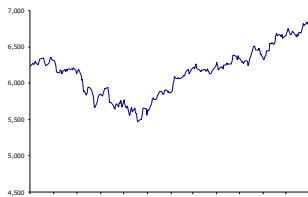


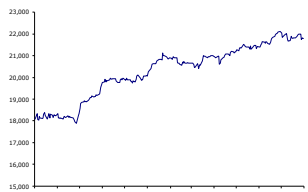
STATE ONE SPINNAKER

4 August 2019
Issue 466

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 4 August 2019

World Markets	4/08/2019	28/07/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6769	6793	-0.4%	1.2%	22.1%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2932	3026	-3.1%	-2.0%	30.5%
FTSE 100	7407	7549	-1.9%	-1.6%	6.9%
DAX30	11872	12420	-4.4%	-4.0%	-3.9%
Shanghai Composite	2868	2941	-2.5%	-1.7%	-10.8%
Nikkei 225	21087	21617	-2.5%	-2.6%	12.4%
Hang Seng	26919	28398	-5.2%	-4.6%	17.7%
Currency					
AUD/USD	0.6800	0.6901	-1.5%	-2.2%	-8.1%
Commodities					
Oil (\$/bbl)	55.2	57.0	-3.2%	-8.6%	-19.6%
Gas (\$/gal)	2.1	2.2	-0.4%	-12.4%	-26.6%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	5769	5945	-3.0%	-1.6%	-1.2%
Lead (\$/t)	1951	2075	-6.0%	-0.2%	-16.3%
Zinc (\$/t)	2426	2423	0.1%	1.9%	-11.6%
Aluminium (\$/t)	1749	1778	-1.6%	-1.9%	1.0%
Nickel (\$/t)	14520	14060	3.3%	13.5%	27.7%
Tin (\$/t)	17300	17830	-3.0%	-4.2%	-19.1%
Gold (\$/oz)	1458	1432	1.8%	2.6%	24.3%
Silver (\$/oz)	16.2	16.4	-1.0%	6.3%	-5.1%
Platinum (\$/oz)	848	868	-2.3%	2.1%	-9.6%
Wheat (\$/t)	489.500	497.250	-1.6%	-2.8%	19.9%

Source: Iress

Global Wrap

Key points

1. **US stocks rise on positive earnings and GDP data**
2. **China up on trade and tech hopes**
3. **Stock analysis: Listening to what business leaders say**

US

Stocks fell on Friday as President Donald Trump stoked US-China trade fears with the announcement of more tariffs while investors digested US employment data, CNBC reported.

The Dow Jones Industrial Average closed 98.41 points lower at 26,485.01 after plunging 334.20 points earlier in the day. The S&P 500 lost 0.7% to end the day at 2,932.05. The Nasdaq Composite slid 1.3% to close at 8,004.07. The major indexes dipped below their 50-day moving averages, key technical levels watched by investors.

Equities took a major blow this week. The S&P 500 and Nasdaq dropped 3.1% and 3.9% this week, respectively, their biggest weekly drops of 2019. The Dow had its second-worst week of the year, sliding 2.6%.

In a series of tweets on Thursday, President Donald Trump said the 10% charge would be imposed on \$300 billion worth of Chinese goods. The levy will take effect on September 1. Trump said later on Thursday he was open to shelving that tariff if China stepped up its US agricultural purchases.

The move breaks a truce in the long-running trade war between the world's two largest economies, with investors fearful it could further disrupt global supply chains.

China's foreign ministry pushed back against Trump's latest tariff threat on Friday morning, reportedly saying the world's largest economy should give up its illusions, shoulder some responsibility and come back to the right track on resolving the trade war.

China's spokesperson at the foreign ministry said Beijing would have to take countermeasures if the US was committed to putting more tariffs on Chinese goods, Reuters reported.

Trump's tariff threat came as a surprise to financial markets in the previous session, in large part because negotiators for the two sides had just met earlier this week in China.

Also yesterday it was announced that the US economy added 164,000 jobs in July, just below a Dow Jones estimate of 165,000. The job gains pushed the size of the US labor force to a record high. Wages topped analyst expectations. They rose 3.2% on a year-over-year basis, surpassing a Dow Jones forecast by 0.1 percentage points.

The strong wage number could be seen by traders as a sign of rising inflation, which could keep the Federal Reserve from cutting rates multiple times later this year.

The Fed cut interest rates by 25 basis points on Wednesday.

