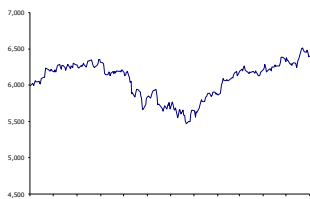


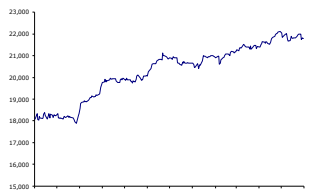
STATE ONE SPINNAKER

2 June 2019
Issue 461

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 2 June 2019

World Markets	2/06/2019	26/05/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6397	6456	-0.9%	2.0%	15.4%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2752	2826	-2.6%	-4.4%	22.5%
FTSE 100	7162	7278	-1.6%	-1.5%	3.3%
DAX30	11727	12011	-2.4%	-3.7%	-8.7%
Shanghai Composite	2899	2892	0.2%	1.7%	-9.8%
Nikkei 225	20601	21183	-2.7%	-3.7%	9.8%
Hang Seng	26901	27354	-1.7%	-7.2%	17.7%
Currency					
AUD/USD	0.6933	0.6917	0.2%	0.5%	-8.4%
Commodities					
Oil (\$/bbl)	53.3	59.2	-9.9%	-13.4%	-18.9%
Gas (\$/gal)	2.5	2.6	-6.0%	-5.8%	-17.1%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	5781	5919	-2.3%	-5.3%	-1.0%
Lead (\$/t)	1783	1817	-1.9%	-4.2%	-23.5%
Zinc (\$/t)	2680	2705	-0.9%	-3.0%	-2.4%
Aluminium (\$/t)	1761	1762	0.0%	0.0%	1.7%
Nickel (\$/t)	12040	12155	-0.9%	0.6%	5.9%
Tin (\$/t)	18860	19530	-3.4%	-4.0%	-11.8%
Gold (\$/oz)	1311	1289	1.7%	2.3%	11.8%
Silver (\$/oz)	14.6	14.6	0.1%	-1.9%	-14.8%
Platinum (\$/oz)	794	803	-1.1%	-8.1%	-15.3%
Wheat (\$/t)	503.500	488.000	3.2%	14.6%	23.3%

Source: Iress

Global Wrap

Key points

1. **Trump's Mexico tweet spooks markets**
2. **Rare earth opportunity for Aussie miners**
3. **Stock analysis: What the experts are saying**

US

Stocks fell on Friday as investors feared President Donald Trump's surprise threat of tariffs on all Mexico imports, amid a worsening trade war with China, could risk sending the US economy into a recession, CNBC reported.

On Thursday evening, Trump announced the US would impose a 5% tariff on all Mexican imports from June 10 until illegal immigration across the southern border was stopped.

The Dow Jones Industrial Average closed 354.84 points lower at 24,815.04, while the S&P 500 slid 1.3% to 2,752.06. The Nasdaq Composite dropped 1.5% 7,453.15. The S&P 500 ended the month down 6.6% as volatility spiked after trade talks fell apart with China and rhetoric on both sides worsened in May.

Shares of GM dropped 4.25% on Friday. Ford lost 2.3%. Both have significant production in Mexico that could be subject to tariffs. Corona and Modelo beer maker Constellation Brands slid 5.9%.

The closely watched 10-year Treasury yield dropped to lows not seen since 2017. The US benchmark was yielding 2.13% on Friday. It was above 2.5% at the beginning of the month. Mexico's currency, the peso, tanked against the dollar by more than 2% to trade at 19.62 per dollar.

China

China stocks fell on Friday and posted the worst monthly decline since last October, as festering trade tensions between Beijing and Washington reduced risk appetite and stoked economic slowdown fears, Reuters reported.

At the close of trade, the blue-chip CSI300 index fell 0.3%, to 3,629.79, while the Shanghai Composite Index lost 0.2% to 2,898.70 points.

For the month, CSI300 and SSEEC fell 7.2% and 5.8%, respectively, recording their biggest monthly decline since October.

Adding to investor concerns over trade tensions, an official survey released on Friday showed that China's factory activity in May slumped into a deeper contraction than markets had expected. This put more pressure on Beijing to roll out further stimulus to support an economy hit hard by a bruising trade war with the US.

Meanwhile China's rare earth-related firms were again in the spotlight on Friday, with media reports raising speculations that the material might be used as a weapon in the trade front.

