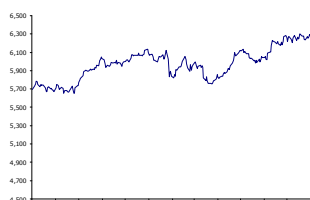


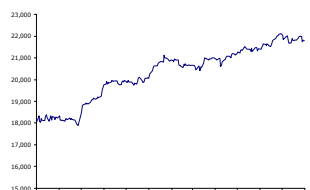
STATE ONE SPINNAKER

12 August 2018
Issue 423

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 12 August 2018

World Markets	12/08/2018	5/08/2018	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6278	6235	0.7%	0.5%	13.3%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2833	2840	-0.2%	0.6%	26.1%
FTSE 100	7667	7659	0.1%	-0.1%	10.6%
DAX30	12424	12616	-1.5%	-2.7%	1.6%
Shanghai Composite	2795	2705	3.3%	0.8%	-13.1%
Nikkei 225	22298	22507	-0.9%	-2.0%	18.8%
Hang Seng	28367	27676	2.5%	0.9%	24.1%
Currency					
AUD/USD	0.7303	0.7388	-1.2%	-0.8%	-7.5%
Commodities					
Oil (\$/bbl)	67.7	68.9	-1.7%	-2.5%	38.9%
Gas (\$/gal)	2.9	2.9	3.4%	9.3%	-0.8%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6120	6167	-0.8%	0.9%	4.8%
Lead (\$/t)	2092	2136	-2.1%	-1.2%	-10.3%
Zinc (\$/t)	2656	2651	0.2%	2.8%	-3.2%
Aluminium (\$/t)	2039	2016	1.1%	0.0%	17.8%
Nickel (\$/t)	13635	13130	3.8%	2.4%	19.9%
Tin (\$/t)	19560	19875	-1.6%	0.1%	-8.6%
Gold (\$/oz)	1219	1223	-0.3%	-0.7%	4.0%
Silver (\$/oz)	15.3	15.5	-1.1%	-1.8%	-10.5%
Platinum (\$/oz)	830	837	-0.9%	1.2%	-11.5%
Wheat (\$/t)	569.250	578.500	-1.6%	14.9%	39.4%

Source: Iress

Global Wrap

Key points

1. ASX nudges fresh 10-year high

2. Lira shockwave in US, Europe

3. Stock analysis: Gold

US

The Dow Jones Industrial Average fell more than 200 points on Friday amid a widespread selloff in global stocks as the Turkish lira tumbled due to concerns over the country's economy and a deepening rift with the US, Reuters reported.

President Donald Trump doubled tariffs on aluminium and steel imports from Turkey, deepening the currency's losses and raising concerns that the crisis could weigh on other economies.

Investors fled to safe-haven assets, with the dollar rising to a 13-month high and US bond yields slipping to a three-week low.

Ten of the 11 major S&P sectors were lower, with bank stocks taking the biggest hit.

Data on Friday showed US consumer prices rose in July and the underlying trend continued to strengthen, pointing to a steady increase in inflation pressures.

This coming week key retail sales data will be released on Wednesday followed by jobs figures on Thursday.

China

The blue-chip CSI300 index ended 0.2% higher at 3,405.02 points while the Shanghai Composite Index closed flat at 2,795.31 points.

For the week, CSI300 was up 2.7% while the SSEC gained 2%, both posting their best week since mid-July. However, both the SSEC and CSI300 are down more than 10% since late May.

Technology shares have rallied after China said it has revamped a national leadership group charged with planning and studying its key technological development strategies, signalling a potential policy boost for home-grown tech firms.

The tech-heavy start-up board ChiNextP rallied 2% this week on the back of the news, snapping a three-week losing streak.

However gains in the market were capped as worries lingered over the trade frictions with the US.

On investors' watch lists this week will be employment, retail sales and industrial production on Tuesday. New homes prices will be out on Wednesday.

Japan

Stocks fell sharply on the Tokyo Stock Exchange Friday, hurt by selling to adjust positions ahead of the weekend, The Japan Times reported.

