



Daily Resources Overview

Monday 26 March 2018

Commodity price movement

Commodity	Price	1D %ch	1M %ch	1Y %ch	YTD %ch
Precious Metals (COMEX)					
Gold (US\$/oz)	1347.25	1.7	1.4	7.9	4.3
Silver (US\$/oz)	16.56	1.2	0.2	-5.8	-2.2
Platinum (US\$/oz)	948.90	-0.1	-4.8	-1.4	2.0
Industrial Metals (LME)					
Copper (US\$/t)	6617.75	-0.5	-6.3	14.1	-8.2
Aluminium (US\$/t)	2028.75	-1.3	-6.6	5.4	-10.2
Lead (US\$/t)	2339.50	-1.0	-7.8	-1.0	-5.8
Zinc (US\$/t)	3214.50	0.4	-9.5	15.0	-3.7
Tin (US\$/t)	20775.00	-0.4	-4.0	2.5	3.7
Nickel (US\$/t)	12902.00	-1.9	-6.0	29.4	1.5
Bulks					
Iron Ore (US\$/t)	64.40	1.1	-18.1	-21.8	-11.1
Coking Coal (US\$/t)	208.30	-2.4	-10.6	38.5	-19.9
Thermal Coal (US\$/t)	95.20	-4.8	-7.1	21.1	-8.4
Energy					
Brent Crude (US\$/bbl)	70	2.2	5.1	36.7	6.6
Natural Gas (US\$/MMBtu)	2.63	-1.0	-1.2	-15.8	-8.1
Uranium (US\$/lb)	21.95	0.0	-1.1	-12.9	-9.5
Softs					
Wheat (US\$/bu)	460	1.0	-0.9	-6.6	4.5
Sugar (US\$/lb)	13	-1.6	-6.6	-29.6	-16.3
Com (US\$/bu)	377	0.3	0.7	-4.3	5.1
Soy (US\$/bu)	1,028		-1.8	2.7	5.7
Cotton (US\$/lb)	82	-0.4	0.5	5.9	4.1
Other					
CRB Comdty Index	439	-0.3	-0.7	1.1	1.6

