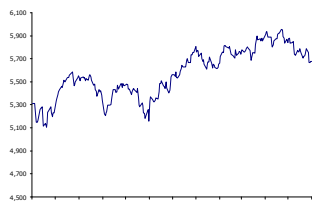


## STATE ONE SPINNAKER

**11 June 2017**  
**Issue 369**

### 12 month XJO chart



### 12 month Dow Jones chart



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## Global Wrap – 11 June 2017

World Markets	11/06/2017	4/06/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5678	5788	-1.9%	-1.9%	7.9%
Dow Jones	21272	21206	0.3%	3.2%	21.6%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2432	2439	-0.3%	3.2%	18.5%
FTSE 100	7527	7548	-0.3%	0.3%	18.1%
DAX30	12816	12823	-0.1%	1.5%	28.0%
Shanghai Composite	3158	3092	2.2%	2.2%	-6.2%
Nikkei 225	20013	20171	-0.8%	2.3%	8.6%
Hang Seng	26030	25924	0.4%	2.9%	13.9%
Currency					
AUD/USD	0.7528	0.7486	0.6%	2.1%	2.1%
Commodities					
Oil (\$/bbl)	45.9	47.4	-3.2%	-7.0%	-6.1%
Gas (\$/gal)	3.0	3.0	1.3%	-7.9%	10.8%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	5739	5560	3.2%	2.9%	8.8%
Lead (\$/t)	2097	2072	1.2%	-0.7%	20.9%
Zinc (\$/t)	2435	2507	-2.9%	-4.9%	42.0%
Aluminium (\$/t)	1902	1917	-0.8%	-1.4%	28.5%
Nickel (\$/t)	8805	8715	1.0%	-3.9%	-15.4%
Tin (\$/t)	19150	20405	-6.2%	-4.5%	19.9%
Gold (\$/oz)	1271	1280	-0.7%	0.8%	9.0%
Silver (\$/oz)	17.2	17.5	-1.7%	2.0%	8.7%
Platinum (\$/oz)	940	953	-1.4%	-0.6%	-7.1%
Wheat (\$/t)	445.750	429.500	3.8%	4.4%	-9.2%

Source: Iress

## Global Wrap

### US

US stocks closed mixed on Friday after this year's star-performing sector – tech - posted its worst weekly performance of the year.

The Nasdaq composite hit a record high at the open before closing 1.8% down. FANG shares (Facebook, Amazon, Netflix and Google-parent Alphabet) all fell more than 3%.

Next week the market will be watching for the May PPI, to be released on Tuesday.

Then on Friday is a “quadruple witching” - an expiration date that includes stock index futures, stock index options, stock options and single stock futures. While the first three of these expire on the third Friday of every month, all four expire on the third Friday of March, June, September and December.

The result is elevated volume as investors focus on offsetting, closing or rolling out positions, particularly in the last hour of trade.

## **China**

China stocks rose on Friday, buoying the blue-chip index to best week since November and closing at its highest in 17 months.

This was seen as being thanks to some positive data, a slowing in the pace of new listings and a central bank move to ease liquidity concerns.

On Thursday China reported stronger-than-anticipated exports and imports for May despite falling commodity prices, which partly offset data on Friday showing PPI had eased in May for the third consecutive month.

Exports grew by 8.7% from a year earlier in US dollar terms, faster than the 8% of April, according to China's Customs Bureau, and above the 7% increase forecast by economists.

Import growth also impressed, at 14.8% from the levels of a year earlier. That was an improvement on the 11.9% pace of April and outshot expectations for an 8.5% rise.

Imports of copper, crude oil and iron ore all increased in volume terms, rising to 390,000 tonnes, 37.2 million tonnes and 91.52 million tonnes respectively.

By contrast PPI cooled to 5.5% year-on-year in May compared with the expected figure of 5.7%, data released on Friday showed.

The moderation could weigh over commodity prices and the Aussie dollar.

