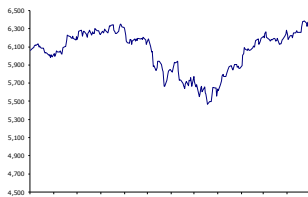


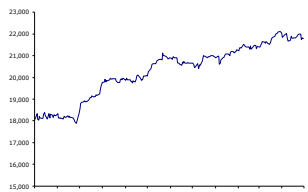
STATE ONE SPINNAKER

5 May 2019
Issue 458

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 5 May 2019

| World Markets | 5/05/2019 | 28/04/2019 | Wkly Chg | Mthly Chg | Yearly Chg |
|--------------------|-----------|------------|----------|-----------|------------|
| ASX 200 | 6336 | 6386 | -0.8% | 1.8% | 14.3% |
| Dow Jones | 21798 | 21988 | -0.9% | -1.0% | 18.0% |
| Nasdaq | 5284 | 5284 | 0.0% | -0.2% | 21.9% |
| S&P 500 | 2946 | 2940 | 0.2% | 2.0% | 31.1% |
| FTSE 100 | 7381 | 7428 | -0.6% | -0.6% | 6.5% |
| DAX30 | 12413 | 12315 | 0.8% | 4.3% | -4.3% |
| Shanghai Composite | 3078 | 3062 | 0.5% | -3.5% | -4.3% |
| Nikkei 225 | 22259 | 22259 | 0.0% | 2.5% | 18.6% |
| Hang Seng | 30082 | 29605 | 1.6% | -0.1% | 31.6% |
| Currency | | | | | |
| AUD/USD | 0.7024 | 0.7056 | -0.5% | 0.1% | -6.9% |
| Commodities | | | | | |
| Oil (\$/bbl) | 61.9 | 63.6 | -2.7% | -2.9% | -11.3% |
| Gas (\$/gal) | 2.6 | 2.6 | -0.5% | -4.9% | -10.8% |
| Iron Ore (\$/t) | 0.0 | 53.9 | -100.0% | -100.0% | -100.0% |
| Copper (\$/t) | 6180 | 6393 | -3.3% | -4.1% | 5.9% |
| Lead (\$/t) | 1880 | 1924 | -2.3% | -3.9% | -19.3% |
| Zinc (\$/t) | 2906 | 2917 | -0.4% | -1.3% | 5.9% |
| Aluminium (\$/t) | 1784 | 1832 | -2.6% | -3.7% | 3.0% |
| Nickel (\$/t) | 12170 | 12270 | -0.8% | -7.2% | 7.0% |
| Tin (\$/t) | 19375 | 19975 | -3.0% | -7.3% | -9.4% |
| Gold (\$/oz) | 1281 | 1289 | -0.6% | -2.3% | 9.3% |
| Silver (\$/oz) | 15.0 | 15.1 | -0.7% | -1.4% | -12.4% |
| Platinum (\$/oz) | 875 | 904 | -3.2% | -3.6% | -6.7% |
| Wheat (\$/t) | 437.750 | 442.500 | -1.1% | -5.4% | 7.2% |

Source: Iress

Global Wrap

Key points

1. **US up on jobs, jobs, jobs!**
2. **Aussie rate cut on cards for next week**
3. **Stock analysis: Sell in May and go away?**

US

Stocks rose on Friday, rebounding from a two-day loss, as data showed US job creation was stronger than expected in April, CNBC reported.

The Dow Jones Industrial Average rose 197.16 points to 26,504.95, while the S&P 500 rose nearly 1% to 2,945.64, posting its biggest gain since April 1. The Nasdaq Composite climbed 1.6% higher to hit a record high of 8,164. Shares of Amazon got a boost from an investment by Warren Buffett's Berkshire Hathaway. Shares of the e-commerce giant were up 3.2% Friday.

The US added a robust 263,000 new hires in April while the unemployment rate fell to 3.6%, the lowest since December 1969, according to a Labor Department report released on Friday.

The non-farm payroll growth far outpaced Wall Street expectations of 190,000 and a 3.8% jobless rate, according to Dow Jones estimates.

Shares of Tesla jumped nearly 4.5% after the electric car maker said Friday it increased the size of the stock and bond offering announced a day earlier and CEO Elon Musk intended to buy even more equity.

