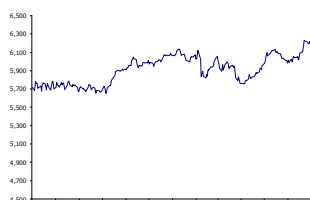


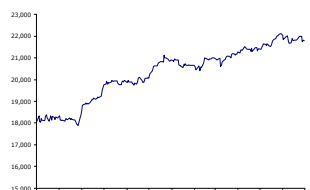
STATE ONE SPINNAKER

1 July 2018
Issue 417

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 1 July 2018

World Markets	1/07/2018	24/06/2018	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6195	6225	-0.5%	2.8%	11.7%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2718	2755	-1.3%	-1.9%	21.0%
FTSE 100	7637	7682	-0.6%	-1.0%	10.2%
DAX30	12306	12580	-2.2%	-4.1%	-1.1%
Shanghai Composite	2847	2859	-0.4%	-8.4%	-11.4%
Nikkei 225	22305	22338	-0.2%	-2.3%	18.9%
Hang Seng	28955	29339	-1.3%	-7.4%	26.7%
Currency					
AUD/USD	0.7404	0.7413	-0.1%	0.3%	-3.7%
Commodities					
Oil (\$/bbl)	74.3	68.2	8.9%	12.7%	60.4%
Gas (\$/gal)	2.9	2.9	-0.7%	0.8%	-0.9%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6646	6811	-2.4%	-7.0%	13.8%
Lead (\$/t)	2432	2389	1.8%	-3.1%	4.3%
Zinc (\$/t)	2894	2993	-3.3%	-9.7%	5.4%
Aluminium (\$/t)	2183	2166	0.8%	-5.8%	26.1%
Nickel (\$/t)	14910	15255	-2.3%	-4.7%	31.1%
Tin (\$/t)	19675	20625	-4.6%	-5.5%	-8.0%
Gold (\$/oz)	1255	1271	-1.3%	-3.5%	7.0%
Silver (\$/oz)	16.2	16.5	-2.1%	-3.0%	-5.2%
Platinum (\$/oz)	858	875	-2.0%	-5.4%	-8.5%
Wheat (\$/t)	506.500	503.750	0.5%	-2.6%	24.1%

Source: Iress

Global Wrap

Key points

1. Tech stocks star on ASX
2. Brent crude up
3. Stock analysis: Oil and gas

US

Stocks rose on Friday, the last trading day of the first half of the year, but posted weekly losses as the underlying market sentiment was soured by anxiety over global trade frictions, CNBC said.

The Dow Jones Industrial Average rose 55.36 points to 24,271.41, with Nike outperforming. The S&P 500 gained 0.1% and closed at 2,718.37 as energy jumped 0.7%. The Nasdaq composite also advanced 0.1% to 7,510.30.

Nike shares jumped more than 11% and reached an all-time high after the company reported quarterly earnings and revenue that beat expectations.

The Dow rose as much as 293.47 points, but a late-session sell-off in bank shares knocked the 30-stock index from its highs. Bank shares traded higher for most of the day after announcing buybacks and dividend hikes following the Federal Reserve's annual stress test.

The S&P 500 is up 1.7% this year, while the Dow is down 1.8%, marking its worst first-half performance since 2010. Meanwhile, the Nasdaq and the small-caps Russell 2000 have outperformed with gains of 8.8% and 7.1%. All four indexes rose on Friday, ending the first half on a high note.

Along with monitoring the tensions President Donald Trump has sparked with key allies and trade partners over tariffs, US markets next week will be watching jobs and manufacturing figures on Monday and the Federal Reserve's minutes from its June meeting on Thursday. The closely watched unemployment figure will be released on Friday.

China

China markets recovered slightly yesterday after coming under pressure in recent sessions. The [Shanghai composite](#) advanced 2.2% to close at 2,848.31 after four straight days of losses while the blue-chip CSI 300 index rose 2.57%.

The smaller Shenzhen composite ended the session up 3.26%.

The rebound came after China on Thursday took measures to [reduce restrictions](#) on foreign investments in industries such as banking.