Global resource share price movement

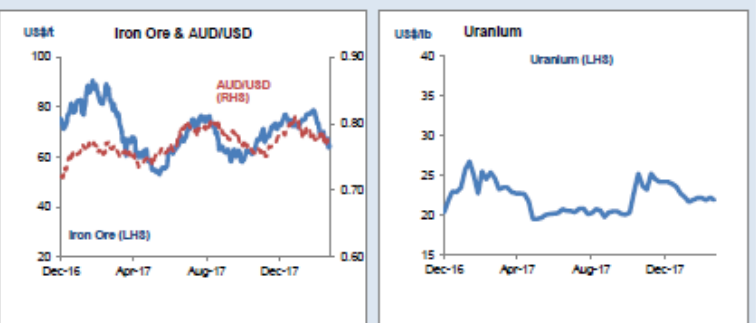
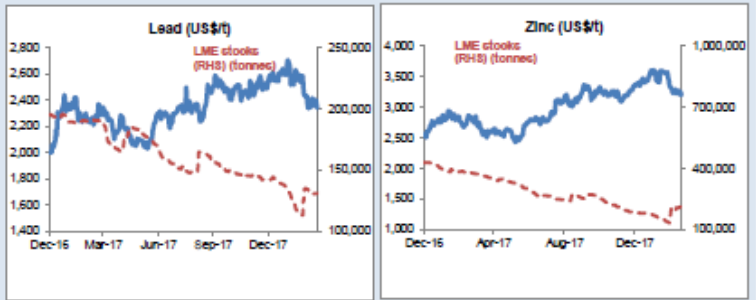
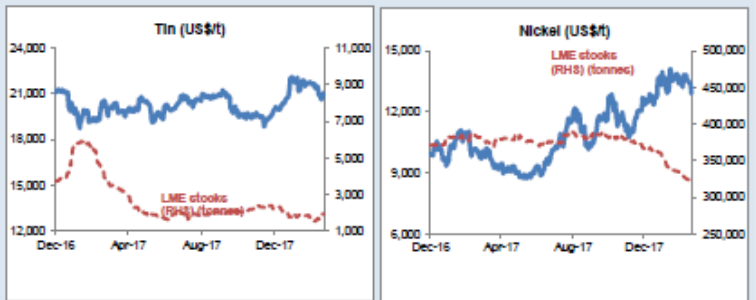
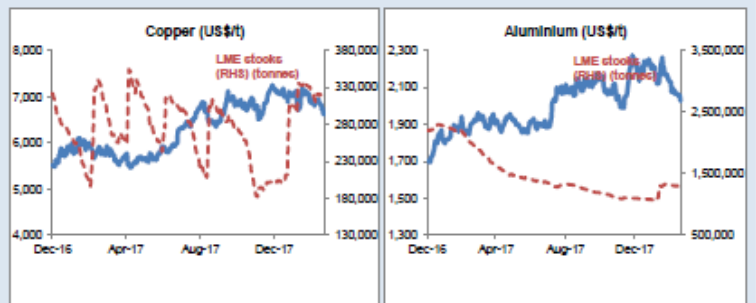
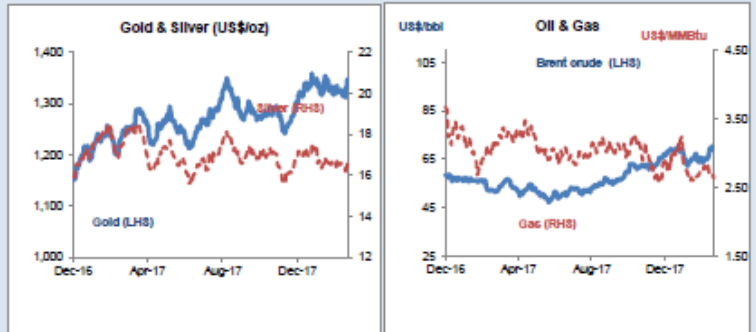
Company Name	Sector	1D %ch	1M %ch	1Y %ch	YTD %ch
Barrick Gold	Gold	2.7	2.6	-34.9	-13.6
Newmont	Gold	3.1	0.2	15.8	3.3
Goldcorp	Gold	4.7	8.3	-12.2	8.8
Anglo Platinum	Platinum	-0.1	-7.3	20.1	-4.1
Anglo American	Diversified	-2.3	-7.3	32.3	7.0
BHP Billiton PLC	Diversified	0.0	-6.8	18.6	-2.7
Rio Tinto PLC	Diversified	-0.5	-10.9	9.5	-9.5
Teck Resources	Diversified	0.0	-12.3	17.6	-0.2
Glencore	Diversified	-0.2	-9.5	14.0	-8.1
Vale	Iron Ore	-0.8	-9.7	43.4	3.3
Fortescue	Iron Ore	-2.9	-10.7	-25.7	-4.7
South32	Diversified	-5.3	-3.3	19.0	-7.2
China Shenhua	Coal	-3.3	-13.5	28.3	0.0
Freeport MoMoRan	Copper	-2.9	-10.4	36.8	-7.6
Antofagasta	Copper	-1.0	4.6	13.3	-8.4
Alcoa	Aluminium	-0.5	-4.3	37.3	-17.0
Chinalco	Aluminium	-2.5	-11.9	10.4	-24.2
Rusal	Aluminium	-4.4	-15.5	17.4	-17.5
Norilsk Nickel	Nickel	-0.9	-8.7	19.1	1.1
Timah PT	Tin	-1.0	-8.8	4.8	27.7
Boliden	Zinc	0.2	-1.6	4.7	1.9
Cameco	Uranium	0.0	-0.9	-20.9	-0.6
Arcelor Mittal	Steel	-3.4	-10.3	5.5	-6.7

Commodity currency exchange rates (note: red = weakness against US\$)

