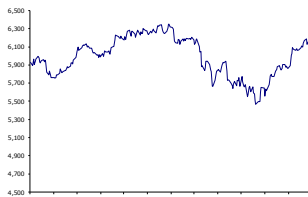


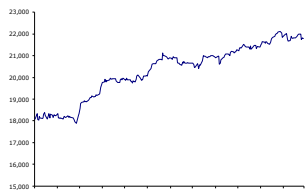
STATE ONE SPINNAKER

3 March 2019
Issue 450

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 3 March 2019

World Markets	3/03/2019	24/02/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6193	6167	0.4%	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	2804	2793	0.4%	2.6%	24.8%
FTSE 100	7107	7179	-1.0%	-0.9%	2.5%
DAX30	11602	11458	1.3%	2.4%	-5.1%
Shanghai Composite	2994	2961	1.1%	14.4%	-6.9%
Nikkei 225	21603	21528	0.3%	4.1%	15.1%
Hang Seng	28812	28816	0.0%	3.2%	26.0%
Currency					
AUD/USD	0.7076	0.7169	-1.3%	-0.2%	-8.9%
Commodities					
Oil (\$/bbl)	55.7	55.4	0.6%	6.0%	-9.3%
Gas (\$/gal)	2.9	2.7	4.4%	6.8%	5.3%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6572	6489	1.3%	5.8%	12.6%
Lead (\$/t)	2153	2059	4.5%	3.5%	-7.7%
Zinc (\$/t)	2772	2718	2.0%	1.9%	1.0%
Aluminium (\$/t)	1891	1891	0.0%	0.2%	9.2%
Nickel (\$/t)	13160	12930	1.8%	1.8%	15.7%
Tin (\$/t)	21800	21650	0.7%	4.3%	1.9%
Gold (\$/oz)	1299	1333	-2.5%	-0.9%	10.8%
Silver (\$/oz)	15.3	16.0	-4.7%	-2.6%	-10.8%
Platinum (\$/oz)	864	846	2.1%	6.9%	-7.9%
Wheat (\$/t)	460.000	493.000	-6.7%	-13.0%	12.7%

Source: Iress

Global Wrap

Key points

- 1. ASX closes on 5-month high**
- 2. Global markets up on trade hopes**
- 3. Stock analysis: Gold miners**

US

Stocks rose on Friday as investors built on the market's strongest start to a year since 1991, CNBC reported.

The S&P 500 ended the day up 0.7% at 2,803.69, closing above 2,800 for the first time since November 8.

The Dow Jones Industrial Average closed 110.32 points higher at 26,026.32 as Nike and Chevron outperformed.

The Nasdaq Composite advanced 0.8% to 7,595.35, led by gains in Amazon.

The S&P 500 traded around the key 2,800 level for most of this week, briefly breaking above it on Monday and Tuesday on an intraday basis.

The S&P 500 is up more than 11% for the year, along with the Dow. The Nasdaq, meanwhile, is up more than 14%.

Decreasing trade tensions between China and the US, along with declining fears of tighter monetary policy from the Federal Reserve, helped propel stocks higher to kick off 2019. Bloomberg News reported on Thursday that US officials are getting a final trade deal ready for President Donald Trump and Chinese President Xi Jinping to sign around mid-March.

However stocks came off their highs on Friday following the release of disappointing economic data. The Institute for Supply Management released data showing US manufacturing activity expanded at its [slowest pace since November 2016](#). Meanwhile, the University of Michigan consumer sentiment index came in below expectations for February.

This coming week the advance goods trade balance will be released on Monday and the trade balance on Wednesday, followed by “jobs Friday” when the closely watched non-farm payroll data will be released.

China

The Shanghai Composite Index posted its biggest weekly gain in nearly four years, given an end-of-the-week boost by index compiler MSCI's decision to increase the weighting of China shares in its global benchmarks.

