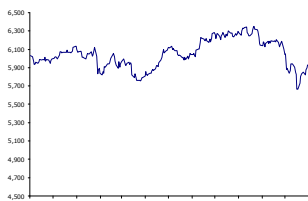


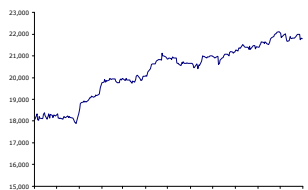
STATE ONE SPINNAKER

11 November 2018
Issue 436

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 11 November 2018

World Markets	11/11/2018	4/11/2018	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5922	5849	1.2%	-0.3%	6.8%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2781	2723	2.1%	-1.0%	23.8%
FTSE 100	7105	7094	0.2%	0.7%	2.5%
DAX30	11529	11519	0.1%	-1.6%	-12.4%
Shanghai Composite	2599	2665	-2.5%	4.5%	-19.2%
Nikkei 225	22250	21899	1.6%	-1.8%	18.6%
Hang Seng	25602	26486	-3.3%	0.5%	12.0%
Currency					
AUD/USD	0.7225	0.7211	0.2%	0.3%	-5.7%
Commodities					
Oil (\$/bbl)	59.8	62.6	-4.6%	-12.9%	5.1%
Gas (\$/gal)	3.7	3.3	12.4%	8.5%	24.1%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6088	6254	-2.7%	-2.6%	4.3%
Lead (\$/t)	1957	1995	-1.9%	-2.8%	-16.0%
Zinc (\$/t)	2522	2654	-5.0%	-4.9%	-8.1%
Aluminium (\$/t)	1965	1967	-0.1%	-2.7%	13.5%
Nickel (\$/t)	11470	11980	-4.3%	-7.8%	0.9%
Tin (\$/t)	19310	19175	0.7%	0.1%	-9.7%
Gold (\$/oz)	1209	1233	-2.0%	-1.4%	3.1%
Silver (\$/oz)	14.1	14.8	-4.2%	-3.3%	-17.3%
Platinum (\$/oz)	856	876	-2.2%	2.5%	-8.7%
Wheat (\$/t)	504.500	509.000	-0.9%	-2.7%	23.6%

Source: Iress

Global Wrap

Key points

1. Consumer staples buoy ASX
2. Oil price drops as supply rises
3. Stock analysis: What mid-terms mean for equities

US

US stocks fell amid a fresh round of selling in technology shares sparked by weak earnings, Fairfax reported.

Large-cap tech names dragged the Nasdaq 100 to a loss of more than 1.5% and trimmed a weekly advance for the S&P 500.

Chipmaker Skyworks plunged after results signalled a slowdown in smartphone demand.

West Texas Intermediate crude capped a 10th straight loss, sending small-cap energy shares tumbling more than 2.5%. Lower oil prices seem mostly driven by a surge in supply, not a drop in demand. (See more below).

Walt Disney's strong earnings minimised damage in the Dow Jones Industrial Average.

The Federal Reserve on Thursday reiterated its plan for "further gradual" rate increases. This caused Treasury yields to edge lower and created jitters among investors with their eyes open to any signs the economic cycle is peaking.

The S&P 500 Index fell 0.9% as of 4pm in New York. It rose 2.1% in the week for a second straight advance.

The Nasdaq 100 Index lost 1.7%, while the Russell 2000 fell 1.6%.

On Wednesday US CPI will be released and Federal Reserve Chair Jay Powell will discuss the economy at an event in Dallas.

China

The mainland China markets, which investors are watching closely as trade tensions between Washington and Beijing continue to weigh on sentiment, ended the trading week lower.

The Shanghai composite shed 1.39% to close at around 2,598.87 and the Shenzhen composite declined by 0.434% to about 1,328.19.

The moves in China followed the country's Consumer Price Index and Producer Price Index for October coming in at 2.5% and 3.3% higher, respectively, compared with a year ago. Those numbers were in line with expectations from a Reuters poll.

