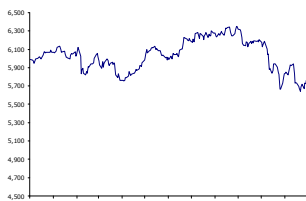


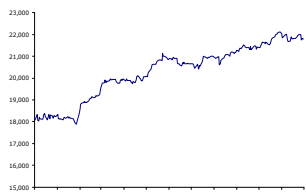
# STATE ONE SPINNAKER

**2 December 2018**  
**Issue 439**

## 12 month XJO chart



## 12 month Dow Jones chart



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**Overview**

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## Global Wrap – 2 December 2018

World Markets	2/12/2018	25/11/2018	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5667	5716	-0.9%	-3.9%	2.2%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2760	2633	4.8%	-1.9%	22.9%
FTSE 100	6980	6953	0.4%	-1.9%	0.7%
DAX30	11257	11193	0.6%	-2.8%	-14.6%
Shanghai Composite	2588	2576	0.5%	-1.8%	-19.5%
Nikkei 225	22351	21812	2.5%	-0.6%	19.1%
Hang Seng	26507	25928	2.2%	1.4%	15.9%
Currency					
AUD/USD	0.7307	0.7216	1.2%	0.7%	-4.0%
Commodities					
Oil (\$/bbl)	50.6	51.6	-1.8%	-16.6%	-13.1%
Gas (\$/gal)	4.6	4.4	5.9%	30.0%	70.5%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6238	6210	0.5%	0.5%	6.9%
Lead (\$/t)	1957	1936	1.1%	3.0%	-16.1%
Zinc (\$/t)	2515	2631	-4.4%	-0.3%	-8.4%
Aluminium (\$/t)	1935	1923	0.7%	-0.8%	11.8%
Nickel (\$/t)	11020	10710	2.9%	-5.6%	-3.1%
Tin (\$/t)	18525	19125	-3.1%	-2.8%	-13.4%
Gold (\$/oz)	1226	1223	0.2%	-0.1%	4.6%
Silver (\$/oz)	14.2	14.4	-1.0%	-2.4%	-16.8%
Platinum (\$/oz)	800	845	-5.3%	-8.7%	-14.7%
Wheat (\$/t)	517.750	506.500	2.2%	1.3%	26.8%

Source: Iress

## Global Wrap

### Key points

1. 'Santa rally' hinging on G20 trade talks
2. Oil market stability hopes
3. Stock analysis: TraCRs allow access to top US companies

## US

US stocks gained as investors turned positive on the outlook for trade ahead of a meeting at the G20 Summit between the American and Chinese presidents, Fairfax reported.

Optimistic trade comments from US and Chinese officials provided support for equities ahead of a Saturday dinner meeting between Donald Trump and Xi Jinping.

The S&P 500 Index posted its largest weekly advance since 2011, helped also by a dovish turn from the Federal Reserve.

On Thursday in the US, minutes from the Federal Reserve's latest policy meeting showed the central bank preparing for a more flexible path in 2019.

Microsoft capped its best weekly gain since 2015 and finished the five days as the world's most valuable company, surpassing Apple (see Stock Analysis below).

Oil's brief dip below \$US50 a barrel on Friday in New York sent energy producers lower and buoyed airlines.

The S&P 500 Index rose 0.8% at the close of trade in New York. The gauge gained 4.8% this week and 1.8% in November. Both the Dow and the Nasdaq also each rose 0.8%.

Coming up:

- Trump and Chinese President Xi Jinping will meet at the G20 summit of world leaders in Argentina that kicked off on Friday. Russia's Vladimir Putin and Saudi Arabia's Mohammed bin Salman are likely to discuss oil policy.
- Key manufacturing and employment data will be released on Monday.
- Ford, Fiat Chrysler, other automakers report November US sales on Tuesday (Australian time).
- Fed chairman Jerome Powell testifies on the economic outlook before Congress's Joint Economic Committee on Thursday.
- Non-farm payroll data will be released on Friday.

## **China**

China stocks rose on Friday in thin trading volume, amid caution ahead of the much-awaited meeting between Trump and Xi on the sidelines of the G20 summit, Reuters reported.

The Shanghai Composite index was up 0.8% at 2,588.19, gaining 0.3% for the week.