The Shanghai benchmark gained 6.76% during the week in its best performance since June 2015 – right before the bubble burst in China's markets that wiped out US\$5 trillion in value. It closed Friday up 1.8% to 2,994.00. The CSI 300, meanwhile, gained 6.52% in the week to close at 3,749.71. Both indexes moved into bull markets this week, The South China Morning Post reported.

In a move announced Friday that could send huge amounts of foreign money flowing into China, global index provider MSCI will quadruple the weighting of Chinese A-shares this year. The move will come in three steps through the year from May to November, the New-York based firm announced.

China, which won a spot on the MSCI global indexes only last year, will rise to make up 3.3% of its Emerging Markets Index, from the current 0.72%.

Shares in China's start-up style ChiNext index will also join indexes for the first time this year. The board was up 2.09% to 1,567.87 by end of trading.

In Hong Kong, the Hang Seng Index ended up 0.63%, or 178.99 points, to 28,812.17, while the Hang Seng China Enterprises Index rose 1.23%, or 139.49 points, to 11,506.94.

Positive comments over the future of a US-China trade deal from Larry Kudlow, director of the White House's National Economic Council, were also felt in Asia.

This coming Tuesday the National People's Congress will release its expected growth target. China's CPI will be released on Saturday.

Japan

Stocks staged a rebound Friday on the Tokyo Stock Exchange as the yen weakened against the dollar following the release of positive US economic data on Thursday.

The 225-issue Nikkei average rose 217.53 points, or 1.02%, to close at 21,602.69.

Japan's GDP, household spending and trade balance will be released this coming Thursday.

Europe

European stocks traded higher on Friday, beginning the first trading day of March on a positive note. The pan-European Stoxx 600 finished provisionally up 0.35% with almost every sector in positive territory. In Europe, investors continue to await further news surrounding the UK's impending departure from the European Union.

Market watchers question whether the UK will exit the EU at the end of March, with or without a deal, or go for an alternative, such as a "People's Vote" or briefly delaying the departure date.

In economic news, euro zone inflation numbers showed an increase in February. Consumer inflation hit 1.5% last month, from a previous 1.4% reading in January. Nonetheless, core inflation, excluding food and energy, only stood at 1.2% — still short of the European Central Bank's target of close to but below 2%.

Australia

The Australian sharemarket recovered from a big dip on Tuesday to close the week at a five-month high, capping off a bumper earnings season.

The S&P/ASX 200 Index rose 29.4 points, or 0.4%, 6192.7 the benchmark's highest level since September 2018.

The market was lifted largely by modest gains from the index heavyweights this week, as US President Donald Trump said he was extending the deadline for a tariff increase on Chinese goods while negotiations with Beijing continued.

Among the biggest movers, **Bingo Industries** shares rose 24.5% to \$1.63 this week after the waste disposal company was given the green light by the Australian Competition and Consumer Commission to proceed with its \$578 million acquisition of the Dial-A-Dump business. It also reported its interim results on Tuesday although its earnings didn't surprise the market, with Bingo flagging big losses a week earlier.

Appen reported a 119 per cent jump in revenue on Monday, beating its full-year forecasts and pushing its shares up 24.9% to \$23.50 this week. Analysts said the demand for annotated and curated data for machine learning and AI purposes was only in its infancy and that there would continue to be solid demand for Appen's services.

Afterpay Touch shares climbed 13.8% to \$19.57 this week after saying a report by the Senate economics references committee would not impact on its business model. The company also reported its interim results, saying growth in the US remained above expectations.

Ingham's Group fell 8.7% to \$4.08 after reporting its interim results on Thursday. The company also said it had been forced to raise the price of its chicken products on the back of the drought affecting the price of poultry feed.

This coming week the TD Securities inflation reading will be released on Monday, as well as building approvals.

It's the RBA rates day on Tuesday, with no change expected this month but Governor Philip Lowe will present a speech in Sydney which may give clues to future movements.

Stock analysis: Gold miner mergers

The merger mania sweeping the US gold mining sector isn't a flash in the pan - it's likely just begun. Unless these companies want to shrink, they must continue to gobble each other up.

