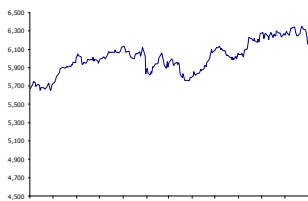


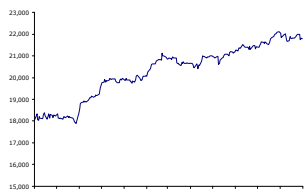
STATE ONE SPINNAKER

9 September 2018
Issue 427

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 9 September 2018

World Markets	9/09/2018	2/09/2018	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6144	6319	-2.8%	-2.9%	10.8%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2872	2902	-1.0%	1.9%	27.8%
FTSE 100	7278	7432	-2.1%	-2.9%	5.0%
DAX30	11960	12364	-3.3%	-1.7%	-4.8%
Shanghai Composite	2702	2721	-0.7%	-0.1%	-16.0%
Nikkei 225	22307	22707	-1.8%	0.5%	18.9%
Hang Seng	26973	27889	-3.3%	-1.3%	18.0%
Currency					
AUD/USD	0.7107	0.7214	-1.5%	-2.2%	-11.8%
Commodities					
Oil (\$/bbl)	67.8	70.1	-3.3%	3.6%	42.6%
Gas (\$/gal)	2.8	2.9	-4.8%	-5.8%	-8.0%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	5883	6019	-2.3%	0.7%	0.8%
Lead (\$/t)	2037	2062	-1.2%	2.2%	-12.6%
Zinc (\$/t)	2437	2504	-2.7%	4.8%	-11.2%
Aluminium (\$/t)	2030	2112	-3.9%	1.8%	17.2%
Nickel (\$/t)	12290	13010	-5.5%	-5.4%	8.1%
Tin (\$/t)	19110	19025	0.4%	2.1%	-10.7%
Gold (\$/oz)	1200	1207	-0.5%	1.6%	2.4%
Silver (\$/oz)	14.2	14.6	-2.7%	-1.8%	-17.1%
Platinum (\$/oz)	780	787	-0.9%	1.6%	-16.8%
Wheat (\$/t)	509.750	543.750	-6.3%	-7.7%	24.9%

Source: Iress

Global Wrap

Key points

1. Trade fears overshadow jobs gains
2. Further Aussie rates rise fears ease
3. Stock analysis: High-flyers hit turbulence

US

US stocks fell for a fourth straight day after President Donald Trump's threat to escalate the trade war with China shook technology and multinational shares, Bloomberg reported.

Meanwhile the dollar climbed and Treasuries fell as wage gains bolstered the prospects for further rate hikes.

The S&P 500 fell 0.2% and the Nasdaq 100 lost 0.3%. It's weekly loss of 2.9% was the worst since March.

The Nasdaq 100 Index capped its worst week since March as Apple slumped on its warning that the Trump administration's musing over levying virtually everything imported from China would hit a broad range of its products.

The dollar rallied versus major peers and the offshore Chinese yuan fell the most in a week. The 10-year Treasury yield pushed above 2.94%.

The latest salvo from Trump in the trade war rattled US stocks a day after top American executives made a last-minute push to convince the president to not impose fresh tariffs.

Instead, Trump signaled on Friday he was ready to target a sum of goods equal to virtually all imports from China.

The tariff drama overshadowed an August jobs report that showed a healthy labor market with signs of wage inflation that could clear the way for two more rate hikes this year.

This coming week discussions between Canada and the US are expected to resume on Wednesday. Both countries are looking to find common ground to revamp the North American Free Trade Agreement (NAFTA) after the last round of talks ended without a deal.

US CPI and further jobs and wages data will be released on Thursday.

China

Chinese stocks rose for the first time in three days on Friday, with reassurances by China's State Council that the collection of social security taxes would remain unchanged, countering the prospect of new US tariffs on exports from the world's second-largest economy.

The benchmark Shanghai Composite Index gained 0.4% at the close, trimming the week's losses to 0.8%, The South China Morning Post reported.

China's State Council quelled speculation about the implementation of stricter social security collections, which would increase the contributions made by employers.

