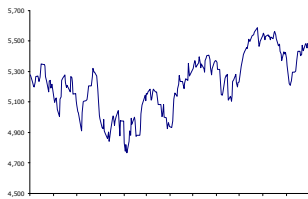


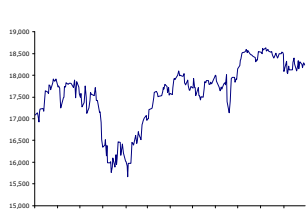
STATE ONE SPINNAKER

10 October 2016
Issue 341

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 10 October 2016

World Markets	7/10/2016	30/09/2016	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5467	5436	0.6%	4.6%	4.9%
Dow Jones	18240	18308	-0.4%	1.1%	7.0%
Nasdaq	5284	5312	-0.5%	2.1%	21.9%
S&P 500	2154	2168	-0.7%	1.3%	7.0%
FTSE 100	7044	6899	2.1%	5.6%	10.5%
DAX30	10491	10511	-0.2%	1.1%	3.4%
Shanghai Composite	3005	3005	0.0%	0.1%	-4.4%
Nikkei 225	16860	16599	1.6%	2.8%	-7.1%
Hang Seng	23852	23297	2.4%	2.9%	6.7%
Currency					
AUD/USD	0.7587	0.7660	-0.9%	-1.4%	4.6%
Commodities					
Oil (\$/bbl)	49.5	48.0	3.2%	13.4%	-0.3%
Gas (\$/gal)	3.2	2.9	9.3%	6.6%	23.4%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	4742	4832	-1.9%	1.0%	-8.1%
Lead (\$/t)	2079	2106	-1.3%	9.2%	24.7%
Zinc (\$/t)	2371	2378	-0.3%	6.2%	42.6%
Aluminium (\$/t)	1675	1659	1.0%	7.9%	7.9%
Nickel (\$/t)	10260	10460	-1.9%	5.0%	1.9%
Tin (\$/t)	20175	20295	-0.6%	4.7%	26.1%
Gold (\$/oz)	1259	1319	-4.6%	-5.1%	10.0%
Silver (\$/oz)	17.6	19.2	-8.7%	-7.8%	12.2%
Platinum (\$/oz)	973	1032	-5.7%	-6.6%	2.4%
Wheat (\$/t)	394.750	402.000	-1.8%	-2.0%	-22.8%

Source: Iress

Global Wrap

US

Federal Reserve September policy meeting minutes, a conference address by chair Janet Yellen, a presidential candidate public debate, retail sales and the commencement of a new earnings season mean the impact of September national jobs figures, released Friday, could be more short-lived than usual.

According to the employment report, 156,000 jobs were created during September. Forecasters had expected up to 175,000 new jobs in September.

However, the revised August jobs tally of 167,000, also published Friday, represented a significant revision from the initially estimated 151,000.

Hence, the \$US softened just slightly, indicating the preliminary September figure may not have lessened expectations of a rate rise by year's end as much as some may have thought on a first headlines glance. Rather, the odds of a 2 November rise were considered reduced more than those of a 14 December move.

The average number of jobs created each month during 2016 is now coming in at ~180,000, against 229,000 for the whole of 2015. To keep pace with US population growth, ~100,000 new jobs are needed each month.

Unemployment was reported 0.1% higher for September, at 5.0%, but this was explained by a greater number of people seeking work.

Several economic indicators released earlier in the week had supported expectations of a rate rise this year.

These included the ISM's September services sector activity index, which bounded ~seven points to a vigorous 57.1, the highest reading since October 2015.

ISM's September manufacturing PMI also rose, from a contraction-mode 49.4 to 51.5.

Weekly new unemployment claims fell a relatively high 5000 to 249,000. Not many months ago, 300,000 was considered a psychologically significant total, but 250,000 does not appear inconceivable as a possible new benchmark.

Not everything appeared rosy, however.

An ADP report estimated 154,000 private sector jobs had been added during September, undershooting forecasts by 19,000.

In addition, the employment sub-index for ISM's manufacturing PMI remained in contraction territory.

