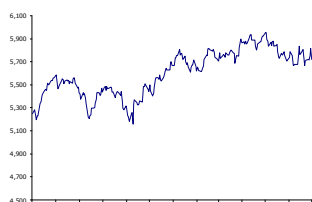


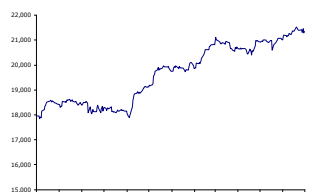
STATE ONE SPINNAKER

2 July 2017
Issue 372

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 2 July 2017

World Markets	2/07/2017	25/06/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5721	5716	0.1%	1.0%	8.7%
Dow Jones	21350	21395	-0.2%	0.8%	22.1%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2423	2438	-0.6%	-0.4%	18.1%
FTSE 100	7313	7424	-1.5%	-2.2%	14.7%
DAX30	12325	12733	-3.2%	-2.7%	23.7%
Shanghai Composite	3192	3185	0.2%	1.3%	-5.2%
Nikkei 225	20033	20153	-0.6%	0.6%	8.7%
Hang Seng	25765	25670	0.4%	-0.8%	12.8%
Currency					
AUD/USD	0.7690	0.7585	1.4%	2.0%	2.6%
Commodities					
Oil (\$/bbl)	46.3	43.1	7.4%	1.2%	-2.6%
Gas (\$/gal)	3.0	3.0	2.8%	0.6%	12.0%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	5908	5774	2.3%	6.0%	12.0%
Lead (\$/t)	2274	2187	4.0%	10.7%	31.1%
Zinc (\$/t)	2733	2725	0.3%	12.2%	59.3%
Aluminium (\$/t)	1909	1868	2.2%	0.3%	29.0%
Nickel (\$/t)	9280	9170	1.2%	4.6%	-10.8%
Tin (\$/t)	20200	19450	3.9%	2.4%	26.4%
Gold (\$/oz)	1242	1256	-1.1%	-3.7%	6.6%
Silver (\$/oz)	16.6	16.7	-0.5%	-5.4%	5.0%
Platinum (\$/oz)	926	932	-0.5%	-2.1%	-8.4%
Wheat (\$/t)	526.000	473.500	11.1%	18.3%	7.2%

Source: Iress

Global Wrap

Key points

Iron ore rally supports faltering Australian market.

China maintains momentum in second quarter.

Key central banks spark fears of interest rises.

World record Google fine sparks precedent fears.

Speculative stock picks to start new FY.

US

US stocks closed slightly higher on Friday after steep losses in the tech and health-care sectors earlier in the week resulted in poor weekly and mixed monthly performances for the three benchmarks.

The European Commission's record US\$2.7 billion fine issued to Google for breaching EU antitrust rules helped push down the value of its parent company Alphabet by 1.1%, or US\$8.5 billion, in market capitalization overnight on Tuesday.

Google's woes then spread to other stocks amid fears the fine would set a precedent.

Also last week a US healthcare bill vote was pushed back. This stoked concerns that Trump's planned legislation to introduce tax reform, significant budget spending changes and general support for infrastructure and manufacturing may not become reality.

However the main benchmarks posted solid quarterly gains, with the S&P 500 and Nasdaq Composite ending their first half of the year with the largest gains in several years.

"The market has been resilient in the face of realization that perhaps no fiscal stimulus is forthcoming this year. This means that impressive gains in the S&P 500 this year were not about Trump or the tax cuts, but about underlying fundamentals and the economy," Mike Antonelli, equity sales trader at Robert W. Baird & Co, told MarketWatch.

But those doubts regarding tax restructuring and spending plans led the International Monetary Fund last week to reduce its 2017 and 2018 US GDP growth forecasts by 0.2% and 0.4% respectively to 2.1%.

In the main US data releases last week:

- * The third and final March quarter GDP reading came in at 1.4% annual growth, against the second 1.2% estimate and initial 0.7% calculation.