China is willing to meet reasonable demand for rare earths from other countries, but it would be unacceptable that countries using Chinese rare earths to manufacture products would turn around and suppress China, its commerce ministry said.

Japan

Stocks took a plunge on the Tokyo Stock Exchange on Friday, battered by the yen's sharp rise against the dollar after Trump's threat to impose punitive tariffs on all imports from Mexico, The Japan Times reported.

The Twitter post left investors increasingly risk-averse and sent the yen higher, brokers said.

The 225-issue Nikkei average dived 341.34 points, or 1.63 percent, to end at 20,601.19, a closing level unseen since Feb. 8. On Thursday, the key market gauge sagged 60.84 points.

Europe

Weeks of jitters surrounding a Huawei ban, growth concerns and Trump's Mexican trade threat spurred fresh stock losses across the board in Europe.

The Stoxx Europe 600 was down as much as 1.4%, with automakers and banks especially hit. All major national benchmarks in the region dropped, with the DAX Index among the worst performers as 10-year German bond yields fell to a new sub-zero record.

Australia

Australian shares made up early losses to be little changed on Friday, finding support despite heightened fears for global trade after US, Reuters reported.

The S&P/ASX 200 index was 0.1%, or 8.9 points, lower at 6,383.2 by 0221 GMT. The benchmark was set for a fifth straight month in the black but on a weekly basis, was headed to lose almost all of last week's election surprise-driven gains.

Shares of the world's biggest miner BHP Group Ltd reversed course to gain up to 0.3%, even though overnight iron ore prices weakened. Fortescue Metals Group Ltd was also 0.6% higher.

Among other blue-chips, pharma heavyweights such as Cochlear Ltd and CSL Ltd rose between 0.8% and 1.4%.

Banking behemoth Commonwealth Bank of Australia rose as much as 0.4%.

Safe-haven gold stocks rose over 2%, supporting the mining index, with Newcrest Mining Ltd up as much as 2.4% and Evolution Mining Ltd hitting its best in over 3 months.

Gold miner St Barbara Ltd did not share in its peers' gains, falling as much as 8.8% after slashing 2019 gold production outlook.

Oil and gas units registered the steepest losses, with the sub-index declining as much as 2.4%. Santos Ltd, Woodside Petroleum Ltd and Oil Search Ltd all lost over 2%.

Elsewhere, shares of Crown Resorts buckled as much as 5.4% after casino mogul James Packer sold nearly half his stake in the firm to Hong Kong's Melco Resorts & Entertainment Ltd, dampening hopes for

a full buyout.

On investors' watch list for the week ahead

Reserve Bank of Australia's (RBA) monetary policy decision: Tuesday, 4 June

There has been a recovery of east coast housing auction clearance rates since the federal election and the market is currently pricing in a 95.1% chance of a rate cut next week. There will be significant scrutiny of Governor Lowe's next announcement which is expected to strongly impact on equity and property markets.

US balance of trade announcement: Thursday, 6 June

The politically sensitive trade deficit with China will be watched with interest as President Trump uses the nation's trade deficit with China as a measure of whether the US is "winning" the trade war.

China-US trade and rare earths

Recently, China's state controlled media reported the nation could withhold its vast reserves of rare earth supplies as leverage in the trade war.

Beijing controls most of the world's rare earth minerals, which are critical for manufacturing in defence, technology and energy sectors. If China limits its exports of rare earth materials, Australian miners could take advantage of the gap in the market.

Source: Wilson Asset Management

Stock analysis: 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.

Advertising

"Australia and New Zealand are among the most exciting, vibrant and forward-looking markets in the world."

Mark Read, CEO, WPP Group PLC (Global advertising conglomerate)

Technology

"5G is enormously important and it's going to have a major impact on a whole range of different sectors. For example, one of the benefits of 5G will be much lower latency and that means it potentially has a role in things like driverless vehicles, or remote-controlled agricultural or mining vehicles. The way technology and communications technology has transformed vital Australian industries like agriculture and mining is very striking."

Paul Fletcher, Federal Communications Minister

"We are well positioned within the digital manufacturing industry and are helping to ignite the fourth industrial revolution (by combining hardware, software and biology)."

Dion Weisler, CEO, Hewlett-Packard Inc

Automotive

"Like real estate, there's a lot more certainty now. People were holding off. Before the election, there was doubt in people's minds. Everyone from truck drivers to tradies could see there was a tax here, a tax there and this wasn't good for confidence."