Cross-rate	Spot	1D %ch	1M %ch	1Y %ch	YTD %ch
AUD/USD	0.77	0.1	-1.9	1.1	-1.3
USD/ZAR	11.70	1.3	-1.2	8.9	5.9
USD/BRL	3.31	0.1	-2.2	-5.2	0.0
USD/CAD	1.29	0.4	-1.6	3.8	-2.5
USD/RUB	57.30	-0.1	-2.9	-0.7	0.7
USD/CNY	6.32	0.3	0.3	9.0	3.0

LME warehouse inventories

Commodity	Tonnes	1D %ch	1M %ch	1Y %ch	YTD %ch
Copper	317,750	-0.5	-4.4	0.2	57.5
Aluminium	1,276,375	-0.2	-4.1	-34.7	15.8
Lead	130,825	0.1	15.1	-31.2	-8.0
Zinc	211,225	0.0	49.8	-44.0	16.0
Tin	1,975	1.8	6.2	-47.2	-11.0
Nickel	324,870	-0.3	-3.4	-15.0	-11.7



PRECIOUS METALS COMMENTARY

This week was certainly ripe with major events, each of which has had a direct and immediate impact on gold. However, it was the escalation of trade tariffs proposed by President Trump this week that sent gold prices dramatically higher and equity pricing to its lowest level since November 2017. An announcement by President Trump that he is proposing new tariffs to be levied against China sent shivers through U.S. equity markets yesterday, resulting in a decline of over 700 points in the Dow Jones Industrial Average. These concerns continued today with the Dow plunging another 400 points and gold gaining \$20 per ounce today. Releasing a Fact Sheet yesterday, President Trump upped the ante by adding direct penalties in response to China's acts, policies, and practices involving the unfair and harmful acquisition of U.S. technology, as well as practices related to the transfer of this intellectual property. While signing the tariff orders yesterday, Trump told reporters, "This is the first of many." This action comes one day after the conclusion of this month's FOMC meeting in which it was announced that the Federal Reserve would initiate a quarter percent rate hike this month. Fed Chair Powell also stated that they are staying the course in terms of their "Dot Plot" with plans for two more quarter percent rate hikes this year. The combined result of both actions by the Federal Reserve and the current administration resulted in gold trading dramatically higher, gaining roughly \$37 over the last three trading days.

Whereas the FOMC's rate hike announcement on Wednesday can be seen as a one and done event, the trade war dispute between the two superpowers is far from over. In fact, many believe it has just begun. It is hard to imagine that either of the two superpowers will back down immediately which suggests that this dispute will continue. Even as China was issuing retaliatory actions to the tariff levied on steel and aluminium products from China, President Trump was initiating his next salvo with yesterday's statement and massive tariff proposal. This proposal would impose tariffs on \$50 billion worth of Chinese exports to the United States. China responded immediately in a statement issued by the Chinese Ambassador to the United States. Cui Tiankai had this to say, "We don't want a trade war, but we are not afraid of it. If somebody tries to impose a trade war on us, we will certainly fight back and retaliate. If people want to play tough, we will play tough with them and see who will last longer." China announced further escalation of the trade dispute and immediately outlined new import taxes of its own on products produced in the United States and sold to China worth approximately \$3 billion. According to CNN, Beijing's retaliation so far has been limited. However, "It's possible that more measures will be announced when the scale and impact of the latest round of tariffs from Washington become clear. Still, China knows it has a lot to lose if things get out of hand." Regardless of whether this week's actions by the United States and China result in a trade war, one thing is for certain; this issue will not be resolved overnight and could easily fuel a continuation of this week's rally in gold over the next few weeks. Source: Kitco

US Market

The S&P 500 closed 2.1% lower to its lowest level since February 8 and on the verge of suffering another technical correction, defined as a 10 per cent drop from a peak. The benchmark's 6 per cent decline for the week was its biggest since the first week of January 2016, when markets were battered by fears over Chinese economic growth.