However other data show weak car sales and a disappointing outlook from a top online travel company, helping to reignite lingering concerns about the health of the world's second-biggest economy.

In Hong Kong the Hang Seng index fell 2.39% to close at 25,601.92.

This Wednesday investors will be watching Chinese retail sales and industrial production figures.

Japan

Stocks turned lower on Friday in Tokyo following selling prompted by a 401-point surge the previous day.

The key 225-issue Nikkei average fell 236.67 points, or 1.05%, to end at 22,250.25 after jumping 401.12 points on Thursday.

The key market gauges headed south later in the morning as investor sentiment was battered by sluggish performances by Chinese stocks, market sources told The Japan Times.

On Tuesday this coming week Japanese GDP will be released, followed by industrial production on Thursday.

Europe

European equities closed lower on the final trading day of the week as investors reacted to the comments on rates from the US Federal Reserve and monitored continental political developments.

The pan-European Stoxx 600 closed provisionally 0.37% lower with most major bourses seen in the red, CNBC reported.

Basic resources fell 3.4 % and auto stocks were off by 1.89% as global trade concerns weighed further on sentiment.

Oil stocks were also among the biggest fallers, down 1.4%, as crude prices fell sharply.

One standout stock in the banking sector, UBS, had its share price drop 2.65% after the US Justice Department filed a suit against the bank for investors' losses linked to mortgage-linked securities prior to the global financial crisis.

Closely watched euro zone GDP will be released on Wednesday.

Australia

Australian shares closed higher for the week despite a loss on Friday as the US midterm result returned some certainty to global markets.

The S&P/ASX 200 index fell 6.4 points, or 0.1%, on Friday but still closed the week 72.6 points, or 1.2%, higher at 5921.8, Fairfax reported.

Westpac and Commonwealth Bank reported results this week and while both banks showed strong signs, they were under pressure from the banking royal commission, their updates were well received by the market.

Westpac rose 4.5% to \$27.70 this week while Commonwealth Bank advanced 3.8% to \$70.95. ANZ rose 6.3% to \$27.13 while NAB closed the week 1.2% lower at \$24.90 after trading ex-dividend on Thursday.

Consumer staples stocks also did well this week, led by Wesfarmers and Woolworths. Wesfarmers shares rose 4% to \$47.42 and Woolworths advanced 2.9% to \$29.42.

Graphite miner Syrah Resources announced it had signed a binding term sales agreement with Qingdao Taida-Huarun New Energy Technology, sending its shares 11.8% higher to \$1.94 this week.

Lendlease recorded its biggest intraday fall since February 2009 on Friday to push its shares lower for the week after the company flagged underperformance of its engineering unit. It closed the week 17.3% lower at \$14.25.

APA Group shares fell 8.8% to \$8.88 this week after Treasurer Josh Frydenberg announced his intention to block Hong Kong-based CK Group's proposed \$13 billion acquisition of the east coast gas pipeline owner.

James Hardie Industries shares also fell this week after it outlined a soft outlook for the housing construction market in the US.

Its shares closed 11.3% lower at \$16.90 this week.

In data releases this coming week, the NAB Business Confidence Index will be out on Tuesday, then the wage price index on Wednesday followed by employment figures on Thursday.

Aussie dollar and rates

The Australian dollar traded close to US73¢ on Friday morning before dropping almost half a percent to US72.52¢ in the space of an hour after the Federal Reserve kept interest rates steady, lifting the US dollar.

The Aussie dollar then hit US72.69¢ just before the RBA released its Statement on Monetary Policy for November. The statement featured more optimistic forecasts, suggesting the Bank is moving closer to a tightening policy.

Commodities

Total oil stocks rose by 1.9 million barrels per day last week driven mainly by a build in the US which offset product draws in Europe and Singapore, Fairfax reported.

