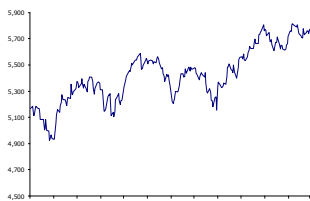


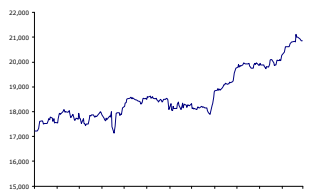
STATE ONE SPINNAKER

12 March 2017
Issue 360

12 month XJO chart



12 month Dow Jones chart



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Overview

For more research visit:

www.stateone.com.au/research

State One Stockbroking Ltd

Head Office

Level 14, State One House

172 St George's Terrace

Perth WA 6000

Perth Tel: (+61 8) 9288 3388

Sydney Tel: (+61 2) 9024 9105

Email: broker@stateone.com.au

Web: www.stateone.com.au

Global Wrap – 12 March 2017

World Markets	12/03/2017	5/03/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5776	5730	0.8%	-0.6%	9.7%
Dow Jones	20858	21006	-0.7%	1.2%	19.3%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2373	2383	-0.4%	1.0%	15.6%
FTSE 100	7343	7374	-0.4%	0.6%	15.2%
DAX30	11963	12027	-0.5%	1.4%	19.8%
Shanghai Composite	3213	3234	-0.7%	-0.5%	-4.6%
Nikkei 225	19319	19379	-0.3%	-0.1%	4.8%
Hang Seng	23502	23553	-0.2%	-2.1%	2.9%
Currency					
AUD/USD	0.7543	0.7581	-0.5%	-0.4%	-0.3%
Commodities					
Oil (\$/bbl)	48.4	53.2	-9.0%	-9.5%	25.7%
Gas (\$/gal)	3.1	2.8	9.9%	2.0%	65.0%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	5715	5910	-3.3%	-5.0%	8.4%
Lead (\$/t)	2258	2248	0.5%	-3.4%	30.1%
Zinc (\$/t)	2701	2796	-3.4%	-6.5%	57.5%
Aluminium (\$/t)	1885	1909	-1.3%	0.7%	27.3%
Nickel (\$/t)	10030	10900	-8.0%	-6.3%	-3.6%
Tin (\$/t)	19300	19425	-0.6%	-3.3%	20.8%
Gold (\$/oz)	1205	1235	-2.5%	-2.4%	3.3%
Silver (\$/oz)	17.1	18.0	-5.2%	-5.1%	7.7%
Platinum (\$/oz)	944	1001	-5.7%	-6.9%	-6.7%
Wheat (\$/t)	440.500	453.500	-2.9%	-5.9%	-10.2%

Source: Iress

Global Wrap

US

The Federal Reserve will announce outcomes from this week's policy meeting early Thursday AEDST.

The February national employment report, published Friday, bolstered expectations of a rate rise to ~90%.

The report estimated 235,000 jobs had been created, against a forecast 190,000 – 200,000.

Importantly, wages growth rose 0.2% to 2.8% year-on-year.

The unemployment rate slipped 0.1% to 4.7%, supported by greater participation.

In addition, a job cuts survey revealed 19% fewer planned job layoffs in February than in January, and 40% fewer than for February 2016.

In other economic data releases this past week, the February trade deficit was reported at a five-year peak of \$US48.5B, after energy prices, telecommunications demand and new vehicles pushed the value of imports 2.3% higher to \$US240.6B. Exports rose 0.6% to \$US192.1B.

Imports from China totalled \$US41.4B, against \$US31.3B worth of exports.

Meanwhile, rising residential property prices and stock market appreciations contributed to a \$US2 trillion December quarter rise in the net worth of US households to a record \$US92.8 trillion.

Planned replacement medical benefit policy progressed this week, with proposed new legislation.

A start on infrastructure policy included a presidential meeting with select company executives and directives for officials to come up with plans.

In geopolitical news this week, the US exacted a warning from China after transporting components of a missile defence system to South Korea in response to North Korea's missile activity.

Europe

This past week's European Central Bank (ECB) policy meeting produced some refreshingly positive commentary during president Mario Draghi's post-meeting media conference.

Further and/or extended stimulus had become less likely, Mr Draghi said.

