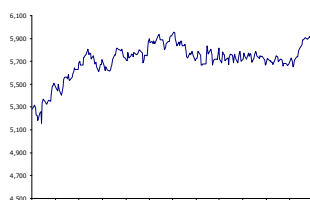


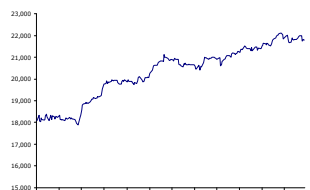
STATE ONE SPINNAKER

29 October 2017
Issue 388

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 29 October 2017

World Markets	29/10/2017	22/10/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5903	5907	-0.1%	4.4%	8.5%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2581	2575	0.2%	1.7%	20.5%
FTSE 100	7505	7523	-0.2%	0.5%	6.8%
DAX30	13218	12991	1.7%	1.9%	26.1%
Shanghai Composite	3417	3381	1.1%	2.0%	10.8%
Nikkei 225	22008	21697	1.4%	6.7%	27.7%
Hang Seng	28439	28487	-0.2%	0.2%	21.7%
Currency					
AUD/USD	0.7677	0.7807	-1.7%	-2.6%	1.0%
Commodities					
Oil (\$/bbl)	54.1	51.8	4.4%	6.7%	11.2%
Gas (\$/gal)	3.0	3.1	-4.8%	1.0%	7.1%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6832	7009	-2.5%	5.9%	47.4%
Lead (\$/t)	2431	2502	-2.8%	-6.0%	21.3%
Zinc (\$/t)	3252	3208	1.4%	-3.5%	42.5%
Aluminium (\$/t)	2119	2159	-1.9%	-1.0%	31.4%
Nickel (\$/t)	11370	12050	-5.6%	6.9%	11.9%
Tin (\$/t)	19800	19925	-0.6%	-5.5%	-1.1%
Gold (\$/oz)	1272	1281	-0.7%	-0.4%	0.4%
Silver (\$/oz)	16.8	17.1	-1.9%	0.9%	-4.4%
Platinum (\$/oz)	915	927	-1.3%	-0.3%	-2.3%
Wheat (\$/t)	426.750	426.000	0.2%	-3.8%	2.3%

Source: Iress

Global Wrap

Key points

1. 'Citizenship seven' ruling sparks sell-off on ASX
2. US earnings season buoys global sentiment
3. China on course to double per capita income by 2020
4. Iron ore dips as base metals gain
5. Platinum predicted to shine in 2018

US

Gains in technology stocks powered by strong earnings from Microsoft, Amazon and Alphabet lifted the Nasdaq and the S&P on Friday, while losses in Chevron and Merck kept the Dow in the red, Reuters reported.

Microsoft advanced 6.2% after the world's largest software company reported further gains from its cloud computing services.

Amazon jumped 8.26% and Google-parent Alphabet gained 4.26% after results.

The gains drove the S&P technology index up about 2%. The sector has added about 30% this year, double the rise in the broader S&P index.

As the third-quarter earnings season nears the halfway mark, 74% of the S&P companies topped expectations as of Thursday, above the 72% beat rate for the past four quarters.

Further buoying sentiment on Friday was a data release showing the US economy had unexpectedly maintained brisk growth in Q3, despite a hurricane-led drop in consumer spending and construction activities.

The Commerce Department said GDP increased at 3% annually in the July-September period. Economists polled by Reuters had forecast 2.5% growth.

Next week personal consumption data will be released on Monday. The Federal Reserve will make its interest rate decision and statement on Wednesday, with no change expected this month.

The US trade balance will be released on Friday.

China

Hong Kong stocks ended the week on a firmer footing after an encouraging slew of earnings from US tech giants buoyed Wall Street and the European Central Bank extended its stimulus, Reuters reported.

The market also drew support from solid earnings of major Chinese firms listed in the city, including China Life Insurance and telecommunications equipment and systems company ZTE Corp.

China Life's Hong Kong-traded shares hit two-month highs, after China's second-biggest insurer by market value posted a whopping 365.5% jump in third-quarter profit.