The rising inventories in the US, softer sanctions against Iran and slowing demand are pushing the price lower, although technical traders are saying the price could be due for a bounce.

A Brazilian federal court upheld the decision by a state that forces the Norsk Hydro owned Alunorte aluminium refinery to remain operating at just 50% capacity.

The Alunorte refinery is the world's largest and responsible for 10% of the world's refining capacity outside China.

The latest decision is part of a long-running dispute between the two parties after the refiner admitted to making unlicensed emissions of untreated water during severe rains in February.

The court also banned the company from using a second waste deposit area.

Should Norsk Hydro violate either court decision, they would be fined more than \$US260,000 a day.

Gold fell to its lowest in a month on Friday as the US dollar strengthened after the Federal Reserve reaffirmed its monetary tightening stance, seen as a negative for non-yielding bullion.

Stock analysis: What mid-terms mean for equities

Americans are waking to another two years of gridlock and bitter partisan warfare under an emboldened Donald Trump after Democrats won control of the House of Representatives, but fell short of a "blue wave" landslide that would have represented a comprehensive repudiation of the President.

After a rancorous three-month campaign, voters delivered their verdict on Mr Trump's two years of political polarisation, putting Democrats on track to gain as many as 35 seats, or 12 more than needed for the majority in the House. As Democrats took down a growing list of House seats, Republicans racked up major wins across critical Senate battlegrounds including Indiana, Tennessee, North Dakota, Florida and Missouri, as well as a series of hard-fought governorships.

The GOP's Senate majority is set to expand by between one and five seats, giving the party a comfortable buffer for future Supreme Court nominations. Incumbent Republican Texas Senator Ted Cruz held off a surprisingly close long-shot bid by Democrat Beto O'Rourke, while Democrats celebrated the election of more than 100 women to the House for the first time in US history, as well as the nation's first Native American woman, Deb Haaland in New Mexico.

But the reality of a split congress means there will be little time for either side to celebrate.

Mr Trump, whose 2020 re-election campaign effectively begins immediately, confronts a House run by Democrats with the power to investigate his tax returns, potential business conflicts of interest, and any links between his 2016 campaign and Russia.

With US Special Counsel Robert Mueller's 18-month probe into claims of Russian interference looming, Democrats will be hoping the investigation provides fresh material to entangle the White House in a flood of probes and subpoenas.

So, what might this mean for US equity markets ... and by extension the domestic equity market.

It is unlikely, we suggest, that the Australian market will escape whatever happens in the US.

Data compiled by Fundstrat Global Advisors show the median stock market return since 1896 was only 1.9% a year after the House majority flipped from one party to the other.

The median return for stocks when the majority party retained control was 16.8% in the year after the election. (Source: CNBC).

So, doesn't look too promising! But Nobel Prize-winning economist Robert Shiller says this election will be different as it is more of a referendum on President Donald Trump, adding he would not use this election to predict which way the market will go.

"This is a very different midterm election," he said Monday on CNBC's "Trading Nation."







































"There's a lot of anxiety at this point; a lot of anger. I don't think this is easily grouped into past midterm elections. So, I think that the history of the market responses to that doesn't tell us very much."

President Donald Trump floated the idea on Wednesday of partnering with the newly Democratic-led House on two ideas that could prove popular with voters: increasing spending on America's infrastructure and limiting drug prices.

But to achieve any real breakthrough, he would have to compromise with the Democrats who won office largely by opposing his plans to restrict immigration, his efforts to repeal the Affordable Care Act, his deficit-funded tax cuts and his opposition to gun control in the aftermath of mass shootings. Thus, over the next two years, with Democrats controlling the House and Republicans the Senate, most economic and market analysts foresee mainly entrenched gridlock. Many think the two sides will mostly manoeuvre for public favour while looking toward the 2020 presidential election year.



