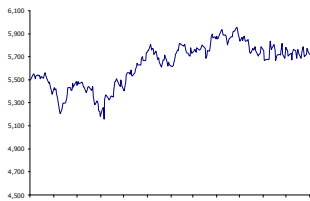


STATE ONE SPINNAKER

6 August 2017
Issue 377

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 6 August 2017

World Markets	6/08/2017	30/07/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5721	5703	0.3%	0.8%	8.7%
Dow Jones	22093	21830	1.2%	2.6%	26.3%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2477	2472	0.2%	1.4%	20.7%
FTSE 100	7512	7368	1.9%	1.3%	17.8%
DAX30	12298	12163	1.1%	-2.6%	15.2%
Shanghai Composite	3262	3273	-0.3%	1.4%	-3.2%
Nikkei 225	19952	19925	0.1%	-0.7%	8.2%
Hang Seng	27563	26979	2.2%	5.8%	20.6%
Currency					
AUD/USD	0.7930	0.8003	-0.9%	-0.5%	4.1%
Commodities					
Oil (\$/bbl)	49.5	50.2	-1.3%	7.4%	17.9%
Gas (\$/gal)	2.8	2.9	-5.7%	-7.4%	2.7%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	6330	6283	0.7%	7.6%	20.0%
Lead (\$/t)	2349	2281	3.0%	1.7%	35.4%
Zinc (\$/t)	2754	2766	-0.4%	-3.1%	60.6%
Aluminium (\$/t)	1890	1892	-0.1%	0.7%	27.7%
Nickel (\$/t)	10335	10180	1.5%	12.2%	-0.7%
Tin (\$/t)	20865	20825	0.2%	4.3%	30.6%
Gold (\$/oz)	1265	1275	-0.8%	3.7%	8.5%
Silver (\$/oz)	16.3	16.7	-2.7%	2.3%	2.6%
Platinum (\$/oz)	969	937	3.5%	5.4%	-4.2%
Wheat (\$/t)	454.750	481.000	-5.5%	-15.3%	-7.3%

Source: Iress

Global Wrap

Key points

- US employment lifts markets**
- Australian retail volumes surprise**
- The rise and rise of lithium and co**
- 'God' shuts oil hedge fund**
- Stock picks for trading week ahead**

US

A mostly positive jobs report for July kept markets buoyant on Friday, ending a full week of record closes for the Dow Jones Industrial Average.

US job growth remained steady in July, though workers are still largely experiencing slower wage gains, data released on Friday by the US Labor Department showed.

Some of the highlights of July's jobs report:

- US employers added 209,000 net new jobs, slightly above analysts' expectations.
- The unemployment rate fell slightly to 4.3% from June's 4.4% and matched May's 16-year-low.
- Average hourly earnings increased by 9c, or less than 1%, to \$26.36 in July. They were up 2.5% over the past 12 months.

Quarterly unit labour costs will be released this Wednesday.

The blue-chip Dow Jones Industrial Average closed over the 22,000 mark for the first time on Wednesday, driven by strong earnings results from Apple and Boeing.

Chances of a year-end rate increase by the Federal Reserve are now at 47%, up from 42%, according to CME Group futures trading.

Also key to the timing of possible rate rises is CPI and July's will be released this Friday, when it's forecast to be 0.20%.

Other key data releases are National Federation of Independent Business Small Business Optimism Index on Tuesday and month on month PPI set for Thursday.

China

Shanghai stocks fell on Friday, but notched up their seventh straight week of gains, supported by the continued robust performance of resources firms, Reuters reported.

Meanwhile investors are awaiting a flurry of data in coming weeks. Many analysts expect these figures will show steady growth in China in July, even as the economy navigates a tighter monetary policy environment.

In the materials sector, steelmakers were bolstered by firm demand from the construction sector and tighter supply because of Beijing's clampdown on low-grade steel production.

China has said it will cut excess capacity in inefficient sectors, which has tended to push up materials prices.