China

Hong Kong stocks fell to a nearly two-month low on Friday, as investors were caught off guard by the surprise escalation of the US-China trade war and fears the local economy will continue to deteriorate amid unresolved protests.

The Hang Seng Index lost 2.35% to close at 26,918.58, reflecting the biggest decline since May 9 and its lowest close since June 5. The benchmark was dragged for a 5.2% loss for the week.

The Shanghai Composite Index ended the day 1.4% lower at 2,867.84. The CSI 300, which tracks blue chips in Shanghai and Shenzhen, fell 1.5% to 3,747.44.

Japan

Stocks plummeted on the Tokyo Stock Exchange on Friday amid the fears of a trade war escalation, The Japan Times reported.

The 225-issue Nikkei average lost 453.83 points, or 2.11%, to end at 21,087.16, after rising 19.46 points on Thursday.

Europe

European stocks plunged on Friday following Trump's trade tweet.

The pan-European Stoxx 600 was provisionally down 2.4% by the end of the session.

Australia

Australian shares had their worst day in more than two weeks on Friday, with China-reliant miners leading the fall following Trump's trade threat.

The S&P/ASX 200 index fell 0.5%, or 30.8 points, to 6,758 by 0208 GMT. The benchmark slipped 0.4% on Thursday.

Rio Tinto Ltd, the country's second-biggest company, slumped to a near three-month trough even as it delivered record interim payout and announced its highest margins in a decade.

China is Australia's top trade partner and a key buyer of its commodities exports, making it especially vulnerable to any slowdown in the world's No.2 economy.

The world's biggest miner BHP Group Ltd dropped to nearly two-month lows, while Fortescue Metals Group had its worst day in over three years.

Lower iron ore prices also piled on the pressure as Brazil's Vale presented an upbeat outlook and said its joint-venture with BHP is likely to come online in the second half of the year.

However, gold miners soared to a more than eight-year peak as tariff threats sent investors scurrying to safe-haven assets.

Resolute Mining Ltd surged as much as 16.1%, its biggest intraday gain in three years and was the top gainer on the benchmark.

The heightened trade war fears also bolstered demand for shares of rare earths miner Lynas Corp, which saw its best day since May 31.

Earlier in the day, Lynas said it was conducting preliminary work on a waste disposal facility for its Malaysian plant, which is due for an operating licence renewal in September.

What investors will be watching in the week ahead

US non-manufacturing Purchasing Managers' Index: Monday, 5 August

Survey results will be watched carefully given concerns that the slowdown underway in manufacturing activity in the US will spill over into the services side of the economy amidst faltering global growth.

Reserve Bank of Australia's monetary policy decision: Tuesday, 6 August

House prices have risen for the past two months in Sydney and Melbourne and the market is currently pricing in a 6.2% chance of a rate cut next week. There will be significant scrutiny of Governor Lowe's announcement as we expect it will strongly impact equity and property markets given the proximity of this decision to the Federal Reserve's announcement.

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.

Infrastructure

"Volumes linked to the treatment of infrastructural waste, which was particularly dynamic last year, clearly, slowed down as these projects came to an end."

Julian Waldron, CFO, Suez Recycling Group

Global Aviation

"We continue to see a complex geopolitical environment and competitive market, particularly on widebodies (twin aisle aircraft)." Guillaume Faury, CEO, Airbus

Global Auto

"Increased US tariff costs and delayed timing of anticipated commercial truck tire price increases, as well as weakness in the China new vehicle and Europe replacement tire markets, are expected to impact the remainder of the year."

Brad Hughes, CEO, Cooper Tire & Rubber Company

Motorcycles

"Our scooter sales were up 29% last calendar year, it is our fastest growing sector and largely thanks to more food delivery services." Dave Ahmet, CEO, Motorcycle Holdings

Agriculture

“Generally, demand (for beef) is increasing as supply is increasing alongside it, but in Australia global demand is rising for our product even as production is decreasing – on the back of tougher seasonal conditions.”

Hugh Killen, CEO, Australian Agricultural Company Ltd

“It’s been a difficult year, with external headwinds impacting performance in three of our four major markets.”

Greg Hunt, CEO, Nufarm Ltd

“This is an extremely difficult year for GrainCorp due to the significant disruptions we’ve seen in global grain markets, compounded by the drought in eastern Australia. The extraordinary circumstances in eastern Australia are highlighted by the fact we expect to ship 2.3 million tonnes of grain from South and Western Australia to meet east coast domestic demand.”

