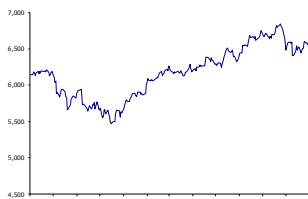


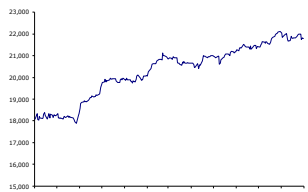
# STATE ONE SPINNAKER

**8 September 2019**  
Issue 470

## 12 month XJO chart



## 12 month Dow Jones chart



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**Overview**

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## Global Wrap – 8 September 2019

World Markets	8/09/2019	1/09/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6647	6604	0.7%	0.8%	19.9%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2979	2926	1.8%	4.9%	32.6%
FTSE 100	7282	7207	1.0%	1.9%	5.1%
DAX30	12192	11939	2.1%	6.1%	0.3%
Shanghai Composite	3000	2924	2.6%	6.5%	-6.7%
Nikkei 225	21200	20620	2.8%	3.9%	13.0%
Hang Seng	26691	25725	3.8%	5.5%	16.7%
Currency					
AUD/USD	0.6843	0.6717	1.9%	1.7%	-3.7%
Commodities					
Oil (\$/bbl)	56.6	54.8	3.4%	3.5%	-16.5%
Gas (\$/gal)	2.5	2.3	8.9%	14.8%	-15.5%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	5777	5678	1.7%	0.8%	-1.0%
Lead (\$/t)	2036	2039	-0.1%	-0.2%	-12.7%
Zinc (\$/t)	2268	2246	1.0%	0.0%	-17.4%
Aluminium (\$/t)	1755	1713	2.5%	1.4%	1.3%
Nickel (\$/t)	17500	17860	-2.0%	9.0%	53.9%
Tin (\$/t)	17075	15800	8.1%	0.0%	-20.2%
Gold (\$/oz)	1515	1529	-0.9%	-0.8%	29.2%
Silver (\$/oz)	18.3	18.3	-0.4%	6.3%	6.9%
Platinum (\$/oz)	953	932	2.3%	12.4%	1.6%
Wheat (\$/t)	462.500	462.500	0.0%	-3.3%	13.3%

Source: Iress

## Global Wrap

### Key points

**1. Trade talks buoy markets**

**2. The week ahead**

**3. What business leaders are saying**

### Overview

Major markets closed flat in what was a slow week for equities, dominated by political news. The US and China agreed to resume trade talks in October, and Hong Kong's Chief Executive Carrie Lam bowed to protestors' pressure and formally withdrew the extradition bill that sparked the unrest three months ago. British Prime Minister Boris Johnson faced defeat twice this week as the House of Commons voted to stop a 31 October no-deal Brexit and blocked the Prime Minister's request for a general election.

## US

Stocks closed little changed on Friday after the release of disappointing jobs data, but posted back-to-back weekly gains on optimism around US-China trade relations.

The Dow Jones Industrial Average ended the day up 69.31 points, or 0.3% at 26,797.46. The S&P 500 climbed just 0.1% to close at 2,978.71 while the Nasdaq Composite slipped 0.2% to 8,103.07, CNBC reported.

China's Ministry of Commerce said on Thursday that Liu He, the country's top trade negotiator, spoke by phone with US Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin. They agreed to meet in early October for another round of negotiations, according to the Chinese Commerce Ministry. China insiders have also hinted that the upcoming trade talks could lead to a "breakthrough".

Hope of progress between China and the US offset worries surrounding the economy.

The US economy added 130,000 jobs in August, the Labor Department said on Friday. This marked the third straight monthly slowdown in jobs growth. Economists polled by Dow Jones expected jobs to grow by 150,000 last month. Unemployment remained steady at a rate of 3.7% while wages grew more than expected. Wages expanded by 0.4% on a month-over-month basis and by 3.2% year over year.

## China

China stocks ended higher on Friday, posting their best weekly gains since late June, as Beijing vowed to further boost the economy and trade tensions cooled.

The blue-chip CSI300 index rose 0.6%, to 3,948.51, while the Shanghai Composite Index closed up 0.5% at 2,999.60, Reuters reported.

The robust gains were also bolstered by Beijing's pledge to further support the economy.