The market halted two straight days of losses driven by Federal Reserve Chairman Jerome Powell's comments on Wednesday on low inflation pressures being "transitory." The comments lowered the odds of a rate cut, which disappointed investors.

China

Hong Kong shares ended higher on Friday after heavyweight HSBC Holdings Plc's earnings beat estimates. This lifted sentiment on an otherwise quiet day as mainland Chinese markets remained closed for Labour Day holidays on Thursday and Friday.

HSBC beat forecasts with a 31% rise in first quarter profit, bolstered by a surge in income from its core Asian business and lower costs that outweighed a poor performance from investment banking.

At the close of trade, the Hang Seng index was up 0.5% at 30,081.55.

The benchmark climbed 1.6% week-on-week.

Japan

Japan's Nikkei remained closed for a 10-day holiday for the installation of a new emperor earlier this week. It will reopen on Tuesday.

Europe

The pan-European Stoxx 600 Index closed provisionally up around 0.4% during Friday trade, with most sectors and major bourses in positive territory, CNBC reported.

Markets moved higher after the US jobs release.

In the Europe, the personal and household goods sector was one of the top performers, up 1.22% amid earning news. Germany's Adidas surged toward the top of the European benchmark Friday, after the sports brand reported a 17% rise in first-quarter net profit. Shares jumped more than 8% on the news, hitting a new record high.

Australia

Stocks were lower after the close on Friday, as losses in the energy, gold and A-REITs sectors led shares lower, investing.com reported.

At the close in Sydney, the S&P/ASX 200 fell 0.04%.

The best performers of the session on the S&P/ASX 200 were Resmed, which rose 10.14% to trade at \$16.30 at the close. Meanwhile Pilbara Minerals added 9.09% to end at \$0.72 and Orocobre was up 7.23% to \$3.71 in late trade.

Gold futures for June delivery was up 0.06% or 0.75 to US\$1272.75 a troy ounce.

Elsewhere in commodities trading, **crude oil** for delivery in June fell 0.13% or 0.08 to hit US\$61.73 a barrel, while the July **Brent oil** contract fell 0.35% or 0.25 to trade at US \$70.50 a barrel.

In the week ahead investors will be watching:

Australia balance of trade release: Tuesday, 7 May

Last month Australia's trade surplus surged to \$4.8 billion for February 2019, easily beating market consensus of a \$3.8 billion surplus. It exceeded the previous record of \$4.6 billion in December 2016, largely thanks to higher iron ore prices. The result was the largest monthly surplus since data was first published in 1971.

Reserve Bank of Australia interest rate decision: Tuesday, 7 May

The Reserve Bank of Australia (RBA) is due to meet next week and the market is estimating close to a 50% probability of a 0.25% cut.

China and US balance of trade releases: Wednesday, 8 May and Thursday, 9 May

China's trade balance shifted to a US\$32.7 billion surplus in March 2019, increasing from US\$4 billion in February. Market expectations are for a US\$33.2 billion surplus.

The US trade deficit narrowed to US\$49.4 billion in February 2019, down US\$1.8 billion from US\$51.1 billion in January. Market expectations are for a US\$53.4 billion deficit.

Australian and US trade balance figures are one month behind China's. China will report April results and Australian and America will report March figures next week.

Stock analysis: All eyes on RBA meeting on Tuesday and potential interest rate cut

There's a close to 50% chance the RBA will lower its cash rate target from a record-low 1.50% at its May 7 meeting, according to overnight interest-rate swaps on Wednesday.

Some analysts believe a potential RBA rate-cut and fiscal stimulus driven by Australia's upcoming election could further buoy the market.

The benchmark S&P/ASX 200 Index has eluded a weakening economy and a deepening housing slump to soar near levels not seen since before the global financial crisis. Speculation that the Reserve Bank of Australia will cut interest rates has helped drive the gauge up more than 12% this year, but results from Australia's biggest banks and third-quarter trading updates could cause the nation's stocks to sputter.

Last week's results from Australia & New Zealand Banking Group Ltd (ANZ) and National Australia Bank Ltd (NAB) have both pointed to weakness over the next few quarters, on the back of impairments, margin depression and low-volume growth.

Financial stocks, which make up about a third of the benchmark index, are up just under 10% this year – underperforming the broader market.

Importantly, interest rate cuts, are, all things being equal, negative for banks margins. Thus, more pain could be on the cards for the financial sector.

