governments to fuel growth prospects through infrastructure spending rather than fiddle with lesser policies.

Mr Stevens warned central banks could not be relied on exclusively to create economic growth and that governments needed to be prepared to borrow for long-term investments.

Among the week's economic indicator reports, June lending finance revealed commercial loans had dropped 8.7% to \$35.59B, following a 4.1% fall in May.

Owner-occupier housing loans rose 1.8% to \$20.7B.

NAB's July business survey uncovered slips for both business conditions and confidence.

ANZ's job advertisements were debated, regarding how opportunities become known and are filled.

For July, the ANZ found internet and newspaper employment advertisements fell 0.8%, but for the 12 months to 31 July had risen 6.9%.

Westpac and the Melbourne Institute's consumer sentiment index rose 1.9% to 101.0, representing a return to positive mode after dropping 3% last month.

Financial reporting season continues this week, with large miners, property groups, healthcare and insurance stocks scheduled to reveal full-year and interim figures.

Commodities

Iron ore (China port, 62% Fe) prices rose above \$US61/t Monday, but then moved every which way, including sideways, during the week.

Consecutive pullbacks brought prices below \$US60/t by Thursday's close of trade.

Some analysts believed the fall to be almost entirely related to new output from smaller producers which had curtailed operations on last year's price drop.

Oil prices reacted to several reports this week; one from OPEC revealing record 10.7MMbbl/d July production for Saudi Arabia; the International Energy Agency's (IEA) monthly outlook summary, which estimated record July outputs also for OPEC members Kuwait and the UAE, contributing to a total 33.39MMbbl/d eight-year OPEC peak; and a (US government) Energy Information Agency (EIA) short-term outlook.

The EIA raised US daily output predictions for 2016 and 2017 by ~120,000bbl and 110,000bbl respectively, to 8.73MMbbl and 8.31MMbbl. For 2015, US daily production averaged 9.4MMbbl.

The weekly EIA petroleum inventories report contained something for everyone: a welcome 2.8MMbbl drawdown in petrol (gasoline) stocks, but also a surprise 1.1MMbbl increase in stored crude, following a 1.4MMbbl rise the previous week.

The EIA calculated July diesel plus jet fuel stocks were ~33% greater than a five-year average.

Early-week, some attention had focused on reports from the weekend, that OPEC would convene an informal meeting on the sidelines of a 26 – 27 September Algeria energy forum, to discuss how best to restore market balance. This reportedly was due to requests from desperate members such as Venezuela.

Late-weekend, Russia (non-OPEC member which had been involved with OPEC in similar discussions in April) had denied any invitation to such an event. Nonetheless, the talk persisted, with a degree of optimism through Tuesday.

Most energy market economists questioned the enthusiasm and by late Tuesday - Wednesday, other factors, such as an unexpected peak-summer weekly rise in US crude stockpiles, took charge of sentiment.

A comment Thursday, from Saudi Arabia's energy minister Khalid al-Falih, that some market-stabilising vow could come out of the September get-together, pushed prices higher at a rate not seen in the past 4.5

weeks.

Several energy analysts were almost as quick to warn the boost would favour Saudi Arabia in the short-term, given its production levels, that the minister's comments were highly conditional, and that any output-related agreement looked unlikely for September.

Prices continued higher Thursday, however, also buoyed by the IEA's view that September quarter 2016 demand would outstrip production. For the September quarter, daily output from the Americas was estimated to at 700,000bbl fewer than for the March quarter.

Neither Brent crude nor WTI settled at session highs, however, as the IEA also suggested global economic growth constraints were forcing the agency to trim its 2017 daily demand prediction by 100,000bbl to 1.2MMbbl.

In the meantime, concerns remained regarding the relatively high amount of petroleum products stored internationally, together with reduced refiner margins. In Singapore, refinery profits are said to have dropped to two-year troughs.

Consultancy PJK International estimated total petrol stockpiles across Amsterdam, Antwerp and Rotterdam were 17% higher than last year and approaching a near-record peak.

Another consultancy said refineries had reacted to reduced profits over recent years by converting plants into storage facilities, while some governments had deliberately grown inventories in order to ensure strategic capability.