While no sustainable higher trend in underlying inflation had yet been demonstrated, and the lack of wages growth remained a concern, deflation was out the door and any sense of urgency in averting threats had disappeared, he maintained.

Mr Draghi pledged current support to remain in place until year's end at least, due to soft inflation. This includes the already planned €20B pullback from April on monthly bond purchases, to €60B worth each month.

In the meantime, the ECB raised its 2017 inflation forecast 0.4% to 1.7% and next year's 0.1% to 1.6%.

In other euro zone developments, potential legal action against two presidential candidates in France's election, and the refusal of one popular choice to nominate in the place of one of these, kept tensions high this week.

France represents the euro zone's second largest economy and the election dramas appeared to continue to impact currency and equity market moods.

The presidential election takes place 23 April and 7 May (run-off), and this past week, Emmanuel Macron, a centrist candidate who is a former economy minister appeared ahead in the polls.

Parliamentary elections follow 11 and 18 June.

Not so for the Netherlands which holds parliamentary elections this coming Wednesday. Fourteen of 28 parties could be elected to parliament. This past week, indications were for a combination of centrist parties to form the next government.

In Germany, the largest euro zone economy, February industrial orders dropped 7.4% for the month following a 5.2% gain in January.

Germany's national election is scheduled for 24 September.

A national election for Italy is anticipated anytime from September.

In the UK, parliament's House of Lords again voted for changes to legislation proposed to trigger negotiations governing the UK's separation from the European Union. This potentially again delayed the planned end-of-March start date, and prompted a few more calls for an early national election.

Meanwhile, a new independence referendum is anticipated in Scotland by the end of next year.

This past week the first budget handed down by chancellor Philip Hammond also represented the last Spring budget, ahead of Autumn-only deliveries.

Budget figures included forecast 2017 growth of 2.4%, 0.6% higher than the previous prediction. 2018 growth is estimated to come in at 1.6%.

The Bank of England will hold a policy meeting this coming Thursday.

Among the economic reports released for the UK this past week, February like-for-like retail sales pulled back 0.4%, while total sales rose 0.4% year-on-year.

Further, total non-food sales were estimated to have slipped 0.2% for the February quarter.

Greece in the meantime concluded formal talks with creditors regarding the release of another tranche of bailout funding. No determination for release is expected at a 20 March euro zone financial ministers' meeting.

Meanwhile, Greece reported a 1.2% drop in December quarter GDP, following an initial estimate of a 0.4% contraction.

China

China's February CPI is likely to continue to be debated, pulling back 0.2% for the month and rising just 0.8% year-on-year.

This came after a 2.5% year-on-year increase for January.

Food prices came in 4.3% lower than a year ago.

Excluding food, February CPI rose 2.2% year-on-year.

Analysts were mostly keen to attribute the February figures to the Lunar New Year which had commenced late January.

Producer prices continued to rise however, appreciating 0.6% for the month and 7.8% year-on-year.

February imports surprised on the upside, jumping 44.7% year-on-year (yuan-basis) against 4.2% higher exports. In \$US terms, the value of imports rose 38.1%.

Some again pointed to the timing of Lunar New Year this year.

Whatever, coal imports rose 31% and iron ore 13%, and for each of these commodities alone, prices had appreciated considerably.

The trade figures produced a 60.36B yuan trade deficit, following a 354.53B yuan surplus in January.

Earlier in the week, China's February foreign reserves were reported higher for the first time in eight months.

The official figures included a \$US6.9B gain to ~\$US3.0B. Reserves had fallen \$US12.3B during January.

For 2016, the total decline was calculated at \$US320B, even though the yuan dropped 6.5% against the \$US.

As of mid-week, the yuan had appreciated 0.8% against the \$US for the calendar year-to-date.

A Chinese policy advisor reportedly told a major international media group this week that China's administrators were prepared to permit larger swings in the value of the yuan this year compared with 2016.

Last weekend, China's premier Li Keqiang announced to the National People's Congress that the official national growth target had been revised from 6.5% - 7%, to 6.5%. Mr Li added anything below 6.5% would be 'disappointing', indicating administrators were keen to retain 6.5% growth as a minimum.

China's 6.7% official 2017 GDP growth represented the least reported gain in 26 years.

A notable omission from this year's budget report, released at the congress, were figures indicating 2017 defence spending.

Publicised plans did include caps on credit and the creation of an additional 11M urban jobs.

