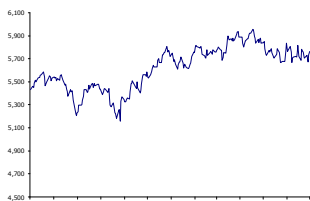


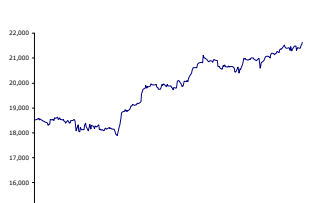
STATE ONE SPINNAKER

16 July 2017
Issue 374

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 16 July 2017

World Markets	16/07/2017	9/07/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5765	5704	1.1%	1.8%	9.5%
Dow Jones	21638	21414	1.0%	1.1%	23.7%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2459	2425	1.4%	1.0%	19.8%
FTSE 100	7378	7351	0.4%	-0.9%	15.7%
DAX30	12632	12389	2.0%	-1.1%	23.3%
Shanghai Composite	3222	3213	0.3%	2.4%	-4.3%
Nikkei 225	20119	20081	0.2%	0.0%	9.1%
Hang Seng	26389	25341	4.1%	2.7%	15.5%
Currency					
AUD/USD	0.7828	0.7607	2.9%	3.2%	3.5%
Commodities					
Oil (\$/bbl)	46.7	44.3	5.2%	9.8%	3.4%
Gas (\$/gal)	3.0	2.9	3.7%	1.9%	3.4%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	5858	5809	0.8%	3.7%	11.1%
Lead (\$/t)	2264	2270	-0.3%	6.7%	30.5%
Zinc (\$/t)	2843	2778	2.3%	10.2%	65.8%
Aluminium (\$/t)	1904	1920	-0.8%	2.1%	28.6%
Nickel (\$/t)	9380	8950	4.8%	5.5%	-9.9%
Tin (\$/t)	20000	20050	-0.2%	1.4%	25.2%
Gold (\$/oz)	1228	1210	1.5%	-1.6%	5.3%
Silver (\$/oz)	15.9	15.4	3.3%	-3.4%	0.6%
Platinum (\$/oz)	924	904	2.1%	-0.6%	-8.7%
Wheat (\$/t)	510.750	535.000	-4.5%	6.5%	4.1%

Source: Iress

Global Wrap

Key points

- US markets up as expectations of further rate rises recede.**
- China posts stronger-than-expected trade figures.**
- Green shoots in mining sector.**
- Oil price bounce.**
- Stock picks for trading week ahead.**

US

US stocks were up in late trading on Friday, with the Dow and S&P 500 both hitting intraday record highs Reuters reported, after weak economic data dulled prospects of more interest rate hikes from the Federal Reserve this year.

Consumer prices were unchanged in June and retail sales fell for a second straight month, pointing to tame inflation and soft domestic demand.

Other data on Friday showed industrial production picked up in June, driven by a surge in oil and gas drilling.

The core CPI, which strips out food and energy costs, edged up 0.1% in June and 1.7% year-on-year after a similar gain in May. The Fed has a 2% inflation target.

A second report from the Commerce Department showed retail sales fell 0.2% last month, weighed down by declines in receipts at service stations, clothing stores and supermarkets.

Earlier in the week, a dovish Fed chair Janet Yellen predicted the US administration's 3% GDP target would prove a "challenge" and that inflationary trends would turn.

She said further policy intentions remained flexible and all change would be considered and well-moderated.

Over the border, the Bank of Canada raised its overnight lending rate for the first time since 2010. The rate was increased by 0.25% to 0.75%.

Among other lacklustre US data releases last week: June producer prices were calculated 0.1% higher than for May, and 2% higher year-on-year, against May's 2.4% rise; the Fed's six-weekly 12-region-by-region economic summary 'beige book' indicated modest wages and inflation growth across each district; and weekly (new) mortgage applications fell 2.5%.

The government's June budget was reported as \$US90B in deficit.

Tomorrow (Monday) the Empire State manufacturing index for July will be released.

A key housing sentiment index will be out on Tuesday followed by housing starts for June on Wednesday.

On Thursday the Fed's Conference Board leading indicators for June will be out, as will the Philadelphia Fed's manufacturing index.

China

China stocks ended mixed for the week, with the blue-chip index closing at a 19-month high, Reuters reported.

However the tech-heavy start-up index ChiNext slumped 4.9% to post its worst week since July 2016, as poor first-half earnings forecasts deepened worries over their growth prospects.