- * The national trade deficit declined 1.8% during May, to \$US65.9B.

US markets are heading into a shortened trading week, due to July 4 Independence Day commemorations.

The NYSE, NASDAQ, NYMEX and COMEX will close early Monday. The NYSE and NASDAQ will remain closed Tuesday. NYMEX and COMEX will trade, but again close early. Full trade resumes across all exchanges Wednesday.

Data releases in the coming week include construction spending for May on Monday, factory orders for May and vehicle sales for June on Wednesday, when minutes of the June Fed meeting will also be released.

Services PMI for June and the trade balance for May will be out on Thursday, followed by unemployment for June on "jobs Friday".

China

China stocks gained for a second straight week, as MSCI's decision to include mainland shares in a key index fuelled a buying spree for blue-chips.

The manufacturing purchasing managers index, released on Friday, increased to 51.7 in June, compared with estimates of 51 and a reading of 51.2 in May, showing that the world's second-largest economy maintained its momentum in the second quarter.

The non-manufacturing PMI rose to 54.9 compared to 54.5 a month earlier. Numbers higher than 50 indicate expansionary conditions; below 50 signals contraction.

The services sector also posted its best performance since March, another official survey found.

However worries over liquidity conditions lingered, after China's central bank skipped open market operations for the sixth day in a row on Friday, citing "relatively high" liquidity levels in the banking system.

For the week, the bank drained a net of 330 billion yuan (\$48.77 billion) from the market, the most since February.

On Monday investors will be watching for the release of the Caixin manufacturing PMI and the services PMI for June, which focuses on small and mid-sized enterprises.

Japan

In Japan, the Nikkei fell below 20,000 for the first time in two weeks on Friday, with a stronger yen often weighing on Japanese stocks.

Japan's core consumer prices rose 0.4% in May year-on-year, data released last week showed. This marked the fifth straight month of gains and gave the central bank some hope a strengthening economy will gradually lift inflation toward its ambitious 2% target.

But recent declines in oil costs and slow wage growth could cloud the outlook and force the Bank of Japan next month to cut its optimistic inflation projections yet again, some analysts say.

Other data last week showed household spending fell 0.1% in May from a year earlier, even as job availability was at its highest in 43 years - a sign that the tightening job market has not yet flowed through to consumer sentiment.

In more positive news last week, Japan's factory output rose in May from a year earlier. The 6.8% year-on-year increase in factory output was the seventh straight month of gains, largely thanks to stronger exports to the rest of Asia.

This Monday manufacturing PMI for June and the Q2 Tankan survey will be released, followed by services PMI for June on Wednesday.

Europe

European bourses closed lower on Friday after news that several British banks have stopped trading Qatari riyals for retail customers as the diplomatic crisis in the Gulf grows.

Earlier in the session, markets digested euro zone inflation data showing the slowdown was milder than expected.

Bank of England Governor Mark Carney surprised many investors on Wednesday as he said the UK's central bank could be required to lift interest rates as the economy came close to running at full capacity. This came after European Central Bank president Mario Draghi said on Tuesday that the ECB would have to be prudent to gradually adjust its monetary stimulus to the economic recovery on Tuesday. Markets interpreted his remarks as a sign that the bank was preparing to reduce its monetary stimulus.

But Reuters reported, citing ECB sources, that the comments made by Draghi on Tuesday were misjudged by markets.

Draghi apparently wanted to signal tolerance for a period of weaker inflation and not a policy tightening after the summer.

In Germany, IFO calculated business confidence at a record high of 115.1.

On the inflation front, Eurozone CPI Flash Estimate edged to 1.3%, above the forecast of 1.2%.

It's a big week for Eurozone data next week. Releases include manufacturing PMI for June and unemployment for May on Monday; CPI and PPI for May on Tuesday; retail sales for May and services PMI for June and UK services PMI for June on Wednesday.

On Thursday the minutes of the June ECB meeting will be released, followed on Friday by German industrial production for May, UK industrial production for May and the UK trade balance for May.