On Tuesday China's trade balance will be released, with The Financial Times tipping a US\$57 billion surplus for July, up from US\$42.75 billion in June.

Year on year PPI is forecast to stay flat from last month at 5.50 when it is released on Wednesday.

Data on money supply, aggregate financing and new loans will be out on Thursday.

Japan

The benchmark Nikkei average ended below 20,000 for the first time in three days on Friday, under pressure from the yen's rise against the US dollar.

The market also remained relatively quiet as investors waited for US jobs data for July, which was released later on Friday.

The sluggish Nasdaq may have also dampened sentiment on the Tokyo market, The Japan Times said.

Several robust corporate earnings reports came out in the final stages of announcements, but market participants were "scrutinizing the results more carefully, rather than simply looking at the positive or negative headline figures," Yutaka Miura, senior technical analyst at Mizuho Securities Co told The Japan Times.

He predicted that the situation is likely to continue next week. Additional Japanese corporate earnings reports were expected to "only create individual (stock) movements" and be insufficient to affect the whole market, Mr Miura said.

The current account will be closely watched tomorrow (Monday), followed by the Economy Watchers Survey index on Tuesday and year on year PPI on Wednesday.

Eurozone

Bank shares helped the regional benchmark rally and overcome losses in shares of Swiss Re AG and British home builders on Friday, MarketWatch reported.

The Stoxx Europe 600 index finished at its highest level since July 26, with all sectors ending higher, led by consumer goods, industrial and telecom shares.

The euro and pound were pulled down after the positive US jobs report.

A weakening euro and pound can help revenue made overseas by European and UK companies, and, in turn, boost their share prices.

"European and US markets are pushing higher after an overwhelmingly positive US jobs report, despite the fact that this greatly increased the likelihood of a third and final interest rate hike by the Federal Reserve in 2017," said IG market analyst Joshua Mahony in a note.

Investors largely don't expect either the European Central Bank or the Bank of England to raise interest rates this year.

On investors' watch lists this coming week are German industrial production on Monday and German CPI on Friday.

Also on Friday France's manufacturing production will be released.

The UK will release GDP, trade balance and manufacturing production data on Thursday.

Australia

A 3.9% slump in Commonwealth Bank yanked the share market down on Friday.

There was more aggressive selling of CBA shares on Friday as further details emerged about the civil case being brought against the bank by the anti-money laundering regulator AUSTRAC.

The ASX still ended the first week of earnings season 0.3% higher despite a mixed batch of earnings reports.

This included disappointing results from Rio Tinto, Navitas, ResMed and Suncorp.

Friday was a relatively quiet day of reporting. However Tabcorp revealed a \$21 million loss due to costs related to its proposed acquisition of Tatts, as well as legal costs and spending related to its new UK business. Despite this Tabcorp shares lifted 1.4% on Friday.

Sims Metal Management lost 12.5% following the abrupt news that CEO Galdino Claro and CFO Fed Knechtel had resigned.

Online travel agent Webjet added 8.8% on its return to trade after spending two days in a halt as it completed the institutional stage of a capital raising.

Retail sales did not surprise for June, but retail volumes for the June quarter, released simultaneously, were stronger than forecast.

Non-food retailing rose by 2.4% in the past three months and is up 3.8% on a year ago.

"The strength in retail sales volumes indicates that the improvement in the labour market is gradually spilling into the rest of the economy," Barclays economist Rahu Bajoria told the Australian Financial Review on Friday.

In its quarterly monetary policy statement released late last week, the Reserve Bank of Australia lowered its forecast economic growth by half a percentage point for this year (to 2-3%), and a quarter-point in the first half of next (to 2.5-3.5%).

Our central bank remains confident economic recovery is broadly on track, with headline inflation slightly higher than expected, but warns uncertainties over the rising Australian dollar, housing prices and China's economic policies could cloud this outlook.

On Tuesday this coming week the NAB Business Confidence Index will be released, followed by housing and lending finance figures on Wednesday.