In addition, finance minister Xiao Jie maintained government debt risk was 'controllable'.

During the week, People's Bank of China officials promoted making the nation's bond market accessible to foreign investors and expressed concern at corporate debt levels.

Additional February economic indicators are due this week, including industrial production, retail sales, foreign direct investment, new lending figures and property prices.

Japan

The Bank of Japan's policy meeting this coming week is expected to produce little, if any, change after the central bank this past week reduced one - three-year sovereign bond purchases from ¥320B to ¥300B.

Meeting outcomes are scheduled to be announced Thursday afternoon AEDST.

In the past week's data releases, a GDP update finalised December quarter GDP growth at 0.3% for the quarter and 1.2% year-on-year.

The upwardly revised, but nonetheless disappointing, figures prompted brave-face comments from the Bank of Japan.

In the meantime, reports emerged regional banks were under review for their exposures to foreign debt.

Japan's week began with a certain tension, North Korea firing four missiles, three of which landed in Japanese waters.

Most subsequent public commentary however, came from China and South Korea.

Australia

Moody's this week awarded a tick of satisfaction with Australia's financial health, venturing both external and internal risks could likely be 'absorbed' by the nation's economy and financial system. This was due to a comparatively strong fiscal position and strong institutional framework, Moody's explained.

Hence, from Moody's at least, the national AAA credit rating is expected to remain for now.

February employment figures are due this coming Thursday.

These will mostly be interpreted in light of Reserve Bank of Australia (RBA) policy.

The RBA's policy meeting this past week produced little change in the resulting statement, except perhaps for the property market, within which residential property prices are currently perceived to be constraining any rate moves higher or lower.

Rising investor borrowing was noted, together with 'some strengthening' of lending standards.

In addition, the \$A was cited as a complicating risk, should it trend higher.

Employment market indicators were described as 'mixed' and weak wages growth was again noted in the context of low inflation.

This coming Tuesday, RBA assistant governor Michele Bullock will deliver an economic risk and financial stability speech to a business event.

This past week, January housing finance, as calculated by the Australian Bureau of Statistics (ABS), revealed overall residential property lending rose 0.5% to \$A39.91B.

This included a 4.2% jump in the value of investor loans for the month, and 6.6% growth year-on-year, closer to the 10% limit suggested by the Australian Prudential Regulation Authority (APRA).

40.7% of the total value of residential loans went to investors.

The value of overall owner-occupier lending retreated 0.2%.

A comprehensive January lending finance report is due this Wednesday.

Among other releases for the week just ended, January retail sales rose 3% year-on-year and 0.4% for the month, to \$A25.72B. Household goods sales rose 1.4% but department store sales notably fell 0.5%.

February job advertisements slipped 0.7% for the month, but came in 6.9% higher year-on-year.

The February construction sector activity index, as calculated by the AiG and HIA, rose 5.4 to 53.1, decidedly returning to expansion mode.

On the equities front, retailers Myer and Premier Investments release half-year results later this week, as ex-dividend season continues strong.

Commodities

In addition to currency moves and inventories, oil futures trade this week reacted to plenty of commentary coming out of annual CERAWEEK in Houston, Texas.

The big news of the week, however, was the break away from the ~\$US4 trading range for the calendar year to date.

Three consecutive sessional drops meant Brent prices slid below \$US49/bbl and WTI crude under \$US50/bbl, come Thursday.

Saudi Arabia's energy minister Khalid al-Falih had earlier in the week offered the view that oil markets were indicating signs of stabilising, but that global stockpiles had declined at a slower rate than he had envisaged.

No-one would commit to whether the late-2016 OPEC-led agreement to cut production would be extended past mid-year, but OPEC secretary general Mohammad Barkido did venture that any continuation would necessarily involve the non-OPEC signatories to the original deal.

Daily production from those who pledged to cut output had fallen a combined 1.5MMbbl by the end of February.

Kuwait is host to a 26 March meeting of both OPEC and non-OPEC officials, to discuss production cuts and compliance.

At the commencement of last weekend, two key oil ports in Libya were reportedly breached by a faction in opposition to those which had taken over and recommenced port operations in September 2016.

An attempted attack on a third was reportedly unsuccessful.

The ports were reported to have been closed prompting Libyan National Oil Corporation to revise loading schedules and to cut daily production by an estimated 50,000bbl.