Many small-caps tumbled, losing as much as 30% or more in the past week.

Companies reaping the benefits of an uptick in global demand have found favour as China posted stronger-than-expected June trade figures on Thursday. The strong data was bolstered by firm global demand for Chinese goods and robust appetite for construction materials at home.

Exports from the world's second largest economy posted an 11.3% increase from a year ago and a 17.2% rise in imports over the same period in dollar terms, Reuters reported, citing China's General Administration of Customs.

That left China with a trade balance of \$42.77 billion for the month, higher than a Reuters poll forecast of \$42.44 billion.

June CPI and PPI, reported on Monday, respectively rose 1.5% and 5.5% for the year, each on par with expectations. On a monthly basis, the CPI retracted 0.2%.

Tomorrow (Monday) China will release June data on fixed asset investment, industrial production and retail sales.

Japan

Japan stocks were higher after the close on Friday, as gains in the transport, services and non-metal minerals sectors led shares higher, investing.com reported.

However, in spite of all the recent good news out of Japan, markets could start to question the long-term sustainability of Japanese Prime Minister Shinzo Abe's economic program – known as “Abenomics” – if his approval rating continues to decline, a market researcher has warned.

The approval rating for Abe's government sunk to 29.9%, sliding below 30% for the first time, while his disapproval rating rose to 48.6%, according to a poll for the Jiji news agency released on Friday.

Derek Halpenny, market researcher at the Mitsubishi UFJ Financial Group, told CNBC that this would shed fresh doubt over his administration's economic reforms.

Japanese markets will be closed tomorrow (Monday) for the national Marine Day holiday.

On Friday there is a BoJ policy meeting and the trade balance for June will be released.

Europe

European stock markets largely finished lower Friday, with bank shares taking a hit after their US peers started a new earnings season, MarketWatch reported.

Benchmarks in Germany, France, Spain, Italy and the UK each closed in the red, but the Stoxx Europe finished higher by 0.2%, with commodity shares among its advancers.

For the week, Stoxx 600 finished up by 1.8%, the largest percentage gain since the week ended May 5, FactSet data show. Stocks during the week climbed after Fed chair Janet Yellen's comments on US inflation and interest rate rises.

The pan-European gauge was also aided by Greek stocks, whose rise left the Athex up 0.3%. Investors will watch for any word on whether the Greek government will return to the bond market as early as next week.

There was more positive data out of the Eurozone last week. May industrial production improved 4% year-on-year, exceeding forecasts by 0.4% and following a 1.2% rise in April.

Germany's May trade surplus rose 0.6 billion euros to 20.3 billion euros, while its final June CPI reading confirmed the initially estimated 1.6% year-on-year growth.

However across the channel, UK weekly earnings growth slowed to 1.8% year-on-year from 2.1%. Unemployment, however, was estimated at 4.5%, a 42-year low.

Bank of England deputy governor Ben Broadbent confirmed no UK rate rise was on the near-term horizon.

On Tuesday Eurozone CPI for June and ZEW investor sentiment for July will be released, as well as UK CPI and PPI for June.

On Thursday there is a European Central Bank policy meeting.

Australia

The big four banks were back in favour on Friday, which kept the market in the black, finishing a week when the Australian dollar shot to a 2017 high.

A bump in the oil price prompted energy stocks to have solid support throughout the week.

Also, the positive sentiment on interest rates from the US spilled over into the local markets.

Shares in mining services company WorleyParsons rocketed 6.9% higher on Friday after Deutsche Bank upgraded their rating to "buy" and pointed to a \$13.74 price target, The Australian Financial Review reported.

Deutsche Bank says there are some signs of a recovery in the mining sector and a pickup in demand for front-end engineering services could be seen as an indicator that activity will increase.

Business conditions have returned to "around pre-GFC levels", according to National Australia Bank's widely watched monthly business survey released last week, though another index showed consumers weren't feeling as buoyant.

The NAB survey showed business conditions rose 4 points to +15 in June, business confidence rose by one point to +9 and economic growth is expected to pick up in the second half of this year.

Stronger trading conditions, particularly sales and profitability, were behind the uplift.

NAB reported that most industries are performing well, with wholesale, construction and manufacturing experiencing the biggest gains in conditions (up 25, 16 and 7 points respectively).

But mining was the worst performer, with a 10-point drop in business conditions, due to negative movements in many commodity prices.