Mark Palmquist, CEO, GrainCorp Ltd

Banking & Finance

“They (the major banks) are hurting, losing revenue and have a lot of catching up to do. That means they are aggressively moving rates in a bid to reset themselves. These new [lower] rates show they are beginning to warm up after a period of hibernation.”

Jonathan Street, CEO, Thinktank domestic commercial property lender)

“Homeowners are no longer taking what they are given. They are negotiating upfront and reviewing their loans regularly to make sure they are getting a good deal.” David Hyman, CEO, Lendi (home loan platform)

Global Consumer

“We continue to see a particularly softer consumer. There’s a lot of indications that consumer confidence has trended on the lower side over the last couple quarters, actually the lowest it’s been in five years in the UK that, coupled with what we see is increased competition and highly fragmented market, particularly in the home and garden category which is popular this time of year.”

Miachael Randolfi, CFO, Groupon

Technology

“That (referring to Atlassian’s exponential growth) is a barometer for just how much demand there is globally for companies moving to agile (work places).” Andy Penn, CEO, Telstra Ltd

“As I’ve said before, transit integration (integrating Apple products into transport services) is a major driver of a broader digital wallet adoption, and we’re going to keep up this push to help users leave their wallet at home in more and more instances.”

Tim Cook, CEO, Apple

“More and more enterprise customers are seeing the value of replacing legacy (telephone) systems with a unified cloud-based solution. We don’t believe on-premise technology can compete with the cloud in addressing needs of modern mobile and distributed workforces.”

Vlad Shmunis, CEO, RingCentral Inc

Domestic Capital Markets

“Whatever the dynamic is, I think Australia has struggled to give oxygen to companies that are really being quite disruptive and looking to grow over the longer term.”

Andy Penn, CEO, Telstra Ltd

Domestic Housing & Construction

“Genworth expects the moderating trend in metropolitan housing markets to slow in the second half of the year (particularly in Sydney and Melbourne) with increased stability in house prices heading into the latter part of the year.”

Genworth ASX Announcement

“The revised guidance is a consequence of a further softening of conditions in the residential and civil construction markets, continued competitive pressure in Queensland and South Australia, sustained increase in raw material costs and one-off shipping costs associated with the cancellation of import orders for cementitious materials given the softening volumes in Victoria.”

Adelaide Brighton ASX Release

“From May through to today we’ve not seen any recovery in that [residential construction] sector. And in fact it has deteriorated.”

Nick Miller, CEO, Adelaide Brighton Ltd





























Source: Naos Asset Management

Economic Calendar 5/08/2019 – 9/08/2019

Monday August 05 2019		Actual	Previous	Consensus	Forecast	
10:00 PM	US ISM Non-Manufacturing PMI JUL		55.1	55.5	54.5	
Tuesday August 06 2019		Actual	Previous	Consensus	Forecast	
09:30 AM	AU Balance of Trade JUN		A\$5.745B	A\$6B	A\$5.4B	
Wednesday August 07 2019		Actual	Previous	Consensus	Forecast	
02:15 PM	IN RBI Interest Rate Decision		5.75%	5.5%	5.5%	
10:00 PM	CA Ivey PMI s.a JUL		52.4	55.0	51.8	
Thursday August 08 2019		Actual	Previous	Consensus	Forecast	
11:00 AM	CN Balance of Trade JUL		\$50.98B	\$37.49B	\$32B	
11:00 AM	CN Exports YoY JUL		-1.3%	-2.2%		
11:00 AM	CN Imports YoY JUL		-7.3%	-7.6%		
Friday August 09 2019		Actual	Previous	Consensus	Forecast	
09:30 AM	AU RBA Statement on Monetary Policy					
09:30 AM	CN Inflation Rate YoY JUL		2.7%	2.7%	2.7%	
02:00 PM	DE Balance of Trade JUN		€20.6B		€16.6B	
04:30 PM	GB Balance of Trade JUN		£-2.324B		£-2.9B	
04:30 PM	GB GDP Growth Rate QoQ Prel Q2		0.5%	0.0%	-0.1%	
04:30 PM	GB GDP Growth Rate YoY Prel Q2		1.8%	1.4%	1.4%	
08:30 PM	CA Employment Change JUL		-2.2K	12.5K	17K	
09:00 PM	RU GDP Growth Rate YoY Prel Q2		0.5%		0.9%	