Economic Calendar 12/11/2018 – 16/11/2018

Tuesday November 13 2018			Actual	Previous	Consensus	Forecast	
08:30 AM	 AU	NAB Business Confidence OCT		6	+	8	
05:30 PM	 GB	Claimant Count Change OCT		18.5K	+	3.2K	
05:30 PM	 GB	Unemployment Rate SEP		4%	4%	4.1%	
06:00 PM	 DE	ZEW Economic Sentiment Index NOV		-24.7	-25.0	-20.4	
09:00 PM	 RU	GDP Growth Rate YoY Prel Q3		1.9%	+	1.5%	
Wednesday November 14 2018			Actual	Previous	Consensus	Forecast	
07:30 AM	 AU	Westpac Consumer Confidence Index NOV		101.5	+	103	
07:30 AM	 AU	Westpac Consumer Confidence Change NOV		1%	+		
07:50 AM	 JP	GDP Growth Rate QoQ Prel Q3		0.7%	-0.3%	-0.3%	
07:50 AM	 JP	GDP Growth Annualized Prel Q3		3%	-1%	-1.1%	
03:00 PM	 DE	GDP Growth Rate QoQ Flash Q3		0.5%	0.5%	-0.2%	
03:00 PM	 DE	GDP Growth Rate YoY Flash Q3		2%	2.3%	1.2%	
05:30 PM	 GB	Inflation Rate YoY OCT		2.4%	2.5%	2.6%	
06:00 PM	 EA	GDP Growth Rate QoQ 2nd Est Q3		0.4%	0.2%	0.2%	
06:00 PM	 EA	GDP Growth Rate YoY 2nd Est Q3		2.2%	1.7%	1.7%	
09:30 PM	 US	Core Inflation Rate YoY OCT		2.2%	2.2%	2.2%	
09:30 PM	 US	Inflation Rate YoY OCT		2.3%	2.5%	2.4%	
Thursday November 15 2018			Actual	Previous	Consensus	Forecast	
08:30 AM	 AU	Employment Change OCT		5.6K	20K	27.6K	
08:30 AM	 AU	Unemployment Rate OCT		5%	5.1%	5.1%	
09:30 PM	 US	Retail Sales MoM OCT		0.1%	0.5%	0.5%	

Source: www.tradingeconomics.com

Economic Calendar 19/11/2018 – 23/11/2018

Monday November 19 2018		Actual	Previous	Consensus	Forecast	
07:50 AM	JP Balance of Trade OCT		¥140B	¥-50B	¥ -88.6B	
Tuesday November 20 2018		Actual	Previous	Consensus	Forecast	
02:30 PM	FR Unemployment Rate Q3		9.1%	9.2%	8.8%	
Wednesday November 21 2018		Actual	Previous	Consensus	Forecast	
09:30 PM	US Durable Goods Orders MoM OCT		0.8%	-1%	-1.2%	
11:00 PM	US Existing Home Sales OCT		5.15M	5.25M	5.1M	
	EA ECB Non-Monetary Policy Meeting					
Thursday November 22 2018		Actual	Previous	Consensus	Forecast	
07:30 AM	JP Inflation Rate YoY OCT		1.2%	+	1.2%	
11:00 PM	EA Consumer Confidence Flash NOV		-2.7	+	-2.4	
Friday November 23 2018		Actual	Previous	Consensus	Forecast	
04:30 PM	DE Markit Manufacturing PMI Flash NOV		52.2	53.4	55.7	
09:30 PM	CA Inflation Rate YoY OCT		2.2%	2.7%	2.6%	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 9 November 2018