Meanwhile in Gabon, oil industry workers commenced industrial action.

Iraq's Kirkuk oil production is expected to keep making it through to an export terminal in Turkey following an agreement between the Kurds that control the fields and Iraq's administrators in Baghdad.

Among China's February trade figures, overall imports included 31.78Mt of crude, 3.5% more than a year ago, and at an equivalent rate of ~8.3MMbbl/d.

In return, China exported 4.26Mt of fuel products in February, against 3.04Mt during January.

Plant maintenance is expected to impact China's March crude imports, PetroChina's Dalian refinery alone closing for a minimum 45 and maximum 60 days.

By means of comparison, during January, the US imported 259MMbbl of crude, the most in ~3.5 years, and at an average \$US43.94/bbl.

Meanwhile, the US government agency Energy Information Administration (EIA) estimated crude in storage in the US rose 8.2MMbbl for the week ending 4 March. Total stored crude was estimated at 528.4MMbbl.

Part of this was from production, which rose by a daily 56,000bbl to 9.088MMbbl/d.

The reported figures helped prompt the largest sessional drop in futures prices in just over a year to prices not seen for three months.

100-day moving averages were breached for both Brent and WTI crude.

In corporate news, Shell announced a deal to secure \$US7.25B from the sale of oil sands assets in Canada.

ExxonMobil meanwhile agreed to outlay \$US2.8B for Mozambique natural gas assets, purchasing a 25% interest in an offshore field from Eni.

In Australia, Macquarie Group (ASX: MQG) has offered \$A86.6M for locally-focused producer Central Petroleum (ASX: CTP), amid discussions surrounding domestic gas supply and associated power supply integrity.

Iron ore (China port, 62% Fe) prices retreated for much of the week.

Steel production was specifically curbed for the National People's Congress and China People's Political Consultative Conference.

In addition, last weekend China's National Development & Reform Commission (NDRC) revealed it was targeting 50Mt of steel capacity cuts this year, and aimed to reduce coal production by 150Mt.

Further, stockpiles at China ports were estimated by Shanghai Steelhome Information Technology to have reached a 13-year peak just beyond 130Mt.

However, reports persisted through the week that the gap between prices for higher grade iron fines and lower grade product was widening, and that hence, much of the iron ore exported from WA's Pilbara region remained in demand.

Iron ore shipping rates out of WA during January and February were reported at 801Mtpa and 794Mtpa respectively. This followed 850Mtpa for the (mostly drier) December quarter.

February exports out of Western Australia's Port Hedland totalled 35.7Mt, against 36.6Mt a year earlier (one more day for leap year 2016) and 40.3Mt during January 2017.

Credit Suisse began the week with a minimum \$US90/t iron ore forecast through to the middle of the year and for 2017 prices to average \$US78/t. The bank's forecasters had previously predicted \$US55/t for 2017. Credit Suisse's 2018 forecast has been boosted \$US5/t to \$US58/t.

RBC Capital Markets warned lower prices were likely while oil prices languished, but that first-half 2017 demand would likely sustain average prices.

Comex gold futures continued to fall through the week, trading at multi-week lows as early as Tuesday.

Trade sentiment was bruised by US rate rise expectations and associated \$US strength, plus worsening technical prompts.

At least one analyst pointed to the next two months' presidential election polling in France, and policy argy-bargy in the US, as likely positive factors for gold during the next several weeks.

In data releases, India was reported to have imported 96.4t of gold during February, against 35t for February 2016.

London Metals Exchange (LME) base metals trade often languished this past week on a robust \$US, but while helping push prices to up to seven-week lows, this did not prove the exclusive influence.

Copper inventories for LME warehouses were estimated to have jumped 33% during Monday and Tuesday, reportedly representing the largest two-day gain in two decades. Most of the increase was reported from Asian storage and speculation grew that the input came from China.

BMI Research has forecast nickel production to rise during 2017 and to average 3.7% growth over 2017 - 2021.

This year's increase will be partly due to Indonesia easing its nickel ore ban and greater production in Canada and Australia.

Environmental suspensions in the Philippines would curb overall gains however, BMI noted.

Global annual nickel production rose an average 4.5% over 2012 - 2016.

Cobalt continued to trade at eight-year highs, due to expected demand in the production of chemicals needed to produce rechargeable batteries.