A stricter collection of social security taxes would have cut corporate profits by 2.5% and chip 0.6 percentage points from China's normal economic growth, a key report forecast.

The Shanghai Composite Index added 10.71 points to 2,702.30 on Friday. The CSI 300 Index of big caps advanced by 0.5% and the ChiNext index of smaller companies closed 0.2% higher.

In Hong Kong, the Hang Seng Index slipped by 1.35 points to 26,973.47. The Hang Seng China Enterprises Index, or the H-share gauge, lost 0.2%.

Macau casino operators topped the list of the day's worst performers in the city. Galaxy Entertainment Group shed 3.8% to HK\$52 and Sands China fell by 3.2% to HK\$34.55.

With no major data released due this coming week, investors will be focused on trade developments.

Japan

Stocks fell further on the Tokyo Stock Exchange on Friday, led by a rout in semiconductor shares, The Japan Times reported.

The 225-issue Nikkei average tumbled 180.88 points, or 0.8%, to end at 22,307.06, its worst finish since August 21, after sliding 92.89 points Thursday. The average fell for the sixth straight session.

Semiconductor-related issues met with heavy selling after their US counterparts fell Thursday.

The market also took a beating from the yen's strength against the dollar following a Wall Street Journal report that said US President Donald Trump expects bilateral ties with Japan to deteriorate over trade, brokers said.

Concerns about the issue put stocks under selling pressure.

The major earthquake in Hokkaido on Thursday also overshadowed the stock market, with investors still concerned about its impact on industry.

The chip stock rout in and outside Japan came after a US industry official and an analyst on Thursday warned of sluggish demand ahead, market sources said.

Japan's GDP and trade balance will be released on Monday and industrial production data on Friday.

Europe

European stocks finished Wednesday's session deep in the red, as renewed concerns over international trade conflicts hampered investors' appetite for riskier assets.

Bourses across the region were seeing red by the closing bell, with the UK's FTSE 100 slipping 1%, France's CAC 40 dropping 1.54% and Germany's DAX tumbling 1.39%. All sectors except banks ended lower.

Technology stocks were the worst performers in Europe amid rating downgrades. The sector fell almost 3%.

Traders are monitoring global trade developments and a Congress grilling of big tech executives.

This coming week the UK's GDP, trade balance and industrial production data will be released on Monday, followed by jobs and wages figures on Tuesday.

Euro zone industrial production and employment figures will be out on Wednesday and the Bank of England rates decision will be announced on Thursday.

Australia

Trade concerns have wiped close to \$50 billion worth of market capitalisation from Australian stocks this week, with investors trading cautiously as the US threatened to impose more tariffs on China, Fairfax reported.

The S&P/ASX 200 index closed the week down 175.7 points, or 2.8%, to 6143.8, its worst five-day performance since February.

Concerns that US President Donald Trump would further jeopardise the country's already tense relationship with China by imposing more tariffs on its exports shook global markets and commodities this week.

The Bloomberg Commodity index fell by as much as 1.2% this week, hurting local mining stocks.

BHP was one of the biggest drags on the market this week, due to the trade threats and weaker commodity prices. The miner also traded ex-dividend on Thursday, its shares falling 5.8% to \$31.30 this week.

Weakness in the US technology sector was felt this week. Facebook and Twitter chiefs appeared before the Senate Intelligence Committee this Wednesday, causing a sell-off of US tech stocks with fears that they could face increased regulatory pressure. This caused Australian tech stocks such as Appen, which counts eight of the top 10 tech giants including Apple, Facebook, and Google as clients, to fall. Appen closed 10% lower at \$13.74.

Following a surprise GDP result on Wednesday, some may have been expecting the market to price in a greater chance that the Reserve Bank of Australia would raise **interest rates**. While Australia GDP growth, falling unemployment rate and good inflation levels appear to be better than other countries who have raised their rates in the past few years, the country's lagging wage growth is proving to be a big weight. The US and UK had at least some wage growth momentum in the months leading up to their first rate hikes but Australia's wage growth has only just begun to edge higher. in the past few months.

Australian employment figures will be released this Thursday.