Following last week's Communist Party Congress Moody's Investors Service says the further consolidation of power under President Xi Jinping could advance the process of economic reform and rebalancing.

Moody's says China will likely reach its target of doubling per capita income by 2020 from the level in 2010. However it expects more focus on quality of growth in China will result in greater emphasis on promoting productivity and reducing financial vulnerability.

The world's second-largest economy is already on course to reach its target of doubling GDP by 2020 from 2010. But the pursuit of rapid growth has led to soaring corporate and local government debt, as well as regional economic disparities and a host of environmental problems

Meanwhile China's 10-year treasury yields jumped to their highest in nearly two years on Friday morning despite the central bank injecting more liquidity, as traders expected authorities to sustain a deleveraging campaign through the rest of the year and saw little chance of any easing in policy.

China's central bank injected 140 billion yuan (\$21.05 billion) into the money market on Friday, including for the first time a new two-month instrument, in an apparent attempt to allay concerns over falling treasury bond prices. Traders have attributed the weakness in bonds to speculation that the interbank liability ratio will be lowered and to comments early last week from central bank Governor Zhou Xiaochuan suggesting improved prospects for economic growth.

This coming week the Purchasing Managers Index (PMI) will be released on Tuesday. Services PMI will be out on Friday.

The Caixin China Manufacturing PMI will be released on Wednesday. This index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 private manufacturing sector companies.

Japan

Japan's Nikkei share average surged more than 1% to a fresh 21-year high on Friday. The index was led by banking shares as US yields remained high, plus tech shares after their US counterparts posted strong earnings.

“Since global markets are resilient, foreign investors’ risk appetite has been strong,” Mutsumi Kagawa, chief global strategist at Rakuten Securities told Reuters. “The fact that the dollar is above 114 yen is also supporting the mood.”

Tech shares rose after Amazon.com Inc, Microsoft Corp, Alphabet Corp’s Google and Intel Corp posted their stellar quarterly earnings on Thursday.

This coming week retail sales figures will be out on Sunday. Household spending and industrial production data will be released on Monday. The BoJ rate decision and statement will be handed down on Tuesday, with no change expected. The Nikkei Manufacturing PMI will be released on Wednesday and a leading consumer confidence index on Thursday.

The market will be closed on Friday for Culture Day.

Europe

European shares hit a five-month high on Friday as one the biggest weekly drops in the euro this year buoyed investors’ moods, Reuters said.

The euro fell after the European Central Bank signalled it would tread carefully as it removes stimulus, and as the dollar kicked higher on signs that US President Donald Trump is pushing ahead with tax cuts and could install a more hawkish head of the Federal Reserve.

Stocks gains were also underpinned by strong earnings that boosted bank shares such as UBS and Royal Bank of Scotland, while tech stocks gained in line with upbeat earnings reports from US giants Alphabet, Microsoft and Amazon.com.

While the central bank will cut its stimulus in half from the start of next year, it will stretch it out towards the end of 2018 and actually rate hikes are even further off.

Note that daylight savings ends in the UK and continental Europe on Sunday.

A swathe of euro and British data is coming out on Monday including UK housing prices, German retail sales and CPI, and euro zone Economic Sentiment Indicator.

Euro zone CPI and GDP will be flashed on Wednesday and The Bank of England will make its interest rate decision on Thursday, when rates are tipped to rise from 0.25% to 0.50%.

Australia

Shares ended Friday's session in the red, turning lower in the afternoon after the Coalition lost its one seat majority as investors fretted about the potential impact of rising political uncertainty.

Until then investors had been on track to enjoy another week of gains, Fairfax Media reported.

The bourse then turned lower after the High Court's announcement that it had disqualified five of the “citizenship seven” for being dual citizens.

However some analysts said the selloff was a kneejerk reaction, with investors more focused on the US GDP figures and the global upbeat sentiment from North America and Europe

A dip in the iron ore price weighed on BHP Billiton and Fortescue Metals, which finished down 0.2% and 1.6% on Friday. For the week, BHP rose 1.2% and Fortescue rose 0.8% respectively. Rio Tinto added 1.3% gain for the week, after gaining 0.5% on Friday.