RBA governor Phillip Lowe will speak before the House Economics Committee on Thursday.

Commodities

Oil prices stagnated this week, suggesting the rally over the past month might be losing momentum, oilprice.com reported.

A Wall Street Journal survey of 15 investment banks revealed the third consecutive month of declining expectations for oil prices. An average of those forecasts has Brent averaging \$53 per barrel this year, down \$2 per barrel from the June survey. They also forecast Brent at \$55 per barrel in 2018, also down \$2 from June.

Last week notable oil trader Andy Hall, also known as 'God', shut down his hedge fund because of steep losses it incurred on oil trades. Astenbeck Master Commodities Fund II lost 30% of its value through June. The hedge fund bet that oil prices would climb this year on the back of the OPEC cuts. But the rebound of production from US shale, as well as the return of Libyan and Nigerian production, has prevented a rally from occurring.

Bloomberg reported at least 10 asset managers trading in the energy and natural resources space have shut down funds since 2012.

It was also revealed last week that China is on track to become the world's top oil importer this year.

China will overtake the US as the world's largest oil importer this year, having imported more crude than the US.

Part of the reason is the expansion of China's refining industry, which is drawing in more crude as domestic demand struggles to keep up. The result is a rise of refined product exports from China.

Meanwhile it was reported that the US shale industry might be drilling too much, with wells placed too closely together. The result of excessive drilling in close proximity could be contributing to a decline of productivity, which would permanently hamper the recovery of oil from these wells. The decline rate from wells already online is accelerating, jumping to 350,000 bpd each month, oilprice.com said.

Iron ore spot markets jumped on Friday with all grades recording strong gains for the session.

The strength across spot markets followed continued gains in Chinese rebar futures earlier in the session, Business Insider Australia reported.

Other metals: While lithium has hit the headlines as one of the hottest commodities in the world right now because of surging demand for electric vehicles (EVs) batteries, other metals are also on the rise.

Cobalt prices are up 70% this year, copper 14% and aluminium has gained 13%, Bloomberg reported last week. These metals, along with graphite and manganese, are also used in EV batteries and their gains are expected to increase in the years to come as EVs capture more market share.

Gold prices were under some selling pressure on Friday as the US economy created more jobs than markets were expecting. Ahead of the jobs report prices were relatively flat trading near a seven-week high. Gold is suffering as US 10-year bond yields have pushed higher.








Stock picks

Monash IVF Group (ASX:MVF) Speculative Buy. MVF's share price has fallen significantly from end-2016 levels of \$2.40 on the back of volume concerns after the departure of a key fertility specialist. However, we believe management's revised FY18 and FY19 forecasts are realistic, and there is the potential for mitigating strategies. At \$1.60ps, MVF is trading on an undemanding FY18E PER of 11.8x, offers a 6% dividend yield and 33% upside potential relative to an IRESS consensus target price of \$2.14ps.

Eureka Group (ASX:EGH) BUY. EGH's share price has weakened from \$0.80 in mid-2016 on the back of a slower than expected expansion drive. However, deal flow sped up at the end of FY17 with the acquisition of two retirement villages in Queensland, and the group is moving closer to Development Approval for its Terranora project in NSW. At \$0.38 the share price is supported by a book value of \$0.33ps, is trading on a below-market FY18E PER of 11.4x, and offers 37% upside potential relative to an IRESS consensus target price of \$0.58ps.

Speciality Fashion (ASX:SFH) BUY. Broad industry concerns over the impact of e-commerce (Amazon) on the domestic Retail sector has impacted SFH's share price. However, we believe that the market has revised down earnings expectations and SFH's share price now looks to be recovering strongly from a \$0.36 low hit in late April. At \$0.46 the share price is trading on an undemanding FY18E PER of 11.5x, and offers 19% upside potential relative to an IRESS consensus target price of \$0.55ps.