China will implement both broad and targeted cuts in the reserve requirement ratio (RRR) for banks "in a timely manner," China's cabinet said in a meeting on Wednesday, an indication that a cut in the key ratio aimed at boosting lending could be imminent.

## Japan

Tokyo stocks extended gains in lethargic trading on Friday, supported by Thursday's rise in US equities and a weaker yen.

The 225-issue average rose 113.63 points, or 0.54%, to end at 21,199.57 on the Tokyo Stock Exchange, after surging 436.80 points on Thursday.

## Europe

The pan-European Stoxx 600 closed up by around 0.25%, with most sectors and major bourses in positive territory.

Looking at individual stocks, Britain's G4S surged toward the top of the European benchmark. It comes after Sky News reported Brink's — a US-based cash handling giant — was plotting a bid to acquire its cash solution business. Shares of the world's largest security company jumped more than 6% on the news.

On the data front, the EU statistics agency Eurostat said Friday that euro zone growth halved in the second quarter of 2019. The reading, which confirmed earlier analyst estimates, came as Germany's economy and trade slowed.

Euro zone gross domestic product expanded by 0.2% in the second quarter, the data showed, after a 0.4% expansion in the first three months of the year.

## Australia

The Australian sharemarket has closed the week higher, with another strong session on Friday helping the market to within 200 points of its record high.

The S&P/ASX 200 Index rose 34.1 points, or 0.5%, to 6647.3 on Friday, 3% off the high it hit on July 30. It capped off a broadly positive week for the index, which recovered from a weak start to the month's trading to end the five day period 43.1 points, or 0.7% higher.

However, bond prices were hammered - and yields rose - on Friday after a major selloff in the US treasuries market overnight on news of trade talks between the US and China, as well as better than expected US economic data.

The yield on Australia's 10-year bond rose 11.8 basis points to 1.08%, the highest level since the start of August. It was the biggest single day gain in basis points since November 2016.

The jump in yields reflects optimism of a resolution to the trade impasse between the US and China, and

economic data suggesting domestically focused and consumer-oriented parts of the US economy continue to do well.

A number of heavyweights lifted the stockmarket higher on Friday, with the banks and major mining stocks all gaining.

AMP was a standout, climbing 5.1% to \$1.75. The stock was up 3% for the week.

Among the top performing large cap stocks for the week were Oil Search (up 7%), Coles Group (up 6.1%) and South32 (up 5.7%). Rio Tinto rose 3.2%.

The laggards for the week included Medibank Private (down 6.3%), Goodman Group (down 5.8%), and Mirvac Group (down 3.8%). Telstra fell 3% over the week.

The gold miners and bond proxy stocks were hit on Friday, as safe haven appetite evaporated.

Pro Medicus was also among the losers, falling 12.1% to \$33.38 after the company's founders sold \$72 million worth of shares in the company.

### **The week ahead**

The NAB Business Confidence Index and the Westpac Consumer Confidence Index will be released on 10 and 11 September respectively, providing insight into consumer and business sentiment following this week's cautious statement from the RBA regarding its decision to hold the cash rate.

US retail sales data will be released on 13 September and we will be closely watching this release, given global trade concerns. The monthly data will provide insight into US consumer sentiment and the state of the world's second largest economy.

### **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.

#### Food & Beverage

"Most carbonated soft drinks are in decline and have been in decline for the past five to seven years, and our sparkling water is seeing solid growth."

*Mark Fenton, CEO, SodaStream Australia*

"So the research that we have suggests that millennials in 2013 consumed about 24 alcohol drinks per month. In 2019, millennials consumed about 29 alcohol drinks a month."

*David Klein, CFO, Constellation Brands Inc*

#### Agriculture

"A reduced price was largely factored in as likely, but the magnitude of what has occurred over the past three weeks is completely out of the thinking or predictions of nearly all, if not all."

*Company Announcement, Australian Wool Innovation*

#### Automotive & Transport

"Customers who never would have any trouble getting finance are now having to jump through so many more hoops."

*Martin Ward, CEO, AP Eagers Ltd*

"It is well known that Australia is one of the most competitive markets in the world, and with the current economic environment, it is also one of the most difficult markets in the world."