Mainland markets have come under pressure of late as investors worried over the implications of trade tensions between Washington and Beijing.

Despite Friday's gains, both the Shanghai composite and Shenzhen composite remained in bear market territory, meaning they have dropped at least 20% from recent highs.

For the quarter, Shanghai shares are down some 12%.

Going into the third quarter, the US-China trade dispute is expected to remain a key risk that investors in the region are watching along with tighter US monetary policy.

Japan

Stocks bounced back on the Tokyo Stock Exchange on Friday, lifted by the yen's weakening against the euro and the dollar, The Japan Times reported.

The 225-issue Nikkei average rose 34.12 points, or 0.15%, to close at 22,304.51.

Concerns over the refugee issue in Europe receded somewhat after European leaders reached an agreement on how to deal with migration, boosting risk appetite among financial market players, brokers said.

Against that background, the euro and dollar rose against the Japanese currency, providing support for the local stock market.

Higher US index futures in off-hours trading also brightened investor sentiment.

However many investors continued to refrain from active trading amid persistent concerns over trade friction between the United States and other economies.

Europe

European equities closed higher on average Friday after EU leaders hashed out a deal on migration, CNBC reported. However underlying market sentiment was soured somewhat by ongoing anxiety over ongoing global trade frictions.

The pan-European [Stoxx 600](#) ended the session up 0.81% provisionally, supported by strong trade seen in markets overseas. On the week however, the STOXX 600 dropped 1.32%.

During Friday's session, the UK's [FTSE 100](#) popped 0.28%, while France's [CAC 40](#) and Germany's [DAX](#) extended gains, closing up 0.91% and 1.06% respectively. Almost all sectors finished the day in the black.

Europe's Basic Resources sector closed up 0.83% with [Anglo American](#) leading the charge. Shares of the miner rose 3.6%, after it said that it expected earnings through the first six months of 2018 to be at least 20% higher than the same period last year.

On Monday investors will be watching the euro zone unemployment rate

Australia

The Australian sharemarket has closed the quarter higher, with technology stocks among the best performers on the market for the period.

The S&P/ASX 200 on Friday closed 20.8 points, or 0.3%, lower at 6194.6, ending the quarter up 435.2 points, or 7.6%.

It was a big quarter of growth for the index, which hit its lowest level for the year on April 3, before reaching a 10-year high on June 22.

Technology stocks were among the best performing on the market during the quarter, mirroring the success of the FAANG stocks in the US.

Two of the ASX 200's newest entrants were among the index's best performers, despite spending just two weeks as part of the benchmark index. Appen and AfterPay Touch entered the ASX 200 as part of the June index rebalance. Appen shares rose 50.4% to \$13.37, while Afterpay Touch advanced 45.2% to \$9.35.

The fallout from the banking royal commission into the financial services industry was felt in particular by AMP, whose shares fell 28.7% to \$3.56 during the quarter. The company's poor quarter was compounded in June when it fell out of the ASX20 index.

Fellow index heavyweight Telstra also fell through the quarter, following multiple network outages, broker downgrades and major job losses announced at its investor day last week. The telco closed the quarter 16.6% lower at \$2.62.

Commodities

Brent crude rose more than 1% in early trading on Friday and is not far off of \$80 per barrel, [oilprice.com](#) reported.

This week prices gained about 10% compared with last week after a combination of fears of Iran production outages, disruptions in Libya and a bullish stock draw in the US.

It was only a week ago that OPEC+ promised to add one million barrels per day (mb/d) to the market, but it already feels like a distant memory with the oil bulls back on the march.

Gold futures snapped a four-day losing streak Friday, but logged a second quarter drop of more than 5%, BullionVault reported.

Gold sellers came up for air as the highflying dollar index paused its run on Friday and the metal largely held its early gain even after government data showed a preferred inflation gauge under watch at the Federal Reserve hit the central bank's 2% target in May. It's a data point that could keep up the argument for additional interest-rate hikes this year, a typically gold-negative factor.

Zinc prices have rebounded from a 10-month low on the London Metal Exchange, the only industrial metal to end the session higher following a 0.7% advance.

Reports from China suggest that top smelters in the country plan to cut their output by 10% in order to address the low prices.