Commodities

Oil prices fell sharply this week after the EIA (Energy Information Administration) revealed a surprising build in gasoline inventories, suggesting that peak summer driving season has come to a close and could usher in a softer period of demand, oilprice.com reported.

The news overshadowed a strong decline in crude oil inventories.

Gold gave up some of its modest gains but continued to hover around the psychological level of \$1,200 an ounce on Friday as the labor market added more jobs than expected last month and wages sharply increased, Kitco said.

The Bureau of Labor Statistics said 201,000 jobs were created in August; economists were expecting to see job gains of around 191,000.

The price of **aluminium** fell on Thursday, even as most other base metals lifted, as Rusal increased it

aluminium exports by 7% in August, Fairfax reported.

Interfax news agency reported that Rusal, the world's second-largest aluminium producer exported 281,000 tonnes of aluminium last month, even as it stares down the barrel of US sanctions, set to be introduced in late October. The price of aluminium fell by 1.4 % to \$US2,040 a tonne.

Stock analysis: High-flyers hit turbulence

On Thursday last week, some of Australia's high-flying market darlings sold off as investors fretted about contagion from the volatility besetting emerging markets.

Australian stocks suffered their biggest one-day fall since March, falling victim to a sell-off that swept across Asian markets as investors questioned whether the market was overvalued as a trade spat between economic superpowers China and US heats up. Meanwhile instability in Turkey and Argentina is heightening worries about which emerging market could be next to tumble.

The 1.1% drop in the S&P/ASX 200 Index came as the benchmark rallied 7% from an April low, with the rally fuelled by big gains in richly valued blue chips like CSL, and red-hot technology plays like Afterpay Touch and Wisetech Global.

Healthcare companies were amongst the worst performers on Thursday, as CSL shares dropped 4.5%, Cochlear fell 6.1% and Sigma Health plunged 11.6%. Technology stocks saw big losses as well, with Appen falling 6.2%, Altium closing 6% lower, Xero dropping 5.7% and Wisetech Global moving down 5.2%.

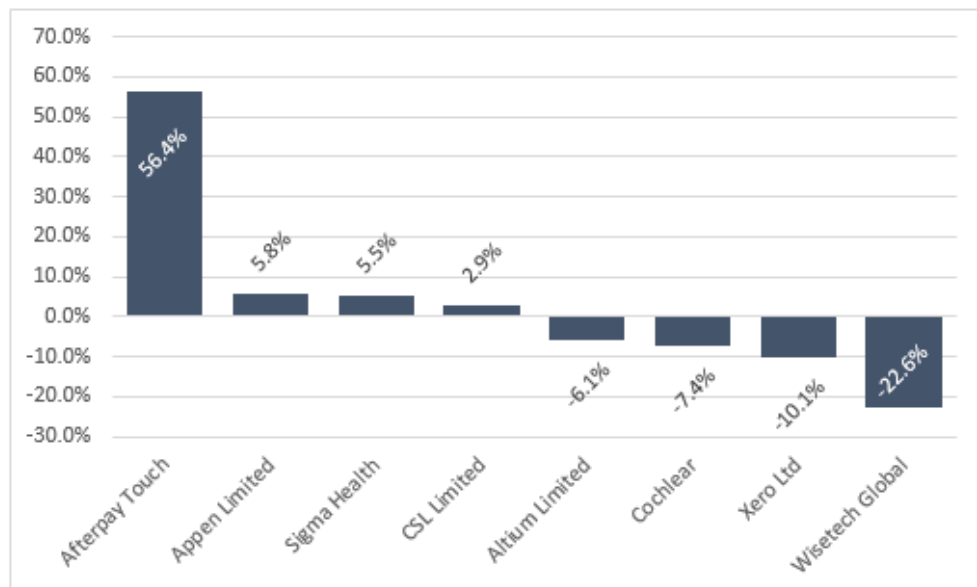
Even after the recent sell-off, most of the high-flying stocks listed mentioned above (with Afterpay Touch a notable exception) look expensive relative to their forecast total returns - calculated from IRESS consensus target prices and dividend yields).