Economic Calendar 7/08/2017 – 11/08/2017

Monday August 07 2017	Actual	Previous	Consensus	Forecast	
10:00 AM  ID GDP Growth Rate YoY Q2		5.01%	5.1%	5.2%	
Tuesday August 08 2017	Actual	Previous	Consensus	Forecast	
09:30 AM  AU NAB Business Confidence JUL		9		11	
10:00 AM  CN Balance of Trade JUL		\$42.75B	\$46.08B	\$45B	
10:00 AM  CN Exports YoY JUL		11.3%	10.9%		
10:00 AM  CN Imports YoY JUL		17.2%	16.6%		
02:00 PM  DE Balance of Trade JUN		€22.0B		€25.1B	
Wednesday August 09 2017	Actual	Previous	Consensus	Forecast	
08:30 AM  AU Westpac Consumer Confidence Change AUG		0.4%			
08:30 AM  AU Westpac Consumer Confidence Index AUG		96.6		97.8	
09:30 AM  CN Inflation Rate YoY JUL		1.5%	1.5%	1.5%	
Thursday August 10 2017	Actual	Previous	Consensus	Forecast	
04:30 PM  GB Balance of Trade JUN		£-3.07B		£-3.6B	
Friday August 11 2017	Actual	Previous	Consensus	Forecast	
08:30 PM  US Core Inflation Rate YoY JUL		1.7%	1.8%	1.7%	
08:30 PM  US Inflation Rate YoY JUL		1.6%	1.8%	1.7%	
09:00 PM  RU GDP Growth Rate YoY Prel Q2		0.5%		1.3%	

Source: www.tradingeconomics.com

Economic Calendar 14/08/2017 – 18/08/2017

Monday August 14 2017		Actual	Previous	Consensus	Forecast	
07:50 AM	JP GDP Growth Rate QoQ Prel Q2		0.3%	0.6%	0.5%	
07:50 AM	JP GDP Growth Annualized Prel Q2		1.0%	2.5%	2.6%	
Tuesday August 15 2017		Actual	Previous	Consensus	Forecast	
09:30 AM	AU RBA Meeting Minutes					
02:00 PM	DE GDP Growth Rate QoQ Flash Q2		0.6%		0.6%	
02:00 PM	DE GDP Growth Rate YoY Flash Q2		1.7%		1.7%	
04:30 PM	GB Inflation Rate YoY JUL		2.6%		2.59%	
08:30 PM	US Retail Sales MoM JUL		-0.2%		0.3%	
Wednesday August 16 2017		Actual	Previous	Consensus	Forecast	
04:00 PM	IT GDP Growth Rate QoQ Adv Q2		0.4%		0.3%	
04:00 PM	IT GDP Growth Rate YoY Adv Q2		1.2%		1.2%	
04:30 PM	GB Claimant Count Change JUL		5.9K		11.1K	
04:30 PM	GB Unemployment Rate JUN		4.5%		4.7%	
05:00 PM	EA GDP Growth Rate QoQ 2nd Est Q2		0.5%	0.6%	0.6%	
05:00 PM	EA GDP Growth Rate YoY 2nd Est Q2		1.9%	2.1%	2.1%	
Thursday August 17 2017		Actual	Previous	Consensus	Forecast	
02:00 AM	US FOMC Minutes					
07:50 AM	JP Balance of Trade JUL		¥440B		¥250B	
09:30 AM	AU Employment Change JUL		14.0K		8.9K	
09:30 AM	AU Unemployment Rate JUL		5.6%		5.6%	
01:30 PM	FR Unemployment Rate Q2		9.6%		9.6%	
Friday August 18 2017		Actual	Previous	Consensus	Forecast	
08:30 PM	CA Inflation Rate YoY JUL		1%		1%	
10:00 PM	US Michigan Consumer Sentiment Prel AUG		93.4		93.1	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 4 August 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
GXY	Galaxy Resources	11.2	ISD	Isentia Group Ltd	-19.0
CCP	Credit Corp Group	9.0	API	Australian Pharm.	-14.6
INM	Iron Mountain Incorp	8.9	MYX	Mayne Pharma Ltd	-12.0
ABP	Abacus Property Grp.	8.5	SYR	Syrah Resources	-11.9
SDF	Steadfast Group Ltd	8.0	SGM	Sims Metal Mgmt Ltd	-11.9
A2M	The A2 Milk Company	7.9	NVT	Navitas Limited	-11.9
NEC	Nine Entertainment	7.7	MTR	Mantra Group Ltd	-10.0
DOW	Downer EDI Limited	7.6	AAC	Australian Agricult.	-5.6
MIN	Mineral Resources.	7.6	TME	Trade Me Group	-5.3
NST	Northern Star	7.6	BGA	Bega Cheese Ltd	-5.2