The 225-issue Nikkei average tumbled 300.31 points, or 1.33%, to end at 22,298.08, the lowest finish since July 12.

Buying was held in check as investors waited for the outcome of new Japan-US ministerial trade talks that kicked off in Washington on Thursday and because of sluggishness in Chinese equities, market sources said.

Europe

European stocks closed lower on Friday as investors reacted to corporate earnings, fresh turmoil in Turkey and the ongoing trade war between the US and China.

The pan-European Stoxx 600 ended trade just over 1% below the flat line. Several sectors including banks and basic resources finished the week nearly 2% lower.

Negative trade came as the euro dropped sharply against the dollar, following reports that the European Central Bank (ECB) is concerned over the impact of a weak Turkish lira on European lenders.

Gross domestic product figures out Friday morning showed the UK economy has been growing at 0.4% in the second-quarter of the year.

This coming week European investors will be watching German GDP figures and UK jobs data, to be released on Tuesday, and UK CPI on Wednesday.

Australia

The Australian sharemarket closed the week higher, lifting on the back of three positive sessions and coming within a few points of a fresh 10-year high, Fairfax reported.

The S&P/ASX 200 index rose 43.6 points, or 0.7%, to 6278.4 this week, with most of the market movements coming on the back of company financial results.

Commonwealth Bank shares rose 3.6% to \$75.47 this week after the company's 2018 earnings results were announced.

While the company reported a lower cash profit for the first time since the financial crisis, most of the losses were attributed to one-off expenses.

Suncorp Group reported a \$1.1 billion profit for the financial year on Thursday, sending its shares 5% higher to \$15.64. The company said it was aiming to deliver a return on equity of 10% in 2018-19, underpinned by reductions in its expense base from \$2.8 billion to \$2.7 billion.

Magellan Financial was the index's best performer this week, rising 17.7% to \$28.01 for the week. On Thursday, the company announced it would pay out up to 95% of its funds management profit back to shareholders.

AGL Energy investors were disappointed by the company's earnings outlook for the coming year on Thursday. The company's guidance for the 2019 financial year came in 7% below consensus forecasts as the retail business faces increased scrutiny from the competition regulator. Its shares fell 5.3% this week to close at \$20.67.

RBA forecast

The Reserve Bank of Australia released its Statement of Monetary Policy on Friday.

Governor Philip Lowe noted the Bank would continue to project an unemployment rate of 5% for the end of 2020, somewhat higher GDP growth in the near term and lower near term inflation on the back of lower utility prices.

The RBA said it was now forecasting inflation to hit the 2.5% target in 2021.

Commodities

Copper prices have been supported by the prospect of strikes at copper mines in Chile. Mines affected by the worker unrest include the BHP owned Escondida, the world's largest copper mine.

Oil markets took a breather at the end of the week as new supply from Russia and Saudi Arabia eased fears of a tightening market, but there are plenty of bullish catalysts on the horizon, oilprice.com reported. Sanctions on Iran are looming, meanwhile new US sanctions on Russia will take effect later this month. These will ban the export of "sensitive" goods and technologies, some of which Russia depends on for equipment in much of its oil sector.

Stock analysis: Gold

This (northern) summer's deflated gold prices will not receive any significant boost until the second half of next year, said Capital Economics while revising its 2018 year-end forecast from \$1,300 to \$1,200 an ounce.

Gold's 2018 downfall is largely the US dollar story, which is set to run its course for the rest of the year, Capital Economics commodities economist Simona Gambarini wrote in the Precious Metals Update on Thursday.

"A preference for the US dollar as a safe haven has weighed on gold prices over the past few months. Given our view that the dollar will remain strong into 2019 and that growth in jewellery demand will continue to fall, we have revised down our end-2018 forecast for the price of gold to \$1,200 per ounce," Gambarini said.

Continued strength in the US dollar and soft jewellery demand for the rest of the year has shifted Capital Economics to a much more bearish position.

"It's impossible to know exactly how US trade policy will develop, but we think that tensions are more likely to rise than to fall.