Retail sales increased by 10.7% year-on-year in April, but were softer than March's 10.9%, while consumer prices rose 1.5% in May.

May data on fixed asset investment, industrial production and retail sales will be released this Wednesday.

## **Japan**

International uncertainty sent money pouring into domestic-demand stocks with strong fundamentals on Friday.

Amid news of the British election result and former FBI director James Comey's Senate testimony, export-driven shares were sold off, with automakers Subaru and Isuzu Motors sinking to 2017 lows.

By contrast, food producers had a good day, including Nichirei and Nippon Meat Packers, which rose to all-time highs.

Earlier last week Japan's first-quarter GDP grew 1% year-on-year, according to revised figures from the Cabinet Office, down from an initial estimate of 2.2% and far below a median forecast from economists polled by Reuters predicting an upward revision to 2.4%.

Quarter-on-quarter GDP growth was revised to 0.3% (previously 0.5%), against expectations of an upward adjustment to 0.6 per cent.

Speaking after the revision had been announced, Bank of Japan Governor Haruhiko Kuroda said the country had escaped deflation, but still had progress to make before reaching its goal for 2% inflation.

The next BoJ policy meeting is on Friday.

## Europe

The British election results sent the pound spiralling to its weakest level since April 18 against the US dollar. It later traded off those lows but was still down 1.7% at US\$1.273 on Friday afternoon.

By contrast European equities shrugged off the result, which could delay or even alter the Brexit strategy. The FTSE 100 rose 1.04% and the German Dax advanced 0.8%. The pan-European Stoxx 600 index gained 0.32%.

Markets will now be watching for leadership uncertainty in the Conservative Party and how Westminster manages a minority government Parliament.

Eurozone GDP was revised up for the first quarter of 2017 to 0.6% from the previous readings of 0.5%.

The year-on-year growth rate was increased to 1.9% from the 1.8% recorded in the previous quarter and also above the previous estimate of 1.7%.

German industrial output bounced back in April, expanding by a better than expected 0.8% month-on-month.

Even the Greek economy expanded 0.4% for the quarter compared with previous estimates of a contraction. This meant no Eurozone country recorded negative growth for the quarter.

Also on Thursday the European Central Bank signalled on Thursday it planned no further interest rate cuts, but said subdued inflation meant it would continue to pump more stimulus into the region's economy.

Next week, as well as continued fallout from the UK election, there will be a Bank of England policy meeting on Thursday.

The Eurozone April trade balance will also be released on Thursday, followed by May Eurozone CPI on Friday.

## Australia

Shares suffered their worst weekly loss of the year amid growing unease about the Australian economy, as investors digested the shock UK poll result on Friday.

Energy was the week's worst performing sector after further doubts were cast on OPEC's ability to curtail oil production.

Reserve Bank of Australia Governor Philip Lowe, in his statement about Tuesday's decision to keep the official cash rate steady at 1.5 per cent, warned of a possible slowdown because of movement in quarterly figures.

However he is confident that the economy will be growing at more than 3 per cent over the next few years.

In the Q1 GDP release the following day, Australia's economy grew at a lacklustre 0.3% in the first three months of the year.

This meant it slowed to 1.7% year-on-year, the slowest pace since the tail end of GFC, with shrinking savings propping up household spending.

The strongest contribution to the growth came from the services sector in areas such as finance, health care and social services.

Lending for Australian housing fell for a third straight month in April, in the latest sign that a push by banking regulator APRA in March to cool off the property market is beginning to take effect.

The number of Australian home-loan approvals fell a seasonally adjusted 1.9% in April from March, the Bureau of Statistics said, while the value of loans for investment housing fell 2.3% from March.

Tomorrow's public holiday makes it a long weekend for most Australian states and the ASX.

NAB and Westpac business confidence surveys will be released on Tuesday and Wednesday respectively, followed by ABS unemployment figures on Thursday.