In other commodity news, a Tuesday global dairy auction pushed milk powder prices 12.4% lower. Skim milk powder dropped 15.5%.

For its part, Nestlé is planning to manufacture key chocolate treats with 10% less sugar.

Yet fewer cocoa beans also look likely to find their way into chocolate, as scientists in Brazil maintain jackfruit seeds could produce sufficiently similar aromas and flavours to those from cocoa beans. Jackfruit is more readily available and hence cheaper than cocoa beans.

Economic Calendar 13/03/2017 – 17/03/2017

Tuesday March 14 2017		Actual	Previous	Consensus Forecast		
08:30 AM	AU NAB Business Confidence FEB		10	8.75		
06:00 PM	DE ZEW Economic Sentiment Index MAR		10.4	13	11.9	
Wednesday March 15 2017		Actual	Previous	Consensus Forecast		
08:30 AM	AU Westpac Consumer Confidence Index MAR		99.6	98.2		
08:30 AM	AU Westpac Consumer Confidence Change MAR		2.3%			
05:30 PM	GB Unemployment Rate JAN		4.8%	4.8%	4.8%	
08:30 PM	US Core Inflation Rate YoY FEB		2.3%	2.2%	2.3%	
08:30 PM	US Inflation Rate YoY FEB		2.5%	2.7%	2.5%	
08:30 PM	US Retail Sales MoM FEB		0.4%	0.1%	0.3%	
Thursday March 16 2017		Actual	Previous	Consensus Forecast		
02:00 AM	US Fed Interest Rate Decision		0.75%	1%		
02:00 AM	US FOMC Economic Projections					
02:30 AM	US Fed Press Conference					
08:30 AM	AU Employment Change FEB		13.5K	16K	13K	
08:30 AM	AU RBA Bulletin					
08:30 AM	AU Unemployment Rate FEB		5.7%	5.7%	5.7%	
11:00 AM	JP BoJ Interest Rate Decision		-0.1%	-0.1%	-0.1%	
04:30 PM	CH SNB Interest Rate Decision		-0.75%	-0.75%	-0.75%	
08:00 PM	GB MPC Meeting Minutes					
08:00 PM	GB BoE Interest Rate Decision		0.25%	0.25%	0.25%	
08:00 PM	GB BoE Quantitative Easing		£435B	£435B	£435B	
Friday March 17 2017		Actual	Previous	Consensus Forecast		
10:00 PM	US Michigan Consumer Sentiment Prel MAR		96.3	97	95.5	

Source: www.tradingeconomics.com

Economic Calendar 20/03/2017 – 24/03/2017

Tuesday March 21 2017		Actual	Previous	Consensus	Forecast	
08:30 AM	AU RBA Meeting Minutes					
05:30 PM	GB Inflation Rate YoY FEB		1.8%	2.1%		
Wednesday March 22 2017		Actual	Previous	Consensus	Forecast	
07:50 AM	JP Balance of Trade FEB		¥-1087B			
10:00 PM	US Existing Home Sales FEB		5.69M	5.7M		
	EA ECB Non-Monetary Policy Meeting					
Thursday March 23 2017		Actual	Previous	Consensus	Forecast	
03:00 PM	DE GfK Consumer Confidence APR		10.0	9.8		
10:00 PM	US New Home Sales FEB		555K			
11:00 PM	EA Consumer Confidence Flash MAR		-6.2	-4.9	-6.8	
Friday March 24 2017		Actual	Previous	Consensus	Forecast	
04:30 PM	DE Markit Manufacturing PMI Flash MAR		56.8	56.5		
08:30 PM	CA Inflation Rate YoY FEB		2.1%	2.1%		
08:30 PM	US Durable Goods Orders MoM FEB		1.8%	-0.60%		

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 10 March 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
ISD	Isentia Group Ltd	15.5	NVT	Navitas Limited	-17.3
AAD	Ardent Leisure Group	10.2	SAR	Saracen Mineral	-12.3
AAC	Australian Agricult.	8.3	RSG	Resolute Mining	-11.0
NAN	Nanosonics Limited	7.6	MYX	Mayne Pharma Ltd	-9.1
CGC	COSTA GROUP HOLDINGS	7.1	BAL	Bellamy'S Australia	-8.6
QUB	Qube Holdings Ltd	6.9	ORE	Orocobre Limited	-8.3
SRX	Sirtex Medical	6.4	OZL	OZ Minerals	-8.1
CSR	CSR Limited	6.3	NST	Northern Star	-7.4
NXT	Nextdc Limited	6.1	WHC	Whitehaven Coal	-7.3
MYO	MYOB Group Ltd	5.7	SPO	Spotless Grp Hld Ltd	-7.3