Our conclusion is that while the "spring clean" may provide an opportunity for some investors to increase their exposure to these names at a lower price point, we believe there is likely to be continued volatility in these former high-flyers, with a bias to the downside.





















Forecast total return for selected Healthcare and IT "market darlings"

Security	Name	Share Price (A\$)	Target Price (A\$)	Capital upside / (downside) (%)	FY19E Dividend (A\$)	FY18E DY (%)	Total Return (%)
APT	Afterpay Touch	15.07	23.57	56.4%	0.00	0.0%	56.4%
APX	Appen Limited	13.46	14.10	4.8%	0.14	1.0%	5.8%
SIG	Sigma Health	0.55	0.54	-1.8%	0.04	7.3%	5.5%
CSL	CSL Limited	210.62	214.02	1.6%	2.68	1.3%	2.9%
ALU	Altium Limited	25.04	23.15	-7.5%	0.37	1.5%	-6.1%
COH	Cochlear	202.68	184.47	-9.0%	3.31	1.6%	-7.4%
XRO	Xero Ltd	45.26	40.68	-10.1%	0.01	0.0%	-10.1%
WTC	Wisetech Global	20.31	15.67	-22.8%	0.04	0.2%	-22.6%

Source: IRESS, compiled by State One Stockbroking






Economic Calendar 10/09/2018 – 14/09/2018

Monday September 10 2018			Actual	Previous	Consensus
01:30 AM	 CN	Inflation Rate YoY AUG		2.1%	2.2%
07:00 AM	 TR	GDP Growth Rate YoY Q2		7.4%	+
07:00 AM	 TR	GDP Growth Rate QoQ Q2		2%	+
08:30 AM	 GB	Balance of Trade JUL		£-1.861B	+
Tuesday September 11 2018			Actual	Previous	Consensus
01:30 AM	 AU	NAB Business Confidence AUG		7	5
08:30 AM	 GB	Claimant Count Change AUG		6.2K	+
08:30 AM	 GB	Unemployment Rate JUL		4%	4%
09:00 AM	 DE	ZEW Economic Sentiment Index SEP		-13.7	-14.1
Wednesday September 12 2018			Actual	Previous	Consensus
12:30 AM	 AU	Westpac Consumer Confidence Index SEP		103.6	+
12:30 AM	 AU	Westpac Consumer Confidence Change SEP		-2.3%	+
Thursday September 13 2018			Actual	Previous	Consensus
01:30 AM	 AU	Employment Change AUG		-3.9K	15K
01:30 AM	 AU	Unemployment Rate AUG		5.3%	5.3%
11:00 AM	 GB	BoE Quantitative Easing		£435B	£435B
11:00 AM	 GB	BoE Interest Rate Decision		0.75%	0.75%
11:45 AM	 EA	ECB Interest Rate Decision		0%	0%
12:30 PM	 EA	ECB Press Conference			+
12:30 PM	 US	Core Inflation Rate YoY AUG		2.4%	2.4%
12:30 PM	 US	Inflation Rate YoY AUG		2.9%	2.8%
Friday September 14 2018			Actual	Previous	Consensus
12:30 PM	 US	Retail Sales MoM AUG		0.5%	0.4%
02:00 PM	 US	Michigan Consumer Sentiment Prel SEP		96.2	96.6

Source: www.tradingeconomics.com

Economic Calendar 17/09/2018 – 21/09/2018

Wednesday September 19 2018			Actual	Previous	Consensus
07:50 AM	 JP	Balance of Trade AUG		¥-231B	+
11:00 AM	 JP	BoJ Interest Rate Decision		-0.1%	+
04:30 PM	 GB	Inflation Rate YoY AUG		2.5%	+
Thursday September 20 2018			Actual	Previous	Consensus
09:30 AM	 AU	RBA Bulletin			+
10:00 PM	 EA	Consumer Confidence Flash SEP		-1.9	-0.7
10:00 PM	 US	Existing Home Sales AUG		5.34M	5.34M
Friday September 21 2018			Actual	Previous	Consensus
07:30 AM	 JP	Inflation Rate YoY AUG		0.9%	+
03:30 PM	 DE	Markit Manufacturing PMI Flash SEP		55.9	+
08:30 PM	 CA	Inflation Rate YoY AUG		3%	+