## **Commodities**

### *Oil*

Oil prices rose on Friday after a pipeline stoppage in Nigeria, but crude ended the week down nearly 4% on worries about global oversupply.

Brent crude and US crude CLc1 futures posted weekly falls of nearly 4%, pressured by big US inventories and heavy worldwide flows.

Oil markets have been under pressure partly because OPEC cut-exempt Nigeria and Libya were boosting production, despite the short-term interruption in Nigeria. US production is also increasing.

Gas traders were also on alert this week as the diplomatic spat over terrorism between major gas producer Qatar and neighbouring countries escalated.

But to date, there is no indication that Qatar's gas exports will be affected by the rift.

### *Gold*

Bullion priced in sterling rose 2.2% on Friday - a seven-week high - after Theresa May failed to win a majority in the British election, Bloomberg News reported.

But in dollar terms, gold futures fell in the first weekly loss in more than a month as attention turned to the prospect of US interest rates rising next week.

Also, testimony by the former FBI director James Comey did not elicit a flight to safe-haven assets as many predicted it might.

While it is widely believed that a strongly anticipated June rate hike by the US Federal Reserve has been already factored into pricing, a rate rise would support the US dollar and continue to place downside pressure on gold.

### *Iron ore*

Iron ore prices slipped below \$55 per tonne cfr China on Friday.

Seaborne shipments remained generally difficult to sell because there were plenty of materials available at lower prices at Chinese ports, trading sources told Metal Bulletin. However discounts for benchmark Australian cargoes narrowed.

### *Copper*

Copper hit its highest price in over five weeks on Friday, helped by concerns over supply from Chile, recent data pointing to strong Chinese import demand and falling stocks of the metal.

Weather disrupted last week's production from at least three major Chilean operations, while there was renewed industrial action in Papua.

## *Nickel*

Global nickel miners are coming under renewed pressure to cut costs or close capacity as a flood of cheap ore pushes prices to one-year lows, Reuters reports.

Indonesia and the Philippines are loading up shipments of nickel ore after Indonesia relaxed an export ban earlier this year and a hardline environmentalist was ousted as the Philippines mining minister last month.

Nickel ore is popular as a cheaper alternative to refined metal for China's vast steel mills, which use the metal to add strength to stainless steel.

The renewed supply comes as the market is already struggling with softening demand and high stocks, leading banks to slash their forecasts despite prices having already fallen 60% since mid-2014 and 80% from their 2007 peak.

### **Some stocks to watch next week**

**Premier Investments (PMV): BUY.** Listed Australian retailers have been sold off in 2017 on market concern over increasing competition from e-commerce players, in particular Amazon. However, we believe that Premier Investments along with names like Myer (MYR) and Speciality Fashion Group (SFH) now offer value. PMV offers 22% upside to its IRESS consensus target price of A\$15.31 and is trading on a FY18E DY of 4.8%.

**Westfield Corporation (WFD): BUY.** The threat to retailers from e-commerce has also impacted the owners of "bricks and mortars" retail spaces. While the threat is real, we like that WFD always has the option to reallocate space occupied by struggling fashion brands to alternative uses such as dining and services. We believe there has been a share price over-reaction and Westfield now screens as attractively priced. WFD offers 12% upside to its IRESS consensus target price of A\$9.52 and is trading on a FY18E DY of 4.2%.

**Ramsay Health Care (RHC): BUY.** RHC is the largest and most diversified operator of hospitals in Australia, which should underpin a reasonable level of pricing power with private health insurers. We believe its deep pipeline of brownfield projects and move into community pharmacy will boost earnings growth over the medium to long term. RHC offers 14% upside to its IRESS consensus target price of A\$77.57 and is trading on a FY18E DY of 2.2%.

















**Austal (ASB): BUY.** This week Austal announced it would be teaming up with ASC Shipbuilding for the \$A35 billion Future Frigate Program, which will deliver replacement vessels for the existing ANZAC fleet from 2020. The partnership will mean a sustainable shipbuilding for Australia, pooling their complementary experience, strengths and skills. Austal finished the week higher closing at \$1.830 after being sold down at the start of the week.