"A cut in output in one of the major consuming countries could have a significant impact and easily explains why zinc is moving against the base metals pack," Quantitative Commodity Research consultant Peter Fertig told Reuters.

"Some companies during the first half of this year announced plans to increase output and that has weighed a little bit on the zinc price."

Stock analysis

Brent crude oil prices have recovered strongly (+166%) from a low of ~US\$30/bbl in January 2016 to current price levels of US\$77/bbl.

Goldman Sachs is bullish on the commodity, and in a recent research note, forecasts that higher oil prices are here to stay. Against this encouraging backdrop of stable, higher oil prices, Goldman Sachs advised investors to pour into US and Canadian oil plays.

We agree the outlook for oil prices is looking attractive – particularly from a supply perspective. While OPEC recently agreed at its latest meeting in Vienna to increase world oil production by 1% (the equivalent of 1 million barrels per day) from July 2018, the increase is smaller than some market commentators expected.

In addition, the threat of sanctions against Iran could curb global supplies by up to 1.3Mbpd from this key oil producer. The socioeconomic problems at Venezuela, another important global oil producer, are ongoing and unlikely to be resolved in the short-term. On the other hand, the US shale oil industry - which accounted for ~80% of total global output growth in 2017/2018 – falls outside OPEC's sphere of influence and diminishes OPEC's ability to "bully" the market to its will. The biggest near-term demand negative, we believe, is the potential for an escalation in the US-China trade war.

The varied supply/demand factors make up a conducive environment for speculation in the world's largest screen-traded commodity; speculation by itself could lead to sharp fluctuations in the oil price.

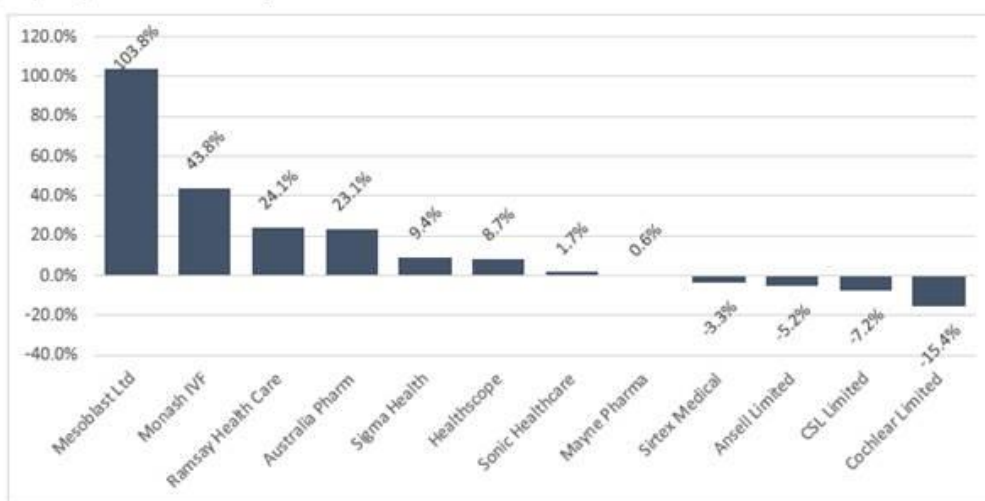
Looking at ASX-listed energy plays, the most upside is in the smaller developers/explorers. FAR Ltd's (ASX:FAR) IRESS consensus target price of 17cps offers some 55% upside potential; Karoon Gas's (ASX:KAR) IRESS consensus target price of A\$1.61 offers some 49% upside potential. The larger established plays Woodside Petroleum, Origin Energy, Santos and Oil Search appear fully valued relative to their IRESS consensus target prices. The big question is if the market has still to factor in a higher long-term oil price?



