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 7 September 2018

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
NST	Northern Star	17.5	APT	Afterpay Touch	-17.3
SDA	Speedcast Int Ltd	5.2	NXT	Nextdc Limited	-15.8
CNU	Chorus Limited	5.2	ORE	Orocobre Limited	-15.5
ING	Inghams Group	4.6	LYC	Lynas Corporation	-12.8
EVN	Evolution Mining Ltd	4.5	BKL	Blackmores Limited	-11.0
VOC	Vocus Group Ltd	4.2	BAL	Bellamy'S Australia	-10.9
IOF	Investa Office Fund	3.9	APX	Appen Limited	-10.4
BWP	BWP Trust	3.1	ALU	Altium Limited	-9.8
SGM	Sims Metal Mgmt Ltd	3.0	WSA	Western Areas Ltd	-9.5
ASL	Ausdrill Limited	2.5	RSG	Resolute Mining	-9.5

Source: IRESS

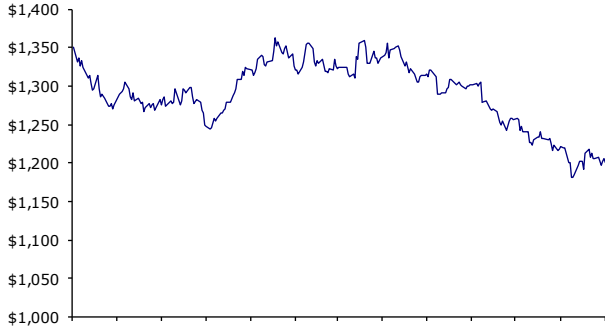
S & P Indices Week Ending 7 September 2018

S&P Indices	9/09/2018	2/09/2018	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	11454	11890	-3.7%	-6.0%	28.8%
S&P 200 Materials	11240	11610	-3.2%	-4.6%	13.5%
S&P 200 Industrials	6142	6261	-1.9%	-0.9%	20.4%
S&P 200 Consumer Disc.	2506	2582	-3.0%	-1.2%	19.7%
S&P 200 Consumer Staples	11265	11438	-1.5%	-2.1%	31.7%
S&P 200 Healthcare	32275	34184	-5.6%	-1.2%	67.4%
S&P 200 Financials	6113	6276	-2.6%	-4.6%	-4.1%
S&P 200 Info Technology	1178	1253	-6.0%	1.0%	51.4%
S&P 200 Telecommunicatic	1189	1177	1.0%	10.4%	-32.3%
S&P 200 Utilities	7709	8022	-3.9%	-5.1%	2.2%
S&P 200 Property Trusts	1455	1454	0.1%	0.4%	8.4%
S&P 200 Financials ex PT	6818	7000	-2.6%	-4.6%	-4.1%