Source: IRESS

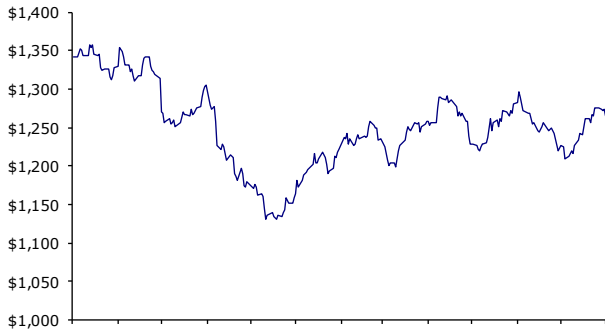
S & P Indices Week Ending 4 August 2017

S&P Indices	6/08/2017	30/07/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8794	8657	1.6%	2.6%	-2.9%
S&P 200 Materials	10128	9995	1.3%	0.8%	23.5%
S&P 200 Industrials	5673	5509	3.0%	2.5%	19.4%
S&P 200 Consumer Disc.	2212	2180	1.5%	1.7%	20.6%
S&P 200 Consumer Staples	9277	9196	0.9%	2.4%	5.8%
S&P 200 Healthcare	22527	22412	0.5%	-1.2%	24.7%
S&P 200 Financials	6471	6543	-1.1%	0.4%	6.4%
S&P 200 Info Technology	867	867	0.0%	-1.3%	20.5%
S&P 200 Telecommunicatic	1436	1451	-1.0%	-5.3%	-27.4%
S&P 200 Utilities	8480	8184	3.6%	1.1%	26.1%
S&P 200 Property Trusts	1321	1313	0.6%	4.5%	4.3%
S&P 200 Financials ex PT	7218	7298	-1.1%	0.4%	3.7%