'Strategic petroleum reserves' (SPRs) had been boosted in Asia and the Middle East, Petromatrix asserted. Another report claimed China was targeting 550MMbbl of SPRs by 2020 and was constructing underground facilities to accommodate the stores.

In corporate news, BP was reportedly looking to offload its 50% holding in the SECCO petrochemicals JV in China.

This coming Wednesday, Norway's sovereign wealth fund will report for the second quarter. Many will be looking for the proportion and relative performance of remaining energy sector investments.

Gold futures were buffeted by a gyrating \$US this past week. Thursday, pro-two-rate-rises-this-year comments from a non-FOMC Federal Reserve official considered aligned with the views of Fed chair Janet Yellen turned the \$US higher again, hurting gold trade.

A World Gold Council (the WGC) report estimated June quarter central bank demand for gold had fallen 40% year-on-year, but that global demand for gold increased 15%.

Overall demand for investment gold through the first six months of 2016 came in at a 30-year peak.

The WGC also noted prices had appreciated to the extent some buyers in India and China – the world's largest gold-consuming nations – had been priced out of contention. Middle East demand had also been impacted during the June quarter, the WGC said.

Meanwhile, Michael Phelps secured his 22nd Olympic gold medal, and the calculators were brought out, estimating the champion now held more than 4.5oz of gold in these tokens alone.

Base metals traders were faced with plenty to consider this week, including China's July trade figures Monday, CPI Tuesday and July industrial production Friday. However, due to the northern hemisphere summer holiday period, trading volumes were reported relatively low.

Copper traded at four-week lows early in the week, falling below a 100-day moving average after China's July copper imports were reported to have dropped 14% to 360,000t.

Imports into China usually slow during the summer, but this year's July demand was viewed as particularly weak.

Meanwhile Zambia reported 8% greater year-on-year copper production for the six months to 30 June, with output totalling 368,371t.

Thursday, LME copper clocked a second consecutive sessional gain, largely supported by an oil price rally.

Zinc traded at ~15 month highs this week and was predicted retain to interest due to production pullbacks.

Glencore confirmed the conglomerate had produced 31% fewer tonnes of zinc for the first half of 2016

compared with January – June 2015, output falling to 506,500t. Further, full-year production guidance indicated similar levels would continue through to year's end.

Come Thursday, some profit-taking carried prices lower again, but nonetheless zinc is still trading ~40% higher for the year-to-date.

China's stainless steel production plus tighter supply expectations supported LME nickel prices.

The Philippines confirmed one new suspended operation over the past week was a nickel project.

Nickel price outlooks were again disputed, Glencore producing 17% year-on-year more nickel for January - June and predicting a similar rate for the remainder of the year.

Economic Calendar 15/08/16 – 19/08/16

Monday August 15 2016			Actual	Previous	Consensus
07:50 AM	JP	GDP Growth Rate QoQ Prel Q2		0.5%	0.2%
07:50 AM	JP	GDP Growth Annualized Prel Q2		1.9%	0.7%
Tuesday August 16 2016			Actual	Previous	Consensus
09:30 AM	AU	RBA Meeting Minutes			
04:30 PM	GB	Inflation Rate YoY JUL		0.5%	0.5%
05:00 PM	DE	ZEW Economic Sentiment Index AUG		-6.8	2
08:30 PM	US	Core Inflation Rate YoY JUL		2.3%	2.3%
08:30 PM	US	Inflation Rate YoY JUL		1%	1%
Wednesday August 17 2016			Actual	Previous	Consensus
04:30 PM	GB	Claimant Count Change JUL		0.4K	10K
04:30 PM	GB	Unemployment Rate JUN		4.9%	4.9%
Thursday August 18 2016			Actual	Previous	Consensus
02:00 AM	US	FOMC Minutes			
07:50 AM	JP	Balance of Trade JUL		¥693B	¥283.7B
09:30 AM	AU	Employment Change JUL		7.9K	11K
09:30 AM	AU	Unemployment Rate JUL		5.8%	5.8%
01:30 PM	FR	Unemployment Rate Q2		10.2%	
07:30 PM	EA	ECB Monetary Policy Meeting Accounts			
Friday August 19 2016			Actual	Previous	Consensus
08:30 PM	CA	Inflation Rate YoY JUL		1.5%	1.5%