SELL IN MAY AND GO AWAY? In addition, **some investors believe Australian equities have simply gone up too much.** The broader market is “toppy” and overdue for a “decent” sell-off, which will likely begin in early to mid-May, according to Richard Coppleson, director of institutional sales and trading at Bell Potter Securities. Coppleson sees the S&P/ASX 200 dropping about 13 % - to around the 5,500 level - by the third quarter, according to an April 18 note to clients. The benchmark closed at 6,338.40 Thursday.

Australian stocks could see a heightened level of earnings downgrades into the fiscal June year-end, Goldman Sachs Group Inc.'s Matthew Ross wrote in an April 28 note. Such cuts would come after earnings in the first half of the year were the weakest since the global financial crisis and trading conditions have remained subdued, he said. And this week may prove prescient. The nation's key stock gauge is poised for its worst week since February. “In the next month or so, expectations will continue to come down” Tribeca's Liu said. “It's difficult to see the market rally during this period, barring any other external events.”

Earnings could stymie an Australian stocks rally in which banks have underperformed



Economic Calendar 6/05/2019 – 10/05/2019

| Tuesday May 07 2019 | | Actual | Previous | Consensus | Forecast | | |
|-----------------------|-------------------------------------|--------|-----------|-----------|-----------|--|--|
| 09:30 AM | AU Balance of Trade MAR | | A\$4.801B | A\$4.25B | A\$3.1B | | |
| 10:00 PM | CA Ivey PMI s.a APR | | 54.3 | 51.1 | 53.5 | | |
| Wednesday May 08 2019 | | Actual | Previous | Consensus | Forecast | | |
| 11:00 AM | CN Balance of Trade APR | | \$32.67B | \$35B | \$22B | | |
| 11:00 AM | CN Exports YoY APR | | 14.2% | 2.3% | | | |
| 11:00 AM | CN Imports YoY APR | | -7.6% | -3.6% | | | |
| | US US-China Trade Talks | | | | | | |
| Thursday May 09 2019 | | Actual | Previous | Consensus | Forecast | | |
| 09:30 AM | CN Inflation Rate YoY APR | | 2.3% | 2.5% | 2.1% | | |
| 01:00 PM | JP Consumer Confidence APR | | 40.5 | | 41 | | |
| 08:30 PM | CA Balance of Trade MAR | | C\$-2.9B | C\$-2.3B | C\$ -1.5B | | |
| 08:30 PM | US Balance of Trade MAR | | \$-49.4B | \$-51.1B | \$ -50.1B | | |
| Friday May 10 2019 | | Actual | Previous | Consensus | Forecast | | |
| 09:30 AM | AU RBA Statement on Monetary Policy | | | | | | |
| 02:00 PM | DE Balance of Trade MAR | | €17.9B | | €20.0B | | |
| 04:30 PM | GB Balance of Trade MAR | | £-4.860B | | £-2.7B | | |
| 08:30 PM | US Inflation Rate YoY APR | | 1.9% | 2.1% | 1.9% | | |
| 08:30 PM | US Core Inflation Rate YoY APR | | 2% | 2.1% | 2% | | |

Source: www.tradingeconomics.com

Economic Calendar 13/05/2019 – 17/05/2019

| Tuesday May 14 2019 | | Actual | Previous | Consensus | Forecast | |
|-----------------------|---|--------|----------|-----------|----------|--|
| 09:30 AM | AU NAB Business Confidence APR | | 0 | | 2 | |
| 02:00 PM | DE Inflation Rate YoY Final APR | | 1.3% | 2% | 2% | |
| 04:30 PM | GB Claimant Count Change APR | | 28.3K | 20K | | |
| 05:00 PM | DE ZEW Economic Sentiment Index MAY | | 3.1 | 0.8 | 5 | |
| Wednesday May 15 2019 | | Actual | Previous | Consensus | Forecast | |
| 08:30 AM | AU Westpac Consumer Confidence Index MAY | | 100.7 | | 101 | |
| 08:30 AM | AU Westpac Consumer Confidence Change MAY | | 1.9% | | | |
| 02:00 PM | DE GDP Growth Rate QoQ Flash Q1 | | 0% | 0.1% | 0.1% | |
| 08:30 PM | CA Inflation Rate YoY APR | | 1.9% | | 1.8% | |
| 08:30 PM | US Retail Sales MoM APR | | 1.6% | 0.1% | | |
| Friday May 17 2019 | | Actual | Previous | Consensus | Forecast | |
| 10:00 PM | US Michigan Consumer Sentiment Prel MAY | | 97.2 | | 95 | |