*Tony Weber, CEO, Federal Chamber of Automotive Industries*

"My view is while the market is not without some challenges there are reasons to remain cautiously optimistic with the recent stimulus of combined tax and interest rate cuts still working through the system."

*Cameron McIntyre, CEO, Carsales Group*

"Although it comes as no real surprise, Uber has now officially become the most popular private transport service among Australians, with a total of 4.7 million Australians utilising the ride-share app in an average three-month period."

"The data shows that while taxi usage has remained relatively stable over the past few years, it is the 35-64 year age group that is taxis' largest consumer base. As this group continues to age, it is likely we'll see the number of taxi users continue to fall."

*Michele Levine, CEO, Roy Morgan Research*

#### Domestic Retail

"I've never seen an empty Apple store and I've never not had to wait in line to use the change rooms at a Uniqlo."

*Ruslan Kogan, CEO, Kogan.com Ltd*

#### Global Economy

"And so as we look at that for the year and we look at the projection for the second half of the year, we feel very confident that those discretionary categories are holding up really well to levels that give us confidence that the consumer feels good about their economic situation because of their level of spend."

*Marvin Ellison, CEO, Lowe's Companies (world's second largest hardware chain)*

"On the demand side, global crude oil demand growth appears to be slowing due to a number of factors including trade tensions."

*Lorenzo Simonelli, CEO, Baker-Hughes Corp (world's largest oil field services company)*

#### Commodities & Energy

"As we look ahead to 2020, we expect US production to grow and non-OPEC, non-US production to also grow, driven by several large international projects scheduled to come on line."

*Lorenzo Simonelli, CEO, Baker-Hughes Corp (world's largest oil field services company)*

#### Infrastructure

"Internationally, infrastructure needs remain high."

*Olivier Roussat, Deputy CEO, Bouygues SA (multinational construction group)*

#### Toys

"We are satisfied with our performance given the transformative shifts (to digital play experiences) which continue to reshape the global toy industry."

*Niels Christiansen, CEO, The Lego Group*

#### Communications

"This (channel-based collaboration) is an entirely new category of software enabling a once-in-a-generation shift in the way people work together. We believe channel-based collaboration is so superior to email-based communication for work, that this shift is inevitable."

*Stewart Butterfield, CEO, Slack Technologies Inc*

Source: Naos Asset Management

## Economic Calendar 9/09/2019 – 13/09/2019

Monday September 09 2019		Actual	Previous	Consensus	Forecast
02:00 PM	DE Balance of Trade JUL		€16.8B		€12.9B
04:30 PM	GB Balance of Trade JUL		£1.779B		£-2.3B
09:00 PM	RU GDP Growth Rate YoY Final Q2		0.5%	0.9%	0.9%
Tuesday September 10 2019		Actual	Previous	Consensus	Forecast
09:30 AM	AU NAB Business Confidence AUG		4		3
09:30 AM	CN Inflation Rate YoY AUG		2.8%	2.6%	2.6%
04:30 PM	GB Claimant Count Change AUG		28K		16K
Wednesday September 11 2019		Actual	Previous	Consensus	Forecast
08:30 AM	AU Westpac Consumer Confidence Index SEP		100		98
08:30 AM	AU Westpac Consumer Confidence Change SEP		3.6%		-2%
Thursday September 12 2019		Actual	Previous	Consensus	Forecast
02:00 PM	DE Inflation Rate YoY Final AUG		1.7%	1.4%	1.4%
07:45 PM	EA ECB Interest Rate Decision		0%	0%	0%
08:30 PM	EA ECB Press Conference				
08:30 PM	US Core Inflation Rate YoY AUG		2.2%	2.3%	2.2%
08:30 PM	US Inflation Rate YoY AUG		1.8%	1.8%	1.9%
Friday September 13 2019		Actual	Previous	Consensus	Forecast
08:30 PM	US Retail Sales MoM AUG		0.7%	0.2%	0.4%
10:00 PM	US Michigan Consumer Sentiment Prel SEP		89.8	90.7	92