Nick Politis, Director and largest shareholder holder, AP Eagers

Agriculture

"First, the best industry information shows that China has lost between 150 million and 200 million hogs (from African swine fever). This is equivalent to more than the entire pork production in the US. In addition, China is the largest pork producer and consumer of pork in the world."

Jim Snee, CEO, Hormel Foods Corp (US Food conglomerate).

"It has been very pleasing to see an improvement in the market and strong competition for milk."

Paul van Heerwaarden, CEO, Bega Cheese

"Raspberry production was unfortunately impacted by unfavourable crop timing and its contribution was disappointing."

Costa Group AGM

"The macro demand for almonds remains strong in both retail and industrial markets."
Select Harvest Ltd Market Announcement

Finance

"I think for some companies, their lifecycles can benefit significantly from being private. The nature of the investors we have in our funds is that they are very long-term investors, managing pensions for the next 100 or 200 years. They look over a very long term. When you take a business private, and take it out of the spotlight of public markets, there's a lot less focus on next quarter's earnings and a lot more focus on where we are in three, five, seven, 10 years' time with this business"

Ben Gray, Founder, BGH Private Equity

"On average, things (credit defaults) will get worse over time, not because they're going to get bad, but because it's been so good for so long."

Jamie Dimon, CEO, JP Morgan

"I think the argument for a small rate cut is sound."

Shayne Elliot, CEO, ANZ Bank

"We have seen a noticeable increase in the volume of new business loan applications since the election."
Clive Van Horen, Executive General Manager, Commonwealth Bank of Australia

"There's been a debate in the past few years about whether there's too much VC [venture capital] money and if we're at a point of saturation, but that thinking misses the fundamental point. We started behind the pace we needed to be at many years ago and we're only just catching up to levels that will be sustainable for the medium to long term now. There's still a huge pipeline of investing opportunity in the local market."
Yasser El-Ansary, CEO, Australian Investment Council

Global Retail

"In Europe, the macro situation remains in flux. And in Asia, we have a looming trade war. So, where does that leave us. We have not been immune to the increased traffic trends seen post Easter. We believe that the US consumer, which makes up the majority of our sales remains healthy."

Fran Horowitz, CEO, Abercrombie & Fitch

"The trade war between the US and China is a real issue for our industry, fortunately we do not own our Chinese manufacturing plant and we are able to consider moving production closer to the market we serve, notably the US and Europe."

Pasquale Natuzzi, CEO, Natuzzi (Furniture Company)

"I think, by and large, the consumer is in a fairly decent place."

Steve Easterbrook, CEO, McDonald's

Source: Naos Asset Management

Economic Calendar 3/06/2019 – 7/06/2019

Monday June 03 2019		Actual	Previous	Consensus	Forecast		
09:45 AM	CN Caixin Manufacturing PMI MAY		50.2	50	50.4		
03:55 PM	DE Markit Manufacturing PMI Final MAY		44.4	44.3	44.3		
10:00 PM	US ISM Manufacturing PMI MAY		52.8	53	51.5		
Wednesday June 05 2019		Actual	Previous	Consensus	Forecast		
09:30 AM	AU GDP Growth Rate YoY Q1		2.3%	1.7%	1.6%		
09:30 AM	AU GDP Growth Rate QoQ Q1		0.2%	0.4%	0.5%		
10:00 PM	US ISM Non-Manufacturing PMI MAY		55.5	55.5	52.5		
Thursday June 06 2019		Actual	Previous	Consensus	Forecast		
09:30 AM	AU Balance of Trade APR		A\$4.949B	A\$5.1B	A\$5.3B		
05:00 PM	EA GDP Growth Rate YoY 3rd Est Q1		1.2%	1.2%	1.2%		
05:00 PM	EA GDP Growth Rate QoQ 3rd Est Q1		0.2%	0.4%	0.4%		
08:30 PM	CA Balance of Trade APR		C\$-3.21B	C\$-2.45B	C\$-3B		
08:30 PM	EA ECB Press Conference						
08:30 PM	US Balance of Trade APR		\$-50B	\$-50.2B	\$-51.2B		
10:00 PM	CA Ivey PMI s.a MAY		55.9	53.0	54.7		
Friday June 07 2019		Actual	Previous	Consensus	Forecast		
02:00 PM	DE Balance of Trade APR		€22.7B		€17.2B		
08:30 PM	US Non Farm Payrolls MAY		263K	180K	190K		