The blue-chip CSI300 index was up 1.1%, climbing 0.9% for the week. The start-up board ChiNext Composite index was higher by 1.3%. Trump sent mixed signals on Thursday about the possibility of a deal, whereas China Daily, Beijing's mouthpiece, said a deal was possible but added that Washington must be "fair minded" in the negotiations.

The meeting is coming after China's manufacturing sector reported its weakest growth in two years on Friday morning.

The official Purchasing Managers' Index (PMI), released by the National Bureau of Statistics (NBS), fell to 50 in November, missing market expectations and down from 50.2 in October. It was the weakest reading in 28 months.

The first gauge of China's economy in November suggested a flurry of stimulus measures by Beijing in recent months has yet to be felt, adding to views that business conditions in China will likely get worse before they get better.

## **Japan**

Stocks extended their winning streak to a sixth session on the Tokyo Stock Exchange on Friday, as buying increased after the recent drops.

The 225-issue Nikkei average climbed 88.46 points, or 0.40%, to finish at 22,351.06, the best finish since November 8.

Behind Friday's rise was "hope for progress" in trade negotiations between the US and China, a fund manager told The Japan Times.

## Europe

Weakened in morning trading by the poor data from China, European shares closed lower on Friday ahead of the crucial G20 talks, Reuters reported.

The pan-European STOXX 600 ended the session down 0.3% and on a 1.2% loss over the month after a disappointing earnings season.

Germany's DAX, the most sensitive to China due to its big exporters, fell 0.4%. German blue chip companies posted their fourth straight month of losses, with a 1.6% dip in November - the longest losing streak since 2008.

The FTSE 100 in London closed down by 0.97% provisionally, dragged lower by the high number of mining stocks that lost value over the session.

Investors' hopes of a partial recovery in stock markets in December - known as a "Santa rally" - hang on the leaders' discussions resulting in a truce or de-escalation of the US-China trade war.

As well as watching the outcome of G20 meetings, investors will be waiting on British inflation and euro zone GDP figures, both to be released on Friday.

## Australia

Australian shares are on track to record their worst December quarter since the global financial crisis following another sell-off during November.

The S&P/ASX 200 Index fell 163.1 points, or 2.8%, to 5667.2 during November, taking the total losses from the quarter so far to 540.4 points, or 8.7%, as investors waited on the outcome of the G20 talks, Fairfax reported.

This Tuesday the Reserve Bank of Australia will announce its cash rate decision, widely expected to be kept on hold at 1.5%, followed by GDP on Wednesday.

## Commodities

Oil prices made another jump on Thursday as signs emerged the price might be bottoming out.

Russia's Deputy Foreign Affairs Minister Sergei Ryabkov indicated his willingness to join OPEC in cutting global oil supply in order to lift the price to a more sustainable level.

Ryabkov added that there needed to be higher predictability and smoother price dynamics in the oil market.

Brent crude rose 1.6% to \$US59 a barrel while WTI crude rose 2.2% to \$US51.41 a barrel after his comments.

**Nickel** was the best performing base metal on the London Metal Exchange this week as it avoided the heavy slides in **lead, tin and zinc** prices.

The metal remains the worst performing base metal for the month however, down 6.3% as of Thursday. Earlier in the week nickel prices touched their lowest level since October last year amid fears of a supply surplus in 2019 and slowing demand from China.

News that German chemicals company BASF was planning to use less of the metal in its electric car batteries only added to the bearish view on the metal.

Commodity analysts note that because of the strength of the US economy, the US dollar has been the biggest beneficiary in the escalating trade tensions, which has sapped momentum away from the **gold** market.

## Apple cedes market cap title to old rival Microsoft

Microsoft Corporation became the most valuable company in the world — albeit briefly — when its stock hit a market cap of \$815.8 billion compared to Apple's \$815.5 billion on Tuesday.

Not bad for a company that last became the world's most valuable company in 2010.

For Apple, however, its tanking market cap is another sign investors are becoming more leery of a company with a one trick pony, the 11 year-old Apple iPhone whose latest and priciest iterations are turning-off buyers big time.

There's a good chance Microsoft will hold on to the most valuable company title in the near term because the news is bad for Apple on the political front.

President Donald Trump has announced his intention to slap the scheduled 25% tariffs on goods

imported from China.