Source: www.tradingeconomics.com

Economic Calendar 12/08/2019 – 16/08/2019

Tuesday August 13 2019			Actual	Previous	Consensus	Forecast	
09:30 AM	AU	NAB Business Confidence JUL		2		3	 
02:00 PM	DE	Inflation Rate YoY Final JUL		1.6%	1.7%	1.7%	 
04:30 PM	GB	Claimant Count Change JUL		38K	22.8K	12K	 
05:00 PM	DE	ZEW Economic Sentiment Index AUG		-24.5	-22.3	-18	 
08:30 PM	US	Core Inflation Rate YoY JUL		2.1%		2.1%	 
08:30 PM	US	Inflation Rate YoY JUL		1.6%	1.6%	1.7%	 
Wednesday August 14 2019			Actual	Previous	Consensus	Forecast	
08:30 AM	AU	Westpac Consumer Confidence Change AUG		96.5		98.7	 
08:30 AM	AU	Westpac Consumer Confidence Index AUG		-4.1%		2.3%	 
02:00 PM	DE	GDP Growth Rate QoQ Flash Q2		0.4%	0.4%	-0.1%	 
04:30 PM	GB	Inflation Rate YoY JUL		2%		2.2%	 
05:00 PM	EA	GDP Growth Rate QoQ 2nd Est Q2		0.4%	0.2%	0.2%	 
Thursday August 15 2019			Actual	Previous	Consensus	Forecast	
09:30 AM	AU	Unemployment Rate JUL		5.2%	5.2%	5.2%	 
08:30 PM	US	Retail Sales MoM JUL		0.4%	0.3%	0.1%	 
Friday August 16 2019			Actual	Previous	Consensus	Forecast	
10:00 PM	US	Michigan Consumer Sentiment Prel AUG		98.4		95.1	 

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 2 August 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
SAR	Saracen Mineral	9.2	ABC	Adelaide Brighton	-21.2
NCM	Newcrest Mining	8.9	CYB	Cybg PLC	-20.3
ORI	Orica Limited	8.9	JHG	Janus Henderson	-14.7
IPH	IPH Limited	8.7	BIN	Bingo Industries Ltd	-13.3
RSG	Resolute Mining	7.2	GXY	Galaxy Resources	-9.2
SYD	SYD Airport	5.6	GUD	G.U.D. Holdings	-9.0
EVN	Evolution Mining Ltd	5.3	CSR	CSR Limited	-8.3
SBM	St Barbara Limited	5.2	PNI	Pinnacle Investment	-8.3
VOC	Vocus Group Ltd	4.8	SVW	Seven Group Holdings	-8.0
DOW	Downer EDI Limited	4.6	ECX	Eclipx Group Ltd	-7.9

Source: IRESS

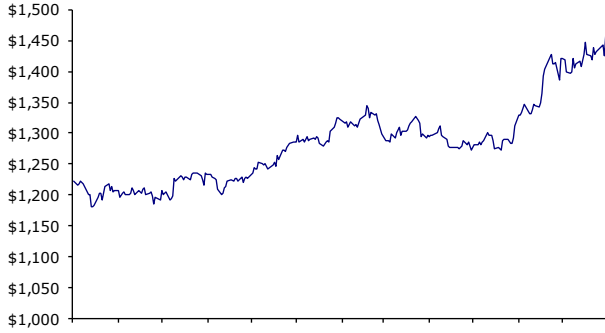
S & P Indices Week Ending 2 August 2019

S&P Indices	4/08/2019	28/07/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	10806	11007	-1.8%	-1.1%	21.5%
S&P 200 Materials	13790	14148	-2.5%	-1.3%	39.3%
S&P 200 Industrials	7088	6958	1.9%	3.0%	38.9%
S&P 200 Consumer Disc.	2535	2590	-2.1%	1.0%	21.1%
S&P 200 Consumer Staples	12423	12381	0.3%	3.5%	45.2%
S&P 200 Healthcare	35821	35170	1.9%	3.9%	85.8%
S&P 200 Financials	6428	6460	-0.5%	1.6%	0.9%
S&P 200 Info Technology	1372	1396	-1.8%	-0.2%	76.4%
S&P 200 Telecommunicatic	1364	1330	2.6%	2.1%	-22.3%
S&P 200 Utilities	8315	8340	-0.3%	-0.5%	10.3%
S&P 200 Property Trusts	1686	1658	1.7%	0.6%	25.7%
S&P 200 Financials ex PT	7170	7205	-0.5%	1.6%	0.9%