Forecast total return for selected ASX-listed Health Care stocks

Security	Name	Share Price (A\$)	Target Price (A\$)	Capital upside / (downside) (%)	FY18E Dividend (A\$)	FY18E DY (%)	Total Return (%)
MSB	Mesoblast Ltd	1.56	3.18	103.8%	0.00	0.0%	103.8%
MVF	Monash IVF	1.12	1.53	36.6%	0.08	7.1%	43.8%
RHC	Ramsay Health Care	56.01	68.07	21.5%	1.42	2.5%	24.1%
API	Australia Pharm	1.34	1.58	17.9%	0.07	5.2%	23.1%
SIG	Sigma Health	0.80	0.81	1.9%	0.06	7.5%	9.4%
HSO	Healthscope	2.19	2.31	5.5%	0.07	3.2%	8.7%
SHL	Sonic Healthcare	25.24	24.86	-1.5%	0.81	3.2%	1.7%
MYX	Mayne Pharma	0.85	0.85	0.6%	0.00	0.0%	0.6%
SRX	Sirtex Medical	31.76	30.40	-4.3%	0.32	1.0%	-3.3%
ANN	Ansell Limited	28.01	25.95	-7.4%	0.61	2.2%	-5.2%
CSL	CSL Limited	198.55	181.94	-8.4%	2.25	1.1%	-7.2%
COH	Cochlear Limited	202.07	167.87	-16.9%	3.05	1.5%	-15.4%

Source: IRESS, compiled by State One Stockbroking


















Economic Calendar 2/07/2018 – 6/07/2018

Monday July 02 2018			Actual	Previous	Consensus	Forecast	
07:50 AM	JP	Tankan Large Manufacturers Index Q2		24	22	20	
09:45 AM	CN	Caixin Manufacturing PMI JUN		51.1	51.0	51.2	
05:00 PM	EA	Unemployment Rate MAY		8.5%	8.5%	8.5%	
10:00 PM	US	ISM Manufacturing PMI JUN		58.7	58	57	
Tuesday July 03 2018			Actual	Previous	Consensus	Forecast	
12:30 PM	AU	RBA Interest Rate Decision		1.5%	1.5%	1.5%	
Wednesday July 04 2018			Actual	Previous	Consensus	Forecast	
09:30 AM	AU	Balance of Trade MAY		A\$0.977B	A\$1.2B	A\$1.2B	
Thursday July 05 2018			Actual	Previous	Consensus	Forecast	
08:15 PM	US	ADP Employment Change JUN		178K	190K	190K	
10:00 PM	US	ISM Non-Manufacturing PMI JUN		58.6	58.3	56	
Friday July 06 2018			Actual	Previous	Consensus	Forecast	
02:00 AM	US	FOMC Minutes			+		
08:30 PM	CA	Balance of Trade MAY		C\$-1.9B	C\$-2B	C\$ -2B	
08:30 PM	CA	Employment Change JUN		-7.5K	20K	23K	
08:30 PM	CA	Unemployment Rate JUN		5.8%	5.8%	5.8%	
08:30 PM	US	Balance of Trade MAY		\$-46.2B	\$-43.9B	\$ -45.5B	
08:30 PM	US	Non Farm Payrolls JUN		223K	200K	178K	
08:30 PM	US	Unemployment Rate JUN		3.8%	3.8%	3.8%	
10:00 PM	CA	Ivey PMI s.a JUN		62.5	64.8	61.7	

Source: www.tradingeconomics.com

Economic Calendar 9/07/2018 – 13/07/2018

Monday July 09 2018		Actual	Previous	Consensus	Forecast	
02:00 PM	DE Balance of Trade MAY		€20.4B	+	€21.2B	
Tuesday July 10 2018		Actual	Previous	Consensus	Forecast	
09:30 AM	AU NAB Business Confidence JUN		6	+	9	
09:30 AM	CN Inflation Rate YoY JUN		1.8%	1.8%	2.1%	
04:30 PM	GB Balance of Trade MAY		£-5.28B	+	£-1.2B	
04:30 PM	GB Monthly GDP MAY					
05:00 PM	DE ZEW Economic Sentiment Index JUL		-16.1	-14.0	-10.2	
Wednesday July 11 2018		Actual	Previous	Consensus	Forecast	
08:30 AM	AU Westpac Consumer Confidence Index JUL		102.2	+	100	
08:30 AM	AU Westpac Consumer Confidence Change JUL		0.3%	+		
10:00 PM	CA BoC Interest Rate Decision		1.25%	0.75%	1.25%	
	EA ECB Non-Monetary Policy Meeting					
Thursday July 12 2018		Actual	Previous	Consensus	Forecast	
08:30 PM	US Core Inflation Rate YoY JUN		2.2%	2.3%	2.1%	
08:30 PM	US Inflation Rate YoY JUN		2.8%	2.9%	2.7%	
Friday July 13 2018		Actual	Previous	Consensus	Forecast	
11:00 AM	CN Imports YoY JUN		26%	18.7%		
11:00 AM	CN Balance of Trade JUN		\$24.92B	\$31.9B	\$ 49B	
11:00 AM	CN Exports YoY JUN		12.6%	+		
10:00 PM	US Michigan Consumer Sentiment Prel JUL			+	97	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 29 June 2018