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

## Economic Calendar 16/09/2019 – 20/09/2019

Tuesday September 17 2019		Actual	Previous	Consensus	Forecast
09:30 AM	AU RBA Meeting Minutes				
05:00 PM	DE ZEW Economic Sentiment Index SEP		-44.1		-42
Wednesday September 18 2019		Actual	Previous	Consensus	Forecast
07:50 AM	JP Balance of Trade AUG		¥249.6B		¥430B
04:30 PM	GB Inflation Rate YoY AUG		2.1%		1.9%
08:30 PM	CA Inflation Rate YoY AUG		2%		1.7%
Thursday September 19 2019		Actual	Previous	Consensus	Forecast
02:00 AM	US Fed Interest Rate Decision		2.25%		2.25%
02:00 AM	US FOMC Economic Projections				
05:00 AM	BR Interest Rate Decision		6%		6%
09:30 AM	AU Unemployment Rate AUG		5.2%		5.1%
07:00 PM	GB BoE Quantitative Easing		£435B		
07:00 PM	GB MPC Meeting Minutes				
07:00 PM	GB BoE Interest Rate Decision		0.75%		0.75%
Friday September 20 2019		Actual	Previous	Consensus	Forecast
07:30 AM	JP Inflation Rate YoY AUG		0.5%		0.5%
09:30 AM	CN Loan Prime Rate Publication		4.25%		
10:00 PM	EA Consumer Confidence Flash SEP		-7.1		-8.4

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

## All Ords Top 10 Week Ending 6 September 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
SDA	Speedcast Int Ltd	61.9	CYB	Cybg PLC	-21.8
WSA	Western Areas Ltd	24.2	PME	Pro Medicus Limited	-9.3
BAL	Bellamy's Australia	16.9	SIG	Sigma Health Ltd	-7.8
CGC	COSTA GROUP HOLDINGS	12.7	SKI	Spark Infrastructure	-6.5
IGO	Independence Group	12.5	MPL	Medibank Private Ltd	-6.3
IFL	IOOF Holdings Ltd	11.8	GMG	Goodman Group	-5.8
EHL	Emeco Holdings	11.1	PLS	Pilbara Min Ltd	-5.7
APT	Afterpay Touch	9.4	SSM	Service Stream	-5.6
ASL	Ausdrill Limited	8.8	RSG	Resolute Mining	-5.1
MYX	Mayne Pharma Ltd	7.9	SBM	St Barbara Limited	-5.0

Source: IRESS

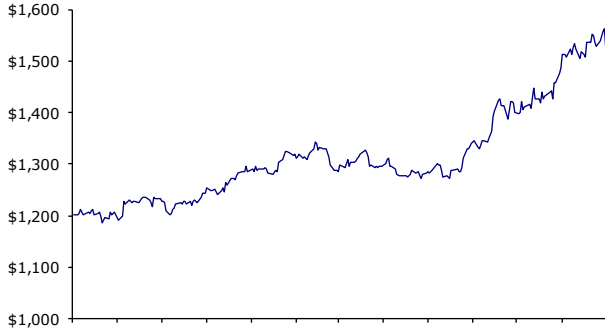
## S & P Indices Week Ending 6 September 2019

S&P Indices	8/09/2019	1/09/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	10546	10421	1.2%	-0.4%	18.6%
S&P 200 Materials	13215	13064	1.2%	-1.8%	33.5%
S&P 200 Industrials	6805	6792	0.2%	-1.0%	33.4%
S&P 200 Consumer Disc.	2575	2537	1.5%	2.4%	23.0%
S&P 200 Consumer Staples	12744	12450	2.4%	4.7%	48.9%
S&P 200 Healthcare	36880	36822	0.2%	3.2%	91.3%
S&P 200 Financials	6296	6231	1.0%	1.6%	-1.2%
S&P 200 Info Technology	1443	1396	3.4%	11.2%	85.6%
S&P 200 Telecommunicatic	1284	1304	-1.5%	-5.5%	-26.9%
S&P 200 Utilities	7895	8006	-1.4%	-0.8%	4.7%
S&P 200 Property Trusts	1612	1656	-2.7%	-1.6%	20.2%
S&P 200 Financials ex PT	7022	6950	1.0%	1.6%	-1.2%