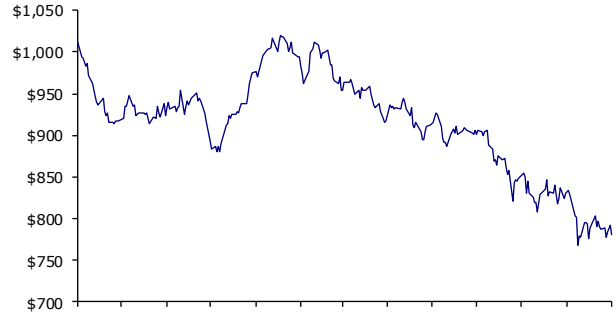
Source: IRESS

1 Year Commodity Price Charts

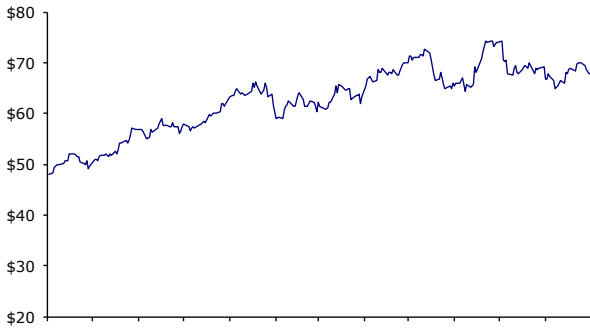
1 Year Gold



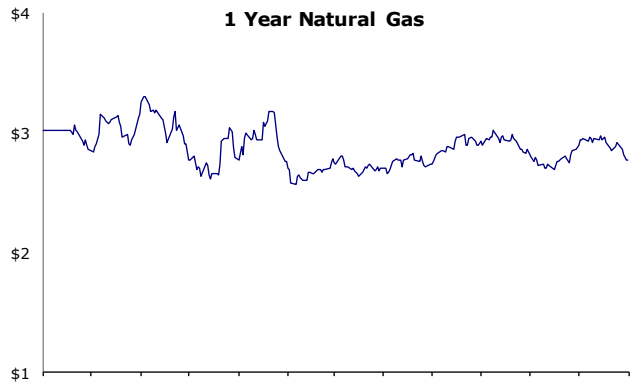
1 Year Platinum



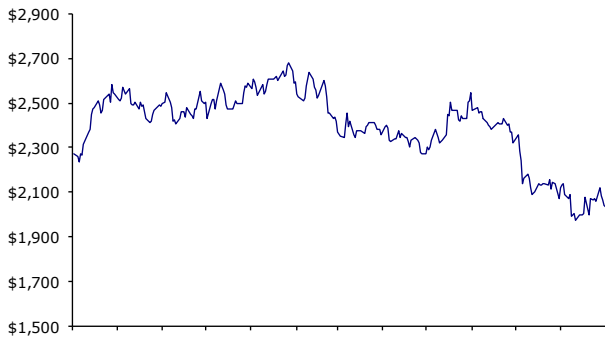
1 Year Oil



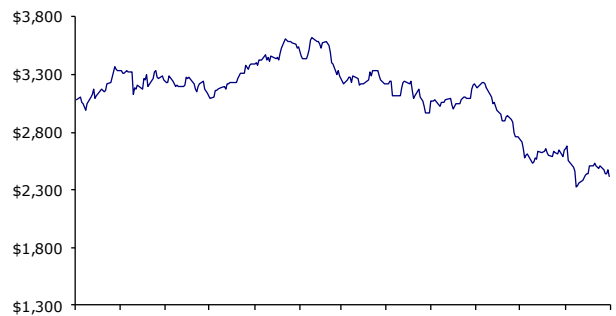
1 Year Natural Gas



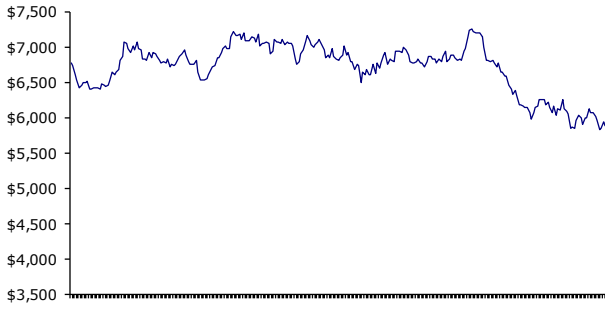
1 Year Lead



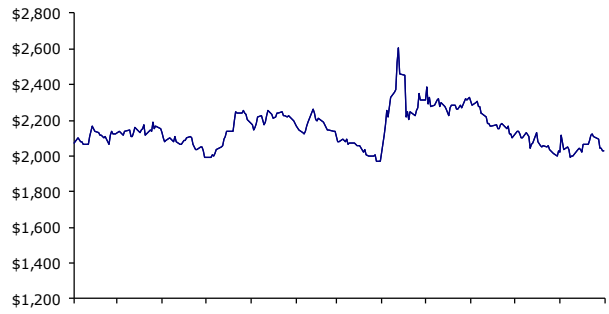
1 Year Zinc



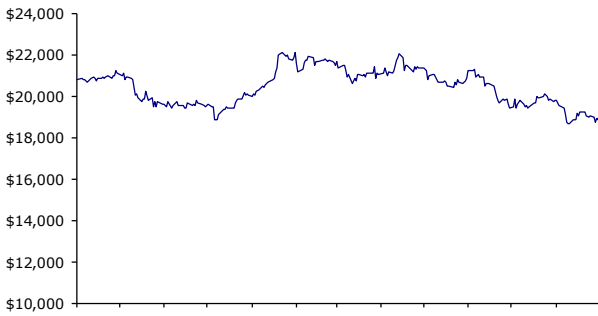
1 Year Copper



1 Year Aluminium