"There is going to be a new wave of M&A as a way to grow reserves especially because organic growth is so hard to come by," said Matthew Miller, a Denver-based equity research analyst at financial research firm CFRA.

In other words, expect more mergers and acquisitions in the US gold mining sector.

The latest news, which came earlier this week, is that Barrick Gold, the world's largest gold miner, wanted to buy Newmont Mining. That news comes after two recently announced mergers; Goldcorp with Newmont, and Randgold with Barrick.

However, investors should focus on the bigger issue which is that these gold companies face the same problem. *They all need to replenish their resources.*

In large part, how much gold a miner has in the ground determines its value. As the metal gets extracted from mines, then the company must do one of two things: It could engage in exploration activities to find new ore deposits, or it could purchase other companies that own ore deposits. Economics put the latter in

favour right now.

"Reserve growth through acquisition is cheaper than prospecting growth, especially for the majors," said CFRA's Miller.

In other words, sending geologists out into the wilderness to find new ore deposits is costly and the results are usually tricky to forecast.

When a company acquires another firm it can then have a reasonable idea of how much in-the-ground gold it is buying. Mining companies categorize their ore bodies in descending order of quality from "proven" to "probable" to "possible".

As a result, the companies can make educated estimates about how much to spend.

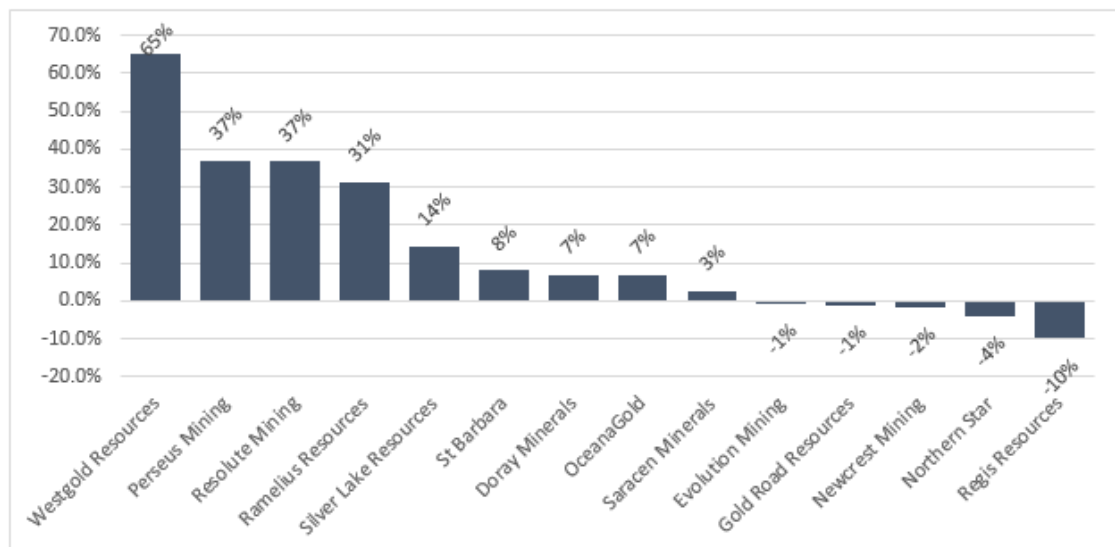
That's why gold miner stocks, in general, will increasingly become takeover targets. That's even truer of the smaller companies because they have lagged their larger peers in the recent rally.

The economic imperative of growing the resource base may very well come to Australian shores. For investors who believe in the corporate activity story, smaller cap gold plays like Westgold, Perseus, Resolute, and Ramelius, may be attractive takeover targets to ounce hungry giants like Northern Star, Newcrest, Evolution, and Saracen.