"With this in mind, and given our view that the Fed will raise rates two more times in 2018, we think that the dollar will probably remain well supported," the note stated.

A higher US dollar is also making gold more expensive in local-currency terms in key emerging markets, such as China and India, where jewellery demand is already low due to lower economic growth, Gambarini pointed out.

Gold trading this week has been uneventful, as prices attempt to stabilize above recent 12-month lows. But, there is some good news coming for gold investors, according to Capital Economics' medium-term outlook, which projects a comeback in the second half of next year.

This is based on slower US economic growth estimates and the end to the Federal Reserve's tightening cycle.

"As the Fed tightening cycle comes to an end in the first half of next year, investors will start to factor in lower rates ahead," Gambarini wrote.

"This would probably undermine the dollar ... and push the gold price up to \$1,350 by end-2019.

"By the middle of next year ... we expect growth to slow sharply, forcing the Fed to cut rates in 2020.

The above forecast of a sideways-trending gold price over the next 12 months is unlikely to act as a catalyst for the share prices of the ASX's large established gold producers – Newcrest, Evolution, Northern Star, St Barbara.

Using current IRESS-consensus target prices and dividends, these stocks offer returns of -10% to +6%.

Investors looking for exposure to the sector probably need to look at small producers or producers which have company-specific drivers and have the potential to surprise on the upside relative to production and/or cost expectations.

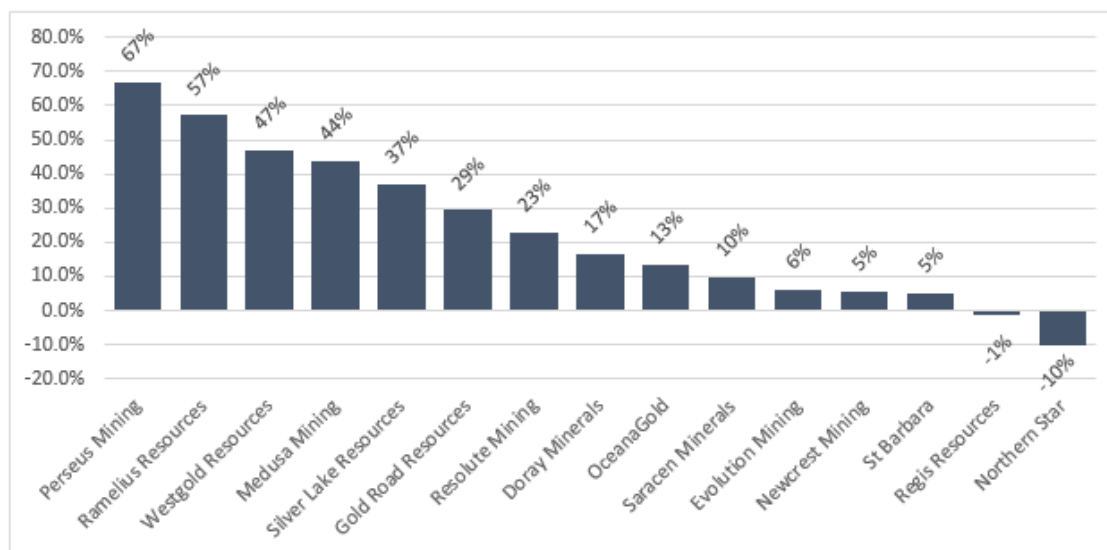
The three stocks offering the highest total return (relative to IRESS consensus TP and dividends) are: Perseus Mining, Ramelius Resources and Westgold Resources.

