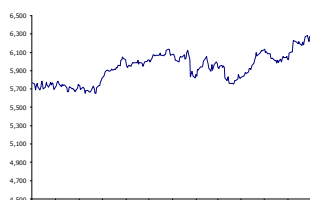


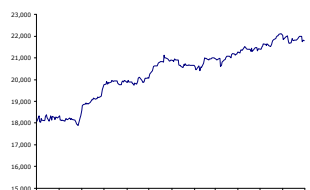
## STATE ONE SPINNAKER

**15 July 2018**  
**Issue 419**

### 12 month XJO chart



### 12 month Dow Jones chart



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**Overview**

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## Global Wrap – 15 July 2018

World Markets	15/07/2018	8/07/2018	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6268	6272	-0.1%	1.6%	13.1%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2801	2760	1.5%	1.2%	24.7%
FTSE 100	7662	7618	0.6%	0.5%	10.5%
DAX30	12541	12496	0.4%	-1.2%	2.3%
Shanghai Composite	2831	2815	0.6%	-1.6%	-11.9%
Nikkei 225	22597	22052	2.5%	-0.4%	20.4%
Hang Seng	28525	28316	0.7%	-3.9%	24.8%
Currency					
AUD/USD	0.7425	0.7465	-0.5%	0.5%	-5.1%
Commodities					
Oil (\$/bbl)	70.5	74.0	-4.7%	7.1%	51.1%
Gas (\$/gal)	2.7	2.9	-4.7%	-8.2%	-7.9%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6166	6326	-2.5%	-9.6%	5.6%
Lead (\$/t)	2162	2321	-6.9%	-9.8%	-7.3%
Zinc (\$/t)	2574	2759	-6.7%	-15.8%	-6.2%
Aluminium (\$/t)	2102	2099	0.2%	-3.5%	21.4%
Nickel (\$/t)	13870	13760	0.8%	-6.6%	22.0%
Tin (\$/t)	19775	19425	1.8%	-3.9%	-7.6%
Gold (\$/oz)	1241	1256	-1.2%	-2.3%	5.9%
Silver (\$/oz)	15.8	16.1	-1.6%	-2.9%	-7.5%
Platinum (\$/oz)	830	849	-2.2%	-4.6%	-11.5%
Wheat (\$/t)	494.000	514.250	-3.9%	-1.0%	21.0%

Source: Iress

## Global Wrap

### Key points

1. Markets digest US tariffs, earnings

2. Viva Energy's luke warm debut

3. How the World Cup affects trading

## US

The S&P 500 posted on Friday its best closing level since early February as shares from some of the largest tech companies hit record highs.

The broad index climbed 0.1% to 2,801.31 as Facebook, Amazon and Microsoft rose 0.2%, 0.9% and 1.2%, respectively. Friday also marked the first time since February 1 that the S&P 500 closed above the psychological and technical 2,800 barrier, CNBC reported.

The Dow Jones Industrial Average rose 94.52 points to 25,019.41 with United Technologies and Walgreens Boots Alliance outperforming. The Dow also closed above 25,000 for the first time since June 15. The Nasdaq Composite eked out a small gain to close at 7,825.98, a record.

The market was buoyed by some of the major US banks, including J.P. Morgan Chase and Citigroup, reporting better-than-expected earnings before the open.

Just over 5% of S&P 500 companies have reported second-quarter results thus far. These companies have posted earnings growth of 16.37%. However, analysts polled by FactSet expect second-quarter earnings to have grown by 20%.

Stocks posted strong weekly gains, with the Dow, S&P 500 and Nasdaq all rising more than 1.5%. The major indexes have risen as concerns over a trade war between the US and China have eased.

Earlier this week, the US imposed tariffs on \$200 billion worth of Chinese goods. However a lack of response from China to these levies has assuaged some fears of conflict escalation.

What the Trump tariffs have hit are rare earths the US needs high-tech manufacturing and strategic technologies. China is a major producer of rare earth elements, including cobalt.