Forecast total return for selected S&P/ASX Gold Stocks

Security	Name	Share Price (A\$)	Target Price (A\$)	Capital upside / (downside) (%)	FY19E Dividend (A\$)	FY19E DY (%)	Total Return (%)
WGX	Westgold Resources	1.18	1.95	65.3%	0.00	0.0%	65.3%
PRU	Perseus Mining	0.445	0.61	37.1%	0.00	0.0%	37.1%
RSG	Resolute Mining	1.09	1.47	34.9%	2.0%	1.8%	36.7%
RMS	Ramelius Resources	0.61	0.8	31.1%	0.00	0.0%	31.1%
SLR	Silver Lake Resources	0.69	0.79	14.5%	0.00	0.0%	14.5%
SBM	St Barbara	4.38	4.63	5.7%	0.10	2.3%	8.0%
DRM	Doray Minerals	0.45	0.48	6.7%	0.00	0.0%	6.7%
OGC	OceanaGold	4.50	4.76	5.8%	0.04	0.9%	6.7%
SAR	Saracen Minerals	2.63	2.69	2.3%	0.01	0.4%	2.7%
EVN	Evolution Mining	3.6	3.5	-2.8%	0.08	2.2%	-0.6%
GOR	Gold Road Resources	0.92	0.91	-1.1%	0.00	0.0%	-1.1%
NCM	Newcrest Mining	24.33	23.71	-2.5%	0.19	0.8%	-1.8%
NST	Northern Star	9.26	8.75	-5.5%	0.14	1.5%	-4.0%
RRL	Regis Resources	5.32	4.63	-13.0%	0.17	3.2%	-9.8%

Source: IRESS, compiled by State One Stockbroking. Share prices as at 1 March 2019
















Economic Calendar 4/03/2019 – 8/03/2019

Tuesday March 05 2019			Actual	Previous	Consensus
11:00 PM	 US	ISM Non-Manufacturing PMI FEB		56.7	57.2
	 CN	National People's Congress			
Wednesday March 06 2019			Actual	Previous	Consensus
09:30 PM	 CA	Balance of Trade DEC		C\$-2.06B	C\$-2.39B
09:30 PM	 US	Balance of Trade DEC		\$-49.3B	\$-57.3B
11:00 PM	 CA	Ivey PMI s.a FEB		54.7	
Thursday March 07 2019			Actual	Previous	Consensus
08:30 AM	 AU	Balance of Trade JAN		A\$3.681B	A\$3B
09:30 PM	 EA	ECB Press Conference			
Friday March 08 2019			Actual	Previous	Consensus
11:00 AM	 CN	Balance of Trade FEB		\$39.16B	\$25.55B
11:00 AM	 CN	Exports YoY FEB		9.1%	-4.5%
11:00 AM	 CN	Imports YoY FEB		-1.5%	-1.4%
09:30 PM	 US	Non Farm Payrolls FEB		304K	180K

Source: www.tradingeconomics.com

Economic Calendar 11/03/2019 – 15/03/2019

Monday March 11 2019			Actual	Previous	Consensus
03:00 PM	 DE	Balance of Trade JAN		€13.9B	
08:30 PM	 US	Retail Sales MoM JAN		-1.2%	0.1%
Tuesday March 12 2019			Actual	Previous	Consensus
08:30 AM	 AU	NAB Business Confidence FEB		4	
05:30 PM	 GB	Balance of Trade JAN		£-3.229B	
08:30 PM	 US	Core Inflation Rate YoY FEB		2.2%	2.1%
08:30 PM	 US	Inflation Rate YoY FEB		1.6%	1.6%
Wednesday March 13 2019			Actual	Previous	Consensus
07:30 AM	 AU	Westpac Consumer Confidence Change MAR		4.3%	
07:30 AM	 AU	Westpac Consumer Confidence Index MAR		103.8	
08:30 PM	 GB	Spring Budget 2019			
09:30 PM	 US	Durable Goods Orders MoM JAN			-0.7%
	 GB	Parliamentary Vote on Brexit Deal			
Thursday March 14 2019			Actual	Previous	Consensus
03:00 PM	 DE	Inflation Rate YoY Final FEB		1.4%	1.6%
Friday March 15 2019			Actual	Previous	Consensus
10:00 PM	 US	Michigan Consumer Sentiment Prel MAR		93.8	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 1 March 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
APX	Appen Limited	24.9	OML	Ooh!Media Limited	-14.7
BIN	Bingo Industries Ltd	24.5	GEM	G8 Education Limited	-13.8
NAN	Nanosonics Limited	14.9	MIN	Mineral Resources.	-10.8
APT	Afterpay Touch	13.8	NXT	Nextdc Limited	-10.5
ORE	Orocobre Limited	10.8	MYX	Mayne Pharma Ltd	-9.2
AHG	Automotive Holdings.	10.5	ING	Inghams Group	-8.7
BSL	BlueScope Steel Ltd	9.5	EHL	Emeco Holdings	-8.4
QBE	QBE Insurance Group	9.4	IRE	IRESS Limited	-8.0
SDA	Speedcast Int Ltd	9.3	WHC	Whitehaven Coal	-7.4
BAL	Bellamy's Australia	9.0	RWC	Reliance Worldwide	-7.0

