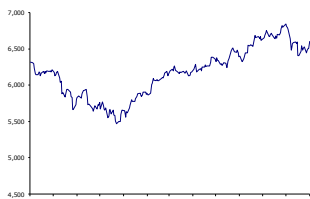


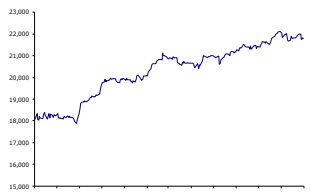
# STATE ONE SPINNAKER

**1 September 2019**  
**Issue 469**

## 12 month XJO chart



## 12 month Dow Jones chart



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## Global Wrap – 1 September 2019

World Markets	1/09/2019	25/08/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6604	6523	1.2%	1.3%	19.1%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2926	2847	2.8%	1.5%	30.3%
FTSE 100	7207	7095	1.6%	0.1%	4.0%
DAX30	11939	11612	2.8%	2.5%	-0.3%
Shanghai Composite	2886	2864	0.8%	3.3%	-10.2%
Nikkei 225	20704	20261	2.2%	0.5%	10.3%
Hang Seng	25725	26179	-1.7%	-1.0%	12.5%
Currency					
AUD/USD	0.6734	0.6776	-0.6%	-0.3%	-6.4%
Commodities					
Oil (\$/bbl)	55.0	53.8	2.3%	3.9%	-21.3%
Gas (\$/gal)	2.3	2.2	5.8%	9.5%	-18.3%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	5678	5675	0.1%	0.1%	-2.7%
Lead (\$/t)	2039	2083	-2.1%	1.7%	-12.5%
Zinc (\$/t)	2261	2261	0.0%	0.1%	-17.6%
Aluminium (\$/t)	1713	1746	-1.9%	-0.9%	-1.1%
Nickel (\$/t)	17860	15755	13.4%	21.2%	57.1%
Tin (\$/t)	15800	16050	-1.6%	-7.2%	-26.2%
Gold (\$/oz)	1529	1538	-0.5%	1.1%	30.5%
Silver (\$/oz)	18.3	17.6	4.5%	7.1%	7.3%
Platinum (\$/oz)	932	855	8.9%	7.4%	-0.6%
Wheat (\$/t)	461.250	477.750	-3.5%	-4.8%	13.0%

Source: Iress

## Global Wrap

### Key points

**1. Trade discussions boost sentiment**

**2. What to watch next week**

**3. Expert opinions**

## US

The S&P 500 finished almost unchanged on Friday, after rallying on Thursday thanks to a pause in trade threats between the US and China.

However new tariffs on more than \$110 billion in Chinese imports are set to take effect Sunday and President Donald Trump shows little sign of backing down.

Meanwhile, a hurricane is heading toward Florida, threatening businesses such as amusement park operators and cruise lines.

The Dow Jones Industrial Average closed 41.03 points higher, or 0.1% at 26,403.28. The S&P 500 ended the day just above the flatline at 2,926.46 while the Nasdaq Composite slipped 0.1% to 7,962.88.

China's Foreign Ministry said on Friday that US and Chinese negotiators were maintaining "effective communication" as the two countries tried to strike a trade deal, Reuters reported. The report follows comments from the Chinese Ministry of Commerce on Thursday that hinted China will not escalate the trade war. Trump also said that some trade discussions had taken place on Thursday, with more scheduled over the coming weeks.

The US market will be closed on Monday for the Labor Day holiday.

### **China**

The Chinese stock market rose on Friday as fears of an all-out tariff escalation eased.

Mainland Chinese shares slipped. The Shanghai composite was down 0.16% to about 2,886.24 and the Shenzhen component shed 0.35% to 9,365.68. The Shenzhen composite fell 0.744% to approximately 1,579.25.

Hong Kong's Hang Seng index was fractionally higher as the city remained in a state of turmoil as planned protests for the weekend were cancelled and pro-democracy activists Joshua Wong and Agnes Chow were arrested.

### **Japan**

Tokyo stocks rallied Friday as sentiment was brightened by the trade negotiations. The 225-issue Nikkei average jumped 243.44 points, or 1.19%, to end at 20,704.37.

### **Europe**

The pan-European Stoxx 600 ended the session 0.6% higher, with almost every sector in positive territory. China-exposed basic resources stocks led the index, jumping 2.5%.