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
API	Australian Pharm.	25.5	PTM	Platinum Asset	-8.0
NST	Northern Star	11.0	BAL	Bellamy'S Australia	-7.4
APT	Afterpay Touch	7.2	ALU	Altium Limited	-7.3
OSH	Oil Search Ltd	6.6	MMS	McMillan Shakespeare	-7.2
STO	Santos Ltd	5.6	GNC	GrainCorp Limited	-6.9
FXJ	Fairfax Media Ltd	4.9	WTC	Wisetech Global Ltd	-6.8
SYR	Syrah Resources	4.7	TME	Trade Me Group	-6.6
BHP	BHP Billiton Limited	4.3	MTS	Metcash Limited	-6.5
SDA	Speedcast Int Ltd	3.9	QAN	Qantas Airways	-6.0
BPT	Beach Energy Limited	3.8	TWE	Treasury Wine Estate	-5.6

Source: IRESS

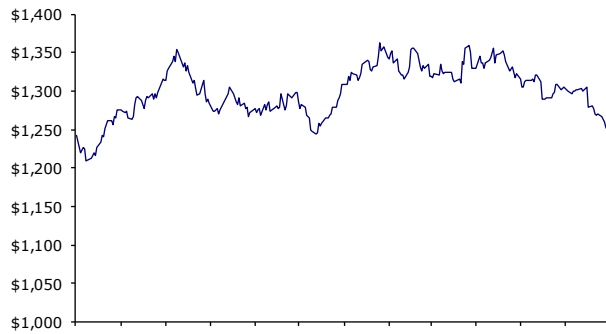
S & P Indices Week Ending 29 June 2018

S&P Indices	1/07/2018	24/06/2018	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	12039	11618	3.6%	6.9%	35.4%
S&P 200 Materials	12267	12081	1.5%	-0.1%	23.9%
S&P 200 Industrials	5881	6043	-2.7%	0.1%	15.2%
S&P 200 Consumer Disc.	2461	2485	-1.0%	1.8%	17.6%
S&P 200 Consumer Staples	11305	11360	-0.5%	5.7%	32.1%
S&P 200 Healthcare	30285	31049	-2.5%	1.2%	57.1%
S&P 200 Financials	6217	6268	-0.8%	5.0%	-2.4%
S&P 200 Info Technology	1130	1152	-1.9%	3.4%	45.2%
S&P 200 Telecommunicatic	984	1005	-2.1%	-4.5%	-44.0%
S&P 200 Utilities	8193	8095	1.2%	8.7%	8.7%
S&P 200 Property Trusts	1409	1439	-2.1%	0.3%	5.1%
S&P 200 Financials ex PT	6934	6990	-0.8%	5.0%	-2.4%