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 3 May 2019

| 10 Best Performing Stocks Weekly (%) | | | 10 Worst Performing Stocks Weekly (%) | | |
|--------------------------------------|----------------------|------|---------------------------------------|----------------------|-------|
| APT | Afterpay Touch | 16.1 | JHG | Janus Henderson | -14.0 |
| ORE | Orocobre Limited | 12.4 | PDL | Pendal Group Ltd | -11.7 |
| RMD | ResMed Inc. | 11.6 | RRL | Regis Resources | -9.8 |
| PLS | Pilbara Min Ltd | 9.9 | ASL | Ausdrill Limited | -9.1 |
| HUB | HUB24 Ltd | 9.0 | SUL | Super Ret Rep Ltd | -9.1 |
| NEA | Nearmap Ltd | 8.8 | SWM | Seven West Media Ltd | -8.6 |
| AOG | Aveo Group | 8.2 | NUF | Nufarm Limited | -8.4 |
| NEC | Nine Entertainment | 7.5 | BPT | Beach Energy Limited | -8.2 |
| SEK | Seek Limited | 5.5 | DHG | Domain Holdings Aus | -8.1 |
| SIQ | Smartgrp Corporation | 5.5 | EVN | Evolution Mining Ltd | -7.0 |

Source: IRESS

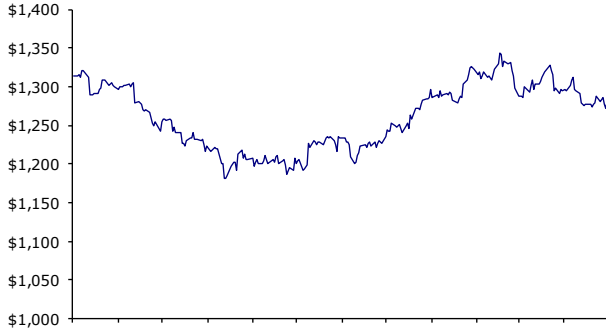
S & P Indices Week Ending 3 May 2019

| S&P Indices | 5/05/2019 | 28/04/2019 | Wkly Chg | Mthly Chg | Yearly Chg |
|--------------------------|-----------|------------|----------|-----------|------------|
| S&P 200 Energy | 11018 | 11398 | -3.3% | -1.1% | 23.9% |
| S&P 200 Materials | 12756 | 12973 | -1.7% | -5.4% | 28.8% |
| S&P 200 Industrials | 6552 | 6542 | 0.2% | 3.8% | 28.4% |
| S&P 200 Consumer Disc. | 2436 | 2444 | -0.3% | 3.0% | 16.4% |
| S&P 200 Consumer Staples | 11662 | 11542 | 1.0% | 8.0% | 36.3% |
| S&P 200 Healthcare | 31556 | 30962 | 1.9% | 1.8% | 63.7% |
| S&P 200 Financials | 6098 | 6143 | -0.7% | 5.0% | -4.3% |
| S&P 200 Info Technology | 1405 | 1364 | 3.0% | 6.3% | 80.7% |
| S&P 200 Telecommunicatic | 1212 | 1211 | 0.1% | 3.5% | -31.0% |
| S&P 200 Utilities | 8103 | 8335 | -2.8% | 1.9% | 7.5% |
| S&P 200 Property Trusts | 1511 | 1577 | -4.2% | -1.3% | 12.6% |
| S&P 200 Financials ex PT | 6801 | 6852 | -0.7% | 5.0% | -4.3% |