The nation's August trade deficit also grew due to unexpectedly higher imports, although these included broadcast rights for the summer Olympics in Brazil.

This coming week, Ms Yellen's public address will be as keynote speaker at an economics conference in Boston, Friday.

Among data releases, September retail sales will round out the week, together with business inventories, producer prices and a new University of Michigan consumer sentiment reading.

Friday's earnings reports are also top-tier, with JPMorgan Chase, Wells Fargo and Citigroup each scheduled to lodge results.

This past week, (US) equities markets trade commenced with two consecutive falls, in part due to uncertainty regarding both the UK separation from the European Union (EU) and how the European Central Bank's (ECB) asset purchase program could play out.

Mid-week, an oil price rally, and the more encouraging domestic economic indicators helped push markets higher.

This coming week's trade could well be held captive by similar considerations, but given Friday's schedule, could likely end any which way.

Monday's trade, however, is likely to be fed at least in part from the second presidential candidate debate scheduled for Sunday, given the election and outcome is just one month away.

Europe

Not only the US, but also the opposite side of the Atlantic, will provide plenty of note this week, likewise culminating in key events and information towards the end.

The UK's conjecturable standing with the European community is certain to be thoroughly examined this coming Thursday when Britain's Foreign Secretary Boris Johnson meets with the UK parliament's foreign affairs committee.

Plenty to scrutinise regarding likely or not alliances is also expected to come from further north Thursday, as the Scottish National Party commences a three-day conference in Glasgow.

Friday, Bank of England heads will also be on their toes, the governor and five deputies speaking throughout central England before conducting a plenary session with a ballot-chosen audience in Birmingham.

British pound trade featured through this past week, first after the PM revealed the formal process to separate from the European Union (EU) would commence no later than 31 March 2017, and then on PM and Chancellor warnings that the negotiation process was not expected to be smooth.

The pound sterling dropped sufficiently to enable France to leap-frog the UK in terms of overall economic valuation and then, briefly during ASX trade Friday, fell just below \$US1.14, a level not seen since May 1985. A \$US1.1378 trade was subsequently cancelled and 'revised' to \$US1.1491.

The jitters were not confined to UK considerations, however.

Late-Tuesday, a US media report suggested the European Central Bank (ECB) would end its asset purchases program at the March 2017 end of the initial set period. This surprised, given most economists had considered persistently stubborn low inflation would ensure the program's continuation.

A subsequent tweet from the ECB indeed claimed an end-date, or even possible winding down scenarios, were not discussed at last month's policy meeting

ECB September policy meeting minutes, released Thursday, confirmed this, although the potential shortage of available and suitable bonds had been noted.

Nonetheless, at least some international market trade had appeared to have reacted adversely to the media report over two consecutive sessions.

In the meantime, expectations of definitive news of negotiations between Deutsche Bank and the US Department of Justice over a suggested \$US14B penalty were not met through mid-week, adding to general uncertainty. This in particular was cited as one reason euro zone banks borrowed a total \$US2.8B from the ECB during the week.

In data releases over the past week, a 52.6 September services PMI reported for the UK was considered heartening, albeit 0.3 below the August figure, as the services sector is estimated to account for ~80% of UK economy activity.

The construction sector activity index lifted from a contraction-mode 49.2, to 52.3.

August industrial production disappointed however, falling 0.4% for the month following a 0.1% improvement in July. Oil field shut-downs were offered a one reason for the decline.

In addition, the August trade deficit grew to £12.1B from £9.5B in July.

Euro zone trade figures are scheduled to be published during this coming week, and will include trade with the UK.

Japan

Bank of Japan (BoJ) governor Haruhiko Kuroda is speaking on fiscal and monetary policy in Washington this weekend.

This week the governor was maintaining the BoJ retained fire power and also appealed for the euro zone to sort its banking sector so as to allay concerns. This seemed to accord with International Monetary Fund (IMF) calls for an update to banking practices.

Given the domestic policy commentary and speculation over the past several weeks, the governor's new remarks, and this coming week's current account figures and machine orders, cannot fail to spark further debate back home this week.

During the past week, the September services sector activity index was reported at a contraction-mode 48.2, its lowest level in 29 months.