Source: IRESS

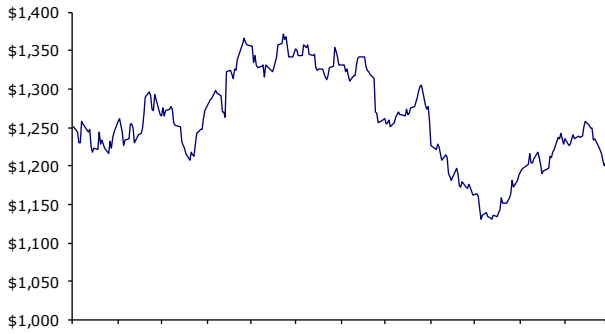
S & P Indices Week Ending 10 March 2017

S&P Indices	12/03/2017	5/03/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8768	8787	-0.2%	-4.9%	-3.1%
S&P 200 Materials	9598	9915	-3.2%	-8.0%	17.0%
S&P 200 Industrials	5110	5076	0.7%	-1.3%	7.5%
S&P 200 Consumer Disc.	2121	2085	1.7%	2.0%	15.7%
S&P 200 Consumer Staples	9517	9181	3.7%	3.3%	8.6%
S&P 200 Healthcare	22275	21799	2.2%	3.0%	23.3%
S&P 200 Financials	6842	6696	2.2%	2.8%	12.5%
S&P 200 Info Technology	837	816	2.7%	2.4%	16.4%
S&P 200 Telecommunicatic	1637	1622	0.9%	-10.0%	-17.2%
S&P 200 Utilities	8413	8261	1.8%	0.5%	25.1%
S&P 200 Property Trusts	1342	1373	-2.2%	-1.9%	6.0%
S&P 200 Financials ex PT	7631	7468	2.2%	2.8%	9.7%