Australia

Australian shares fell sharply on Friday, recording their biggest percentage fall since November 2016, following Wall Street's slump.

It was the Australian market's first quarterly loss in five quarters.

However gains in the iron ore price supported the market.

BHP Billiton (ASX:BHP) and Rio Tinto (ASX:RIO) closed up 3.9% and 7.6% respectively for the week. South32 (ASX:S32) closed up 4.3 % over the five sessions despite falling 2.9% on Friday after it suspended mining operations at Appin colliery because of a gas leak.

Yancoal Australia (ASX:YAL) soared 23% for the week to close at 38c after Rio Tinto shareholders approved the sale of Coal & Allied to the coal miner.

Financials ended the day 1.4%, but the financial index rose 1.6% per cent this month, its fourth monthly gain in five months.

The "Big Four", however, closed 1-1.5% lower.

Materials stocks were among the biggest weigh despite commodity price gains.

Real-estate was another major drag on the index with Cromwell Property Group (ASX:CMW) falling 3.1%. DEXUS (ASX:DXS) was also down 2.9% on Friday.

In the first week of the new financial year, data releases kick off with ANZ job ads for June, building approvals for May and manufacturing PMI for June on Monday.

There is an RBA policy meeting on Tuesday, when interest rates are widely tipped to remain on hold at 1.5%

Services PMI for June will be released on Wednesday followed by the closely watched trade balance for May on Thursday.

Commodities

Iron ore

Australia's largest export roared 13.8% higher this week. Combined daily volumes on the main physical iron ore trading platforms in China and Singapore topped 1 million tonnes on Wednesday, the highest level this year, traders told Metal Bulletin.

Investors piled back into a market they sold down in the past three months, with firmer steel prices also reviving appetite for iron ore.

Prices have gained more than 20% from the year-low of \$53.36 hit just two-and-a-half weeks ago, meeting the common bull-market definition.

Oil

A weaker dollar and lower US crude oil production for last week pushed oil prices up this week to their seventh consecutive trading session in the black on Friday.

However theses gains have not stopped crude prices tanking by double digits since the beginning of the year, oilprice.com reported.

Fears that rising non-OPEC supply is blunting the cartel's cuts have returned to the market, which were evident last week when the crude price hit a 10-month low.

Base metals

Metal Bulletin reported three-month copper and nickel prices firmer on Friday by 0.4%. Aluminium and zinc prices were little changed

This follows a bullish day on Thursday, when good Chinese PMI data gave sentiment a boost. Average gains were 0.8%, led by a 2.7% gain in tin prices, with aluminium and copper prices closing up 0.8%.

Gold eased on Friday to stay on track for its first monthly loss this year, amid hints from leading central banks that the era of easy money may be coming to a close.

This pushed bond yields higher, hurting the non-interest bearing metal, Reuters reported.

While it is still up 8% in the first half, gold has stalled in the second quarter, little changed from where it ended March.

Speculative stock picks for the start of the new FY

Locality Planning Energy (ASX:LPE). LPE announced last week that it had secured debt facilities with Moneytech Finance. We see this as a key de-risking event as it effectively allows the group to fund its expansion plans of increasing billable electricity sales from a current level of ~100GWh to 450GWh by mid-2020. At current share price levels of 2.7c, we calculate that LPE offers some 52% upside potential relative to our NPV/PER-derived target price of 4.1cps.
















Mincor Resources (ASX:MCR). MCR's share price reacted positively to a 28 June announcement on drilling results at its Widgiemooltha Gold Project near Kambalda. We believe that further drilling results in July and a Resource upgrade in the September quarter should maintain investor interest in this soon-to-be producer (targeting March quarter 2018). At current share price levels of 18c, we calculate that MCR offers some 70% upside potential relative to our SOTP-derived target price of 31cps.