Conversely, in a closely watched move, the US Government granted [exemptions](#) to Chevron and Royal Dutch Shell from the steel tariffs, allowing them to avoid paying the 25% tariff on imported steel, [oilprice.com](#) reported. The oil and gas industry has pleaded for leniency because as much as three quarters of the steel that goes into pipelines, for instance, comes from abroad. The exemptions were only narrowly granted to those two companies, but they signal a willingness by the Trump administration to offer exemptions for oil and gas.

As President Trump heads to Helsinki for a historic summit with Russian President Vladimir Putin on Monday, investors will be watching for further geopolitical jitters and more earnings reports.

## **China**

Chinese stocks post biggest weekly gain in two years on Friday, but analysts expect US tariffs and softening in domestic demand to bite hard heading into the second half, The South China Morning Post reported.

The Hang Seng Index ended the week higher by 0.7%, reversing four straight weeks of losses induced by worsening US-China trade relations. Better-than-expected financial data released earlier in the week helped boost sentiment.

The Shanghai Composite Index finished Friday at 2,831.18, down 0.2% from Thursday. However the benchmark index rose 3.1% for the week, halting a seven-week losing streak and posting the best gain it has seen since early June 2016.

The Chinese stock market has been on the edge in the past two months, as trade tensions escalated between the US and China.

In June, the Shanghai Composite Index tumbled 8%.

Nonetheless, a surprise gain in China's June foreign exchange reserves released earlier this week, its CPI and PPI readings in line with expectations, and the country agreeing to let more foreign individuals to invest in domestic shares, have helped the market recover some ground.

They were further boosted on Friday when official statistics showed that China's trade surplus for June hit a record high of US\$28.97 billion, as export growth exceeded expectations, while imports softened.

Still, analysts remained cautious about the economic outlook for the rest of the year, as US tariffs kick in and domestic headwinds worsen, including those from property controls and weaker investment spending.

This coming week investors will be watching some big data releases on Monday, including Chinese GDP, retail sales and industrial production.

## Japan

Stocks jumped on the Tokyo Stock Exchange on Friday, backed by the yen's fall against the dollar and an overnight rise in US equities, The Japan Times reported.

The 225-issue Nikkei average shot up 409.39 points, or 1.85 %, to 22,597.35, its best finish since June 21. It rose 255.75 points on Thursday.

The yen fell lower against the dollar amid the waning concerns about a trade fight between the US and China.

Japan's trade balance will be released on Wednesday.

## Europe

Stocks closed higher by a slim margin on Friday as investors digested fresh corporate earnings from out of the US.

The pan-European Stoxx 600 ended trade 0.17% higher, with all major bourses finishing in positive territory. On the sector front, most industries closed around the flat-line or in the black, CNBC reported.

This coming week UK and euro zone CPI will be released on Wednesday.

## Australia

The Australian sharemarket closed the week flat, following days of turbulent trading as the US-China trade saga continued to leave local investors uncertain.

The S&P/ASX 200 index fell 3.9 points, or 0.1%, to 6268.4 this week, as the US announced further tariffs on an extra \$US200 billion worth of Chinese goods.

On investors watch list this coming week for its insights into possible interest rates moves will be the release of the Reserve Bank's July minutes on Tuesday.

**Commodity stocks** were rattled this week following a broad-based metal sell-off during the middle of the week, Fairfax reported. The major mining stocks fell through the week as did the energy stocks as Libya announced it would be restoring its production.

This news sent oil prices tumbling with Brent crude recording its biggest single day fall in two years. The US dollar strengthened this week, with the Bloomberg dollar index recording its best performance in a month. The rise meant that US exposed stocks were among the best performers on the local sharemarket this week.

**Viva Energy's** first day on the market disappointed as its share price fell 4% to \$2.40. Viva is one of Australia largest energy companies, and the exclusive licensee of the Shell brand and its products in this country.

The company's IPO had priced each share at \$2.50 however the first trades on the ASX sent the company as low as \$2.41 inside the first hour.

However the company successfully completed the biggest float since Medibank in 2014 as it raised \$2.65 billion in an initial share offer, which gave the company a \$4.86 billion market capitalisation.

That market capitalisation places Viva inside the 100 biggest companies listed on the Australian Stock Exchange.