Markit's September manufacturing PMI rose 0.9 to 50.4, the first expansion-mode reading in seven months.

The Tankan survey revealed large manufacturers were expecting lower profits while noting a slight pickup in business conditions

Meanwhile Thursday, the yen traded at its least against a robust \$US.

China

September CPI Friday and trade figures Thursday are keenly anticipated, as China and its markets resume normal operations Monday.

Some September data is already in hand.

Official (NBS) September PMIs published last weekend revealed a steady 50.4 manufacturing estimate and a 0.2 rise for the services sector activity index to 53.7.

Additional August data started coming in Friday.

Foreign reserves fell \$US18.8B, against an expected \$US11B decline. This pushed the yuan (Hong Kong trade) to its least against the \$US since January. Reserves as at 30 September tallied \$US3.166 trillion.

Over the weekend, Caixin's final September PMIs are anticipated, plus foreign direct investment.

Lending figures are anticipated anytime from Monday.

Meanwhile, China's debt was highlighted again this week, in part due to International Monetary Fund (IMF) comments following publication of the fund's \$US152 trillion (non-financial sector) record global debt estimate.

Early-week, four cities in China notably revealed they were restricting property purchases, in an apparent response to concerns at booming prices in what are considered second- and third-tier cities.

Australia

The Reserve Bank of Australia's (RBA) half-yearly financial stability review will headline reports this coming Friday and provide welcome insight for investors and politicians.

The statement released following this past Tuesday's Reserve Bank of Australia (RBA) policy meeting confirmed some concern at the national housing market and that full-time employment had remained 'subdued'.

August housing finance figures become available this week, as do June quarter building and construction statistics. The residential mortgage component of overall lending finance, due Friday, will also help define recent mindsets.

This past week, price appreciations for both coking and thermal coal from Australia were cited when the August trade deficit came in at \$2.0B, rather than the \$2.1B - \$2.3B forecast by most economists.

August retail sales were reported to have improved 0.4%, double the anticipated rate and the best result in seven months.

September services sector activity remained in contraction mode, at 48.9, but improved 3.9 on August's reading.

Construction sector activity returned to expansion mode, rising 4.8 points to 51.4.

In the meantime, the International Monetary Fund this week highlighted the potential adverse impacts of rising private debt levels in Australia, claiming the pace of accumulation of private debt was the most concerning in Australia, Canada and Singapore.

Speaking of debt, this coming week, the first 30.5-year government bonds will be on offer.

Also this week, a sprinkling of large-cap AGMs will herald the commencement of the traditional AGM season.

Commodities

Oil prices are under intense focus this weekend.

On the sidelines of the World Energy Congress in Istanbul, OPEC commences six days of talks with non-OPEC oil producers, in an attempt to gauge the mood for a curb on overall output.

Late last month, OPEC members said they'd agreed some type of restraint was required to stabilise markets, and vowed to negotiate an overall output cut at the scheduled 30 November meeting in Vienna.

This week's aftermath helped push WTI crude past \$US50/bbl and Brent beyond \$US52/bbl.

Meanwhile, Iran was set to sign a new export deal, as it ramps production following the end this past year of export sanctions imposed by major western nations.

By Thursday's (US) trade, a Genscape report had suggested Cushing, Oklahoma stocks had risen by 1MMbbl during the week to 4 October.

A fifth consecutive week of declining US crude inventories, as reported by the US government's EIA, had added to OPEC considerations in pushing prices higher in European-US trade Wednesday, however.

The new EIA weekly statistics were notably out of step with forecasts, a 3MMbbl draw on crude contrasting a forecast 1.5MMbbl gain.

In the meantime in Norway, oil and gas revenue invested by the nation's sovereign wealth fund reportedly helped the fund to a 4% profit during the September quarter, returning ~\$US30B. Equity investments, representing ~60% of the fund, were responsible for the lion's share of returns, a fund spokesperson offered.

In other energy sector news, China's customs records have revealed China imported 48% more coal during August than for August 2015.

Meanwhile, December quarter coal contract prices for Australian exporters appear to be dragging, but coal analysts are anticipating a significant appreciation on the September quarter.