Source: www.tradingeconomics.com

Economic Calendar 22/08/16 – 29/08/16

Tuesday August 23 2016		Actual	Previous	Consensus
10:00 PM	EA Consumer Confidence Flash AUG		-7.9	
10:00 PM	US New Home Sales JUL		592K	
Wednesday August 24 2016		Actual	Previous	Consensus
03:30 PM	DE Markit/BME Manufacturing PMI Flash AUG		53.8	
10:00 PM	US Existing Home Sales JUL		5.57M	
Thursday August 25 2016		Actual	Previous	Consensus
04:00 PM	DE Ifo Business Climate AUG		108.3	
08:30 PM	US Durable Goods Orders MoM JUL		-4%	
Friday August 26 2016		Actual	Previous	Consensus
07:30 AM	JP Inflation Rate YoY JUL		-0.4%	
02:00 PM	DE GfK Consumer Confidence SEP		10	
04:30 PM	GB GDP Growth Rate QoQ 2nd Est Q2		0.4%	0.6%
04:30 PM	GB GDP Growth Rate YoY 2nd Est Q2		2%	2.2%
08:30 PM	US GDP Growth Rate QoQ 2nd Est Q2		0.8%	1.2%
Monday August 29 2016		Actual	Previous	Consensus
07:05 AM	GB Gfk Consumer Confidence AUG			

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 14 August 2016

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
MSB	Mesoblast Limited	42.3	AGL	AGL Energy Limited.	-7.1
CPU	Computershare Ltd	12.7	MTS	Metcash Limited	-6.5
CAR	Carsales.Com Ltd.	9.8	MND	Monadelphous Group	-6.4
OZL	OZ Minerals	8.9	IFL	IOOF Holdings Ltd	-6.1
COH	Cochlear Limited	8.7	BSL	BlueScope Steel Ltd	-6.0
ALQ	ALS Ltd	8.0	FXJ	Fairfax Media Ltd	-5.4
AHG	Automotive Holdings.	7.4	SPO	Spotless Grp Hld Ltd	-5.0
HVN	Harvey Norman	7.1	EVN	Evolution Mining Ltd	-4.6
BKL	Blackmores Limited	7.0	AHY	Asaleo Care Limited	-4.4
MFG	Magellan Fin Grp Ltd	6.4	SUN	Suncorp Group Ltd	-4.2

Source: IRESS

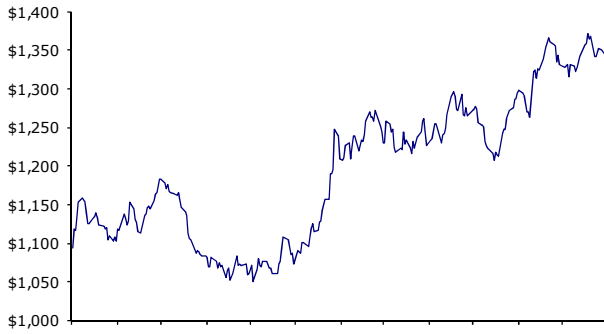
S & P Indices Week Ending 14 August 2016

S&P Indices	15/08/2016	8/08/2016	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8581	8524	0.7%	-0.5%	-15.9%
S&P 200 Materials	8862	8825	0.4%	4.4%	5.8%
S&P 200 Industrials	5518	5503	0.3%	0.6%	16.6%
S&P 200 Consumer Disc.	2238	2227	0.5%	2.0%	19.4%
S&P 200 Consumer Staples	8806	8795	0.1%	1.1%	-0.3%
S&P 200 Healthcare	22593	22197	1.8%	-0.3%	17.7%
S&P 200 Financials	6064	6092	-0.5%	-0.1%	-4.1%
S&P 200 Info Technology	826	779	6.1%	2.9%	4.0%
S&P 200 Telecommunicatic	2019	2074	-2.7%	-5.8%	-9.2%
S&P 200 Utilities	7576	7904	-4.1%	-5.3%	14.1%
S&P 200 Property Trusts	1490	1513	-1.6%	-3.7%	16.4%
S&P 200 Financials ex PT	6710	6723	-0.2%	0.8%	-7.8%