Analysis of **share volumes during World Cup games** has revealed that there is a noticeable dip in the number of trades during World Cup matches when that particular market's national team is playing. Lonsec Research, using France as an example, compared two matches that occurred during the final 90 minutes of trading on the French CAC 40. Comparing them to regular trading volumes during that time in the month, there was a notable drop in volume when France played against Denmark and Uruguay. Both ended up being the second and third lowest volume periods for the month.

Despite this drop, France is still leading its European rivals when it comes to sharemarket performance.

## Nickel

Bullish bargain hunting investors have given nickel a boost on Thursday, lifting the metal to its highest price in a week. The metal has fallen 14% from early June and hit a two-month low in the previous session. It lifted 2.3% to \$US14,195 as investors look to cash in on its recent price fall.

Viva Energy

**Gold** fell versus a rising US dollar on Friday in London, heading for a 1.3% weekly drop at new 2018 lows beneath \$1240 per ounce.

Despite the global **oil** market being hit by multiple outages and the sanctions on Iran promising to bring yet more oil offline, the return of Libyan supply this week is keeping oil prices down, [oilprice.com](http://oilprice.com) reported.

Also of interest to oil and gas investors is news that Ireland last week became the first country to vote to divest from fossil fuels. The Irish parliament passed a bill that calls for the \$10.4 billion strategic investment fund to withdraw investments from coal, oil and gas over the next five years.

**Economic Calendar 16/07/2018 – 20/07/2018**

Monday July 16 2018			Actual	Previous	Consensus	Forecast	
10:00 AM	CN	GDP Growth Rate YoY Q2		6.8%	6.7%	6.7%	
10:00 AM	CN	GDP Growth Rate QoQ Q2		1.4%	1.6%	1.4%	
08:30 PM	US	Retail Sales MoM JUN		0.8%	0.5%	0.3%	
	US	US-Russia Summit					
Tuesday July 17 2018			Actual	Previous	Consensus	Forecast	
04:30 PM	GB	Unemployment Rate MAY		4.2%	4.2%	4.2%	
04:30 PM	GB	Claimant Count Change JUN		-7.7K	-26.5K	11K	
10:00 PM	US	Fed Chair Powell Testimony					
Wednesday July 18 2018			Actual	Previous	Consensus	Forecast	
04:30 PM	GB	Inflation Rate YoY JUN		2.4%	2.6%	2.6%	
10:00 PM	US	Fed Chair Powell Testimony					
Thursday July 19 2018			Actual	Previous	Consensus	Forecast	
07:50 AM	JP	Balance of Trade JUN		¥-578B	¥534.2B	¥ 315.7B	
09:30 AM	AU	Employment Change JUN		12K	17K	18.8K	
09:30 AM	AU	Unemployment Rate JUN		5.4%	5.4%	5.5%	
Friday July 20 2018			Actual	Previous	Consensus	Forecast	
07:30 AM	JP	Inflation Rate YoY JUN		0.7%	0%	0.9%	
08:30 PM	CA	Inflation Rate YoY JUN		2.2%	2.3%	2.3%	

Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

**Economic Calendar 23/07/2018 – 27/07/2018**

Monday July 23 2018		Actual	Previous	Consensus	Forecast	
10:00 PM	EA Consumer Confidence Flash JUL		-0.5	+	-2.3	
10:00 PM	US Existing Home Sales JUN		5.43M	5.49M	5.39M	
Tuesday July 24 2018		Actual	Previous	Consensus	Forecast	
03:30 PM	DE Markit Manufacturing PMI Flash JUL		55.9	56.2	55.7	
Wednesday July 25 2018		Actual	Previous	Consensus	Forecast	
04:00 PM	DE Ifo Business Climate JUL		101.8	+	102.2	
10:00 PM	US New Home Sales JUN		0.689M	+	0.59M	
Thursday July 26 2018		Actual	Previous	Consensus	Forecast	
07:00 AM	KR GDP Growth Rate YoY Adv Q2		2.8%	+	3.1%	
07:00 AM	KR GDP Growth Rate QoQ Adv Q2		1%	+	0.8%	
02:00 PM	DE GfK Consumer Confidence AUG		10.7	10.6	10.6	
07:45 PM	EA ECB Interest Rate Decision		0.0%	+	0.0%	
08:30 PM	EA ECB Press Conference			+		
08:30 PM	US Durable Goods Orders MoM JUN		-0.6%	1.1%	0.7%	
Friday July 27 2018		Actual	Previous	Consensus	Forecast	
01:30 PM	FR GDP Growth Rate QoQ 1st Est Q2		0.3%	+	0.6%	
08:30 PM	US GDP Growth Rate QoQ Adv Q2			+	2.1%	

Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

## All Ords Top 10 Week Ending 13 July 2018

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
PLS	Pilbara Min Ltd	14.4	PDL	Pendal Group Ltd	-11.7
APT	Afterpay Touch	10.4	RSG	Resolute Mining	-7.7
WTC	Wisetech Global Ltd	9.0	SKI	Spark Infrastructure	-7.5
IPH	IPH Limited	8.4	MTS	Metcash Limited	-7.1
FLT	Flight Centre Travel	6.4	CLW	Chtr H Lwr	-6.7
NAN	Nanosonics Limited	6.3	NUF	Nufarm Limited	-6.4
WSA	Western Areas Ltd	6.1	SWM	Seven West Media Ltd	-6.2
MFG	Magellan Fin Grp Ltd	5.9	AST	AusNet Services Ltd	-6.2
ILU	Iluka Resources	5.2	AGL	AGL Energy Limited.	-5.4
GXY	Galaxy Resources	5.1	EVN	Evolution Mining Ltd	-5.2

Source: IRESS

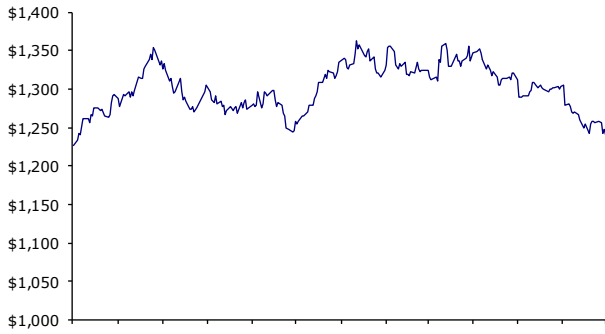
## S & P Indices Week Ending 13 July 2018

S&P Indices	15/07/2018	8/07/2018	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	11940	12201	-2.1%	1.4%	34.3%
S&P 200 Materials	12159	12119	0.3%	0.5%	22.8%
S&P 200 Industrials	6004	6009	-0.1%	-0.4%	17.7%
S&P 200 Consumer Disc.	2497	2470	1.1%	1.2%	19.3%
S&P 200 Consumer Staples	11313	11410	-0.9%	1.6%	32.2%
S&P 200 Healthcare	31680	30854	2.7%	3.1%	64.3%
S&P 200 Financials	6323	6344	-0.3%	2.9%	-0.8%
S&P 200 Info Technology	1137	1123	1.2%	-0.1%	46.2%
S&P 200 Telecommunicatic	1029	1044	-1.4%	-0.9%	-41.4%
S&P 200 Utilities	8017	8462	-5.3%	-1.4%	6.3%
S&P 200 Property Trusts	1439	1433	0.4%	0.7%	7.3%
S&P 200 Financials ex PT	7053	7075	-0.3%	2.9%	-0.8%