Australia is at the top the tree for coking (steel production) coal exports and the world's second largest exporter of thermal (electricity generation) coal, after Indonesia.

Rather than remaining relatively steady, iron ore (China port) prices slipped below \$US55/t this week while China observed a week's worth of National Day holidays.

Reuters meanwhile estimated China had imported 82.5Mt of iron ore during September, representing a 2.5% increase for the month.

Comex gold futures closed the September quarter lower for the first time since the December quarter 2015.

While disappointing for gold bears, the real surprise of the week was the price plunge from mid-week, beneath a 100-day moving average, and sparking fears of a slide beneath the 200-day moving average.

Apart from \$US strength on some quite encouraging US economic indicators (not unheard of), Federal Reserve regional presidential remarks (nothing new), and thinner trade volumes due to the absence of Chinese activity (during an annual holiday season), sector analysts appeared at a loss to explain what was described as an 'onslaught'.

Others concentrated on pointing to the US presidential election, ultra-low interest rates, India's wedding and festival season, bargain-buying (the World Gold Council mentioned China in this regard), and variations in US rate speculation as reasons for prices to recover quickly.

LME base metals trade volumes were noticeably lower this week due to the week's National Day holidays in China.

As anticipated, some price moves appeared exaggerated, but plenty of apologetics remained to explain vacillations.

\$US strength proved a major factor over consecutive sessions.

In specific metals trade, nickel prices weakened mid-week when no move had been taken in the Philippines to suspend or close operations listed at risk of this, following environmental and social impact compliance reviews.

In addition, some noted that should a ban on exporting unprocessed minerals be lifted, more nickel would come on market.

In commodities-related corporate news this week, Monsanto lodged better-than-expected quarterly results, boosted by wheat and soybean seed sales. Monsanto also forecast improved results in 2017, as it will commence marketing new soybean varieties.

In the meantime, northern grain-belt farmers in Western Australia (WA) have begun this year's harvest.














Recent southern frosts have trimmed State estimates, but the Grain Industry Association of WA expects a total 16.9Mt to be harvested over Spring-Summer, against the WA record of 17Mt achieved in 2013-14.

Grain handler CBH says it has established 700,000t worth of emergency storage for this season.

Halloween occurs during the WA harvest season, and while historically not an Australian tradition, its growing observance means one Kimberley-region grower has been busy picking pumpkins - 15,000 of the jack-o'-lantern type - for this year's Halloween fans.

















Cattle make up the balance of demand for jack-o'-lanterns, but as party chow, rather than mood-amplifying decoration.

Economic Calendar 10/10/2016 – 14/10/2016

Monday October 10 2016		Actual	Previous	Consensus
02:00 PM	 DE Balance of Trade AUG		€19.5B	€20B
Tuesday October 11 2016		Actual	Previous	Consensus
08:30 AM	 AU NAB Business Confidence SEP		6	
05:00 PM	 DE ZEW Economic Sentiment Index OCT		0.5	4
Wednesday October 12 2016		Actual	Previous	Consensus
07:30 AM	 AU Westpac Consumer Confidence Index OCT		101.4	
07:30 AM	 AU Westpac Consumer Confidence Change OCT		0.3%	
Thursday October 13 2016		Actual	Previous	Consensus
02:00 AM	 US FOMC Minutes			
10:00 AM	 CN Balance of Trade SEP		\$52.05B	\$53B
10:00 AM	 CN Exports YoY SEP		-2.8%	-3%
10:00 AM	 CN Imports YoY SEP		1.5%	1%
Friday October 14 2016		Actual	Previous	Consensus
08:30 AM	 AU RBA Financial Stability Review			
09:30 AM	 CN Inflation Rate YoY SEP		1.3%	1.6%
08:30 PM	 US Retail Sales MoM SEP		-0.3%	0.6%
10:00 PM	 US Michigan Consumer Sentiment Prel OCT		91.2	92