This new list includes the iPhones and Apple's laptops. The new tariffs will take effect on 1 January, 2019.

Analysts said Microsoft's resurrection is being driven by the continued strength in Microsoft's cloud computing business. There's also Microsoft's newfound ability to avoid the disappointing earnings results and increased regulatory scrutiny currently plaguing its tech rivals.

Apple first passed Microsoft to become the world's most valuable company in 2010. Today, however, Microsoft is growing because of its renewed focus on consumers and enterprise customers.

Under CEO Satya Nadella, Microsoft continues to concentrate on growing its cloud computing business. This focus has transformed Microsoft into one of the two dominant players in the cloud computing along with Amazon.

By contrast, Apple is beset by a never-ending wave of problems. It's seen its stock plunge amid concerns about falling demand for the new lineup of pricey iPhones and its decision to stop making public unit sales for its iPhones.

Analysts said Microsoft doesn't have to worry about its market flat-lining, which is what's happening to the glutted smartphone market.

Microsoft's huge strides that it has made in the Cloud space, which is more enterprise focused, according to analysts.

### **Australian investors can invest in both Microsoft and Apple via TraCRs listed on Chi-X.**

TraCRs are traded in AUD, with dividends paid in AUD, making them easy to manage within your investment portfolio.

As a TraCR holder you have a beneficial interest in the underlying US share (and the right, subject to the terms of issue, to convert your TraCR holding into that share). You also hold an Australian security which is traded, cleared and settled in Australian dollars (AUD), under Australian regulation, during Australian trading hours.

US companies listed on the Chi-X as TraCRs include:

**Apple**  
**Bank of America**  
**Exxon Mobil**  
**Facebook**  
**General Electric**  
**IBM**  
**Intel**  
**Microsoft**  
**Walt Disney**

**To find out how easy it is to invest in TraCRs, speak to your State One adviser today.**


















## Economic Calendar 3/12/2018 – 7/12/2018

Monday December 03 2018			Actual	Previous	Consensus
<b>09:45 AM</b>	CN	Caixin Manufacturing PMI NOV		50.1	50.0
<b>11:00 PM</b>	US	ISM Manufacturing PMI NOV		57.7	57.8
Wednesday December 05 2018			Actual	Previous	Consensus
<b>11:00 PM</b>	US	ISM Non-Manufacturing PMI NOV		60.3	59.7
	EA	ECB Non-Monetary Policy Meeting			
Thursday December 06 2018			Actual	Previous	Consensus
<b>08:30 AM</b>	AU	Balance of Trade OCT		A\$3.017B	A\$3.2B
<b>09:30 PM</b>	CA	Balance of Trade OCT		C\$-0.42B	C\$-0.72B
<b>09:30 PM</b>	US	Balance of Trade OCT		\$-54B	\$-54.9B
<b>11:00 PM</b>	CA	Ivey PMI s.a NOV		61.8	+
Friday December 07 2018			Actual	Previous	Consensus
<b>09:30 PM</b>	US	Non Farm Payrolls NOV		250K	200K
<b>11:00 PM</b>	US	Michigan Consumer Sentiment Prel DEC		97.5	97.0

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

**Economic Calendar 10/12/2018 – 14/12/2018**

<b>Monday December 10 2018</b>			Actual	Previous	Consensus
<b>03:00 PM</b>	 DE	Balance of Trade OCT		€18.4B	+
<b>05:30 PM</b>	 GB	Balance of Trade OCT		£-0.027B	+
<b>Tuesday December 11 2018</b>			Actual	Previous	Consensus
<b>08:30 AM</b>	 AU	NAB Business Confidence NOV		4	+
<b>05:30 PM</b>	 GB	Claimant Count Change NOV		20.2K	+
<b>06:00 PM</b>	 DE	ZEW Economic Sentiment Index DEC		-24.1	+
	 GB	Commons Vote on Brexit			
<b>Wednesday December 12 2018</b>			Actual	Previous	Consensus
<b>07:30 AM</b>	 AU	Westpac Consumer Confidence Index DEC		104.3	+
<b>07:30 AM</b>	 AU	Westpac Consumer Confidence Change DEC		2.8%	+
<b>09:30 PM</b>	 US	Core Inflation Rate YoY NOV		2.1%	2.2%
<b>09:30 PM</b>	 US	Inflation Rate YoY NOV		2.5%	+
<b>Thursday December 13 2018</b>			Actual	Previous	Consensus
<b>08:30 AM</b>	 AU	RBA Bulletin			+
<b>09:30 PM</b>	 EA	ECB Press Conference			+
<b>Friday December 14 2018</b>			Actual	Previous	Consensus
<b>07:50 AM</b>	 JP	Tankan Large Manufacturers Index Q4		19	22
<b>04:30 PM</b>	 DE	Markit Manufacturing PMI Flash DEC			+
<b>09:30 PM</b>	 US	Retail Sales MoM NOV		0.8%	0.2%