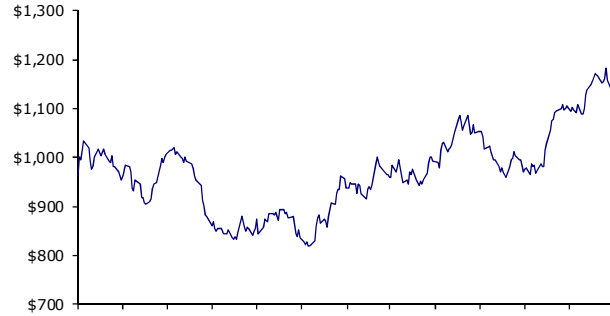
Source: IRESS

1 Year Commodity Price Charts

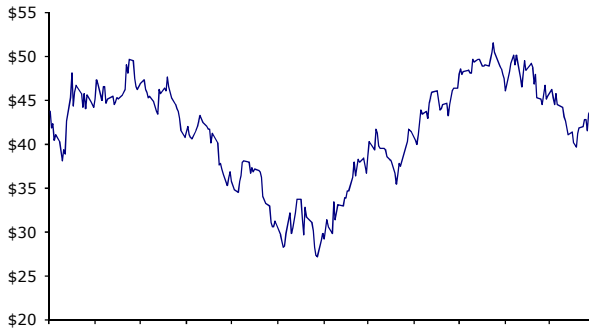
1 Year Gold



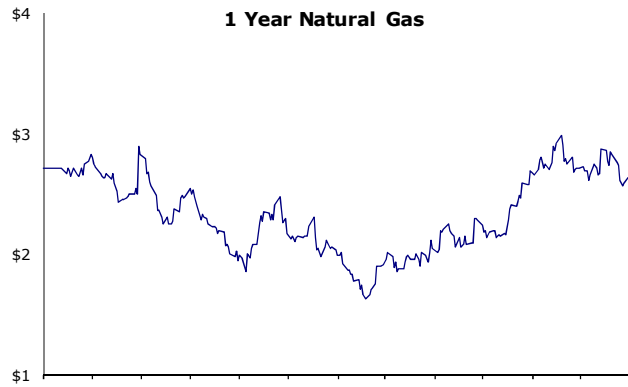
1 Year Platinum



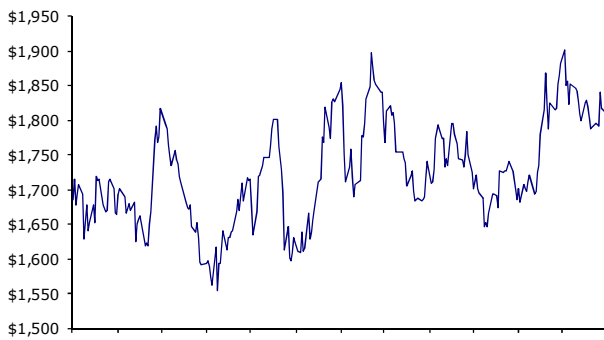
1 Year Oil



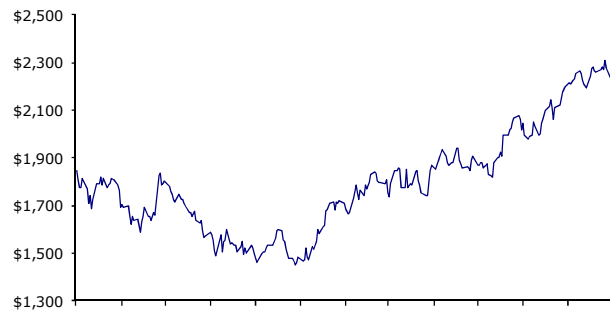
1 Year Natural Gas



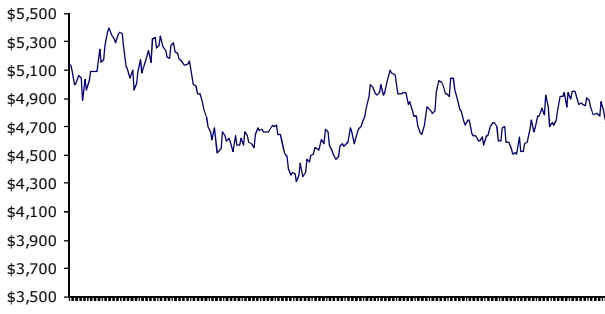
1 Year Lead



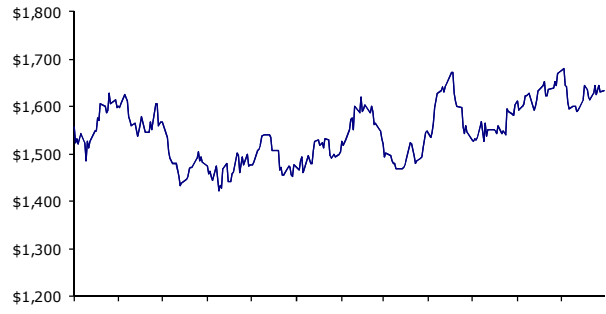
1 Year Zinc



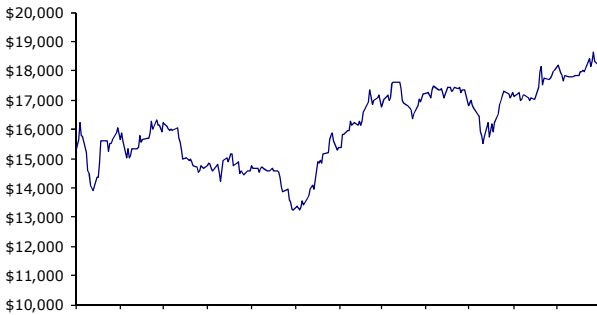
1 Year Copper



1 Year Aluminium

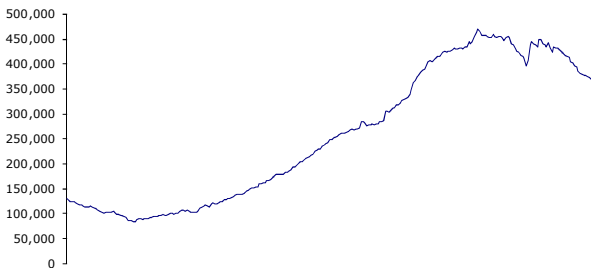


1 Year Tin

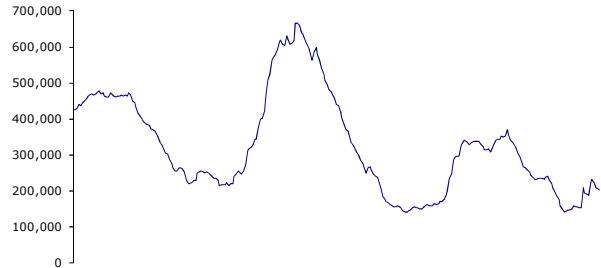


5 Year Metals Stockpiles

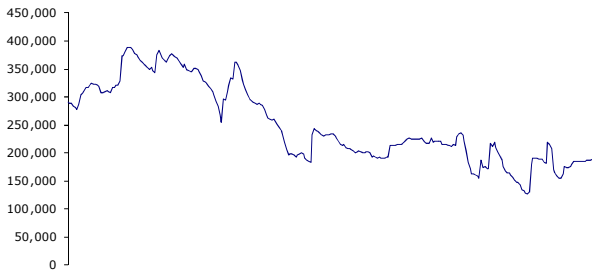
Nickel LME Stockpiles - 5 Year



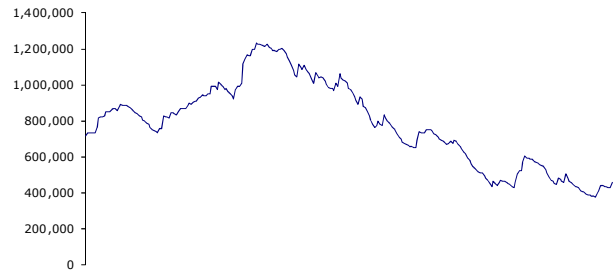
Copper LME Stockpiles - 5 Year



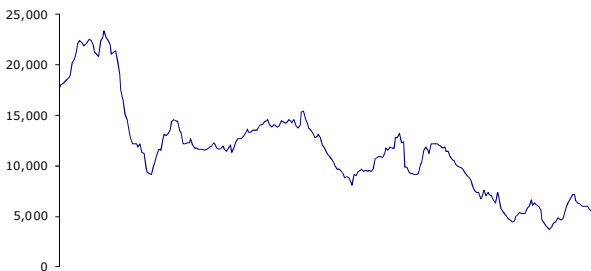
Lead LME Stockpiles - 5 Year



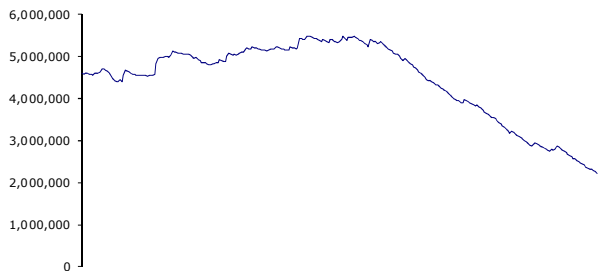
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



Peter Curtis
Head of Institutional Sales
Phone: +61 2 9024 9106
gjohnson@stateone.com.au

Alan Hill
Executive Chairman
Phone: +61 8 9288 3388
ahill@stateone.com.au

Mark Sullivan
Institutional Dealer
Phone: +61 2 9024 9134
msullivan@stateone.com.au

Yitz Barber
Equities Advisor
Phone: +61 2 9024 9107
ybarber@stateone.com.au

Karen Tan
Equities Advisor
Phone: +61 8 9288 3303
ktan@stateone.com.au

Peter Wong
Equities Advisor
Phone: +61 8 9288 3330
pwong@stateone.com.au

David Zhang
Equities Advisor
Phone: +61 2 9024 9130
dzhang@stateone.com.au

Alexander Bax
Equities Advisor