The Aussie dollar continued to lose ground on Friday, reaching lows last seen in July.

Investors took note of third-quarter data that showed producer prices rose 0.2% quarter-on-quarter and 1.6% year-on-year, following 0.5% in Q2.

They also reacted to a speech by Reserve Bank of Australia deputy governor Guy Debelle on Thursday. He said unemployment was still above the level at which inflation-busting official interest rates are needed.

News of the High Court ruling that Deputy Prime Minister Barnaby Joyce is ineligible to remain in parliament also weighed on the local currency in the late Friday afternoon.

Next week HIA new home sales data and private sector credit data will come out on Tuesday.

The RBA Commodity Price SDR will be released by the Reserve Bank of Australia on Wednesday. This is considered as an early indicator of export price changes.

Australia's trade balance will be released on Thursday and retail sales data is out on Friday.

Commodities

Oil prices rose strongly on Thursday before breaking two-year-highs on Friday. The price gains came after robust data from the Energy Information Administration (EIA) this week, plus rising confidence in an OPEC extension. But in recent times, oil prices have started to fall apart as they approach \$60 per barrel, something that traders will be watching for again, oilprice.com reported.

Driven by higher commodity prices, third-quarter earnings of ExxonMobil jumped 50% annually and beat analyst expectations, despite the fact that Hurricane Harvey dented some of the profits.

Exxon reported on Friday earnings of \$0.93 per diluted share for Q3, up by 48% from the \$0.63 EPS for the third quarter last year,

Chinese iron ore futures extended declines to hit a two-week low on Friday, as steelmakers in the world's top consumer of the steelmaking raw material curbed production.

"More cities, including Tangshan, have been ordered to deepen production cuts during the winter season. Low-grade iron ore prices have almost touched the bottom, but we don't see any support for prices in the near term due to falling operational rates at mills," an analyst with Merchant Futures in Shenzhen told Fairfax Media.

According to the World Bank's latest commodity markets outlook iron ore prices will slide 10% in 2018, offsetting increases in all base metals.

After a projected 22% increase in 2017, metal prices are expected "to ease slightly" in 2018, the bank said.

"Upside risks to price forecasts include stronger-than-projected global demand and production shortages," it said. "Downside risks include slower-than-anticipated demand from China and greater-than-expected production — including the restart of idled capacity and an easing of production restrictions in China, as was the case for coal and steel production when prices surged."

The bank said its metals and minerals price index rose 10% in the third quarter, quarter over quarter, because of particularly strong demand in China's property, infrastructure and manufacturing sectors.

All metals prices increased in the third quarter, led by zinc and nickel, which jumped 14% on robust demand and reduced mine production (zinc) and solid stainless steel demand (nickel).




































Iron ore and copper rose 13% and 12%, respectively.

Gold

December gold futures dipped below the closely watched 200-day moving average for the first time since late-July, before traders stepped in to buy the dip, Kitco reported, as the USD and US equities gained.

The World Bank this week said it predicted gold prices to drop 1% in 2018 on expected higher US interest rates. Silver prices are seen slipping slightly as well. Platinum is expected to strengthen 4% on advancing auto catalyst demand and tightening mine supply.