Britain's FTSE 100 index was up 0.3% at the closing bell, but was down 5.3% in August as Brexit uncertainty continues.

### **Australia**

Gains in the banking and mining sectors boosted Australian stocks on Friday, as signs of tentative easing in the Sino-U.S. trade dispute provided some cheer to global risk sentiment, Reuters reported. The S&P/ASX 200 index advanced 1.3%, or 85.5 points, to 6,592.9.

Australian bank stocks, the heaviest sector on the benchmark, tacked on as much as 1.3%. Mining units also rose, with sector titans BHP Group Ltd and Rio Tinto climbing as much as 1.8% and 2.5%, respectively.

Lithium miner Galaxy Resources Ltd bucked the trend to fall as much as 6.8% after it reported a huge half-year loss due to an impairment charge related to its flagship Mt Cattlin project.

Local tech stocks surged as much as 2.5% to hit an over one-month high, inspired by overnight strength in trade-sensitive Wall Street peers.

Data centre operator NEXTDC Ltd and buy-now-pay-later firm Afterpay Touch Group Ltd notched up 6.1% and 4.6%, respectively.

Afterpay hit its best level since listing, boosted by solid customer growth numbers it posted this week.

Signs of easing trade tensions placated recession fears but weighed on the safe-haven appeal of gold stocks, which lost as much as 3.1% and was the sole sector in the red.

### **What to watch next week**

#### Reserve Bank of Australia interest rate decision: Tuesday, 3 September

In Governor Philip Lowe's speech on Sunday at the Jackson Hole Symposium of central bank chiefs in the US, he warned that "easier monetary conditions will push up asset prices, which brings its own set of risks." Recently, housing prices have begun to rise for Australia's five largest capital cities, and over the past three months are up 0.8% on average, according to Corelogic.

#### August US manufacturing and non-manufacturing PMI: Wednesday, 4 September and Friday, 6 September

Survey results will be watched carefully given concerns about yield inversions and geopolitical issues.

#### August US non-farm payrolls: Friday, 6 September

Always watched closely as an indicator of economic growth.

### **Listening to what the business leaders say**

CEO and business leader comments help in understanding the current investment environment and can aid in identifying important emerging trends. Below are quotes from last week, which in our view, touch on important industry trends and economic factors.

### **Finance, Lending & Payments**

"The reality for most non-banks is we're not really doing anything different today to what we were doing five or 10 years ago, it's (the demand growth) been driven by a desire by consumers to move away from establishment or traditional brands."

*Scott McWilliam, CEO, Resimac Group Ltd*

"There's no doubt credit availability still is pretty tough. It's still tough to get deals done. That's the brutal reality of the market at the moment."

*John McConnell, CEO, Automotive Holdings Group*

### **Chinese Consumers**

"During FY19 China demand [for infant formula] was impacted by regulatory change, a lower birth rate and increased competition."

*ASX Market Announcement, Bellamy's Australia Ltd*

### **Oil**

"We are seeing a change in the competitive dynamic through the course of this year which has had a negative impact on retail fuel margins."

*Scott Wyatt, CEO, Viva Energy Ltd*

### **Commodities**

"The current outlook across this basket of minerals is mixed. Whereas the gold price is at historical highs, forecast prices for other commodities is less clear."

*ASX Announcement Lycopodium*

"Market pulp prices have dropped significantly over the last few months, largely due to Brazilian pulp mills over-producing and carrying high inventories. These mills have announced that measures have now been put in place to curtail production."

*ASX Announcement, Midway Ltd*

### **Education**

"It was positive to see net supply growth in the half being lower than the prior corresponding period, notwithstanding an increase in Q2 driven by a lower number of closures."

*Gary Carroll, CEO, G8 Education Ltd*

### **Poultry and Dairy**

"Poultry continues to be the animal protein of choice as beef, lamb and pork prices rise and are projected to do so well in the future."

*Jim Leighton, CEO, Inghams Group Ltd*

"The year just passed represents possibly the most difficult year for the dairy industry since deregulation with the last quarter the worst. The drought, along with high water, feed and power costs, have all had an impact."

*Max Roberts, Chairman, Bega Cheese Ltd*

### **Domestic Retail**

"Interest rates dropping should help, the tax refunds should help, but we just need some stimulus in the market. You can see it right across the board, it is tough out there, it isn't easy."