Source: www.tradingeconomics.com

Economic Calendar 17/10/2016 – 21/10/2016

Tuesday October 18 2016			Actual	Previous	Consensus
04:30 PM	 GB	Inflation Rate YoY SEP		0.6%	
08:30 PM	 US	Core Inflation Rate YoY SEP		2.3%	
08:30 PM	 US	Inflation Rate YoY SEP		1.1%	
Wednesday October 19 2016			Actual	Previous	Consensus
04:30 PM	 GB	Claimant Count Change SEP		2.4K	
04:30 PM	 GB	Unemployment Rate AUG		4.9%	
10:00 PM	 CA	BoC Interest Rate Decision		0.5%	
Thursday October 20 2016			Actual	Previous	Consensus
08:30 AM	 AU	Employment Change SEP		-3.9K	
08:30 AM	 AU	Unemployment Rate SEP		5.6%	
09:30 AM	 AU	RBA Meeting Minutes			
10:00 AM	 CN	GDP Growth Rate QoQ Q3		1.8%	
10:00 AM	 CN	GDP Growth Rate YoY Q3		6.7%	
07:45 PM	 EA	ECB Interest Rate Decision		0.00%	
08:30 PM	 EA	ECB Press Conference			
10:00 PM	 US	Existing Home Sales SEP		5.33M	
Friday October 21 2016			Actual	Previous	Consensus
08:30 PM	 CA	Inflation Rate YoY SEP		1.1%	
10:00 PM	 EA	Consumer Confidence Flash OCT		-8.2	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 7 October 2016

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
WHC	Whitehaven Coal	13.7	SYR	Syrah Resources	-17.1
QBE	QBE Insurance Group	6.9	NST	Northern Star	-16.6
STO	Santos Ltd	5.4	SAR	Saracen Mineral	-15.1
NWS	News Corp..	5.2	RSG	Resolute Mining	-14.8
OSH	Oil Search Ltd	5.0	RRL	Regis Resources	-13.3
AAC	Australian Agricult.	5.0	SBM	St Barbara Limited	-13.1
HGG	Henderson Group	4.8	EVN	Evolution Mining Ltd	-11.2
GXY	Galaxy Resources	4.7	EHE	Estia Health Ltd	-10.7
ANN	Ansell Limited	4.6	INM	Iron Mountain Incorp	-9.2
API	Australian Pharm.	4.4	VOC	Vocus Comms Ltd	-8.5

Source: IRESS

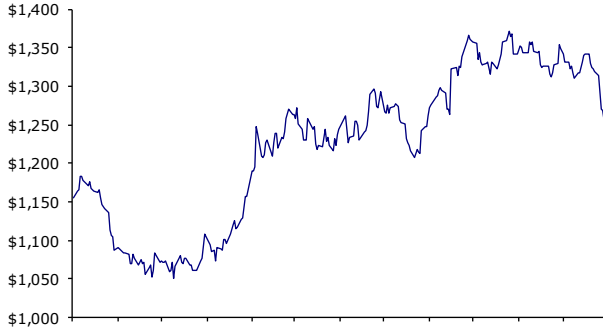
S & P Indices Week Ending 7 October 2016

S&P Indices	7/10/2016	30/09/2016	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8805	8414	4.6%	11.5%	-4.9%
S&P 200 Materials	9095	9074	0.2%	7.8%	9.6%
S&P 200 Industrials	5172	5253	-1.5%	2.9%	10.2%
S&P 200 Consumer Disc.	2208	2202	0.3%	2.4%	20.6%
S&P 200 Consumer Staples	9230	9021	2.3%	5.4%	7.7%
S&P 200 Healthcare	21657	21694	-0.2%	4.6%	21.0%
S&P 200 Financials	6062	5917	2.4%	5.3%	2.0%
S&P 200 Info Technology	844	827	2.1%	5.7%	17.1%
S&P 200 Telecommunicatic	1793	1863	-3.7%	-3.9%	-10.9%
S&P 200 Utilities	7073	7327	-3.5%	1.6%	5.8%
S&P 200 Property Trusts	1367	1427	-4.2%	-0.8%	9.6%
S&P 200 Financials ex PT	6761	6600	2.4%	5.5%	-0.5%