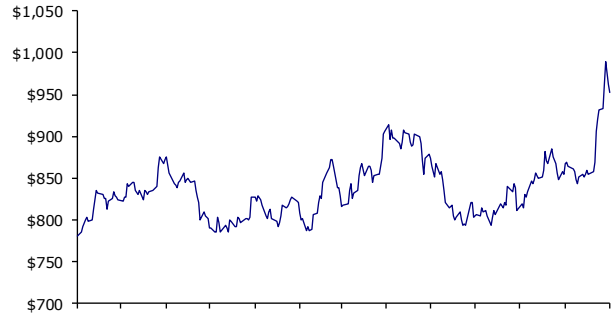
Source: IRESS

### 1 Year Commodity Price Charts

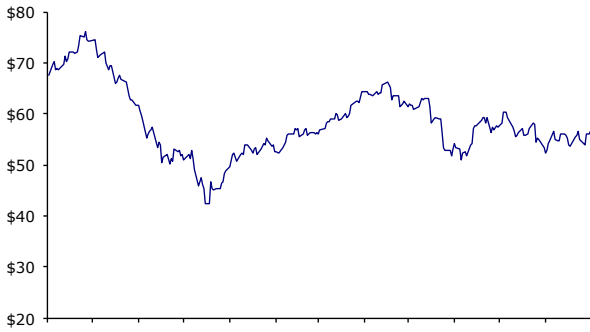
**1 Year Gold**



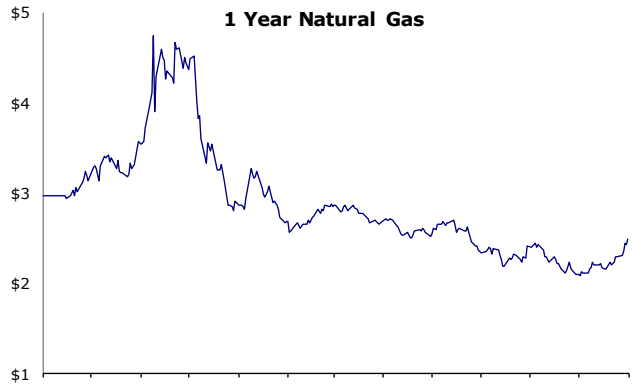
**1 Year Platinum**



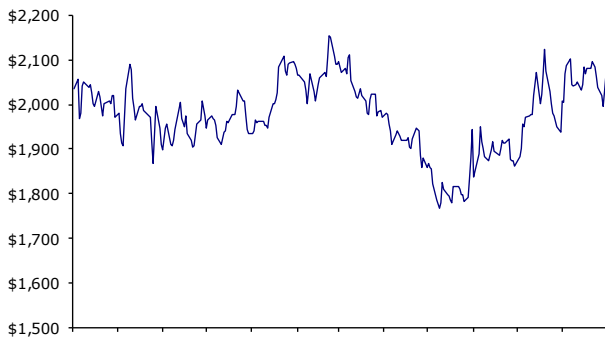
**1 Year Oil**



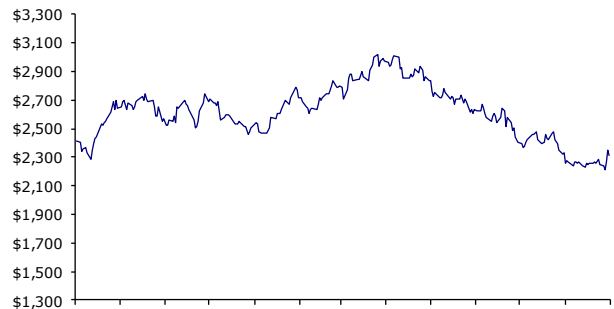
**1 Year Natural Gas**



**1 Year Lead**

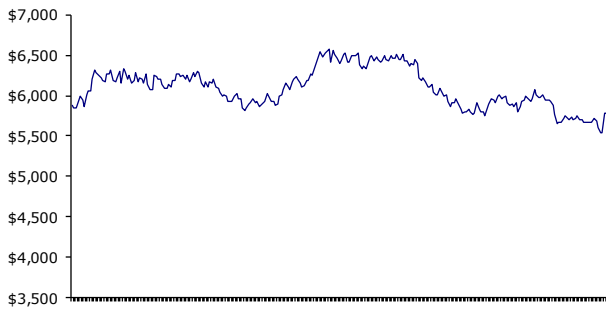


**1 Year Zinc**

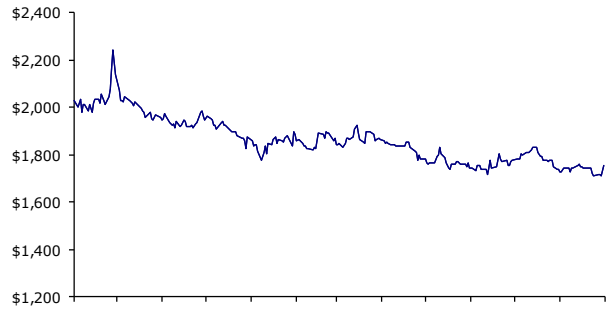




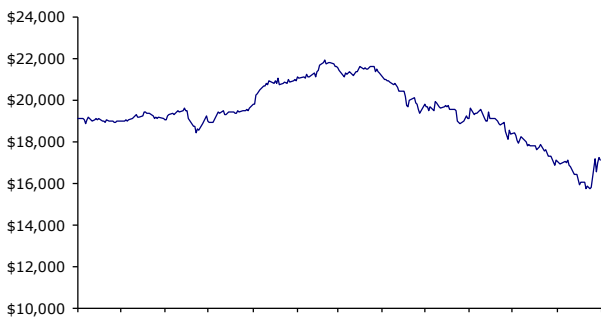