## Economic Calendar 12/06/2017 – 16/06/2017

Monday June 12 2017	Actual	Previous	Consensus Forecast	
<b>03:00 PM</b> 🇹🇷 TR GDP Growth Rate QoQ Q1		3.8%	1.1%	
<b>03:00 PM</b> 🇹🇷 TR GDP Growth Rate YoY Q1		3.5%	4%	3.8%
Tuesday June 13 2017	Actual	Previous	Consensus Forecast	
<b>09:30 AM</b> 🇦🇺 AU NAB Business Confidence MAY		13	10.31	
<b>04:30 PM</b> 🇬🇧 GB Inflation Rate YoY MAY		2.7%	2.7%	2.6%
<b>05:00 PM</b> 🇩🇪 DE ZEW Economic Sentiment Index JUN		20.6	21.5	21.4
Wednesday June 14 2017	Actual	Previous	Consensus Forecast	
<b>08:30 AM</b> 🇦🇺 AU Westpac Consumer Confidence Change JUN		-1.1%		
<b>08:30 AM</b> 🇦🇺 AU Westpac Consumer Confidence Index JUN		98		
<b>04:30 PM</b> 🇬🇧 GB Claimant Count Change MAY		19.4K	10K	15.5K
<b>04:30 PM</b> 🇬🇧 GB Unemployment Rate APR		4.6%	4.6%	4.6%
<b>08:30 PM</b> 🇺🇸 US Core Inflation Rate YoY MAY		1.9%	1.9%	1.9%
<b>08:30 PM</b> 🇺🇸 US Inflation Rate YoY MAY		2.2%	2%	2.1%
<b>08:30 PM</b> 🇺🇸 US Retail Sales MoM MAY		0.4%	0.1%	0.2%
Thursday June 15 2017	Actual	Previous	Consensus Forecast	
<b>02:00 AM</b> 🇺🇸 US Fed Interest Rate Decision		1%	1.25%	1.25%
<b>02:00 AM</b> 🇺🇸 US FOMC Economic Projections				
<b>02:30 AM</b> 🇺🇸 US Fed Press Conference				

Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

## Economic Calendar 19/06/2017 – 23/06/2017

Monday June 19 2017	Actual	Previous	Consensus	Forecast
<b>07:50 AM</b>  JP Balance of Trade MAY		¥482B	¥400B	
Tuesday June 20 2017	Actual	Previous	Consensus	Forecast
<b>09:30 AM</b>  AU RBA Meeting Minutes				
Wednesday June 21 2017	Actual	Previous	Consensus	Forecast
<b>10:00 PM</b>  US Existing Home Sales MAY			5544.31	
 EA ECB Non-Monetary Policy Meeting				
Thursday June 22 2017	Actual	Previous	Consensus	Forecast
<b>10:00 PM</b>  EA Consumer Confidence Flash JUN		-3.3	-3	
Friday June 23 2017	Actual	Previous	Consensus	Forecast
<b>03:30 PM</b>  DE Markit Manufacturing PMI Flash JUN		59.5	59.2	
<b>08:30 PM</b>  CA Inflation Rate YoY MAY		1.6%	1.7%	
<b>10:00 PM</b>  US New Home Sales MAY		569K		

Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

## All Ords Top 10 Week Ending 9 June 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
VOC	Vocus Group Ltd	33.9	BKL	Blackmores Limited	-10.0
RSG	Resolute Mining	11.6	GXY	Galaxy Resources	-9.8
WHC	Whitehaven Coal	11.2	NAN	Nanosonics Limited	-9.4
BAL	Bellamy'S Australia	9.3	TGR	Tassal Group Limited	-8.0
SAR	Saracen Mineral	7.0	ACX	Aconex Limited	-7.8
MFG	Magellan Fin Grp Ltd	7.0	MYX	Mayne Pharma Ltd	-7.4
RWC	Reliance Worldwide	5.0	HGG	Henderson Group	-7.4
RRL	Regis Resources	4.2	FXL	FlexiGroup Limited	-7.3
AAD	Ardent Leisure Group	3.9	SIG	Sigma Health Ltd	-7.3
GUD	G.U.D. Holdings	3.8	REG	Regis Healthcare Ltd	-7.2