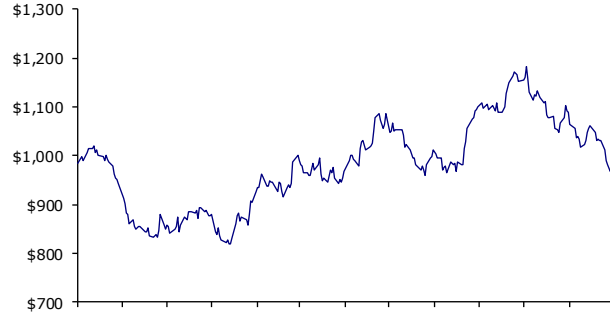
Source: IRESS

1 Year Commodity Price Charts

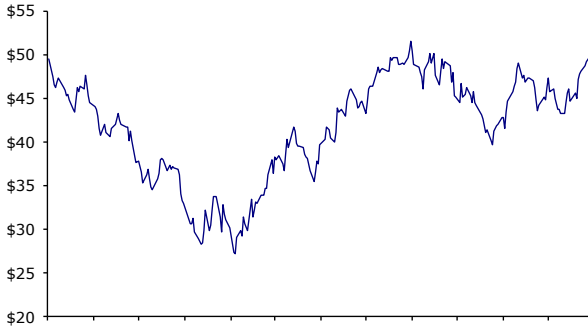
1 Year Gold



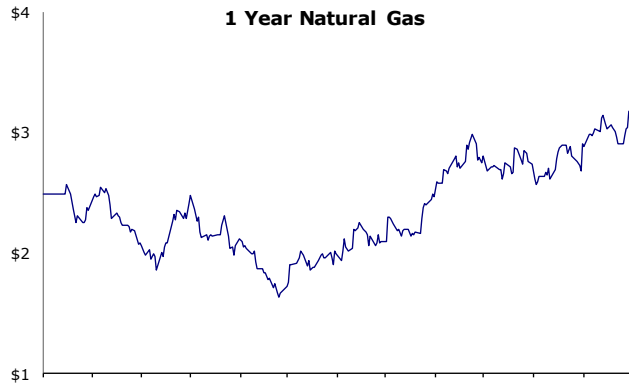
1 Year Platinum



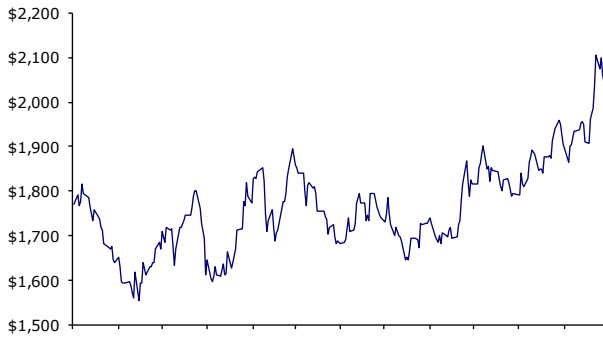
1 Year Oil



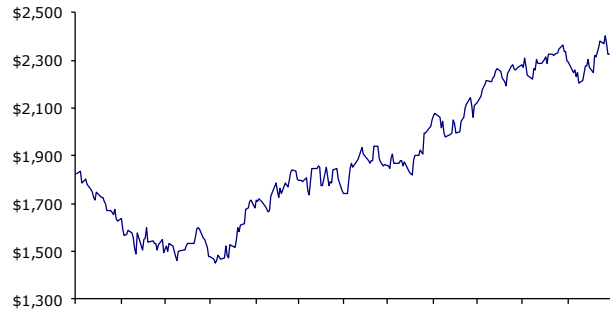
1 Year Natural Gas



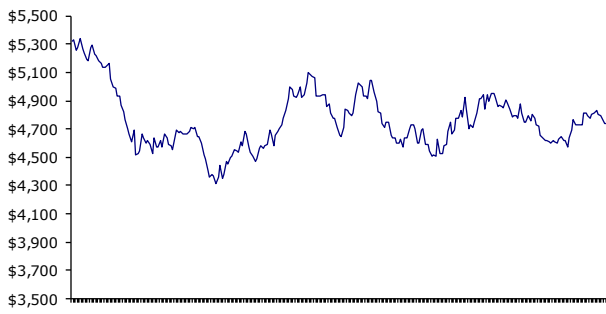
1 Year Lead



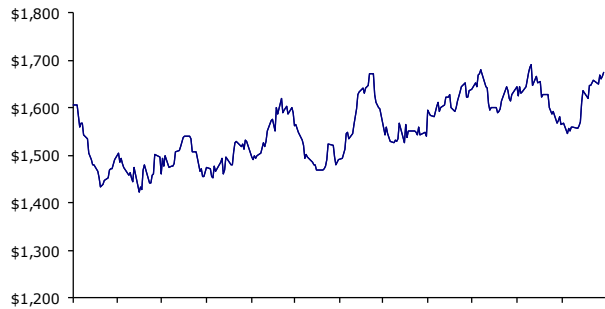
1 Year Zinc



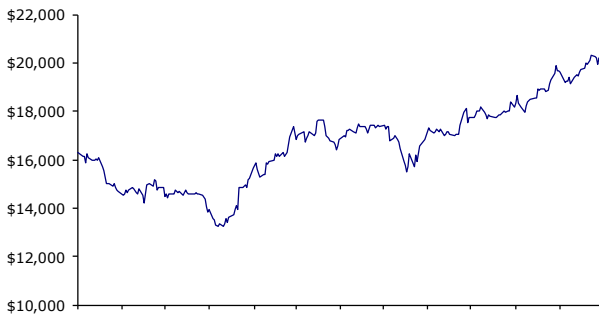