Meanwhile the Westpac-Melbourne Institute Index of consumer sentiment rose 0.4% to 96.6 in July, compared with 96.2 in June.

But Westpac's chief economist Bill Evans said it was the eighth consecutive month for the index to fall below 100, which means the pessimists outnumber the optimists.

Capital Economics expects business confidence to fall more in line with consumer sentiment in coming months because consumers remain subdued, with surging electricity prices in particular dampening the mood.

Next week, minutes of this month's RBA meeting will be released on Tuesday.

On Thursday, unemployment figures for June will be released, as well as NAB business confidence survey results for Q2.

Commodities

Oil prices have again bounced back last week, oilprice.com said, as the International Energy Agency raised its forecast for demand growth to the strongest in two years.

US inventories have slid the most since September over the past two weeks and oil traders took solace in another aspect of the latest IEA report: Oil demand is growing faster than previously expected. The agency said last week demand would expand by 1.4 mb/d this year, or about 0.1 mb/d faster than it previously thought.

Meanwhile the UK's Financial Conduct Authority created a new category for listing state-owned oil companies, exempting them from certain rules that apply to others. This will make a public listing of Saudi Aramco more attractive on the London Stock Exchange, which is competing with the NYSE to capture a windfall of fees for what is expected to be a massive public offering.

On the shale front, The Houston Chronicle reports that smaller shale companies are now rethinking whether or not to drill now that oil seems stuck below \$50 per barrel.

Goldman Sachs last week said many shale companies would struggle at today's oil prices.

Iron ore

Ore with 62% content in Qingdao added \$1.86 overnight on Friday to close at \$65.91, the highest since early May and 20% more than the year lows hit mid-June, data from the Metal Bulletin shows.

Since Beijing stepped up efforts to curb low quality steel production and so reduce emissions, imports have picked up in the world's leading steel producer.

Iron ore coming to Chinese ports, in fact, are on track to exceed 1 billion metric tons by a comfortable margin, breaking last year's records, Bloomberg reported.

Base metals

June copper imports (including products) were reported flat for the month, while aluminium benefited from reports China was planning to further reduce capacity.

Gold

Gold prices jumped 1.4% to the highest level in nearly two weeks on Friday after the weak data releases from the US reaffirmed doubts about further Fed rate rises.

Stock pics

Kidman Resources (KDR)

On Monday Kidman Resources opened at its highest level since October 2016 on the back of news that it had successfully defended the ownership to its Mt Holland lithium project through the Supreme Court.

Following the Supreme court decision, Kidman Resources then announced on Wednesday that would develop Mt Holland Lithium Project as a 50:50 joint venture with Sociedad Química y Minera de Chile (SQM). SQM would acquire 50% of the Mt Holland Lithium Project for A\$146.67 million with staged payments. Kidman Resources finished the week off at \$0.560.

Buddy (BUD)

Buddy today announced that it had reached an agreement to sell, distribute and install Buddy Ohm through Digicel. Digicel is a communication and entertainment service provider, serving 26 markets throughout the Caribbean and Central America. The partnership will provide major hotels and tourism

facilities with a 30-day trial of Buddy Ohm. Buddy finished the week off at \$0.140.

With crude oil prices having appreciated by some 10% from late June lows, energy stocks are starting to reappear on the radar screens of value investors. Santos's (STO) IRESS consensus target price of \$4.10 offers some 38% upside potential relative to current share price levels of A\$2.98. Origin (ORG) offers 9% upside to its IRESS consensus target price of \$7.82ps; Woodside Petroleum (WPL) offer 7% upside to its TP of A\$32.24ps.

Economic Calendar 17/07/2017 – 21/07/2017

Monday July 17 2017	Actual	Previous	Consensus	Forecast	
10:00 AM 🇨🇳 CN GDP Growth Rate QoQ Q2		1.3%	1.7%	1.7%	
10:00 AM 🇨🇳 CN GDP Growth Rate YoY Q2		6.9%	6.8%	6.8%	
Tuesday July 18 2017	Actual	Previous	Consensus	Forecast	
09:30 AM 🇦🇺 AU RBA Meeting Minutes					
04:30 PM 🇬🇧 GB Inflation Rate YoY JUN		2.9%	2.9%	2.7%	
05:00 PM 🇩🇪 DE ZEW Economic Sentiment Index JUL		18.6	17.5	19.5	
Thursday July 20 2017	Actual	Previous	Consensus	Forecast	
07:50 AM 🇯🇵 JP Balance of Trade JUN		¥-203.4B	¥487B	¥480B	