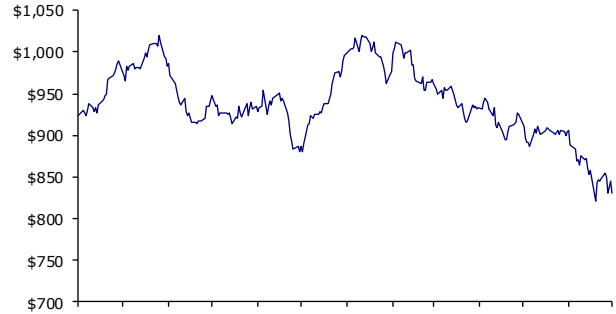
Source: IRESS

### 1 Year Commodity Price Charts

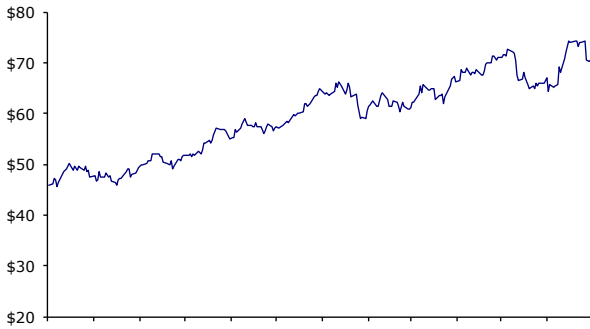
**1 Year Gold**



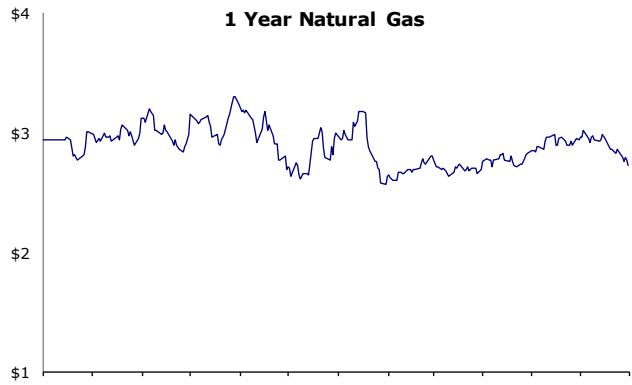
**1 Year Platinum**



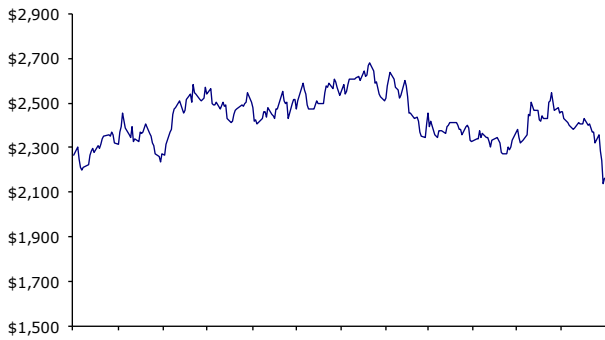
**1 Year Oil**



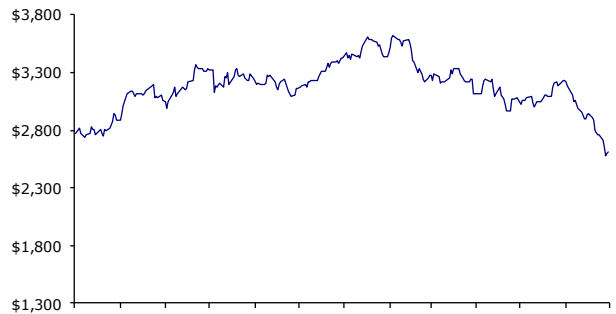
**1 Year Natural Gas**



**1 Year Lead**

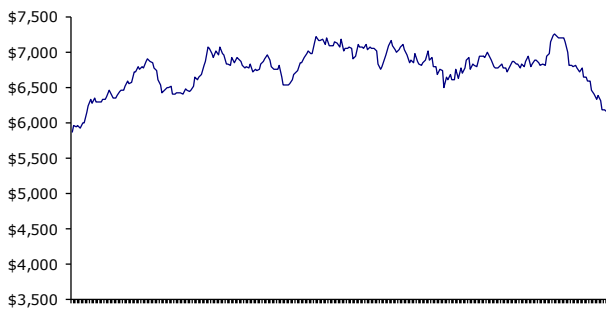


**1 Year Zinc**

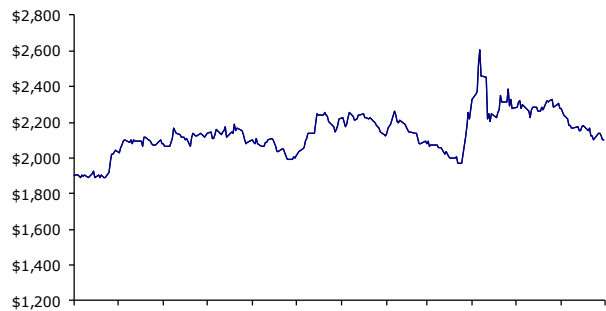




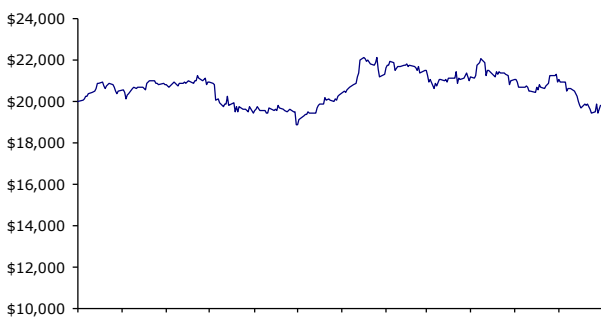