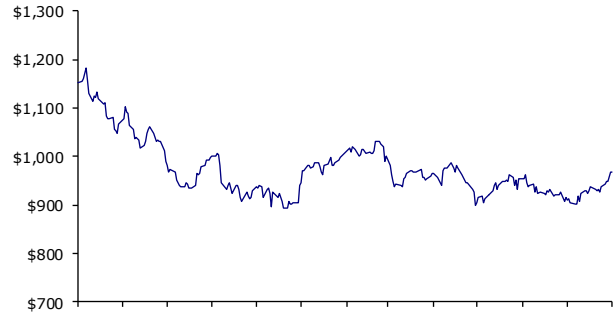
Source: IRESS

1 Year Commodity Price Charts

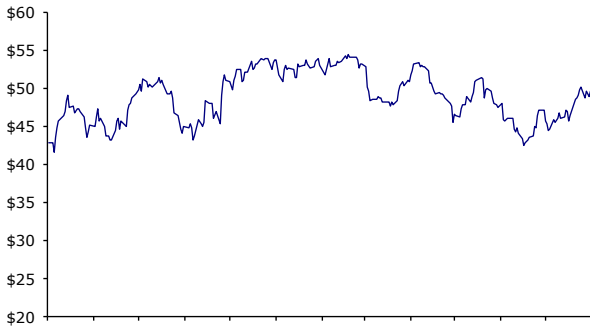
1 Year Gold



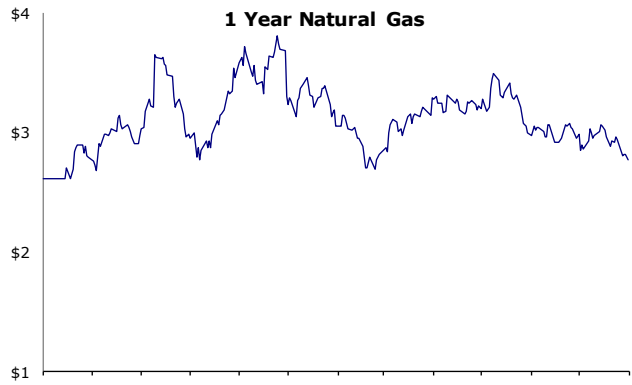
1 Year Platinum



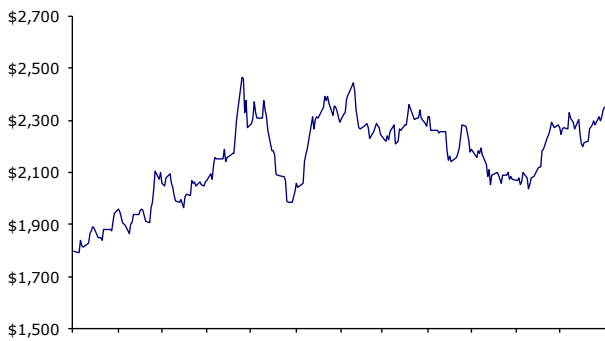
1 Year Oil



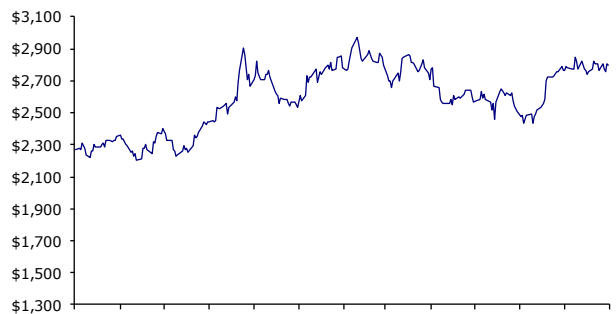
1 Year Natural Gas



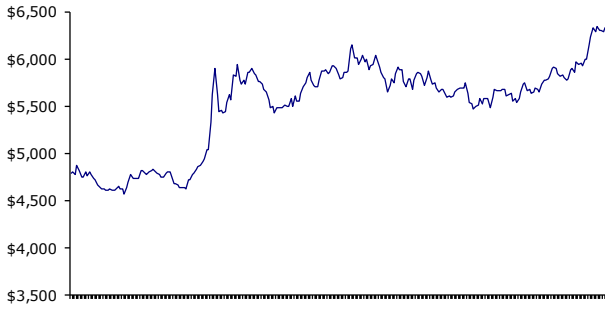
1 Year Lead



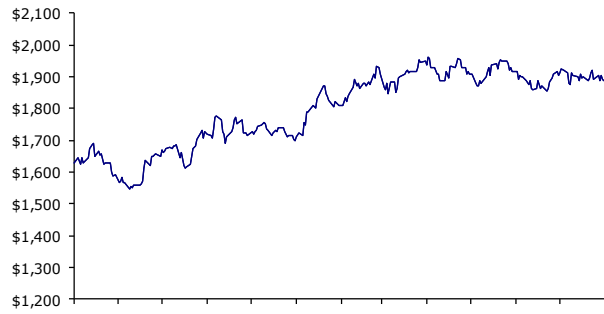
1 Year Zinc



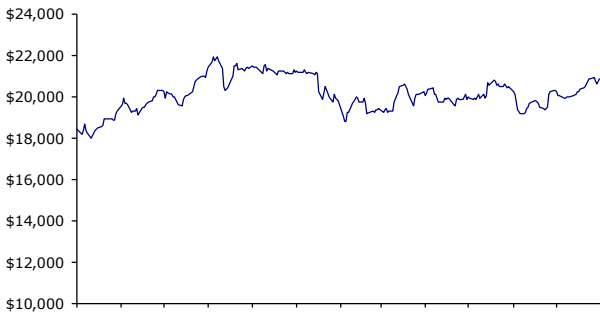
1 Year Copper



1 Year Aluminium