Economic Calendar 30/10/2017 – 3/11/2017

Monday October 30 2017			Actual	Previous	Consensus
04:00 PM	 ES	GDP Growth Rate QoQ Flash Q3		0.9%	0.8%
04:00 PM	 ES	GDP Growth Rate YoY Flash Q3		3.1%	3.2%
04:00 PM	 CH	KOF Leading Indicators OCT		105.8	105.5
06:00 PM	 EA	Business Confidence OCT		1.34	1.41
08:30 PM	 US	Personal Income MoM SEP		0.2%	0.4%
08:30 PM	 US	Personal Spending MoM SEP		0.1%	0.8%
09:00 PM	 DE	Inflation Rate YoY Prel OCT		1.8%	1.7%
Tuesday October 31 2017			Actual	Previous	Consensus
07:30 AM	 JP	Unemployment Rate SEP		2.8%	2.8%
08:05 AM	 GB	Gfk Consumer Confidence OCT		-9	-10
09:00 AM	 CN	NBS Manufacturing PMI OCT		52.4	52.0
10:00 AM	 JP	BoJ Interest Rate Decision		-0.1%	-0.1%
01:00 PM	 JP	BoJ Quarterly Outlook Report			
02:30 PM	 FR	GDP Growth Rate QoQ 1st Est Q3		0.5%	0.5%
06:00 PM	 EA	GDP Growth Rate QoQ Flash Q3		0.6%	0.6%
06:00 PM	 EA	GDP Growth Rate YoY Flash Q3		2.3%	2.1%
06:00 PM	 EA	Unemployment Rate SEP		9.1%	9%
Wednesday November 01 2017			Actual	Previous	Consensus
09:45 AM	 CN	Caixin Manufacturing PMI OCT		51.0	51.0
08:15 PM	 US	ADP Employment Change OCT		135K	200K
10:00 PM	 US	ISM Manufacturing PMI OCT		60.8	59.5
Thursday November 02 2017			Actual	Previous	Consensus
02:00 AM	 US	Fed Interest Rate Decision		1.25%	1.25%
08:30 AM	 AU	Balance of Trade SEP		A\$0.99B	0.875B
01:00 PM	 JP	Consumer Confidence OCT		43.9	
02:45 PM	 CH	Consumer Confidence Q4		-3	
04:55 PM	 DE	Unemployment Change OCT		-23K	-11K
04:55 PM	 DE	Unemployment Rate OCT		5.6%	5.6%
08:00 PM	 GB	MPC Meeting Minutes			
08:00 PM	 GB	BoE Interest Rate Decision		0.25%	0.5%
08:00 PM	 GB	BoE Quantitative Easing		£435B	£435B
Friday November 03 2017			Actual	Previous	Consensus
08:30 PM	 CA	Balance of Trade SEP		C\$-3.41B	C\$-3B
08:30 PM	 CA	Employment Change OCT		10K	15K
08:30 PM	 CA	Unemployment Rate OCT		6.2%	6.2%
08:30 PM	 US	Balance of Trade SEP		\$-42.4B	\$-43.2B
08:30 PM	 US	Non Farm Payrolls OCT		-33K	315K
08:30 PM	 US	Unemployment Rate OCT		4.2%	4.2%
10:00 PM	 US	ISM Non-Manufacturing PMI OCT		59.8	58.5

Source: www.tradingeconomics.com

Economic Calendar 6/11/2017 – 10/11/2017

Monday November 06 2017			Actual	Previous	Consensus
12:00 PM	ID	Business Confidence Q3		111.63	
12:00 PM	ID	GDP Growth Rate QoQ Q3		4.0%	
12:00 PM	ID	GDP Growth Rate YoY Q3		5.01%	
11:00 PM	CA	Ivey PMI s.a OCT		59.6	
Tuesday November 07 2017			Actual	Previous	Consensus
11:30 AM	AU	RBA Interest Rate Decision		1.5%	1.50%
Wednesday November 08 2017			Actual	Previous	Consensus
08:30 AM	AU	NAB Business Confidence OCT		7	
11:00 AM	CN	Balance of Trade OCT		\$28.61B	39.50B
11:00 AM	CN	Exports YoY OCT		8.1%	8.8%
11:00 AM	CN	Imports YoY OCT		18.7%	13.5%
	EA	ECB Non-Monetary Policy Meeting			
Thursday November 09 2017			Actual	Previous	Consensus
09:30 AM	CN	Inflation Rate YoY OCT		1.6%	
03:00 PM	DE	Balance of Trade SEP		€20.0B	
Friday November 10 2017			Actual	Previous	Consensus
08:30 AM	AU	RBA Statement on Monetary Policy			
05:30 PM	GB	Balance of Trade SEP		£-5.63B	
11:00 PM	US	Michigan Consumer Sentiment Prel NOV		100.7	111.3