Source: IRESS

## S & P Indices Week Ending 9 June 2017

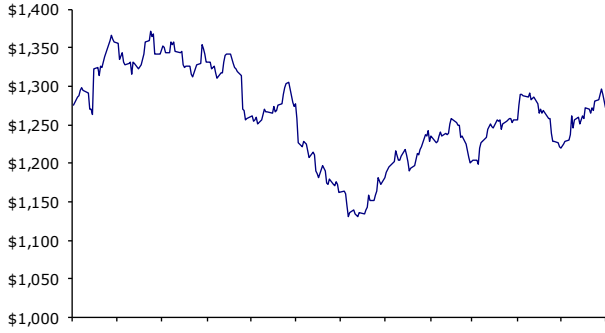
S&P Indices	11/06/2017	4/06/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8910	9340	-4.6%	-5.6%	-1.6%
S&P 200 Materials	9787	9836	-0.5%	0.5%	19.3%
S&P 200 Industrials	5792	5902	-1.9%	1.8%	21.9%
S&P 200 Consumer Disc.	2188	2224	-1.6%	-0.1%	19.3%
S&P 200 Consumer Staples	9061	9389	-3.5%	-4.3%	3.4%
S&P 200 Healthcare	23347	23327	0.1%	0.3%	29.2%
S&P 200 Financials	6288	6417	-2.0%	-3.8%	3.4%
S&P 200 Info Technology	858	879	-2.3%	-2.2%	19.3%
S&P 200 Telecommunicatic	1537	1560	-1.5%	0.7%	-22.2%
S&P 200 Utilities	8756	9029	-3.0%	-2.7%	30.2%
S&P 200 Property Trusts	1378	1422	-3.1%	-0.1%	8.8%
S&P 200 Financials ex PT	7013	7157	-2.0%	-3.8%	0.8%