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
GEM	G8 Education Limited	16.8	LLC	Lendlease Group	-17.3
SYR	Syrah Resources	11.8	DMP	Domino Pizza Enterpr	-12.1
ECX	Eclipx Group Ltd	11.1	JHX	James Hardie Indust	-11.3
SGM	Sims Metal Mgmt Ltd	9.2	APA	APA Group	-8.8
REA	REA Group	8.7	CGF	Challenger Limited	-6.3
GWA	GWA Group Ltd	8.2	RWC	Reliance Worldwide	-5.4
NWS	News Corp..	7.6	CSR	CSR Limited	-4.8
WOR	WorleyParsons Ltd	7.0	SGR	The Star Ent Grp	-4.4
SOL	Soul Pattinson (W.H)	6.9	BPT	Beach Energy Limited	-4.3
ING	Inghams Group	6.9	PRY	Primary Health Care	-4.3

Source: IRESS

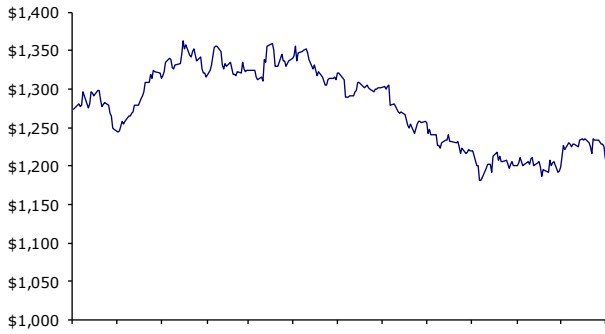
S & P Indices Week Ending 9 November 2018

S&P Indices	11/11/2018	4/11/2018	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	10836	10856	-0.2%	-8.3%	21.9%
S&P 200 Materials	11608	11573	0.3%	-0.5%	17.2%
S&P 200 Industrials	5832	5775	1.0%	0.6%	14.3%
S&P 200 Consumer Disc.	2273	2296	-1.0%	-6.9%	8.5%
S&P 200 Consumer Staples	10784	10540	2.3%	0.6%	26.0%
S&P 200 Healthcare	29436	29627	-0.6%	-1.7%	52.7%
S&P 200 Financials	5911	5749	2.8%	2.6%	-7.2%
S&P 200 Info Technology	1154	1126	2.5%	0.8%	48.4%
S&P 200 Telecommunicatic	1124	1117	0.6%	-1.3%	-36.0%
S&P 200 Utilities	7192	7408	-2.9%	-4.9%	-4.6%
S&P 200 Property Trusts	1394	1351	3.2%	1.1%	3.9%
S&P 200 Financials ex PT	6593	6412	2.8%	2.6%	-7.2%