Source: www.tradingeconomics.com

Economic Calendar 24/07/2017 – 28/07/2017

Monday July 24 2017		Actual	Previous	Consensus	Forecast	
03:30 PM	DE Markit Manufacturing PMI Flash JUL		59.6		59.73	
10:00 PM	US Existing Home Sales JUN		5.62M		5641.63%	
Tuesday July 25 2017		Actual	Previous	Consensus	Forecast	
04:00 PM	DE IFO Business Climate JUL		115.1		115.6	
Wednesday July 26 2017		Actual	Previous	Consensus	Forecast	
04:30 PM	GB GDP Growth Rate QoQ Prel Q2		0.2%		0.4%	
04:30 PM	GB GDP Growth Rate YoY Prel Q2				1.8%	
10:00 PM	US New Home Sales JUN		610K		580K	
Thursday July 27 2017		Actual	Previous	Consensus	Forecast	
02:00 AM	US Fed Interest Rate Decision		1.25%		1.25%	
07:00 AM	KR GDP Growth Rate QoQ Adv Q2		1.1%		0.4%	
07:00 AM	KR GDP Growth Rate YoY Adv Q2		2.9%		2.3%	
02:00 PM	DE GfK Consumer Confidence AUG		10.6		10.67	
08:30 PM	US Durable Goods Orders MoM JUN		-1.1%		0.4%	
Friday July 28 2017		Actual	Previous	Consensus	Forecast	
07:05 AM	GB GfK Consumer Confidence JUL		-10		-9.26	
07:30 AM	JP Inflation Rate YoY JUN		0.4%		0.3%	
07:30 AM	JP Unemployment Rate JUN		3.1%		3%	
01:30 PM	FR GDP Growth Rate QoQ 1st Est Q2		0.5%		0.5%	
01:30 PM	FR GDP Growth Rate YoY 1st Est Q2		1.1%		1.3%	
03:00 PM	ES GDP Growth Rate QoQ Flash Q2		0.8%		0.8%	
03:00 PM	ES GDP Growth Rate YoY Flash Q2		3%		2.9%	
03:00 PM	CH KOF Leading Indicators JUL		105.5		105.68	
05:00 PM	EA Business Confidence JUL		1.15		1.15	
08:00 PM	DE Inflation Rate YoY Prel JUL		1.6%		1.53%	
08:30 PM	US GDP Growth Rate QoQ Adv Q2		1.4%		1.7%	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 14 July 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
DMP	Domino Pizza Enterpr	9.6	GXY	Galaxy Resources	-8.1
AHG	Automotive Holdings.	8.6	QAN	Qantas Airways	-5.7
MIN	Mineral Resources.	7.6	CNU	Chorus Limited	-4.6
HVN	Harvey Norman	7.3	AOG	Aveo Group	-4.2
IPL	Incitec Pivot	7.0	FBU	Fletcher Building	-3.3
PTM	Platinum Asset	6.9	IFN	Infigen Energy	-3.2
JBH	JB Hi-Fi Limited	6.8	NAN	Nanosonics Limited	-3.2
MMS	McMillan Shakespeare	6.4	NST	Northern Star	-3.0
WOR	WorleyParsons Ltd	6.4	JHC	Japara Healthcare Lt	-2.9
WSA	Western Areas Ltd	6.2	RSG	Resolute Mining	-2.7