*Scott Evans, CEO, Noni B Ltd*

"While the (supermarket) market remained highly competitive, there was a continued improvement in the sales trajectory through the first quarter of FY20."

*ASX Announcement, Metcash Ltd*

"The bulk of the homewares market purchases their product in US Dollars. All retailers in this space are going to be facing similar challenges, so I expect we will see some price increases across the board in the next 6-12 months." *Mark Ronan, CEO, Adairs Ltd*

"I wouldn't necessarily say the consumer environment is negative. While there might be some challenges out there, the consumer market isn't too bad and we are able to generate growth."

*Rob Scott, CEO, Wesfarmers*

### **Domestic Property**

"Notwithstanding market conditions, we have seen improved buyer sentiment in recent months. This sounded the bell for property market stabilisation, along with APRA's easing loan serviceability criteria and subsequent interest rate drops all contributing to the bottoming of the residential sector."

*Geoff Lucas, CEO, McGrath Ltd*

"The past year has seen a challenging market nationally but we anticipate gradual improvement over 2020."

*Nathan Blackburne, CEO, Cedar Woods Property Ltd*

### **Construction and Building Materials**

"In FY2020, we expect downward earnings pressure in Boral Australia as the slowdown in residential construction continues to impact and won't be fully offset by growing volumes in infrastructure projects."

*Mike Kane, CEO, Boral Ltd*

"Our view is that the turning point is at least 12 to 18 months away in this sector (residential construction)."

*Nick Miller, CEO, Adelaide Brighton Ltd*

### **Data Centres**

"The increase in power prices has really focused the minds of CFOs on just how inefficient that (internal) computer room is. It's a bit like having your computer room heating on all year round. You didn't really think about it until power prices rose."

*David Tudehope, CEO, Macquarie Telecom*















































*Source: Naos Asset Management*

**Economic Calendar 2/09/2019 – 6/09/2019**

Monday September 02 2019		Actual	Previous	Consensus	Forecast	
09:45 AM	CN Caixin Manufacturing PMI AUG		49.9	49.8	49.8	
03:00 PM	TR GDP Growth Rate YoY Q2		-2.6%	-2%	-2.4%	
03:55 PM	DE Markit Manufacturing PMI Final AUG		43.2	43.6	43.6	
Tuesday September 03 2019		Actual	Previous	Consensus	Forecast	
10:00 PM	US ISM Manufacturing PMI AUG		51.2	51	50.7	
Wednesday September 04 2019		Actual	Previous	Consensus	Forecast	
09:30 AM	AU GDP Growth Rate QoQ Q2		0.4%	0.5%	0.5%	
09:30 AM	AU GDP Growth Rate YoY Q2		1.8%	1.4%	1.5%	
08:30 PM	CA Balance of Trade JUL		C\$0.14B	C\$-0.4B	C\$-0.1B	
08:30 PM	US Balance of Trade JUL		\$-55.2B	\$-53.5B	\$-53.4B	
Thursday September 05 2019		Actual	Previous	Consensus	Forecast	
09:30 AM	AU Balance of Trade JUL		A\$8.036B	A\$7.4B	A\$7.7B	
10:00 PM	US ISM Non-Manufacturing PMI AUG		53.7	53.9	53.4	
Friday September 06 2019		Actual	Previous	Consensus	Forecast	
05:00 PM	EA GDP Growth Rate QoQ 3rd Est Q2		0.4%	0.2%	0.2%	
08:30 PM	CA Employment Change AUG		-24.2K	15K		
08:30 PM	US Non Farm Payrolls AUG		164K	159K	151K	
10:00 PM	CA Ivey PMI s.a AUG		54.2		53.9	
Sunday September 08 2019		Actual	Previous	Consensus	Forecast	
12:00 PM	CN Balance of Trade AUG		\$44.61B	\$42.53B	\$40B	
12:00 PM	CN Exports YoY AUG		3.3%	2.6%		
12:00 PM	CN Imports YoY AUG		-5.3%	-6%		