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

## All Ords Top 10 Week Ending 30 November 2018

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
APT	Afterpay Touch	27.7	CCL	Coca-Cola Amatil	-15.0
WTC	Wisetech Global Ltd	16.9	BSL	BlueScope Steel Ltd	-10.9
TNE	Technology One	13.7	COL	Coles Group	-8.8
APX	Appen Limited	13.3	ALL	Aristocrat Leisure	-8.8
NXT	Nextdc Limited	12.0	SGM	Sims Metal Mgmt Ltd	-7.9
CGC	COSTA GROUP HOLDINGS	9.5	ELD	Elders Limited	-7.5
BKW	Brickworks Limited	8.9	SYR	Syrah Resources	-6.9
IPH	IPH Limited	8.8	AST	AusNet Services Ltd	-5.5
XRO	Xero Ltd	6.9	BKL	Blackmores Limited	-5.4
ALU	Altium Limited	6.5	SOL	Soul Pattinson (W.H)	-5.2

Source: IRESS

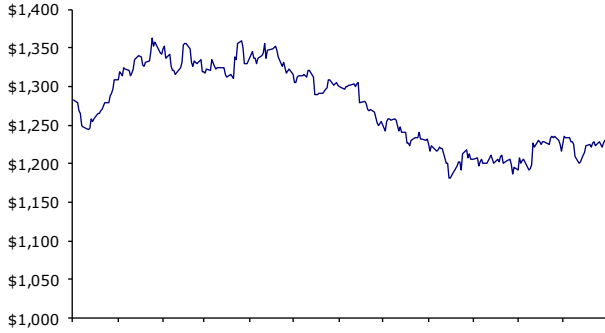
## S & P Indices Week Ending 30 November 2018

S&P Indices	2/12/2018	25/11/2018	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	9929	10194	-2.6%	-9.1%	11.7%
S&P 200 Materials	10751	10979	-2.1%	-8.1%	8.6%
S&P 200 Industrials	5739	5713	0.4%	-0.8%	12.5%
S&P 200 Consumer Disc.	2145	2185	-1.8%	-5.6%	2.5%
S&P 200 Consumer Staples	10200	10526	-3.1%	-4.2%	19.2%
S&P 200 Healthcare	27954	28371	-1.5%	-3.7%	45.0%
S&P 200 Financials	5742	5731	0.2%	-1.7%	-9.9%
S&P 200 Info Technology	1111	1042	6.6%	-2.1%	42.9%
S&P 200 Telecommunicatic	1083	1078	0.5%	-3.9%	-38.3%
S&P 200 Utilities	7262	7338	-1.0%	-2.1%	-3.7%
S&P 200 Property Trusts	1377	1405	-2.0%	0.1%	2.6%
S&P 200 Financials ex PT	6405	6392	0.2%	-1.7%	-9.9%