Source: IRESS

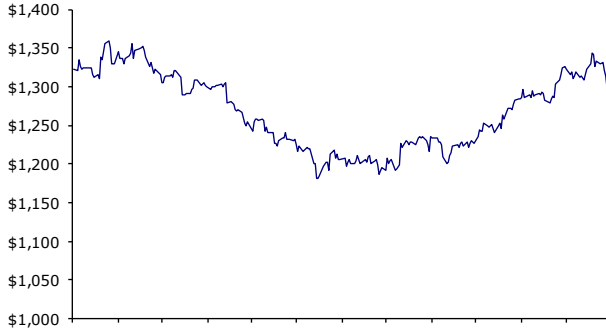
S & P Indices Week Ending 1 March 2019

S&P Indices	3/03/2019	24/02/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	11366	11442	-0.7%	3.2%	27.8%
S&P 200 Materials	12791	12935	-1.1%	2.9%	29.2%
S&P 200 Industrials	6194	6194	0.0%	3.2%	21.4%
S&P 200 Consumer Disc.	2324	2352	-1.2%	3.2%	11.0%
S&P 200 Consumer Staples	10464	10442	0.2%	-3.2%	22.3%
S&P 200 Healthcare	30371	29286	3.7%	3.0%	57.5%
S&P 200 Financials	6034	5951	1.4%	3.8%	-5.3%
S&P 200 Info Technology	1262	1249	1.0%	4.6%	62.2%
S&P 200 Telecommunicatic	1142	1159	-1.5%	1.4%	-34.9%
S&P 200 Utilities	8108	8086	0.3%	0.5%	7.5%
S&P 200 Property Trusts	1509	1503	0.4%	1.6%	12.5%
S&P 200 Financials ex PT	6730	6637	1.4%	3.8%	-5.3%