**1 Year Copper**



**1 Year Aluminium**

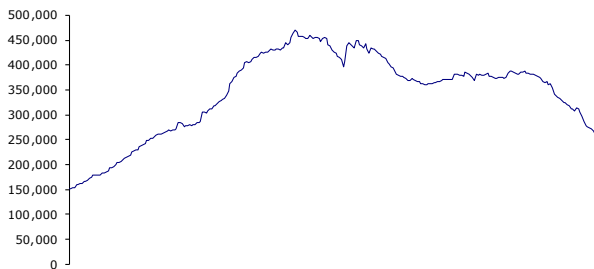


**1 Year Tin**

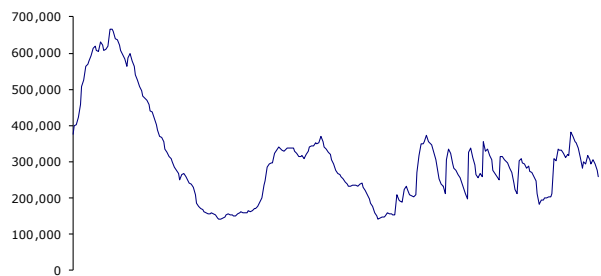


**5 Year Metals Stockpiles**

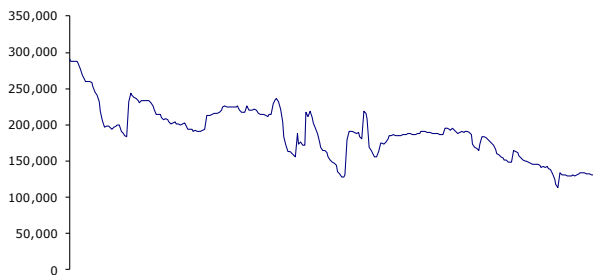
**Nickel LME Stockpiles - 5 Year**



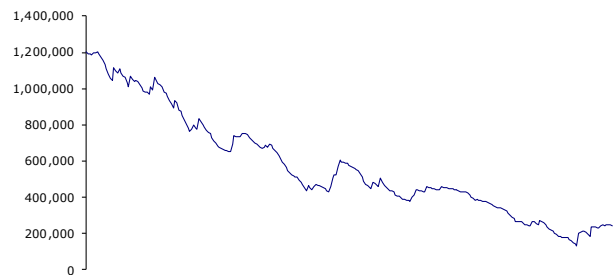
**Copper LME Stockpiles - 5 Year**



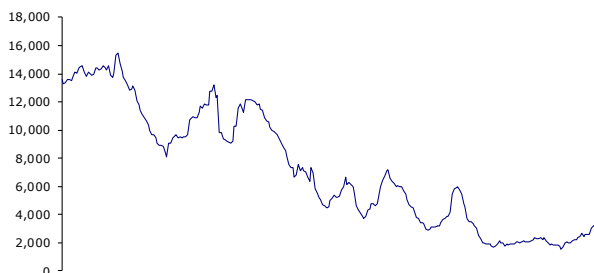
**Lead LME Stockpiles - 5 Year**



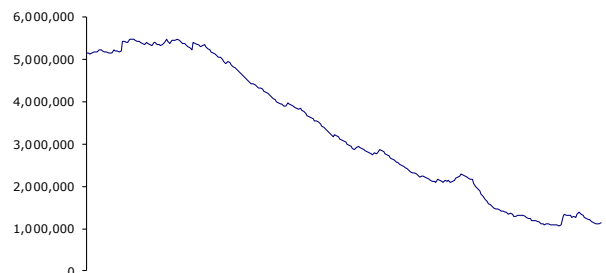
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**



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