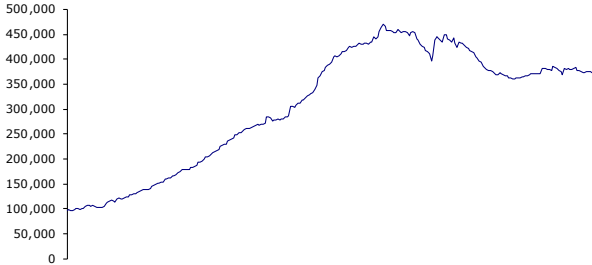


1 Year Tin

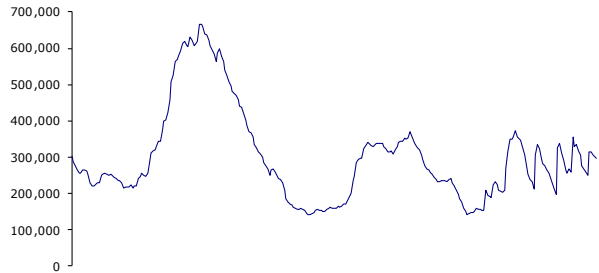


5 Year Metals Stockpiles

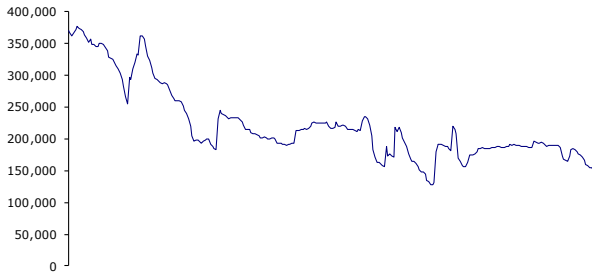
Nickel LME Stockpiles - 5 Year



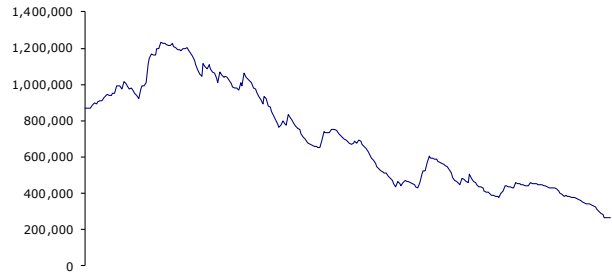
Copper LME Stockpiles - 5 Year



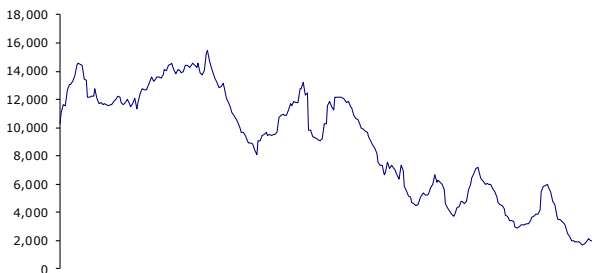
Lead LME Stockpiles - 5 Year



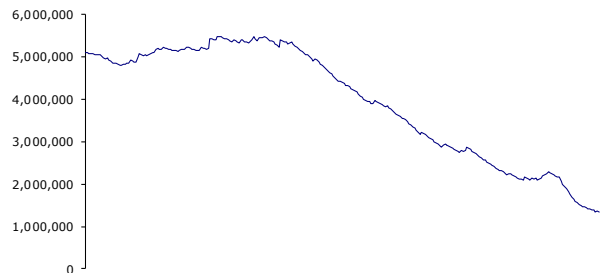
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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