Phone +61 8 9288 3340
abax@stateone.com.au

Pat Ng
Equities & Derivatives Advisor
Phone: +61 2 9024 9104
pnq@stateone.com.au

Tammie Wong
Equities Advisor
Phone: +61 2 9024 9133
twong@stateone.com.au

Ric Heydon
Equities & Derivatives Advisor
Phone: +61 8 9288 3307
rheydon@stateone.com.au

Robert Chen
Equities Advisor
Phone: +61 2 9024 9132
rchen@stateone.com.au

Morris Levitzke
Equities Advisor
Phone: +61 8 9288 3315
mlevitzke@stateone.com.au

David Brennan
Senior Investment Analyst
Phone: +61 2 9024 9142
DBrennan@stateone.com.au

Graeme Johnson
Equities & Derivatives Advisor
Phone: +61 8 9288 3316
gjohnson@stateone.com.au

General Advice Warning

The contents of this document have been prepared by State One Stockbroking Ltd (ABN 95 092 989 083, Australian Financial Services Licence ("AFSL") 247100) from research provided by Morningstar Australasia Pty Ltd ABN 95 090 665 544; AFSL 240 892 ("Morningstar") without taking account of your objectives, financial situation or needs. To the extent that any of the content constitutes advice, it is general advice. You should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

Whilst State One Stockbroking Ltd and Morningstar believe the data and content contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One Stockbroking Ltd, Morningstar or any of their officers, agents or employees. Some material is copyright and published under licence from ASX Operations Pty Limited ACN 004 523 782 ("ASXO").

If applicable, you should obtain the Product Disclosure Statement relating to the relevant financial product mentioned in this document (which contains full details of the terms and conditions of the financial product) and consider it before making any decision about whether to acquire the financial product.

Please refer to the State One Stockbroking Ltd Financial Services Guide (FSG) at http://www.stateone.com.au/downloads/financial_services_guide.pdf and the Morningstar FSG at www.morningstar.com.au/fsg for more information.

Disclosure

The directors and associated persons of State One Stockbroking Ltd may have an interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products. Morningstar, its officers, employees, consultants or its related bodies corporate may hold positions in any financial products included in this document and may buy or sell such securities or engage in other transactions involving such financial products. Morningstar declares that from time to time they may earn fees or other benefits from financial products mentioned in this document.

This research at all times remains the property of State One Stockbroking Ltd and Morningstar and is not for public circulation or reproduction whether in whole or in part and is not to be disclosed to any person other than the intended recipient, without obtaining prior written consent.

The information contained in this publication must be read in conjunction with Morningstar's Legal Notice contained in their Terms and Conditions which can be located at <http://www.morningstar.com.au/About/Terms>