See table below:

Forecast total return for selected S&P/ASX Gold Stocks

Security	Name	Share Price (A\$)	Target Price (A\$)	Capital upside / (downside) (%)	FY19E Dividend (A\$)	FY19E DY (%)	Total Return (%)
PRU	Perseus Mining	0.39	0.65	66.7%	0.00	0.0%	66.7%
RMS	Ramelius Resources	0.49	0.77	57.1%	0.00	0.0%	57.1%
WGX	Westgold Resources	1.56	2.26	44.9%	0.03	1.9%	46.8%
MML	Medusa Mining	0.39	0.56	43.6%	0.00	0.0%	43.6%
SLR	Silver Lake Resources	0.54	0.74	37.0%	0.00	0.0%	37.0%
GOR	Gold Road Resources	0.68	0.88	29.4%	0.00	0.0%	29.4%
RSG	Resolute Mining	1.36	1.65	21.3%	2.0%	1.5%	22.8%
DRM	Doray Minerals	0.36	0.42	16.7%	0.00	0.0%	16.7%
OGC	OceanaGold	4.13	4.63	12.1%	0.05	1.2%	13.3%
SAR	Saracen Minerals	1.96	2.13	8.7%	0.02	1.0%	9.7%
EVN	Evolution Mining	2.91	3.01	3.4%	0.08	2.7%	6.2%
NCM	Newcrest Mining	21.21	22.1	4.2%	0.26	1.2%	5.4%
SBM	St Barbara	4.18	4.3	2.9%	0.09	2.2%	5.0%
RRL	Regis Resources	4.27	4.05	-5.2%	0.17	4.0%	-1.2%
NST	Northern Star	7.43	6.56	-11.7%	0.11	1.5%	-10.2%

Source: IRESS, compiled by State One Stockbroking



Economic Calendar 13/08/2018 – 17/08/2018

Tuesday August 14 2018			Actual	Previous	Consensus
09:30 AM	AU	NAB Business Confidence JUL		6	6
01:30 PM	FR	Unemployment Rate Q2		9.2%	9.2%
02:00 PM	DE	GDP Growth Rate QoQ Flash Q2		0.3%	0.3%
02:00 PM	DE	GDP Growth Rate YoY Flash Q2		2.3%	2.1%
04:30 PM	GB	Claimant Count Change JUL		7.8K	+
04:30 PM	GB	Unemployment Rate JUN		4.2%	4.2%
05:00 PM	EA	GDP Growth Rate QoQ 2nd Est Q2		0.4%	0.3%
05:00 PM	EA	GDP Growth Rate YoY 2nd Est Q2		2.5%	2.1%
05:00 PM	DE	ZEW Economic Sentiment Index AUG		-24.7	-20
Wednesday August 15 2018			Actual	Previous	Consensus
08:30 AM	AU	Westpac Consumer Confidence Change AUG		3.9%	+
08:30 AM	AU	Westpac Consumer Confidence Index AUG		106.1	+
04:30 PM	GB	Inflation Rate YoY JUL		2.4%	2.5%
08:30 PM	US	Retail Sales MoM JUL		0.5%	0.1%
Thursday August 16 2018			Actual	Previous	Consensus
07:50 AM	JP	Balance of Trade JUL		¥721B	¥-50B
09:30 AM	AU	Employment Change JUL		50.9K	15K
09:30 AM	AU	Unemployment Rate JUL		5.4%	5.4%
Friday August 17 2018			Actual	Previous	Consensus
08:30 PM	CA	Inflation Rate YoY JUL		2.5%	2.5%
10:00 PM	US	Michigan Consumer Sentiment Prel AUG		97.9	97.8

Source: www.tradingeconomics.com

Economic Calendar 20/08/2018 – 24/08/2018

Wednesday August 22 2018			Actual	Previous	Consensus
10:00 PM	US	Existing Home Sales JUL		5.38M	5.42M
Thursday August 23 2018			Actual	Previous	Consensus
02:00 AM	US	FOMC Minutes			+
03:30 PM	DE	Markit Manufacturing PMI Flash AUG		56.9	55.5
07:30 PM	EA	ECB Monetary Policy Meeting Accounts			
10:00 PM	EA	Consumer Confidence Flash AUG		-0.6	-0.7
10:00 PM	US	New Home Sales JUL		0.631M	0.646M
Friday August 24 2018			Actual	Previous	Consensus
07:30 AM	JP	Inflation Rate YoY JUL		0.7%	+
08:30 PM	US	Durable Goods Orders MoM JUL		1%	1.1%