Source: www.tradingeconomics.com

Economic Calendar 10/06/2019 – 14/06/2019

Monday June 10 2019		Actual	Previous	Consensus	Forecast	
07:50 AM	JP GDP Growth Rate QoQ Final Q1		0.4%	0.5%	0.5%	
11:00 AM	CN Balance of Trade MAY		\$13.83B	\$18.2B	\$25B	
11:00 AM	CN Exports YoY MAY		-2.7%	-3.9%		
11:00 AM	CN Imports YoY MAY		4%	-3.8%		
04:30 PM	GB Balance of Trade APR		£-5.408B		£-3.2B	
Tuesday June 11 2019		Actual	Previous	Consensus	Forecast	
09:30 AM	AU NAB Business Confidence MAY		0		1	
04:30 PM	GB Claimant Count Change MAY		24.7K		21K	
Wednesday June 12 2019		Actual	Previous	Consensus	Forecast	
08:30 AM	AU Westpac Consumer Confidence Change JUN		0.6%			
08:30 AM	AU Westpac Consumer Confidence Index JUN		101.3		101.8	
09:30 AM	CN Inflation Rate YoY MAY		2.5%	2.7%	2.2%	
08:30 PM	US Core Inflation Rate YoY MAY		2.1%	2.1%	2.1%	
08:30 PM	US Inflation Rate YoY MAY		2%	1.9%	1.9%	
Thursday June 13 2019		Actual	Previous	Consensus	Forecast	
02:00 PM	DE Inflation Rate YoY Final MAY		2%	2%		
Friday June 14 2019		Actual	Previous	Consensus	Forecast	
08:30 PM	US Retail Sales MoM MAY		-0.2%	0.5%	0.6%	
10:00 PM	US Michigan Consumer Sentiment Prel JUN		100		96	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 31 May 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
LYC	Lynas Corporation	29.2	LNK	Link Admin Hldg	-22.5
ECX	Eclixp Group Ltd	23.1	CGC	COSTA GROUP HOLDINGS	-20.2
VOC	Vocus Group Ltd	18.0	ELD	Elders Limited	-12.8
SYR	Syrah Resources	13.7	PGH	Pact Group Hldgs Ltd	-12.0
SDA	Speedcast Int Ltd	8.6	BSL	BlueScope Steel Ltd	-10.1
WTC	Wisetech Global Ltd	7.6	SBM	St Barbara Limited	-9.9
ILU	Iluka Resources	6.2	DOW	Downer EDI Limited	-9.4
EVN	Evolution Mining Ltd	5.4	EHL	Emeco Holdings	-9.1
BKL	Blackmores Limited	5.2	GUD	G.U.D. Holdings	-8.7
ALU	Altium Limited	4.5	FPH	Fisher & Paykel H.	-8.4

Source: IRESS

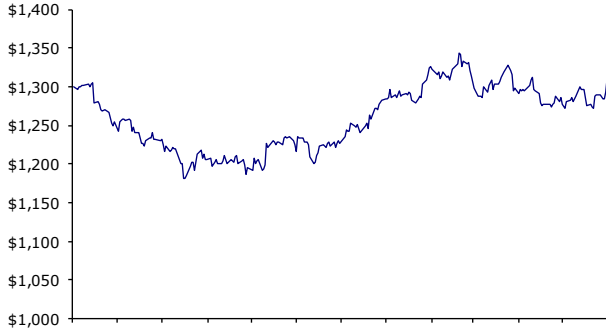
S & P Indices Week Ending 31 May 2019

S&P Indices	2/06/2019	26/05/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	10725	10977	-2.3%	-0.9%	20.6%
S&P 200 Materials	13221	13221	0.0%	3.3%	33.5%
S&P 200 Industrials	6463	6517	-0.8%	1.0%	26.7%
S&P 200 Consumer Disc.	2482	2510	-1.1%	3.5%	18.6%
S&P 200 Consumer Staples	11068	11402	-2.9%	-2.9%	29.4%
S&P 200 Healthcare	32223	32426	-0.6%	3.2%	67.1%
S&P 200 Financials	6140	6179	-0.6%	1.5%	-3.6%
S&P 200 Info Technology	1318	1336	-1.4%	-2.8%	69.5%
S&P 200 Telecommunicatic	1294	1277	1.4%	9.6%	-26.3%
S&P 200 Utilities	8019	8240	-2.7%	-0.8%	6.4%
S&P 200 Property Trusts	1565	1610	-2.8%	3.9%	16.6%
S&P 200 Financials ex PT	6848	6891	-0.6%	1.5%	-3.6%