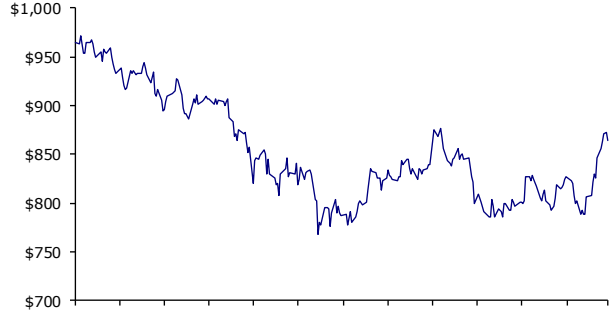
Source: IRESS

1 Year Commodity Price Charts

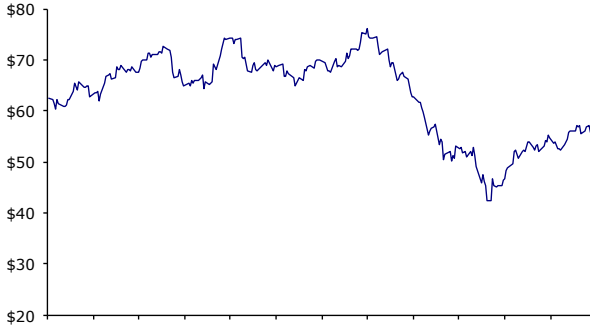
1 Year Gold



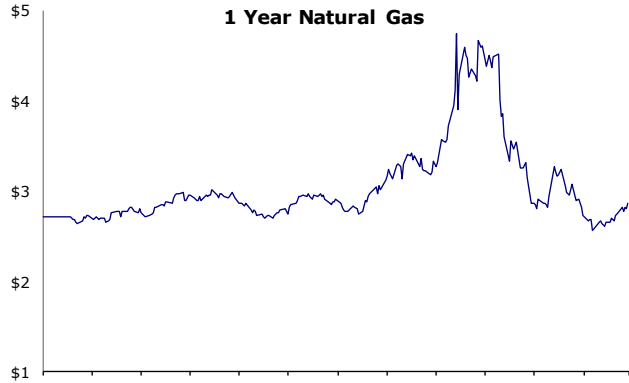
1 Year Platinum



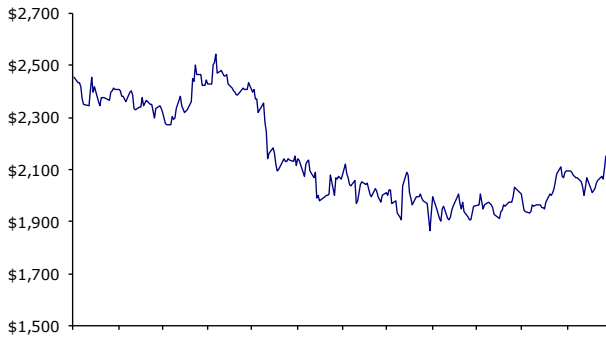
1 Year Oil



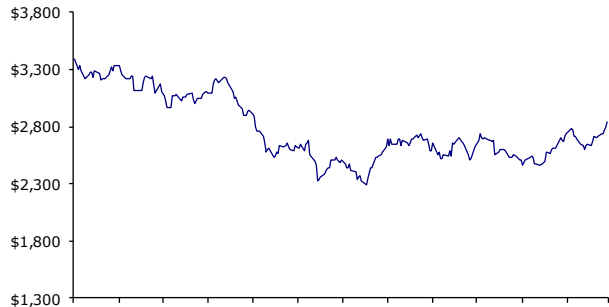
1 Year Natural Gas



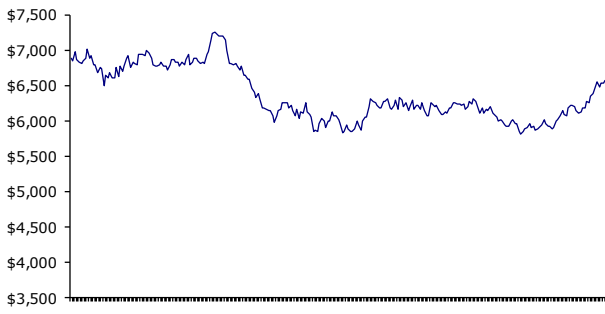
1 Year Lead



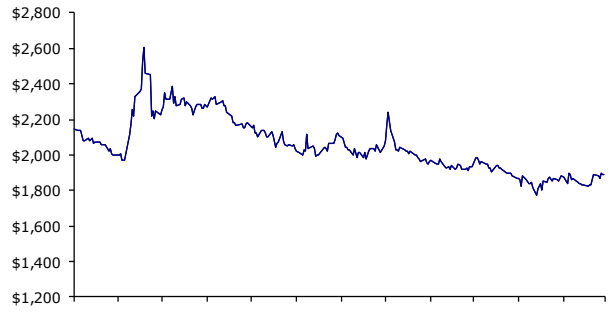
1 Year Zinc



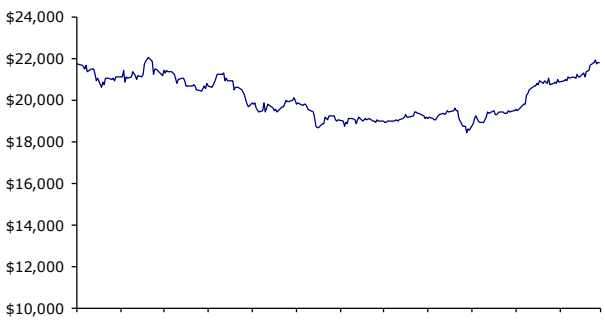
1 Year Copper



1 Year Aluminium