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 10 August 2018

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
MFG	Magellan Fin Grp Ltd	17.7	ECX	Eclixp Group Ltd	-37.7
LYC	Lynas Corporation	7.9	BAL	Bellamy'S Australia	-14.0
CWN	Crown Resorts Ltd	6.1	SIQ	Smartgrp Corporation	-9.4
TAH	TABCORP Holdings Ltd	6.0	SYR	Syrah Resources	-8.5
RSG	Resolute Mining	5.8	IFN	Infigen Energy	-7.9
S32	South32 Limited	5.8	AHG	Automotive Holdings.	-7.1
SVW	Seven Group Holdings	5.1	MMS	McMillan Shakespeare	-7.1
SIG	Sigma Health Ltd	5.0	GXL	Greencross Limited	-6.8
SUN	Suncorp Group Ltd	5.0	AMC	Amcor Limited	-6.7
PTM	Platinum Asset	4.6	SEK	Seek Limited	-6.7

Source: IRESS

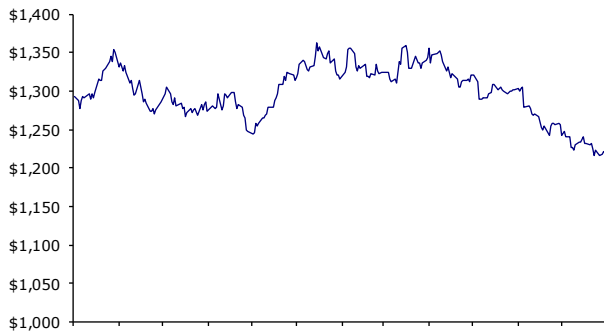
S & P Indices Week Ending 10 August 2018

S&P Indices	12/08/2018	5/08/2018	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	12098	12149	-0.4%	4.5%	36.1%
S&P 200 Materials	11955	11967	-0.1%	-1.0%	20.8%
S&P 200 Industrials	6124	6153	-0.5%	1.7%	20.0%
S&P 200 Consumer Disc.	2524	2514	0.4%	1.0%	20.6%
S&P 200 Consumer Staples	11271	11288	-0.1%	-0.9%	31.7%
S&P 200 Healthcare	31391	31170	0.7%	0.5%	62.8%
S&P 200 Financials	6368	6238	2.1%	0.6%	-0.1%
S&P 200 Info Technology	1122	1132	-0.9%	-1.2%	44.2%
S&P 200 Telecommunicatic	1060	1055	0.5%	2.1%	-39.6%
S&P 200 Utilities	7870	8075	-2.5%	-1.4%	4.4%
S&P 200 Property Trusts	1447	1431	1.1%	1.4%	7.9%
S&P 200 Financials ex PT	7103	6957	2.1%	0.6%	-0.1%