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 27 October 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
BPT	Beach Energy Limited	12.6	FBU	Fletcher Building	-9.3
JHC	Japara Healthcare Lt	9.8	GXY	Galaxy Resources	-8.8
BKL	Blackmores Limited	9.2	SDF	Steadfast Group Ltd	-7.3
S32	South32 Limited	8.5	API	Australian Pharm.	-7.0
A2M	The A2 Milk Company	7.6	QAN	Qantas Airways	-6.7
NAN	Nanosonics Limited	7.2	IGO	Independence Group	-6.5
SGR	The Star Ent Grp	7.2	GWA	GWA Group Ltd	-5.5
HSO	Healthscope Limited	7.0	IFL	IOOF Holdings Ltd	-5.2
NUF	Nufarm Limited	6.9	AHY	Asaleo Care Limited	-5.2
RMD	ResMed Inc.	6.6	BAP	Bapcor Limited	-4.6

Source: IRESS

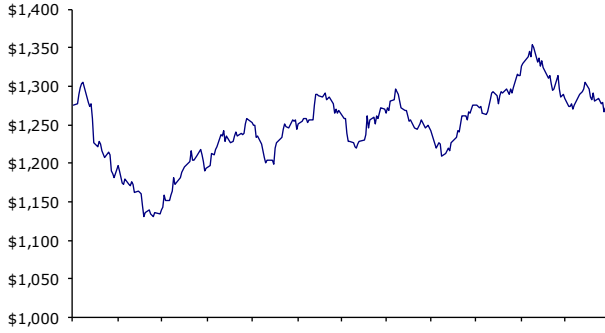
S & P Indices Week Ending 27 October 2017

S&P Indices	29/10/2017	22/10/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	9672	9474	2.1%	6.0%	11.1%
S&P 200 Materials	10769	10660	1.0%	4.4%	18.1%
S&P 200 Industrials	5828	5920	-1.5%	4.0%	11.9%
S&P 200 Consumer Disc.	2252	2229	1.0%	6.7%	4.7%
S&P 200 Consumer Staples	9631	9770	-1.4%	4.6%	4.1%
S&P 200 Healthcare	23963	23800	0.7%	5.7%	12.3%
S&P 200 Financials	6628	6678	-0.7%	3.9%	9.9%
S&P 200 Info Technology	938	922	1.8%	8.7%	16.7%
S&P 200 Telecommunicatic	1258	1250	0.7%	3.8%	-30.4%
S&P 200 Utilities	8454	8444	0.1%	7.7%	17.4%
S&P 200 Property Trusts	1348	1343	0.3%	3.6%	-0.6%
S&P 200 Financials ex PT	7393	7449	-0.7%	3.9%	9.9%