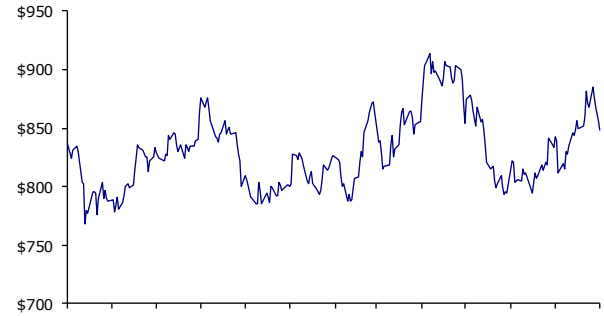
Source: IRESS

1 Year Commodity Price Charts

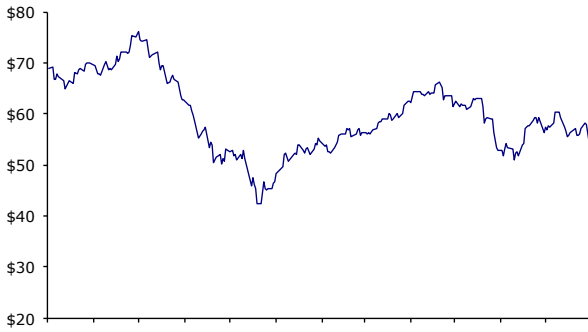
1 Year Gold



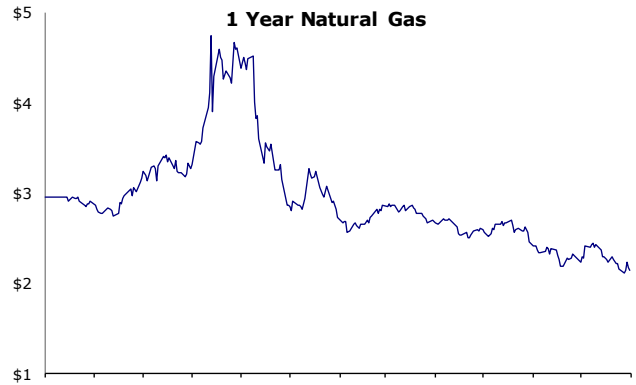
1 Year Platinum



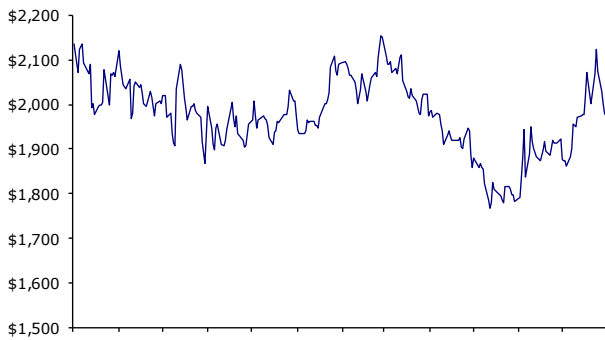
1 Year Oil



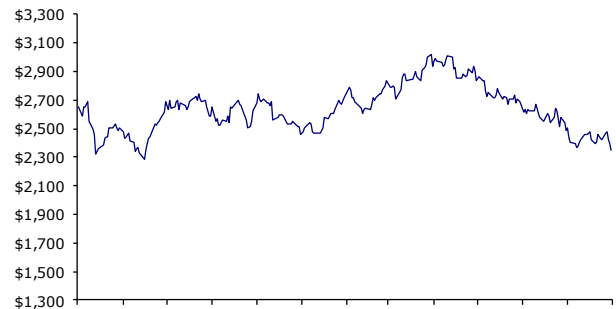
1 Year Natural Gas



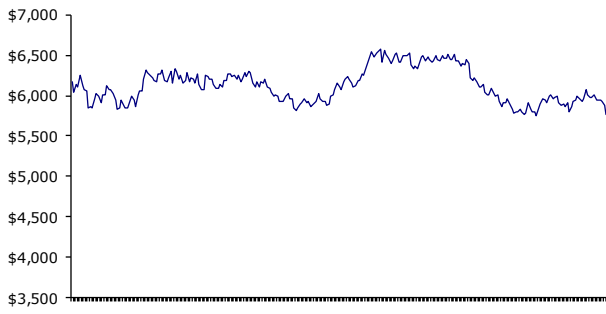
1 Year Lead



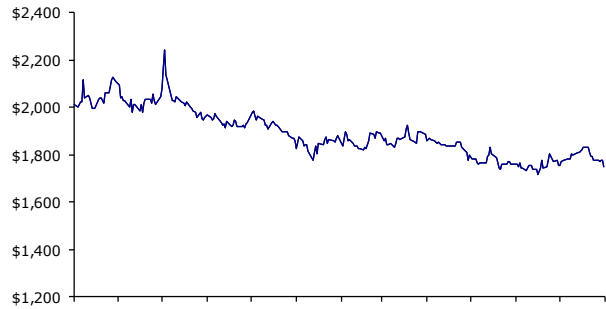
1 Year Zinc



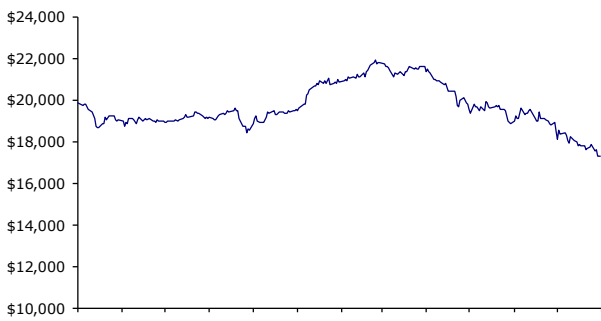