Economic Calendar 3/07/2017 – 7/07/2017

Monday July 03 2017		Actual	Previous	Consensus	Forecast
07:50 AM	JP Tankan Large Manufacturers Index Q2		12	15	14
09:45 AM	CN Caixin Manufacturing PMI JUN		49.6	49.5	49.7
01:00 PM	JP Consumer Confidence JUN		43.6		43.8
05:00 PM	EA Unemployment Rate MAY		9.3%	9.2%	9.3%
10:00 PM	US ISM Manufacturing PMI JUN		54.9	55.1	55
Tuesday July 04 2017		Actual	Previous	Consensus	Forecast
12:30 PM	AU RBA Interest Rate Decision		1.5%	1.5%	1.5%
Wednesday July 05 2017		Actual	Previous	Consensus	Forecast
	EA ECB Non-Monetary Policy Meeting				
Thursday July 06 2017		Actual	Previous	Consensus	Forecast
02:00 AM	US FOMC Minutes				
09:30 AM	AU Balance of Trade MAY		A\$0.555B	A\$1.1B	A\$0.5B
07:30 PM	EA ECB Monetary Policy Meeting Accounts				
08:15 PM	US ADP Employment Change JUN		253K	185K	185K
08:30 PM	CA Balance of Trade MAY		C\$-0.37B		C\$0.3B
08:30 PM	US Balance of Trade MAY		\$-47.6B	\$-46.2B	\$-45B
10:00 PM	US ISM Non-Manufacturing PMI JUN		56.9	56.5	56.7
Friday July 07 2017		Actual	Previous	Consensus	Forecast
04:30 PM	GB Balance of Trade MAY		£-2.05B		£-1.8B
08:30 PM	CA Employment Change JUN		54.5K		19K
08:30 PM	CA Unemployment Rate JUN		6.6%		6.6%
08:30 PM	US Non Farm Payrolls JUN		138K	177K	177K
08:30 PM	US Unemployment Rate JUN		4.3%	4.3%	4.3%
10:00 PM	CA Ivey PMI s.a JUN		53.8		61

Source: www.tradingeconomics.com

Economic Calendar 10/07/2017 – 14/07/2017

Monday July 10 2017		Actual	Previous	Consensus	Forecast	
09:30 AM	🇨🇳 CN Inflation Rate YoY JUN		1.5%	1.5%		
02:00 PM	🇩🇪 DE Balance of Trade MAY		€18.1B			
Tuesday July 11 2017		Actual	Previous	Consensus	Forecast	
09:30 AM	🇦🇺 AU NAB Business Confidence JUN		7	5		
Wednesday July 12 2017		Actual	Previous	Consensus	Forecast	
08:30 AM	🇦🇺 AU Westpac Consumer Confidence Index JUL		96			
08:30 AM	🇦🇺 AU Westpac Consumer Confidence Change JUL		-1.8%			
04:30 PM	🇬🇧 GB Claimant Count Change JUN		7.3K	12K		
04:30 PM	🇬🇧 GB Unemployment Rate MAY		4.6%	4.7%		
10:00 PM	🇨🇦 CA BoC Interest Rate Decision		0.5%	0.5%		
Thursday July 13 2017		Actual	Previous	Consensus	Forecast	
10:00 AM	🇨🇳 CN Balance of Trade JUN		\$40.79B ⓘ	\$40B		
10:00 AM	🇨🇳 CN Exports YoY JUN		8.7%			
10:00 AM	🇨🇳 CN Imports YoY JUN		14.8%			
Friday July 14 2017		Actual	Previous	Consensus	Forecast	
08:30 PM	🇺🇸 US Core Inflation Rate YoY JUN		1.7%	1.7%		
08:30 PM	🇺🇸 US Inflation Rate YoY JUN		1.9%	1.8%		
08:30 PM	🇺🇸 US Retail Sales MoM JUN		-0.3%	0.31%		
10:00 PM	🇺🇸 US Michigan Consumer Sentiment Prel JUL		95.1	95.04		