Source: IRESS

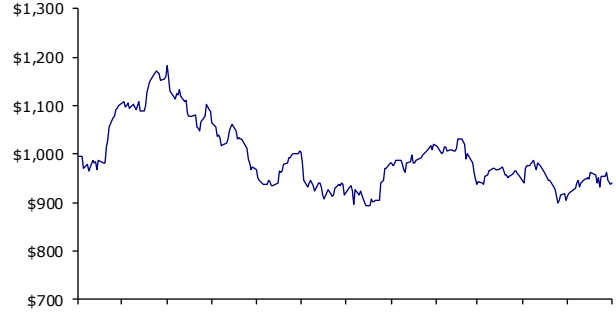


### 1 Year Commodity Price Charts

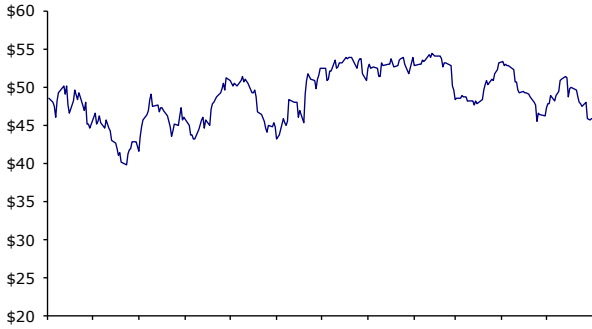
**1 Year Gold**



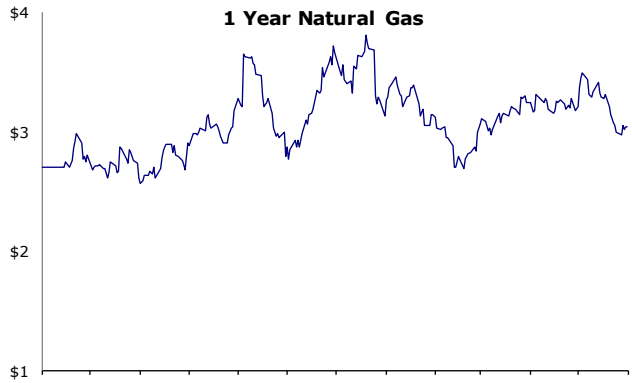
**1 Year Platinum**



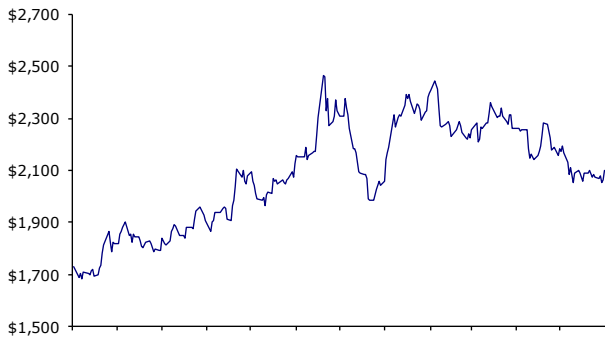
**1 Year Oil**



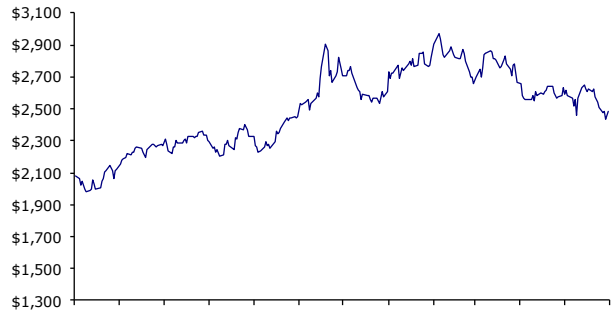
**1 Year Natural Gas**



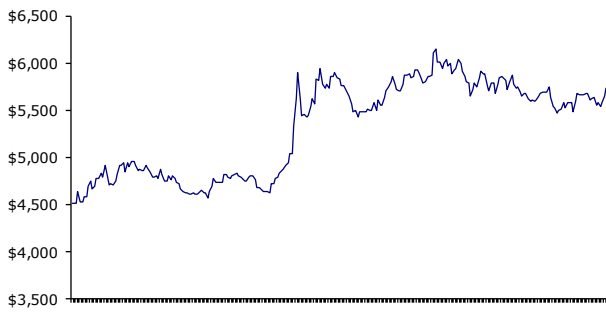
**1 Year Lead**



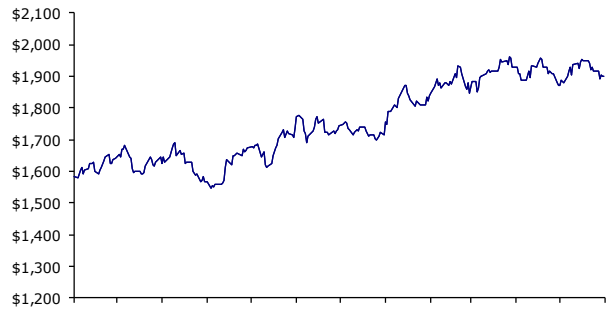
**1 Year Zinc**



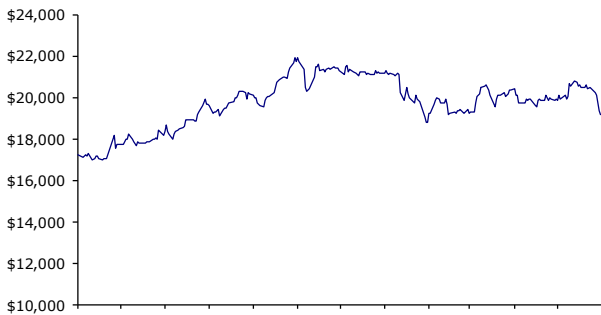