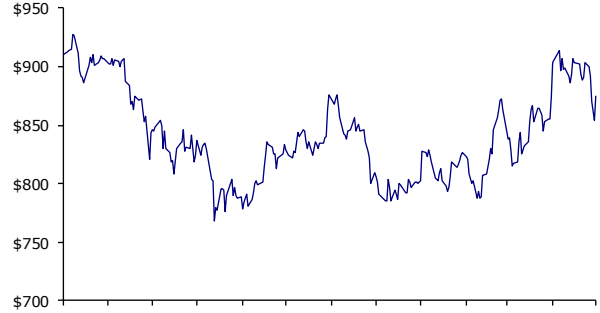
Source: IRESS

1 Year Commodity Price Charts

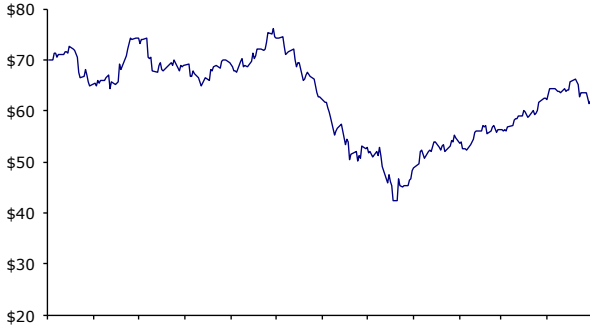
1 Year Gold



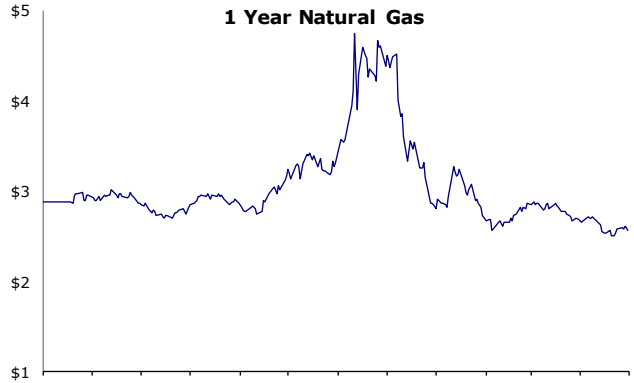
1 Year Platinum



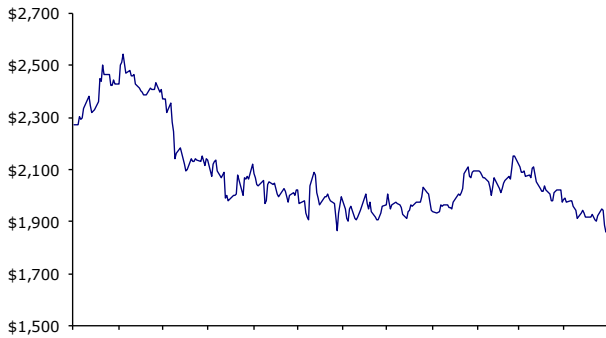
1 Year Oil



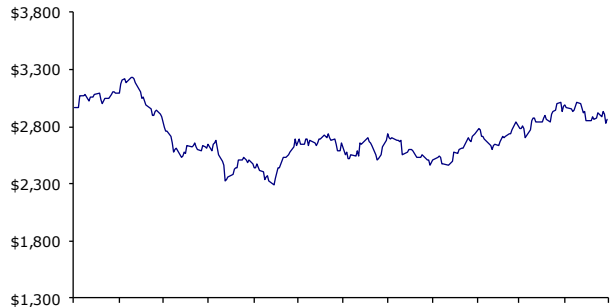
1 Year Natural Gas



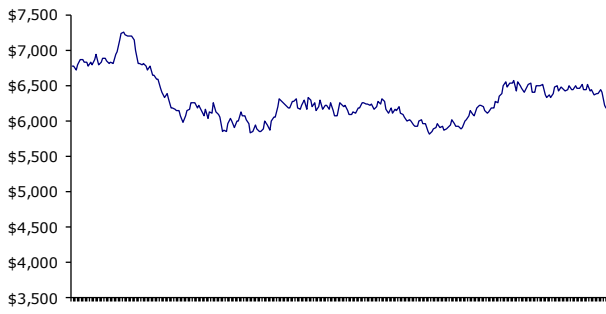
1 Year Lead



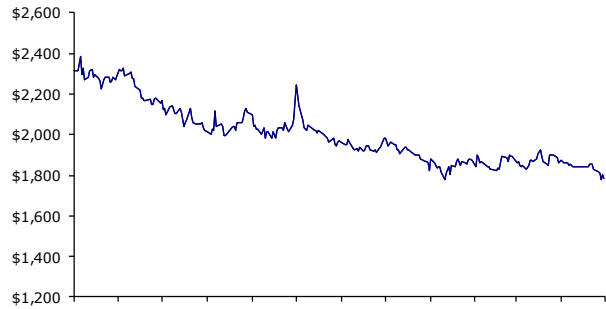
1 Year Zinc



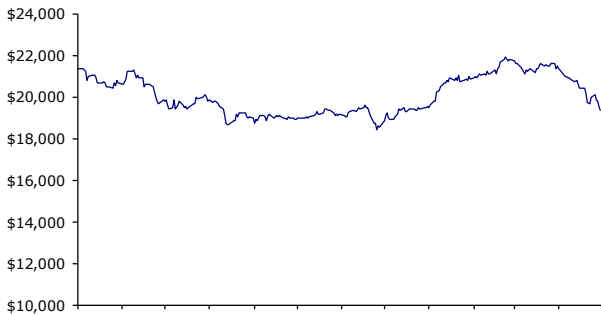
1 Year Copper



1 Year Aluminium