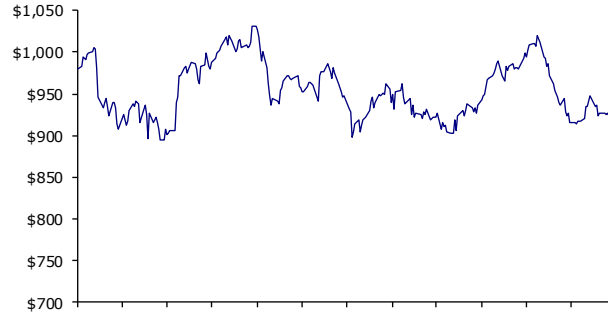
Source: IRESS

1 Year Commodity Price Charts

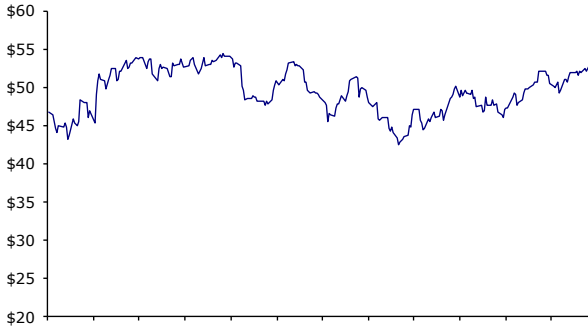
1 Year Gold



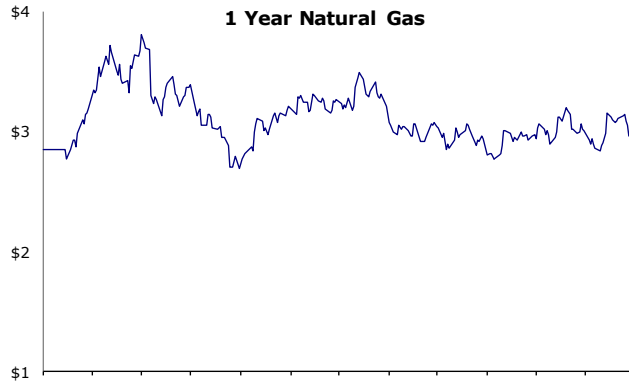
1 Year Platinum



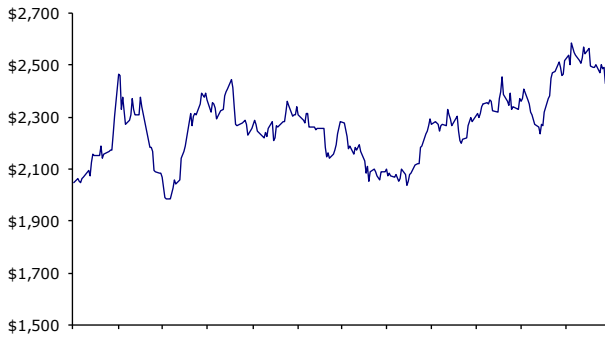
1 Year Oil



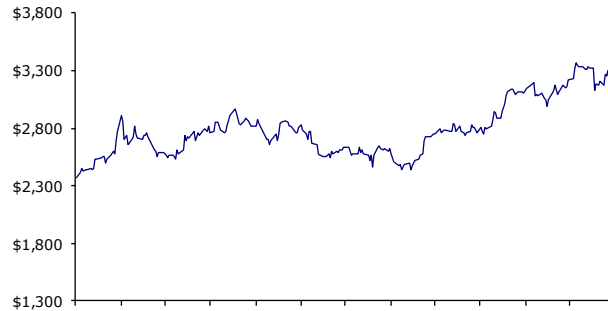
1 Year Natural Gas



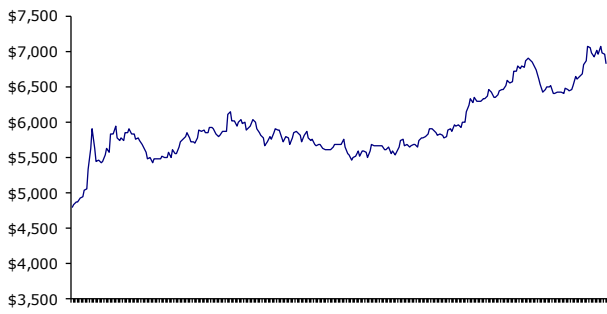
1 Year Lead



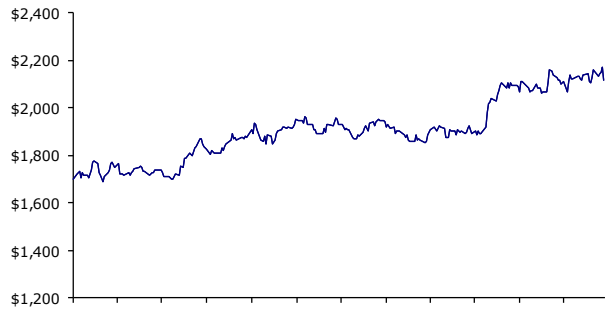
1 Year Zinc



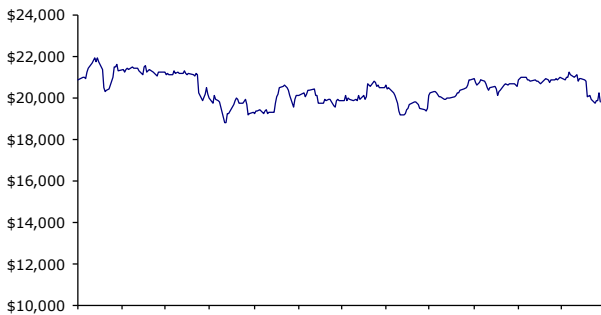
1 Year Copper



1 Year Aluminium