1 Year Copper



1 Year Aluminium

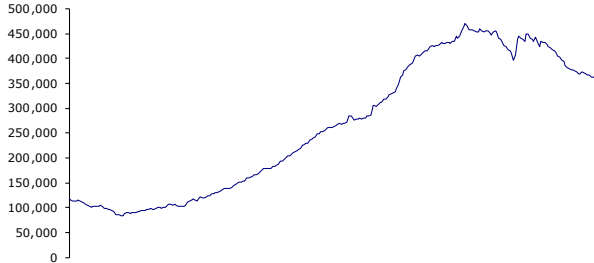


1 Year Tin

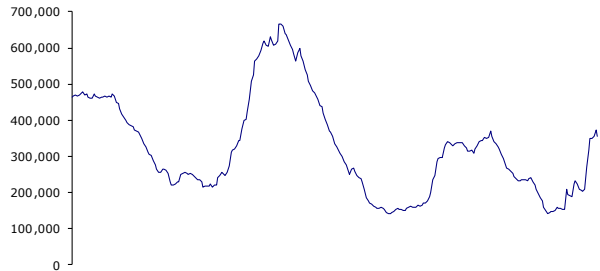


5 Year Metals Stockpiles

Nickel LME Stockpiles - 5 Year



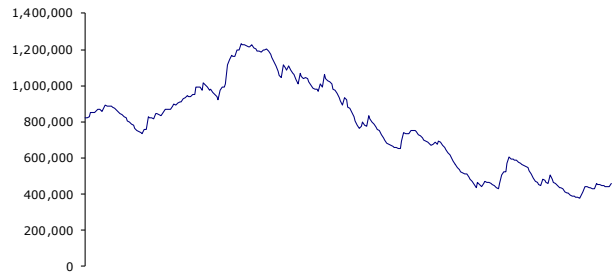
Copper LME Stockpiles - 5 Year



Lead LME Stockpiles - 5 Year



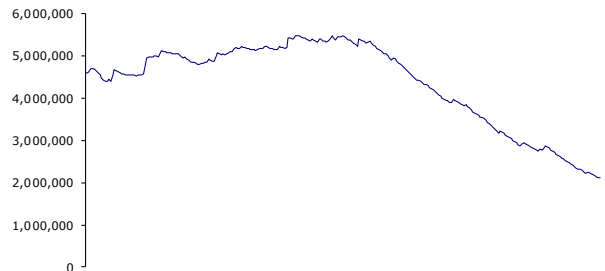
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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