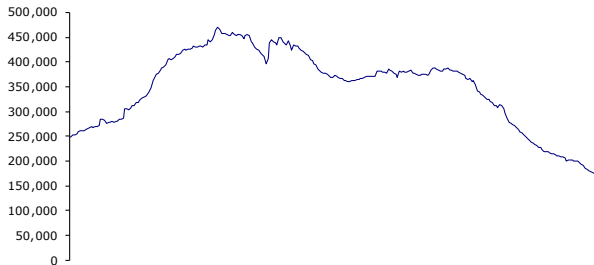


1 Year Tin

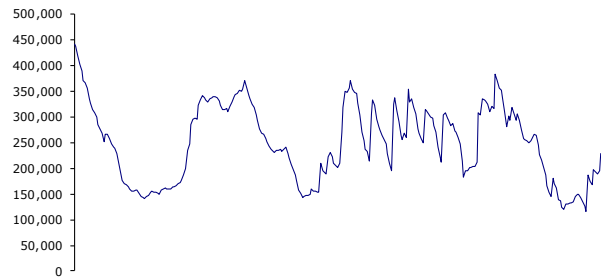


5 Year Metals Stockpiles

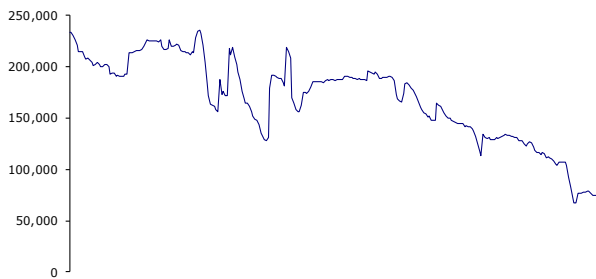
Nickel LME Stockpiles - 5 Year



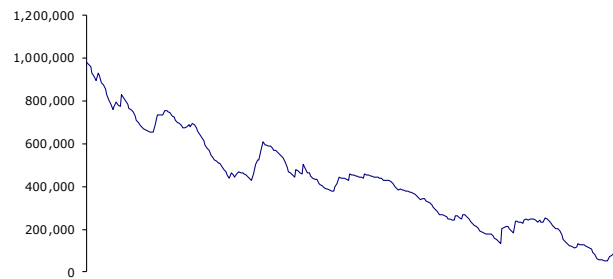
Copper LME Stockpiles - 5 Year



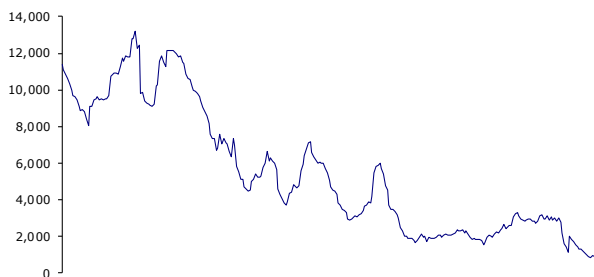
Lead LME Stockpiles - 5 Year



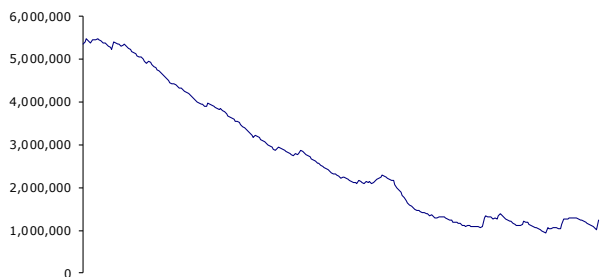
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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