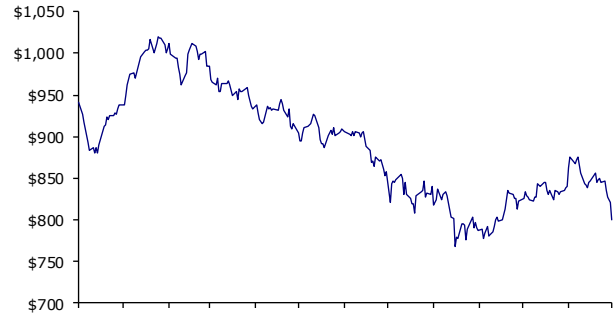
Source: IRESS

### 1 Year Commodity Price Charts

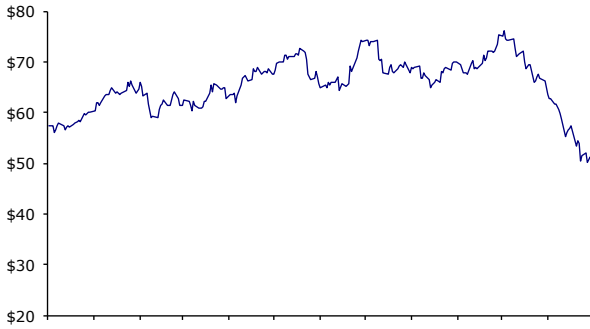
**1 Year Gold**



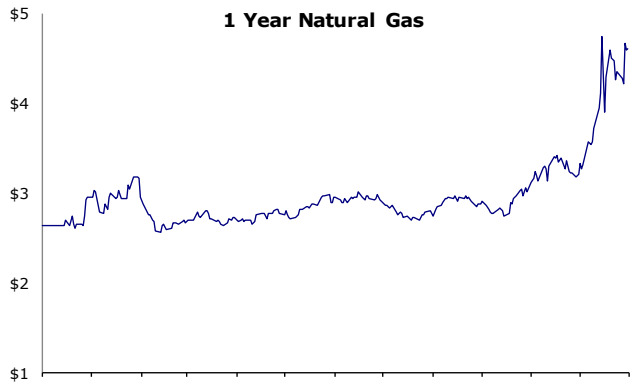
**1 Year Platinum**



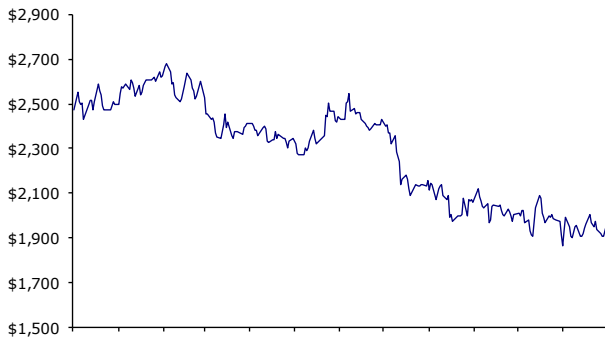
**1 Year Oil**



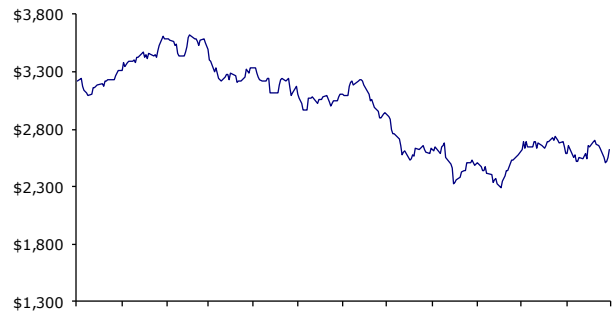
**1 Year Natural Gas**



**1 Year Lead**

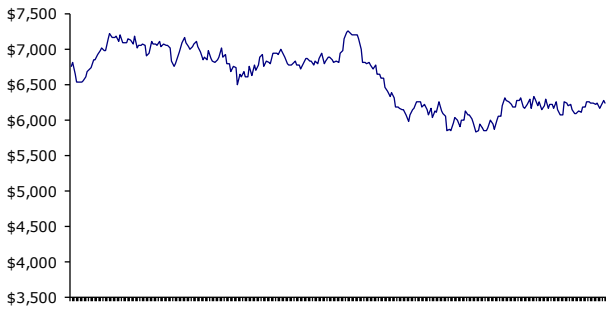


**1 Year Zinc**

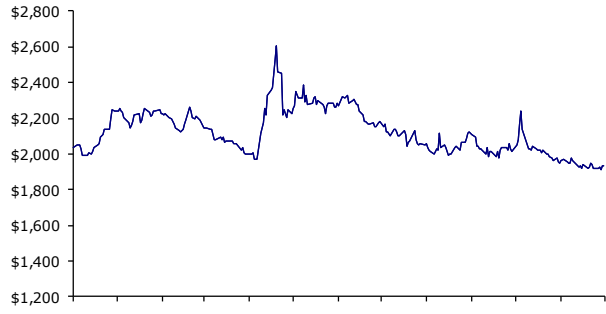




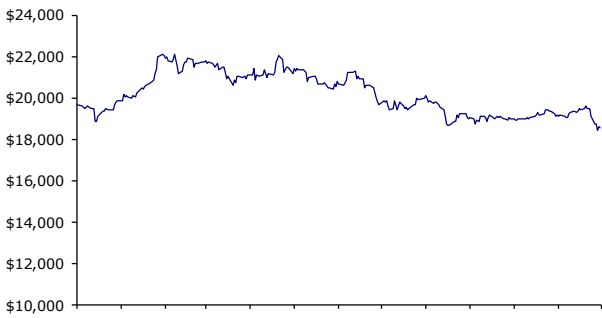