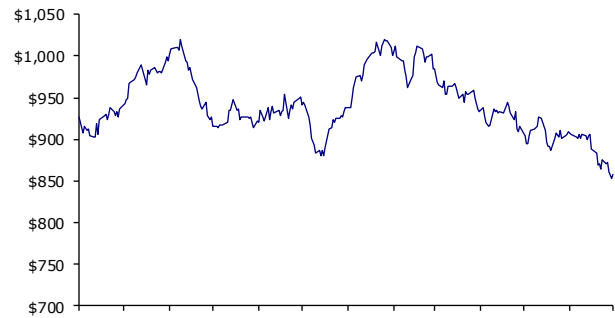
Source: IRESS

1 Year Commodity Price Charts

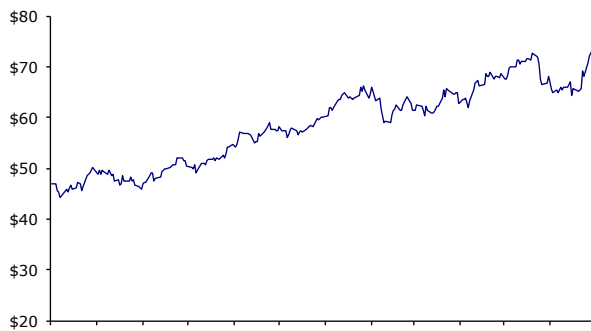
1 Year Gold



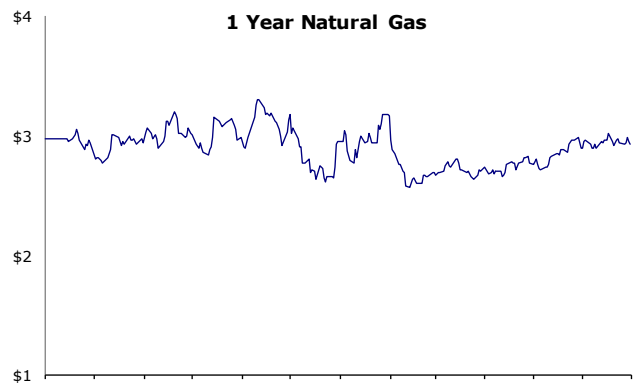
1 Year Platinum



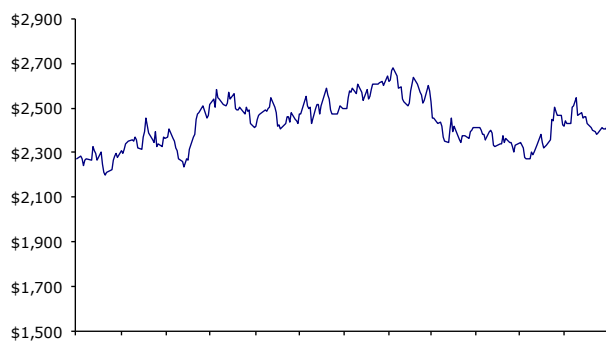
1 Year Oil



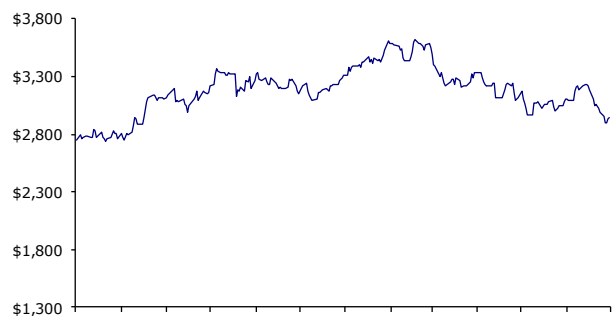
1 Year Natural Gas



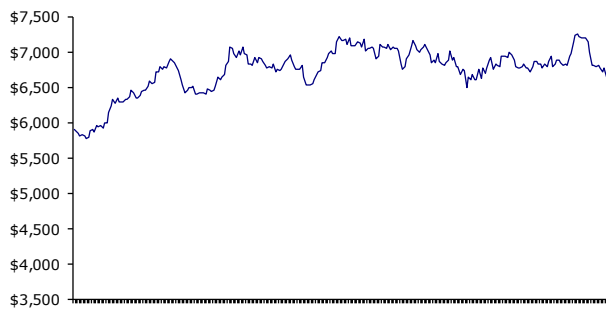
1 Year Lead



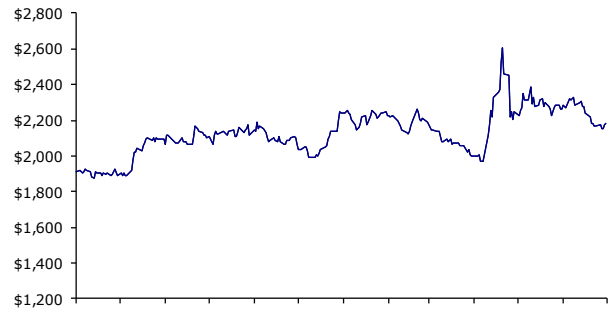
1 Year Zinc



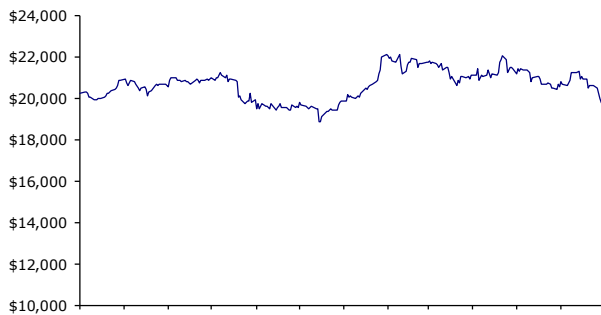