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

## Economic Calendar 9/09/2019 – 13/09/2019

Monday September 09 2019			Actual	Previous	Consensus	Forecast	
02:00 PM	 DE	Balance of Trade JUL		€16.8B		€12.9B	 
04:30 PM	 GB	Balance of Trade JUL		£1.779B		£-2.3B	 
09:00 PM	 RU	GDP Growth Rate YoY Final Q2		0.5%	0.9%	0.9%	 
Tuesday September 10 2019			Actual	Previous	Consensus	Forecast	
09:30 AM	 AU	NAB Business Confidence AUG		4			 
09:30 AM	 CN	Inflation Rate YoY AUG		2.8%	2.7%	2.6%	 
04:30 PM	 GB	Claimant Count Change AUG		28K		16K	 
Wednesday September 11 2019			Actual	Previous	Consensus	Forecast	
08:30 AM	 AU	Westpac Consumer Confidence Index SEP		100			 
08:30 AM	 AU	Westpac Consumer Confidence Change SEP		3.6%			 
Thursday September 12 2019			Actual	Previous	Consensus	Forecast	
02:00 PM	 DE	Inflation Rate YoY Final AUG		1.7%	1.4%	1.4%	 
07:45 PM	 EA	ECB Interest Rate Decision		0%		0%	 
08:30 PM	 EA	ECB Press Conference					
08:30 PM	 US	Core Inflation Rate YoY AUG		2.2%		2.2%	 
08:30 PM	 US	Inflation Rate YoY AUG		1.8%		1.9%	 
Friday September 13 2019			Actual	Previous	Consensus	Forecast	
09:30 AM	 AU	Unemployment Rate AUG		5.2%		5.1%	 
08:30 PM	 US	Retail Sales MoM AUG		0.7%		-0.4%	 
10:00 PM	 US	Michigan Consumer Sentiment Prel SEP		89.8		94	 

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

## All Ords Top 10 Week Ending 30 August 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
NAN	Nanosonics Limited	35.6	SDA	Speedcast Int Ltd	-54.8
APT	Afterpay Touch	26.2	ING	Inghams Group	-22.3
PME	Pro Medicus Limited	22.3	MYX	Mayne Pharma Ltd	-15.2
ASL	Ausdrill Limited	15.0	BLD	Boral Limited	-14.3
RWC	Reliance Worldwide	13.3	VEA	Viva Energy Group	-13.8
LNK	Link Admin Hldg	11.6	ALG	Ardentleisuregrpltd	-13.1
WTC	Wisetech Global Ltd	11.1	CTX	Caltex Australia	-11.0
ASB	Austal Limited	10.5	CTD	Corp Travel Limited	-10.3
SFR	Sandfire Resources	10.5	WOR	WorleyParsons Ltd	-9.1
SGM	Sims Metal Mgmt Ltd	10.4	PLS	Pilbara Min Ltd	-9.1

Source: IRESS

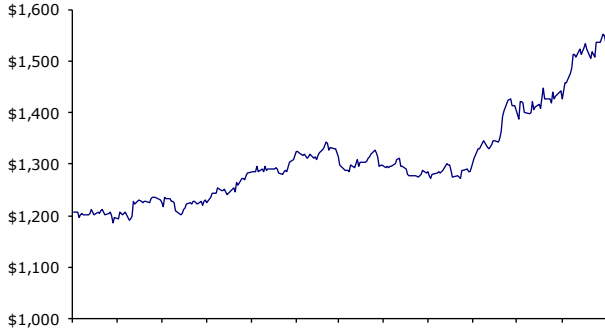
## S & P Indices Week Ending 30 August 2019

S&P Indices	1/09/2019	25/08/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	10421	10485	-0.6%	1.0%	17.2%
S&P 200 Materials	13064	12727	2.6%	-1.7%	32.0%
S&P 200 Industrials	6792	6739	0.8%	0.2%	33.1%
S&P 200 Consumer Disc.	2537	2532	0.2%	2.7%	21.2%
S&P 200 Consumer Staples	12450	12157	2.4%	2.7%	45.5%
S&P 200 Healthcare	36822	36357	1.3%	8.3%	91.0%
S&P 200 Financials	6231	6160	1.2%	0.4%	-2.2%
S&P 200 Info Technology	1396	1320	5.8%	11.9%	79.5%
S&P 200 Telecommunicatic	1304	1310	-0.5%	-1.6%	-25.7%
S&P 200 Utilities	8006	7959	0.6%	-1.7%	6.2%
S&P 200 Property Trusts	1656	1663	-0.4%	1.0%	23.4%
S&P 200 Financials ex PT	6950	6870	1.2%	0.4%	-2.2%