**1 Year Copper**



**1 Year Aluminium**

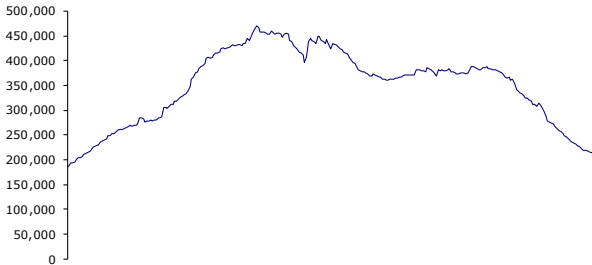


**1 Year Tin**

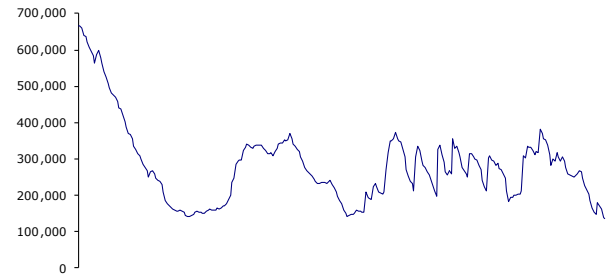


**5 Year Metals Stockpiles**

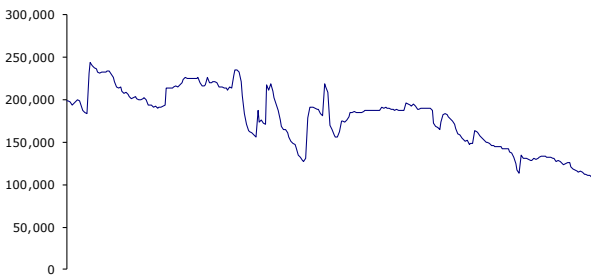
**Nickel LME Stockpiles - 5 Year**



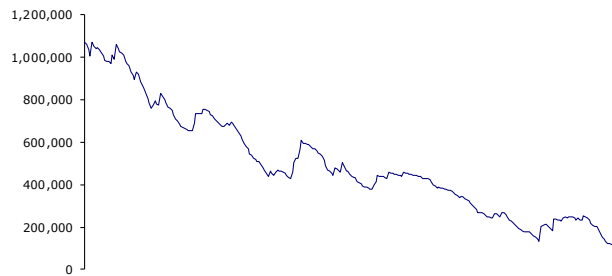
**Copper LME Stockpiles - 5 Year**



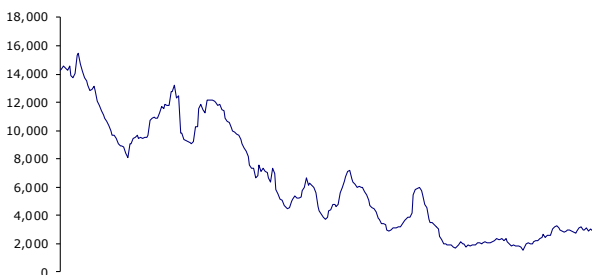
**Lead LME Stockpiles - 5 Year**



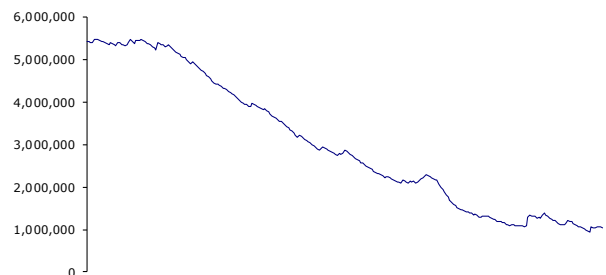
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**



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