**1 Year Copper**



**1 Year Aluminium**



**1 Year Tin**

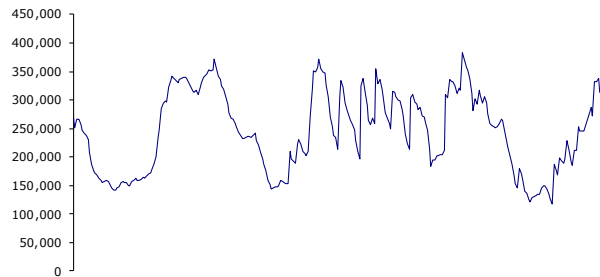


**5 Year Metals Stockpiles**

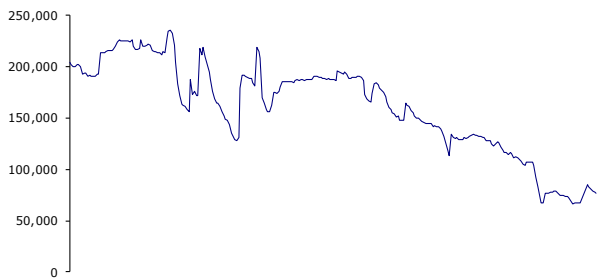
**Nickel LME Stockpiles - 5 Year**



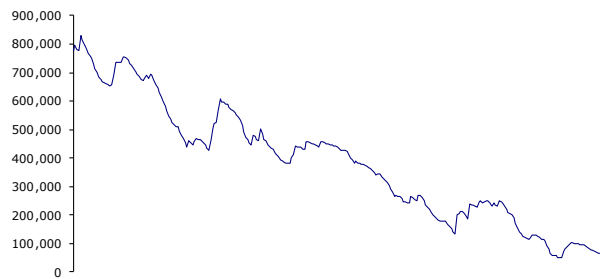
**Copper LME Stockpiles - 5 Year**



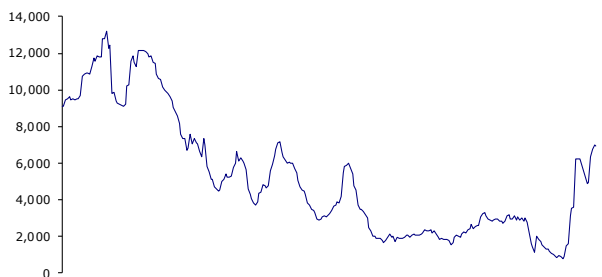
**Lead LME Stockpiles - 5 Year**



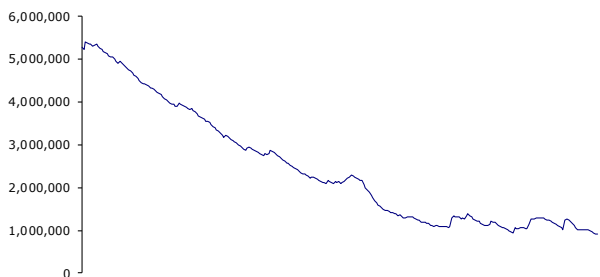
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**



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