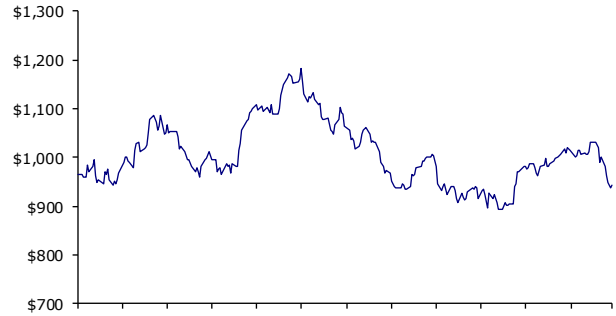
Source: IRESS

1 Year Commodity Price Charts

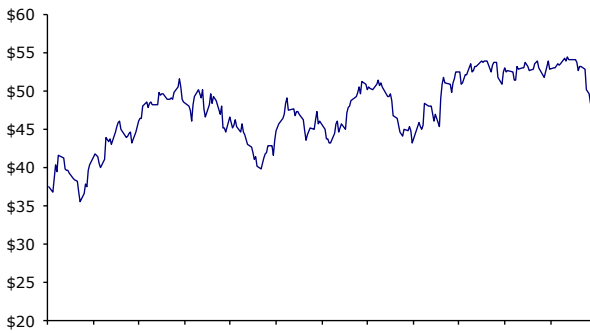
1 Year Gold



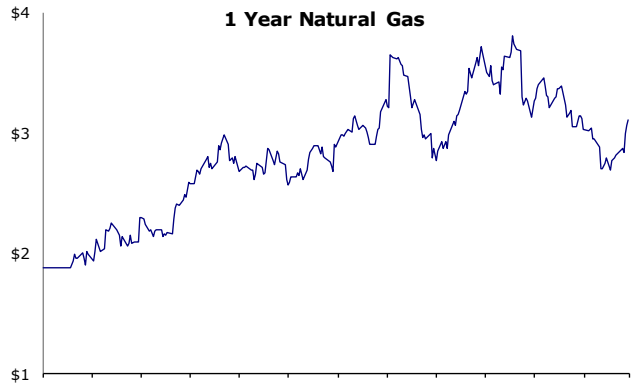
1 Year Platinum



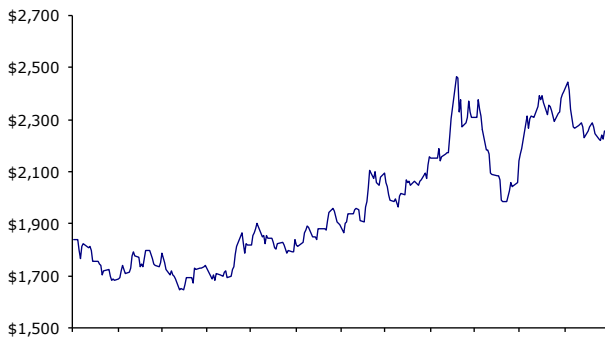
1 Year Oil



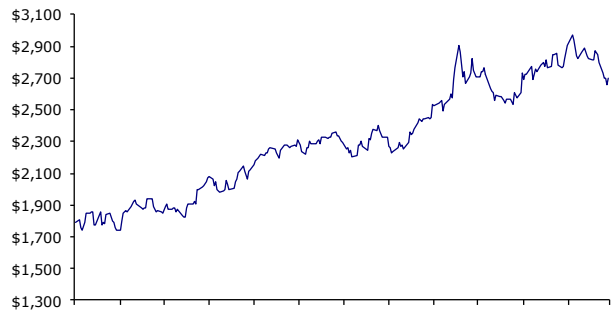
1 Year Natural Gas



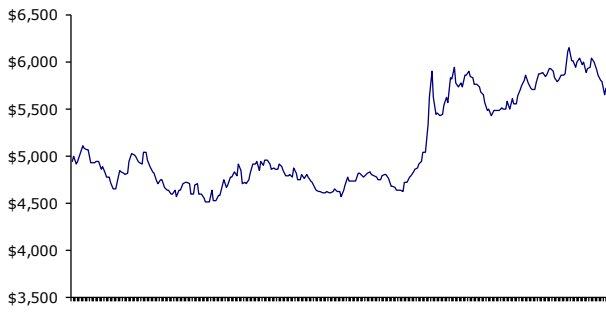
1 Year Lead



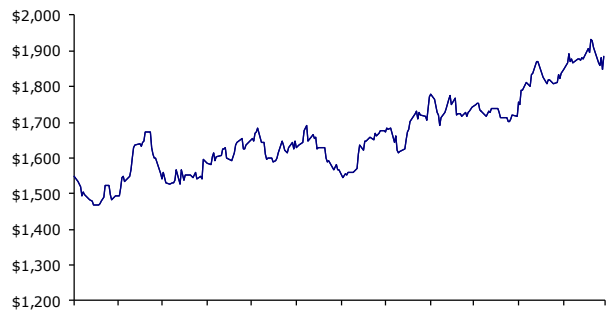
1 Year Zinc



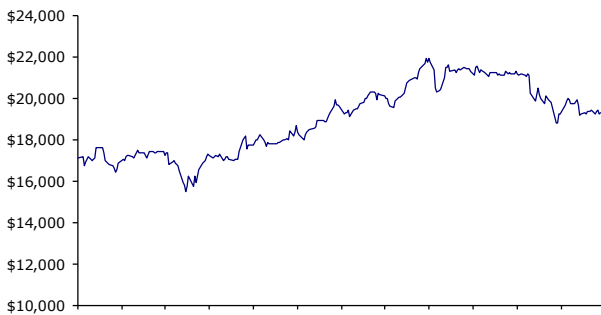
1 Year Copper



1 Year Aluminium

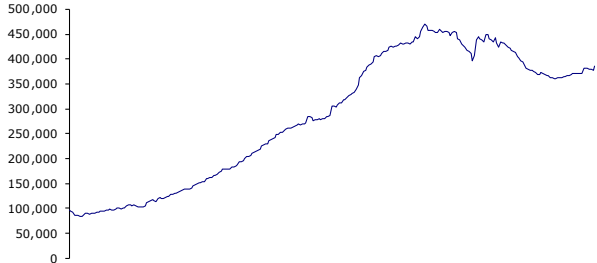


1 Year Tin

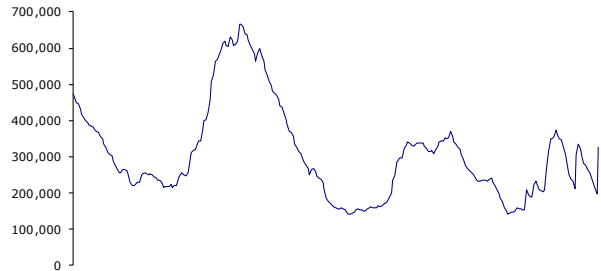


5 Year Metals Stockpiles

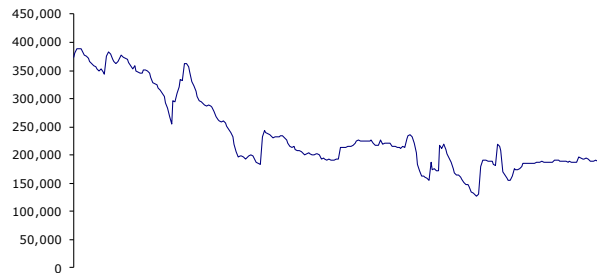
Nickel LME Stockpiles - 5 Year



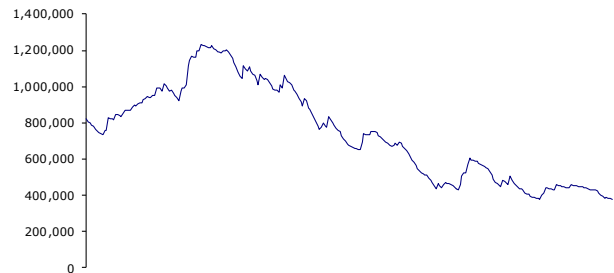
Copper LME Stockpiles - 5 Year



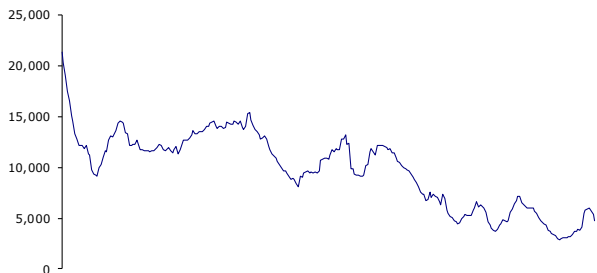
Lead LME Stockpiles - 5 Year



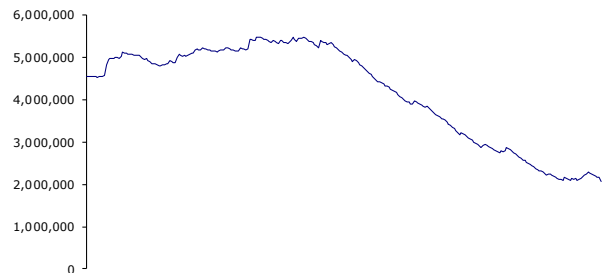
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



Peter Curtis
Head of Institutional Sales
Phone: +61 2 9024 9106
gjohnson@stateone.com.au