**1 Year Copper**



**1 Year Aluminium**

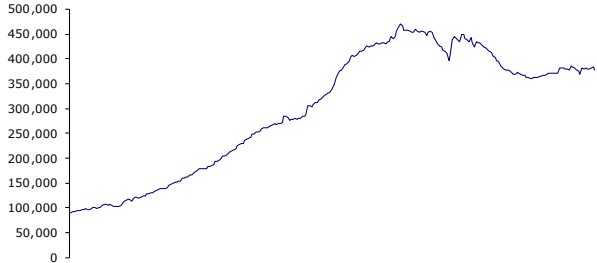


**1 Year Tin**

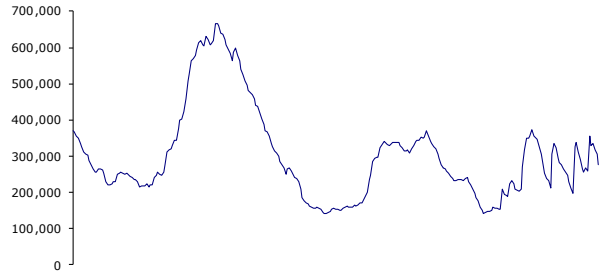


**5 Year Metals Stockpiles**

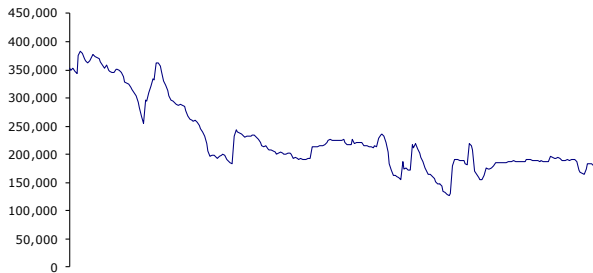
**Nickel LME Stockpiles - 5 Year**



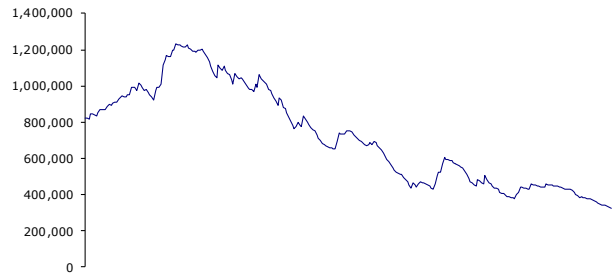
**Copper LME Stockpiles - 5 Year**



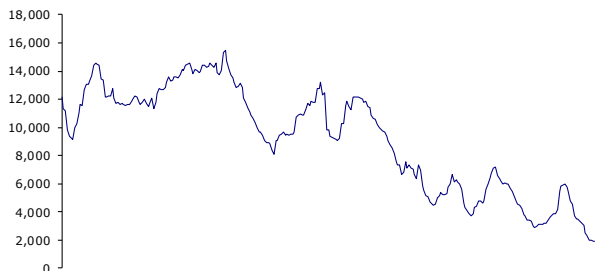
**Lead LME Stockpiles - 5 Year**



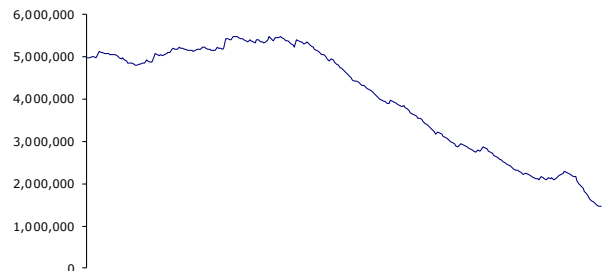
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**



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