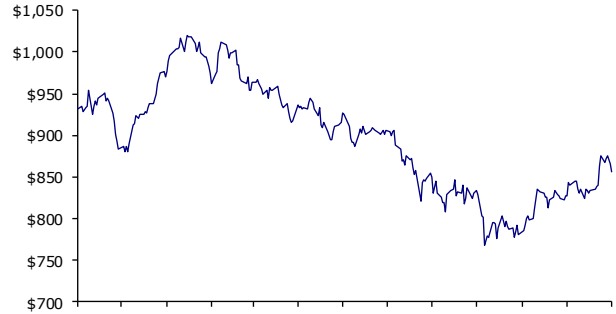
Source: IRESS

1 Year Commodity Price Charts

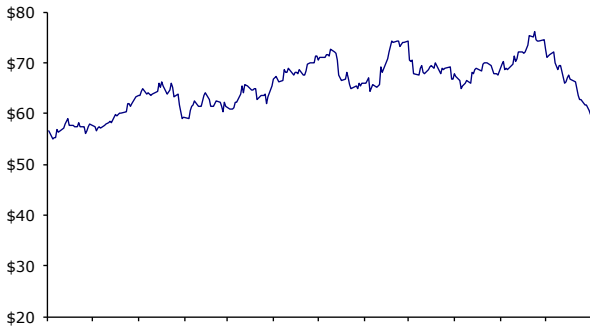
1 Year Gold



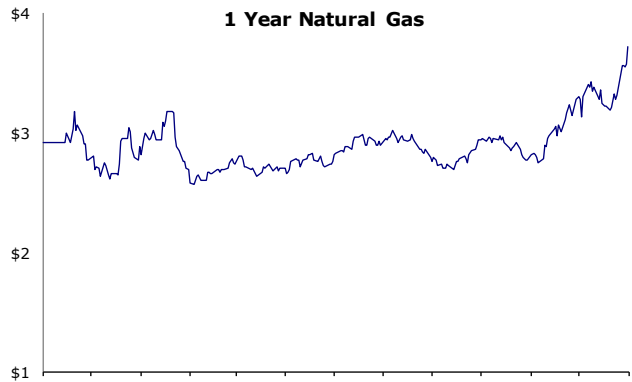
1 Year Platinum



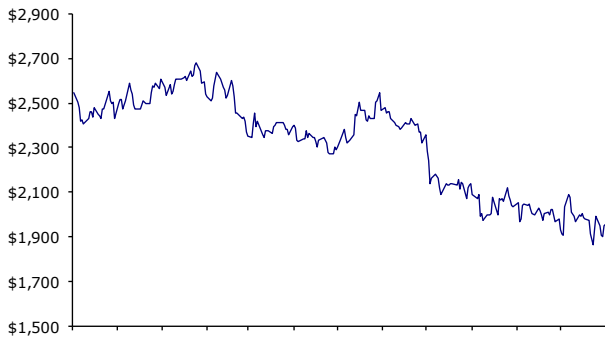
1 Year Oil



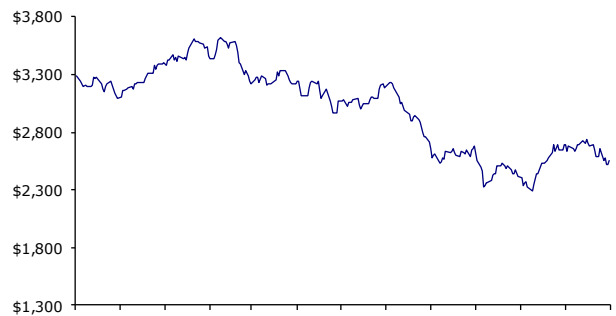
1 Year Natural Gas



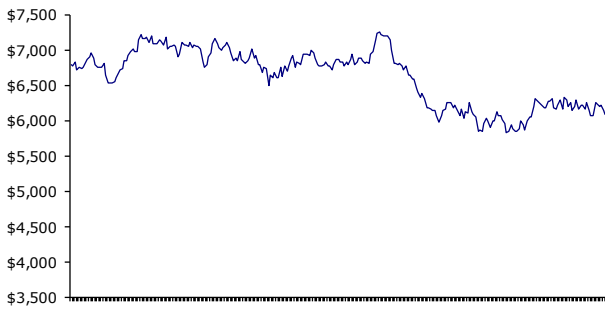
1 Year Lead



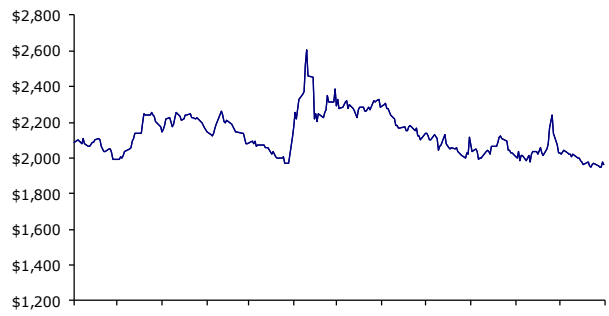
1 Year Zinc



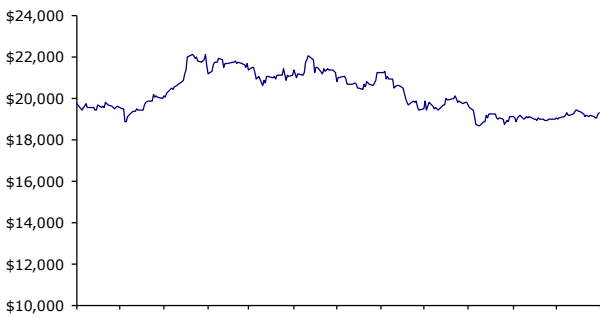
1 Year Copper



1 Year Aluminium