Alan Hill
Executive Chairman
Phone: +61 8 9288 3388
ahill@stateone.com.au

Mark Sullivan
Institutional Dealer
Phone: +61 2 9024 9134
msullivan@stateone.com.au

Yitz Barber
Equities Advisor
Phone: +61 2 9024 9107
ybarber@stateone.com.au

Karen Tan
Equities Advisor
Phone: +61 8 9288 3303
ktan@stateone.com.au

David Zhang
Equities Advisor
Phone: +61 2 9024 9130
dzhang@stateone.com.au

Alexander Bax
Equities Advisor
Phone: +61 8 9288 3340
abax@stateone.com.au

Tammie Wong
Equities Advisor
Phone: +61 2 9024 9133
twong@stateone.com.au

Ric Heydon
Equities & Derivatives Advisor
Phone: +61 8 9288 3307
rheydon@stateone.com.au

Robert Chen
Equities Advisor
Phone: +61 2 9024 9132
rchen@stateone.com.au

Morris Levitzke
Equities Advisor
Phone: +61 8 9288 3315
mlevitzke@stateone.com.au

David Brennan
Senior Investment Analyst
Phone: +61 2 9024 9142
DBrennan@stateone.com.au

Graeme Johnson
Equities & Derivatives Advisor
Phone: +61 8 9288 3316
gjohnson@stateone.com.au

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