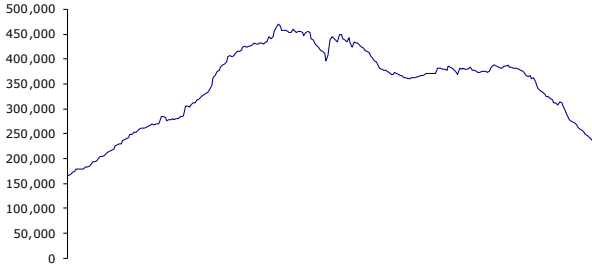


1 Year Tin

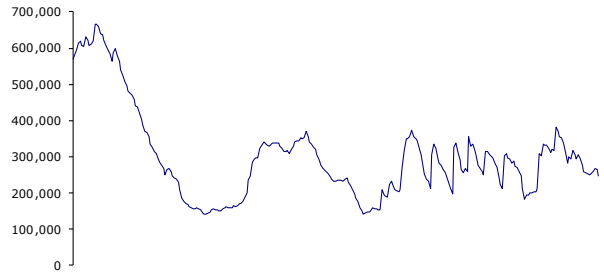


5 Year Metals Stockpiles

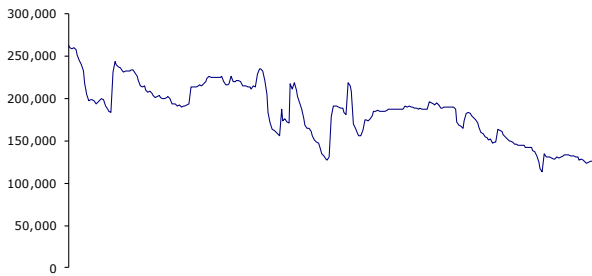
Nickel LME Stockpiles - 5 Year



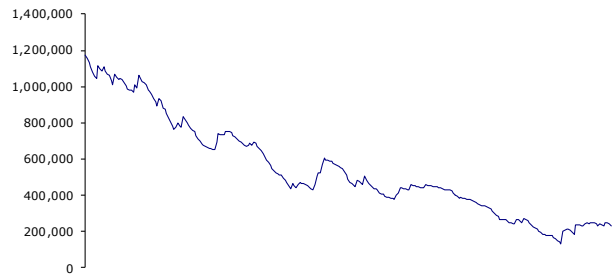
Copper LME Stockpiles - 5 Year



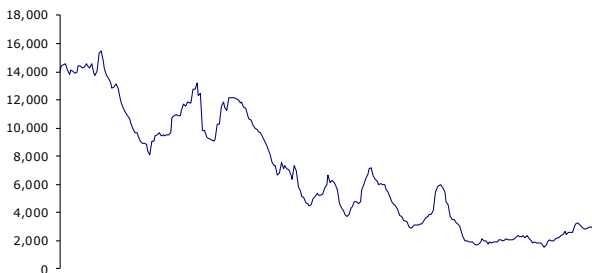
Lead LME Stockpiles - 5 Year



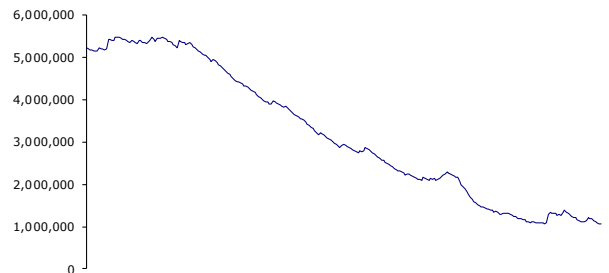
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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