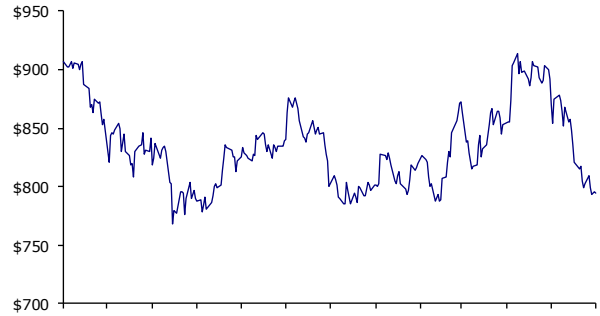
Source: IRESS

1 Year Commodity Price Charts

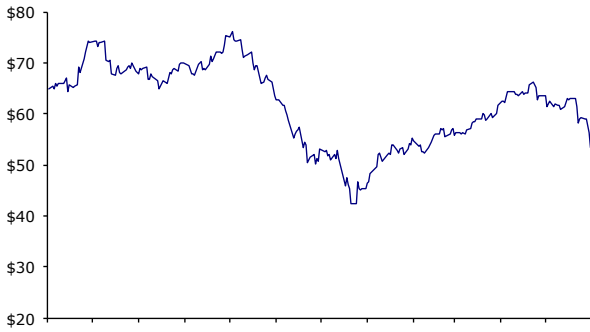
1 Year Gold



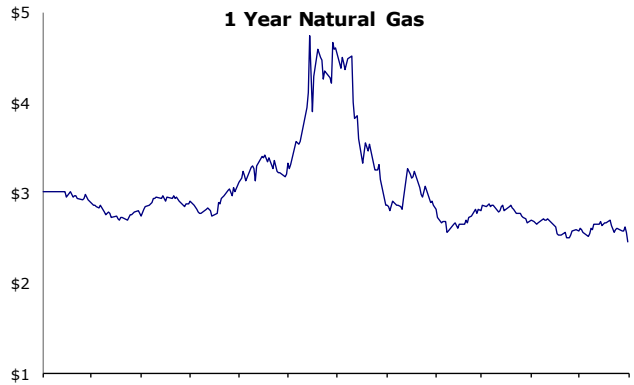
1 Year Platinum



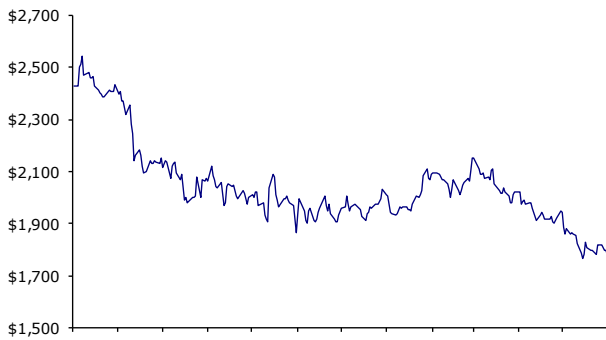
1 Year Oil



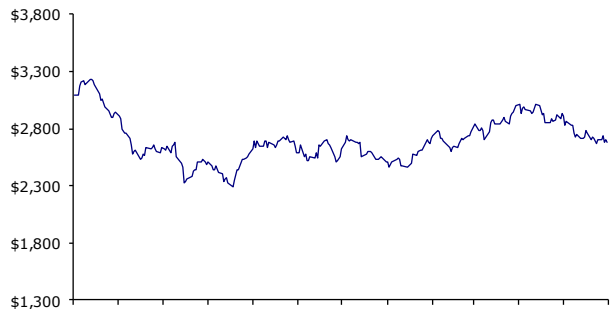
1 Year Natural Gas



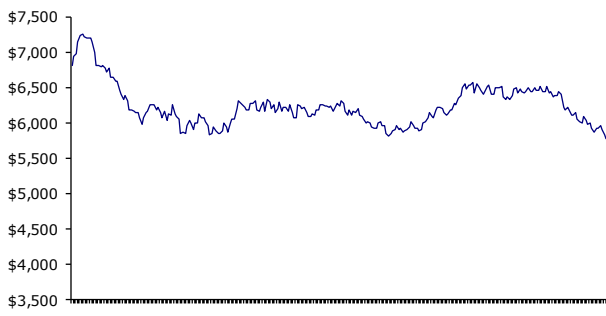
1 Year Lead



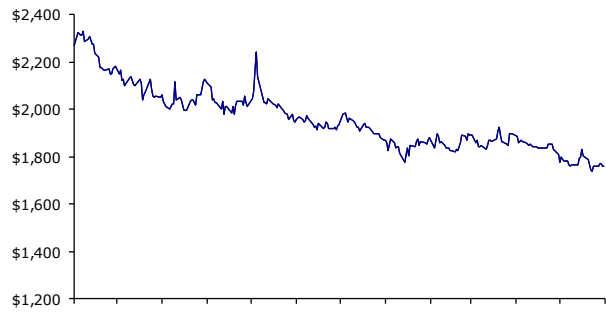
1 Year Zinc



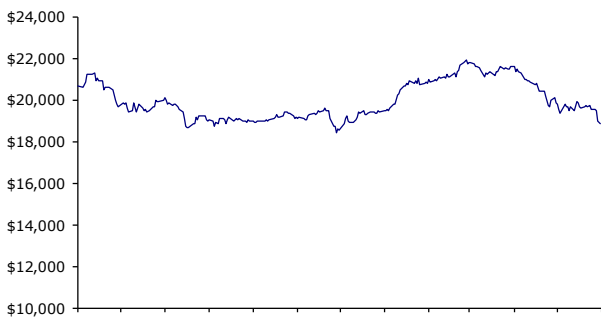