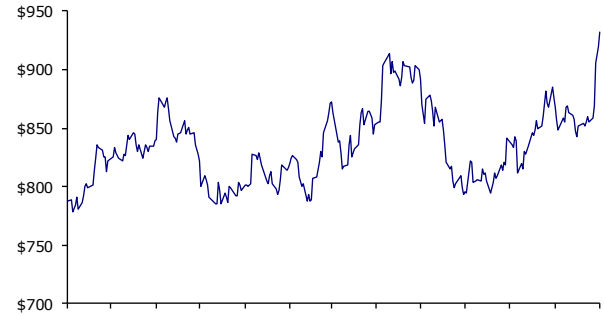
Source: IRESS

### 1 Year Commodity Price Charts

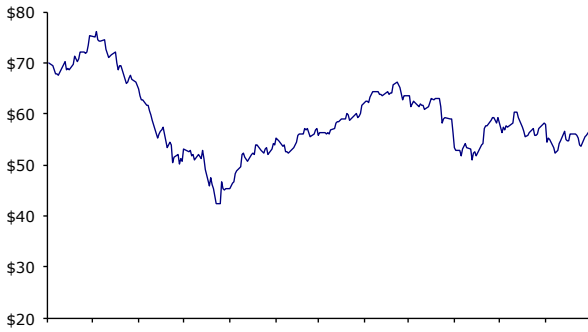
**1 Year Gold**



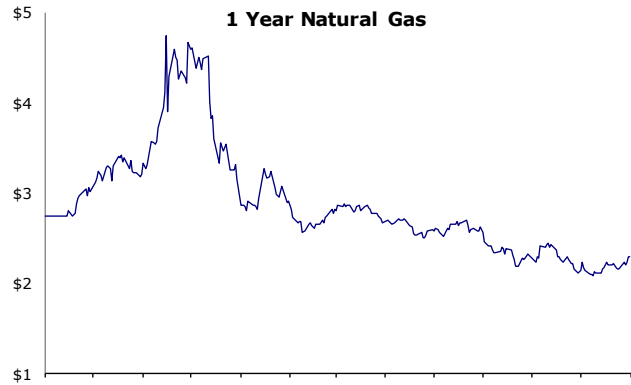
**1 Year Platinum**



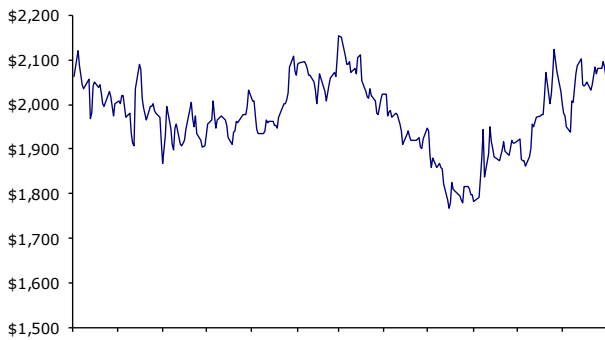
**1 Year Oil**



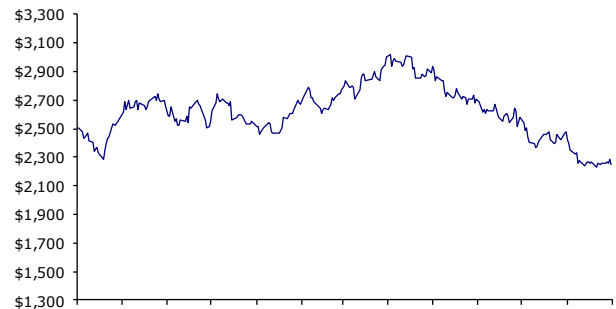
**1 Year Natural Gas**



**1 Year Lead**

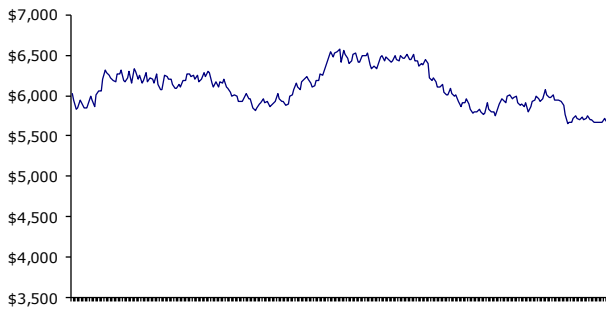


**1 Year Zinc**

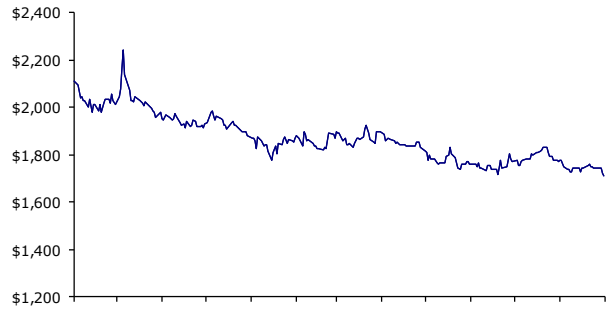




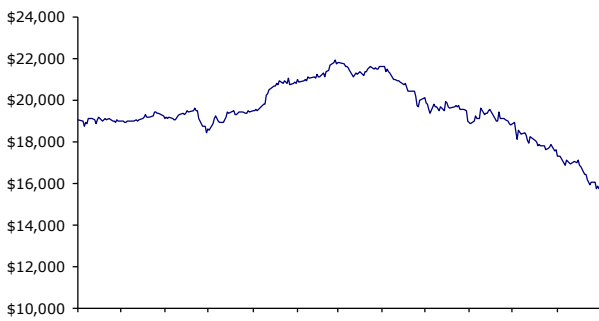