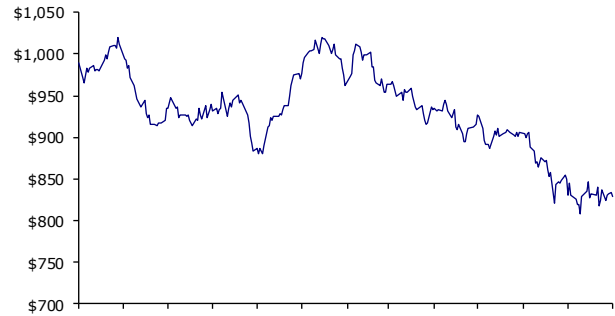
Source: IRESS

1 Year Commodity Price Charts

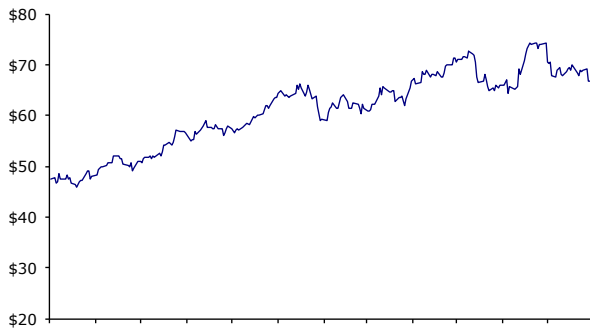
1 Year Gold



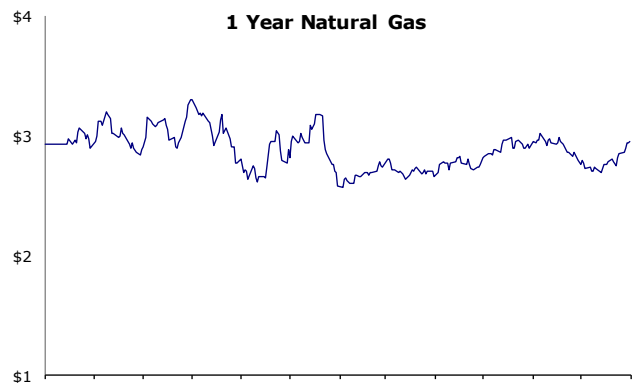
1 Year Platinum



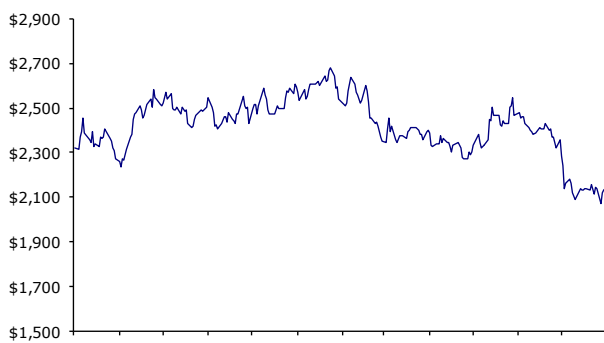
1 Year Oil



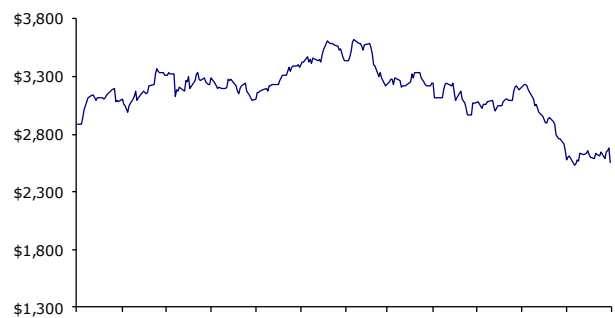
1 Year Natural Gas



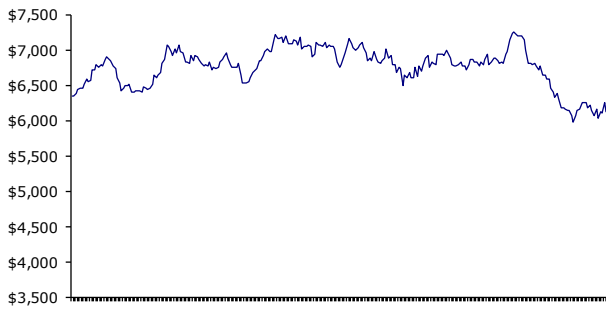
1 Year Lead



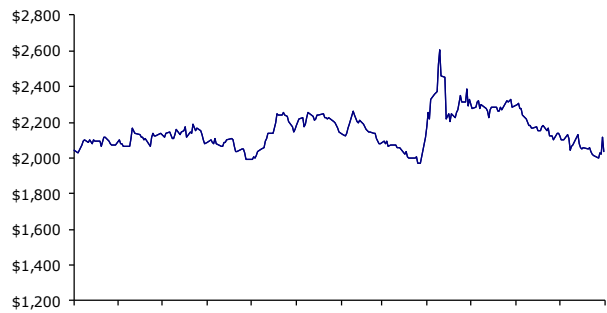
1 Year Zinc



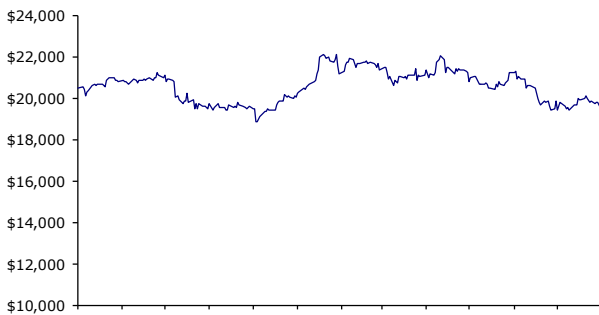
1 Year Copper



1 Year Aluminium