Dropbox was up by 36 per cent and closed at \$28.48 as Company priced its share at \$21 each in its initial public offer which was already trading at a higher price. The Nasdaq Composite finished 2.4 per cent lower and shed 6.5 per cent for the week. Within the technology segment, social media stocks found themselves under pressure after it was revealed Facebook may have misused the data of millions of its users. Bond yields were down that is 10-year Treasury Yield was down by 0.004 points and amounted to 2.82 per cent.

Wall Street suffered its biggest weekly drop since in a little more than two years, with the Dow Jones Industrial Average closing in correction territory as investors weighed the possibility of a global trade war breaking out, higher US interest rates and continued uncertainty stemming from the White House.

Markets managed to avoid one hurdle with President Donald Trump signing a \$1.3tn spending bill on Friday that averted a government shutdown, despite threatening via Twitter earlier in the day that he might veto it.



S&P 500 Daily Chart (Source: Thomson Reuters)

Australia Market

The S&P/ASX 200 index was down by 116 points or by 2 per cent and reached at 5821 while All Ordinaries were down by 114 points or by 1.9 per cent and reached at 5929 as Banks and miners contributed to this fall and were down by 44 points and by 28 points respectively.

CBA, Westpac, ANZ and NAB were down by 2.8 per cent, by 2.5 per cent, by 1.7 per cent and by 1.7 per cent and traded at \$72.81, at \$28.85, at \$27.70 and at \$28.97 respectively. BHP and Rio Tinto were down by 3.1 per cent and by 4.4 per cent and traded at \$72.81 and at \$73.44 respectively.

Newcrest Mining and Northern Star were up by 1 per cent and closed at \$19.86 and at \$6.78 respectively. Resolute Mining was up by 3.3 per cent and traded at \$1.27. Mineral Resources and Iluka were down by 5.7 per cent and by 3.7 per cent and traded at \$17.5 and at \$10.83 respectively. Myer shares were down by 11 per cent and closed at 0.355 and Transurban was down by 1.07 per cent and closed at \$11.050.

Australian stocks are poised to drop below 5800 at the open, amid nervousness about a potential global trade war. ASX futures fell 51 points or 0.9 per cent, following renewed and late session selling on Wall Street.



Mineral Resources Daily Chart (Source: Thomson Reuters)

General Advice Warning

The contents of this document have been prepared without taking account of your objectives, financial situation or needs. 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 believes information 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 or any officer, agent or employee of State One Stockbroking Ltd. 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.

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. State One Stockbroking Ltd has also received a commission on the preparation of this research note. The Research Analyst who prepared this report hereby certifies that the views expressed in this research document accurately reflect the analyst's personal views about the company and its financial products. The research analyst has not been and will not be receiving direct or indirect compensation for expressing the specific recommendations or views in this report. This research at all times remains the property of State One Stockbroking Ltd. And as such cannot be reprinted, distributed, copied, posted on the internet, in part or whole, without written prior approval from an Executive Director of State One Stockbroking Ltd.

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

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

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

Thomas Tan
Equities Advisor
Phone: +61 2 9024 9131
ttan@stateone.com.au

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

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

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

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

Dawn Chia
Business Development Manager
Phone: +61 8 9288 3336
Dawn.Chia@stateone.com.au

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

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

Disclosure: State One Stockbroking Ltd ABN 95 092 989 083 is holder of AFS Licence Number 247100 and an ASX and Chi-X Market Participant. State One Stockbroking Ltd and/or its associated entities, directors, authorised representatives, employees and associated persons of State One 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. Further, State One Stockbroking Ltd and/or its affiliated companies may have acted as manager or co-manager of a public offering of any such securities or may have provided corporate finance to the companies referred to in the report. Whilst State One Stockbroking Ltd and its related companies believes information 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 or any officer, agent or employee of State One Stockbroking Ltd or any related company. Nor do they accept any liability or responsibility arising in any way (including negligence) for errors in, or omissions from, this document or advice.