**1 Year Copper**



**1 Year Aluminium**



**1 Year Tin**

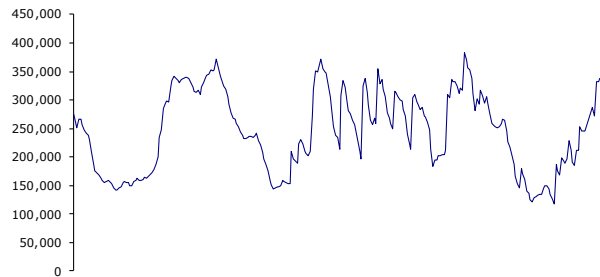


**5 Year Metals Stockpiles**

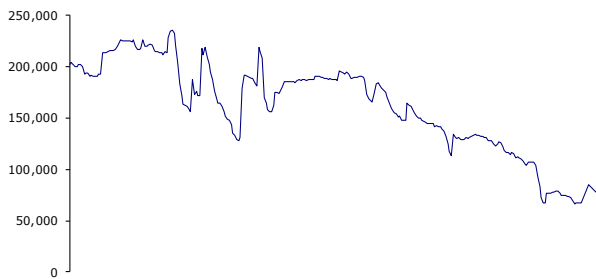
**Nickel LME Stockpiles - 5 Year**



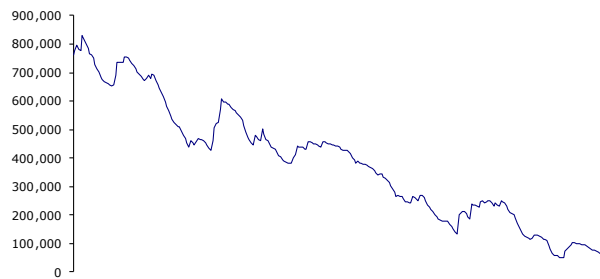
**Copper LME Stockpiles - 5 Year**



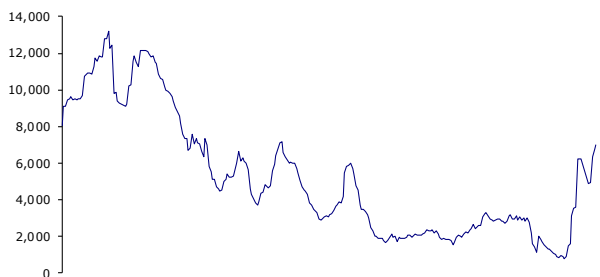
**Lead LME Stockpiles - 5 Year**



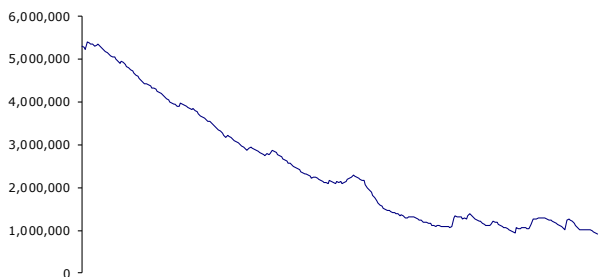
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**



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