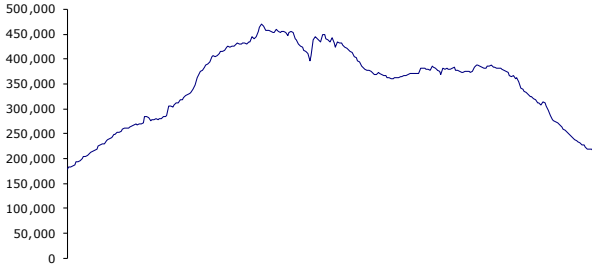


1 Year Tin

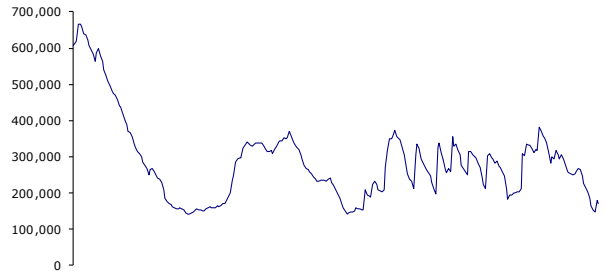


5 Year Metals Stockpiles

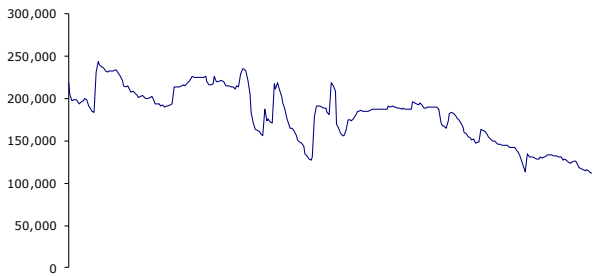
Nickel LME Stockpiles - 5 Year



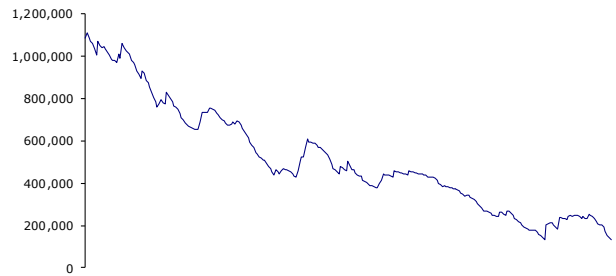
Copper LME Stockpiles - 5 Year



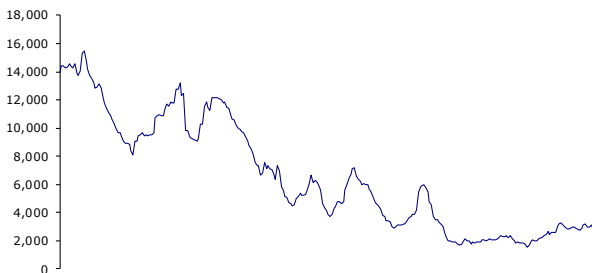
Lead LME Stockpiles - 5 Year



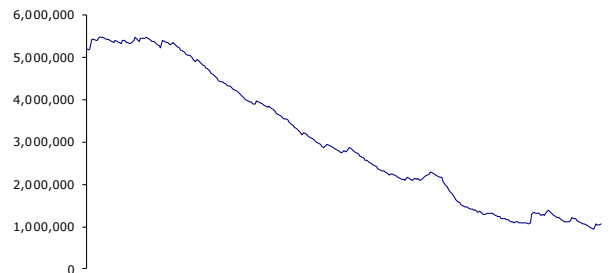
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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