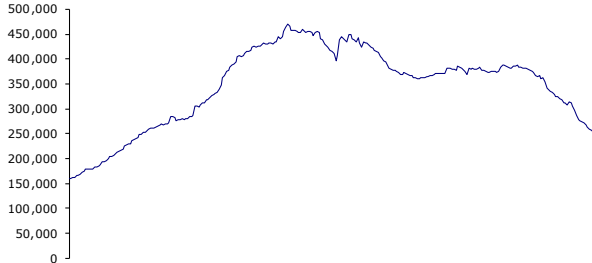


1 Year Tin

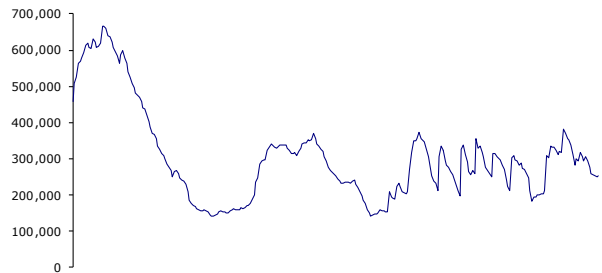


5 Year Metals Stockpiles

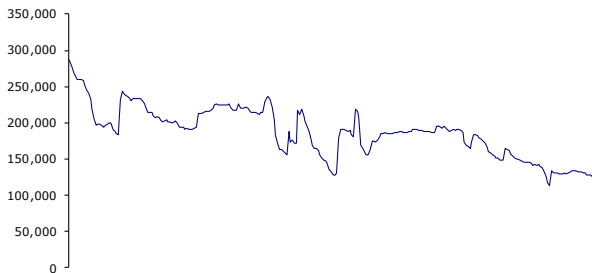
Nickel LME Stockpiles - 5 Year



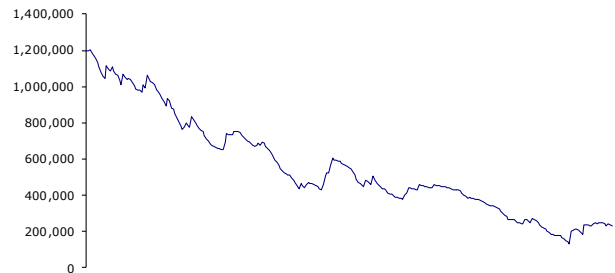
Copper LME Stockpiles - 5 Year



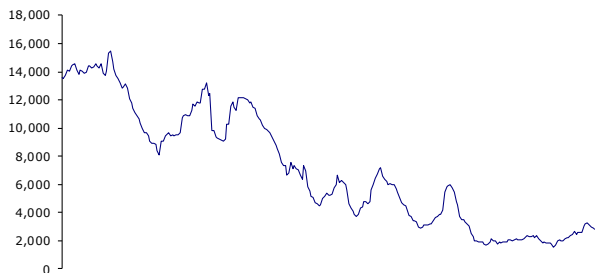
Lead LME Stockpiles - 5 Year



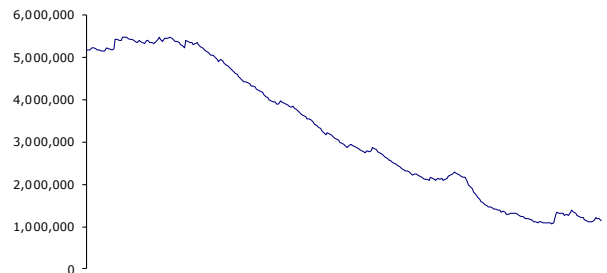
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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