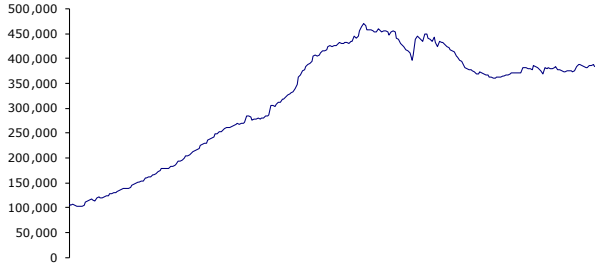


1 Year Tin

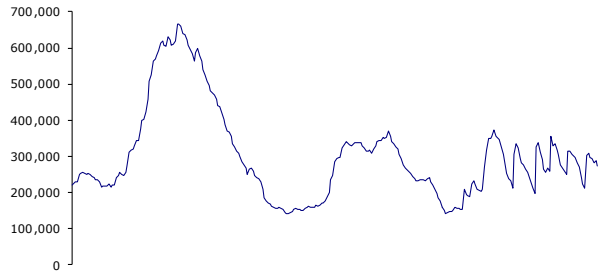


5 Year Metals Stockpiles

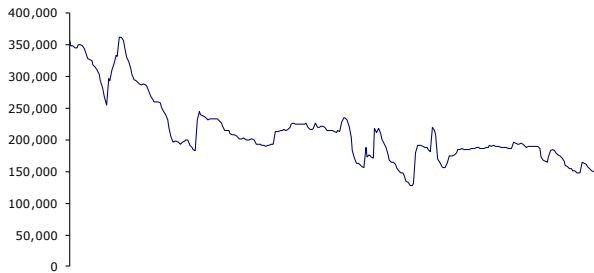
Nickel LME Stockpiles - 5 Year



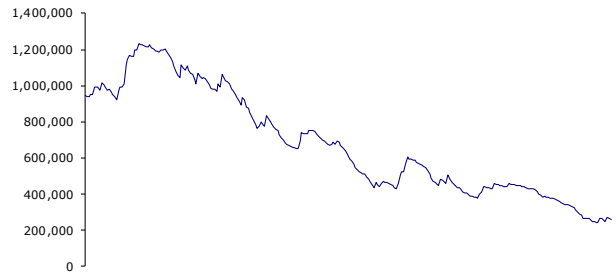
Copper LME Stockpiles - 5 Year



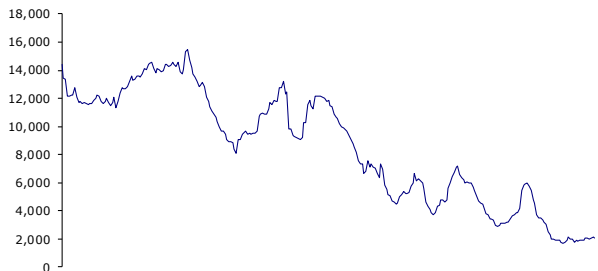
Lead LME Stockpiles - 5 Year



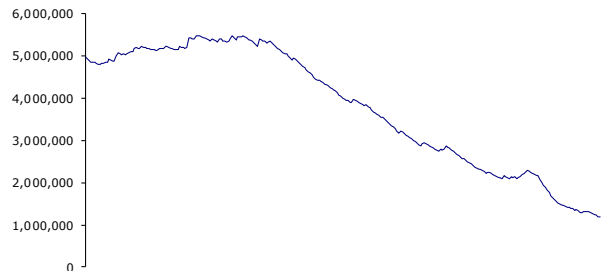
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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