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 30 June 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
SRX	Sirtex Medical	19.7	FXJ	Fairfax Media Ltd	-9.8
MIN	Mineral Resources.	17.7	AOG	Aveo Group	-8.9
FMG	Fortescue Metals Grp	12.0	ALU	Altium Limited	-7.9
SGM	Sims Metal Mgmt Ltd	10.8	SGP	Stockland	-7.6
GXL	Greencross Limited	10.6	GOZ	Growthpoint Property	-7.1
MTS	Metcash Limited	9.6	VCX	Vicinity Centres	-6.9
BGA	Bega Cheese Ltd	9.4	SCP	SCA Property Group	-6.8
WSA	Western Areas Ltd	9.3	SKC	Skycity Ent Grp Ltd	-6.7
FXL	FlexiGroup Limited	8.6	SYD	SYD Airport	-6.7
HT1	Ht&E Limited	7.8	GPT	GPT Group	-6.4

Source: IRESS

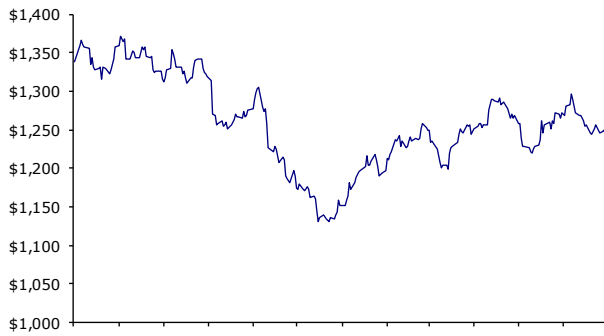
S & P Indices Week Ending 30 June 2017

S&P Indices	2/07/2017	25/06/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8712	8568	1.7%	-4.9%	-3.8%
S&P 200 Materials	9797	9539	2.7%	1.0%	19.4%
S&P 200 Industrials	5702	5889	-3.2%	-1.7%	20.0%
S&P 200 Consumer Disc.	2210	2244	-1.5%	0.6%	20.6%
S&P 200 Consumer Staples	9107	9139	-0.3%	0.1%	3.9%
S&P 200 Healthcare	24148	24673	-2.1%	4.8%	33.6%
S&P 200 Financials	6466	6363	1.6%	3.5%	6.4%
S&P 200 Info Technology	872	874	-0.2%	0.5%	21.3%
S&P 200 Telecommunicatic	1511	1532	-1.3%	-3.2%	-23.5%
S&P 200 Utilities	8685	8937	-2.8%	0.1%	29.1%
S&P 200 Property Trusts	1311	1379	-4.9%	-5.8%	3.5%
S&P 200 Financials ex PT	7212	7096	1.6%	3.5%	3.6%