1 Year Copper



1 Year Aluminium

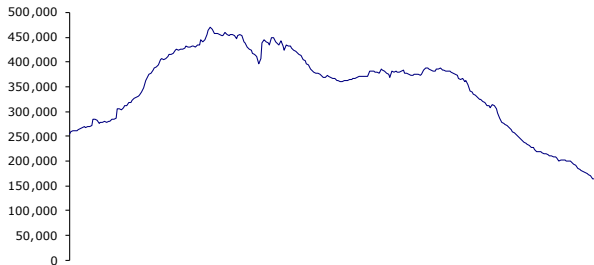


1 Year Tin

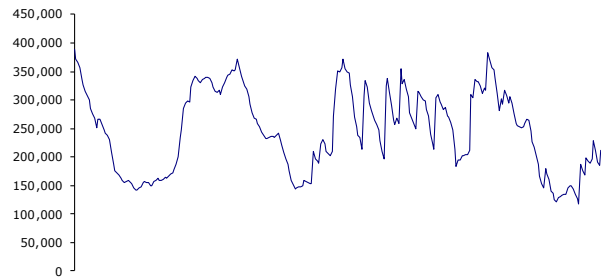


5 Year Metals Stockpiles

Nickel LME Stockpiles - 5 Year



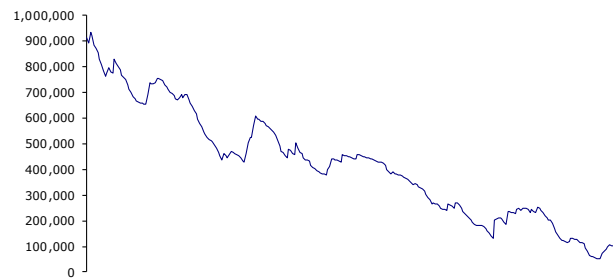
Copper LME Stockpiles - 5 Year



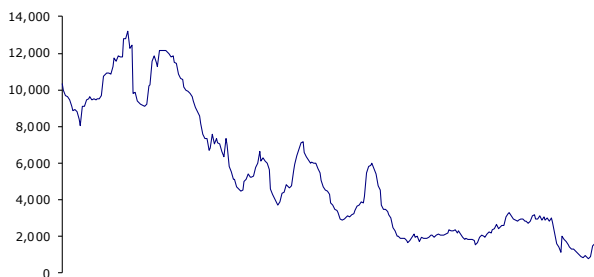
Lead LME Stockpiles - 5 Year



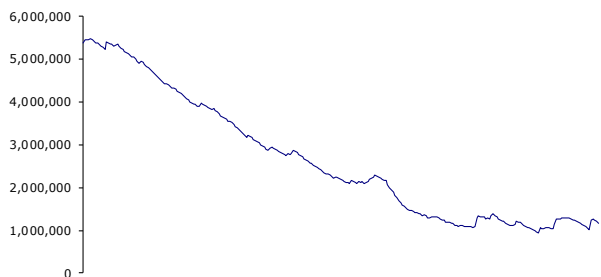
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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