1 Year Copper



1 Year Aluminium

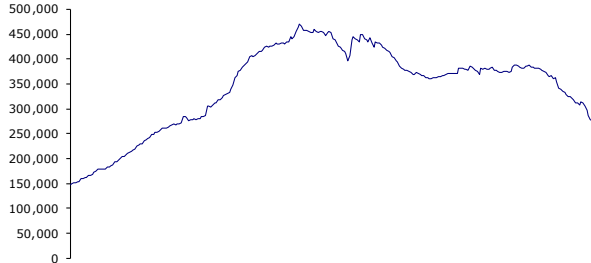


1 Year Tin

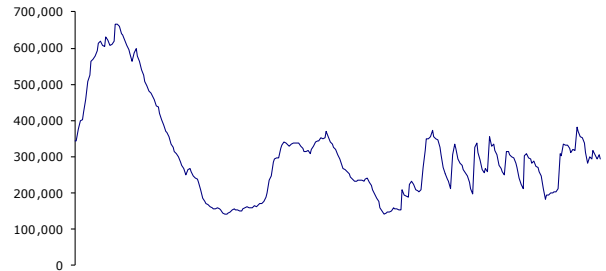


5 Year Metals Stockpiles

Nickel LME Stockpiles - 5 Year



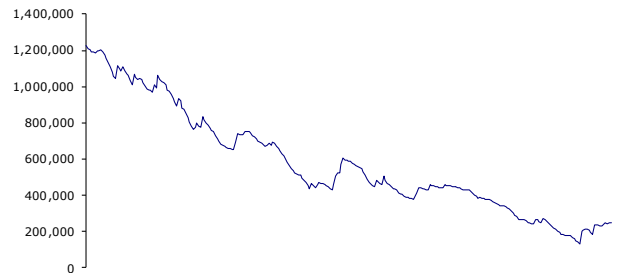
Copper LME Stockpiles - 5 Year



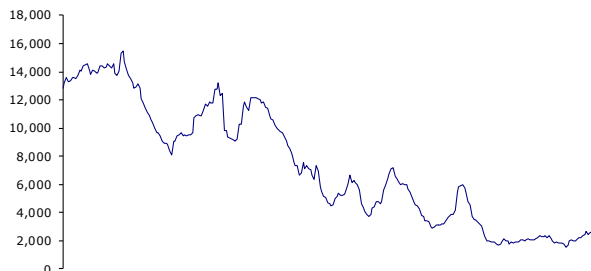
Lead LME Stockpiles - 5 Year



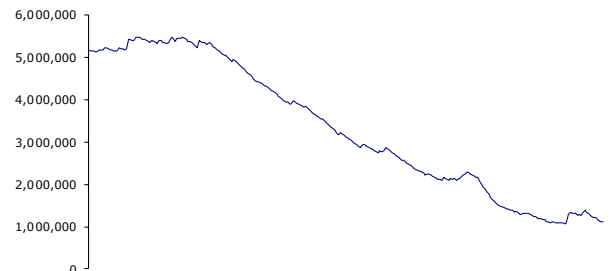
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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