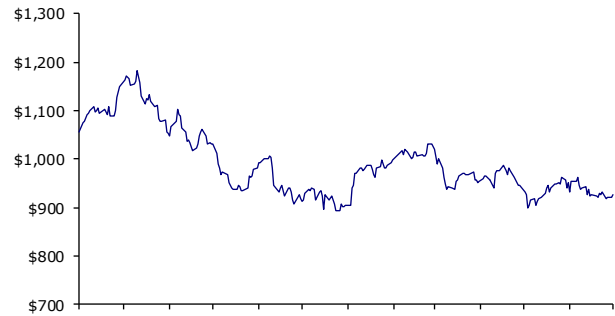
Source: IRESS

1 Year Commodity Price Charts

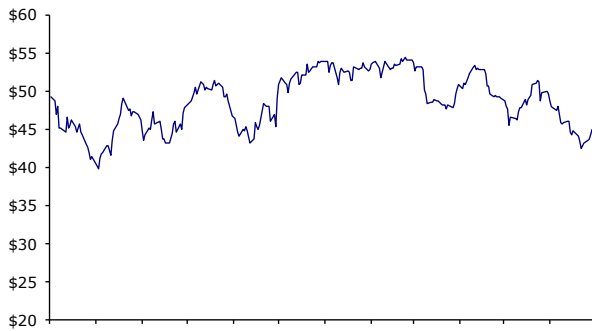
1 Year Gold



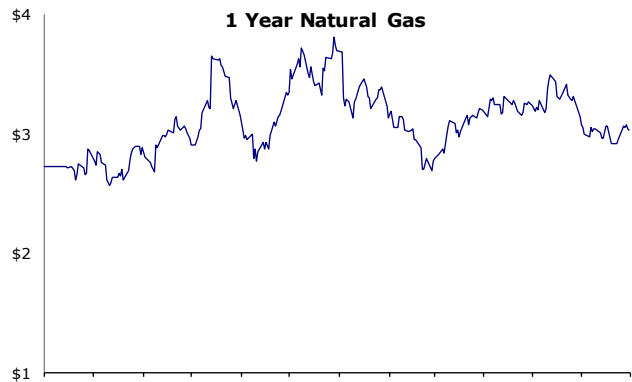
1 Year Platinum



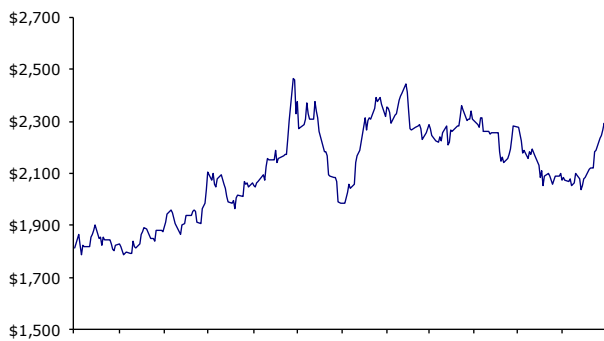
1 Year Oil



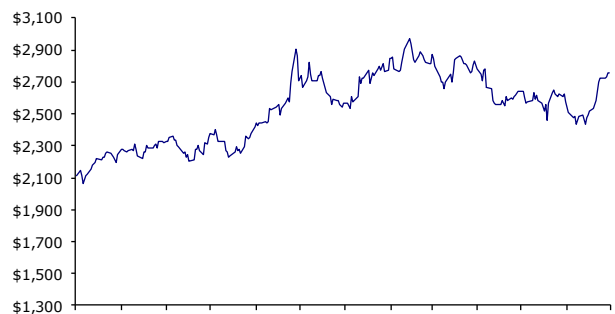
1 Year Natural Gas



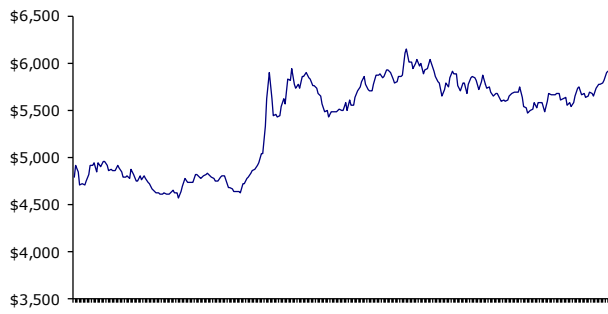
1 Year Lead



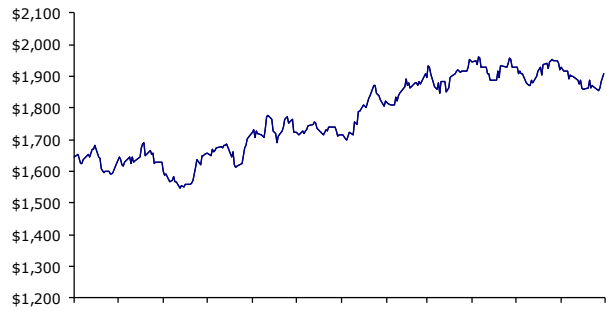
1 Year Zinc



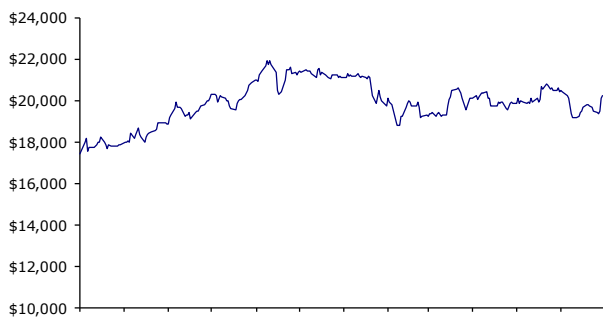
1 Year Copper



1 Year Aluminium