1 Year Copper



1 Year Aluminium



1 Year Tin

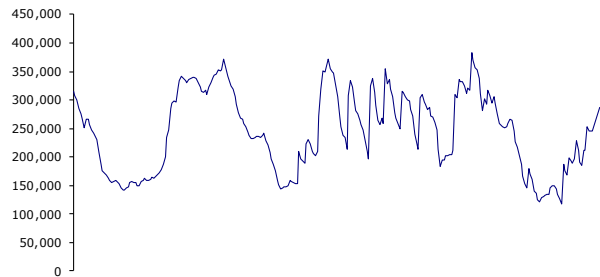


5 Year Metals Stockpiles

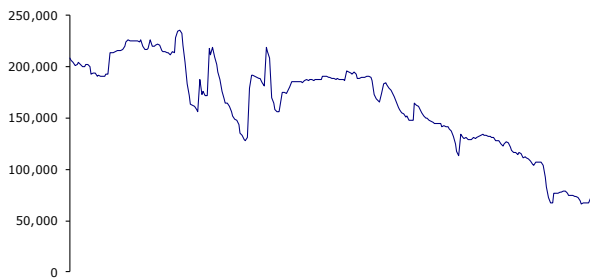
Nickel LME Stockpiles - 5 Year



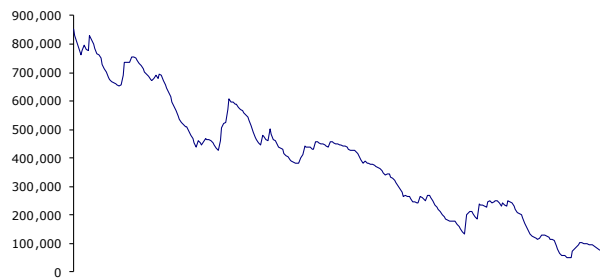
Copper LME Stockpiles - 5 Year



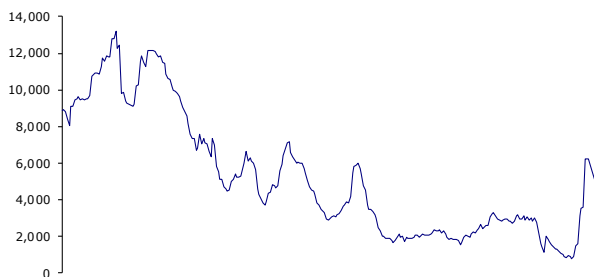
Lead LME Stockpiles - 5 Year



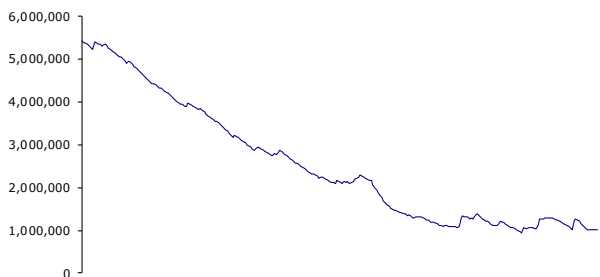
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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