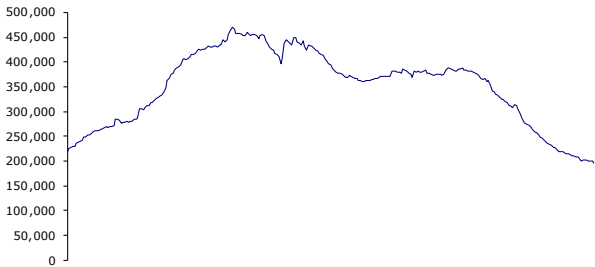


1 Year Tin

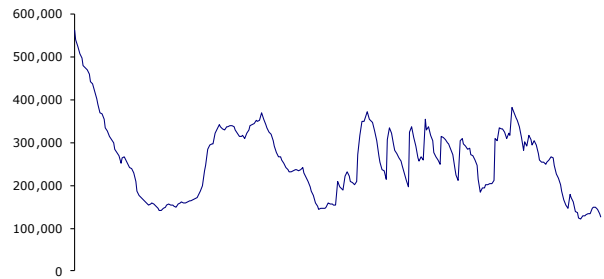


5 Year Metals Stockpiles

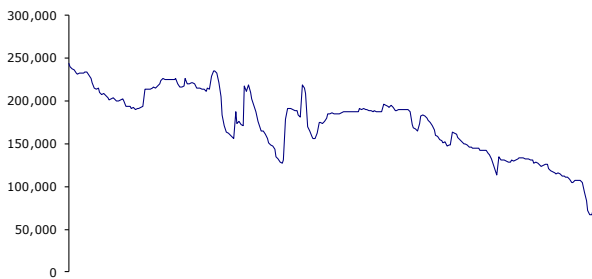
Nickel LME Stockpiles - 5 Year



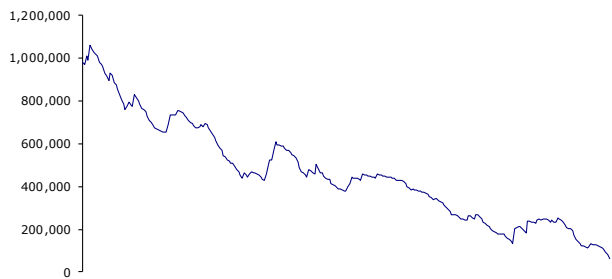
Copper LME Stockpiles - 5 Year



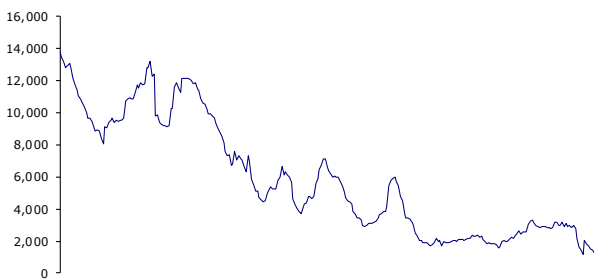
Lead LME Stockpiles - 5 Year



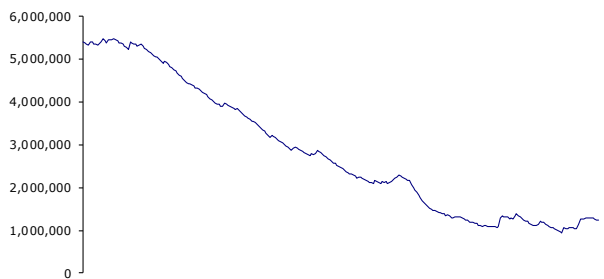
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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