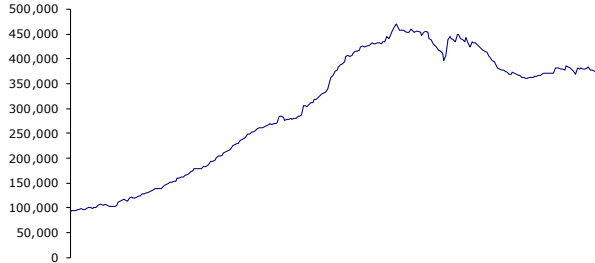


1 Year Tin

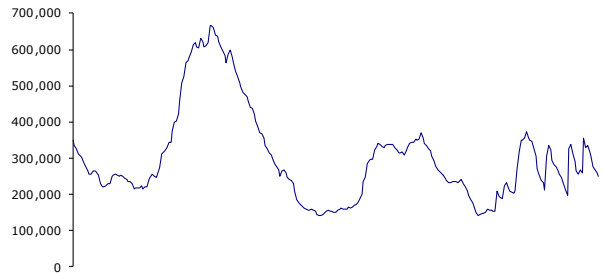


5 Year Metals Stockpiles

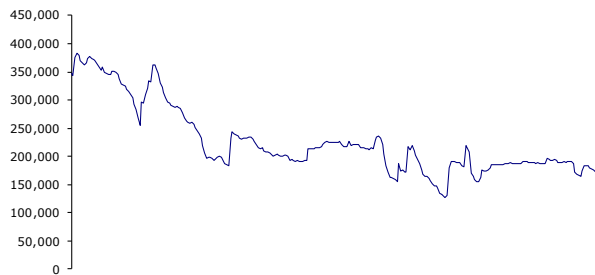
Nickel LME Stockpiles - 5 Year



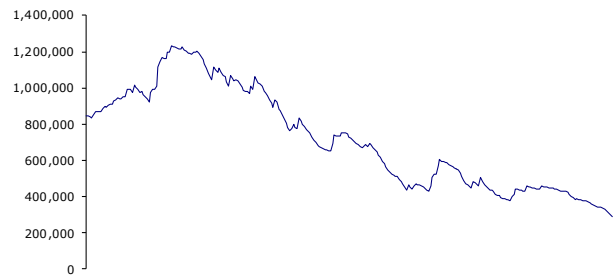
Copper LME Stockpiles - 5 Year



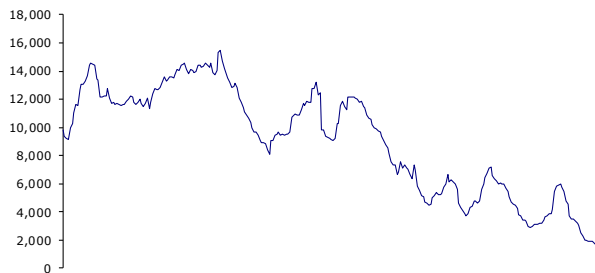
Lead LME Stockpiles - 5 Year



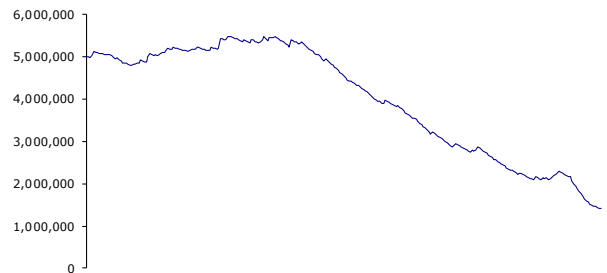
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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