Source: IRESS

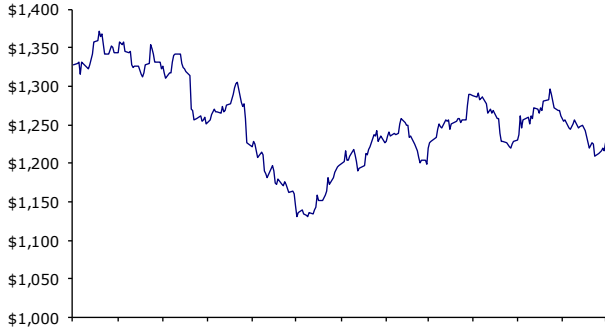
S & P Indices Week Ending 14 July 2017

S&P Indices	16/07/2017	9/07/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8789	8555	2.7%	3.4%	-2.9%
S&P 200 Materials	10104	10002	1.0%	7.6%	23.2%
S&P 200 Industrials	5610	5605	0.1%	-3.6%	18.1%
S&P 200 Consumer Disc.	2233	2180	2.4%	0.0%	21.8%
S&P 200 Consumer Staples	9314	9105	2.3%	3.0%	6.3%
S&P 200 Healthcare	23208	23461	-1.1%	-4.2%	28.4%
S&P 200 Financials	6554	6449	1.6%	4.0%	7.8%
S&P 200 Info Technology	894	877	1.9%	3.9%	24.3%
S&P 200 Telecommunicatic	1513	1518	-0.4%	-0.6%	-23.5%
S&P 200 Utilities	8512	8487	0.3%	-5.0%	26.5%
S&P 200 Property Trusts	1294	1302	-0.6%	-7.4%	2.2%
S&P 200 Financials ex PT	7310	7193	1.6%	4.0%	5.1%

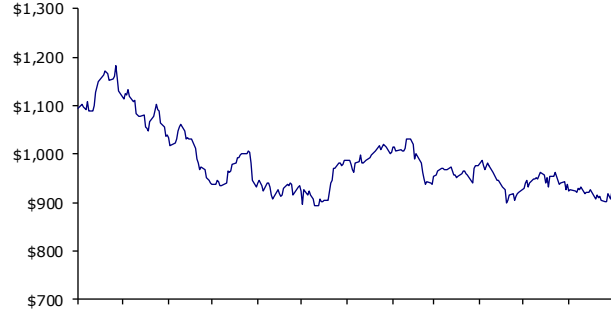
Source: IRESS

1 Year Commodity Price Charts

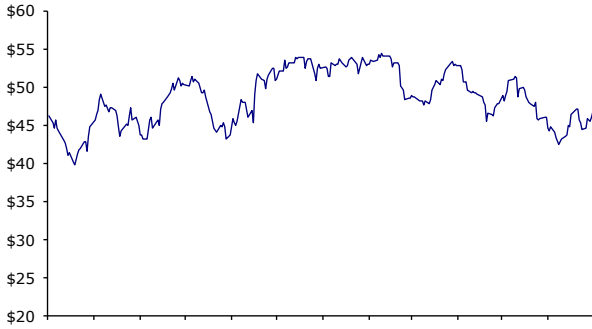
1 Year Gold



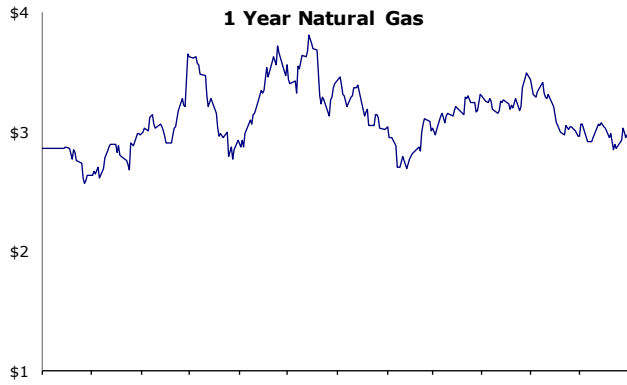
1 Year Platinum



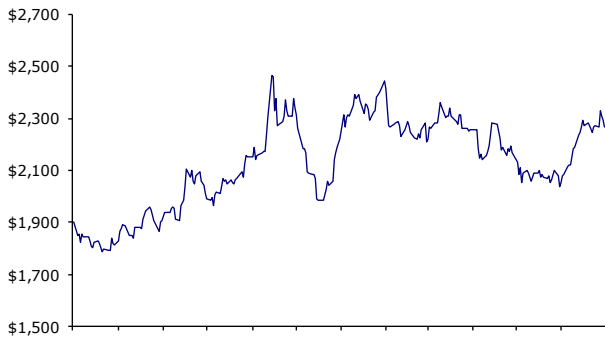
1 Year Oil



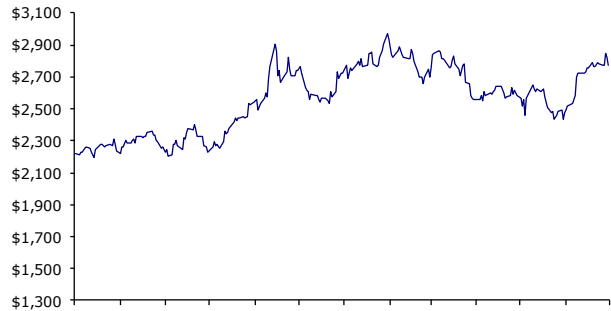
1 Year Natural Gas



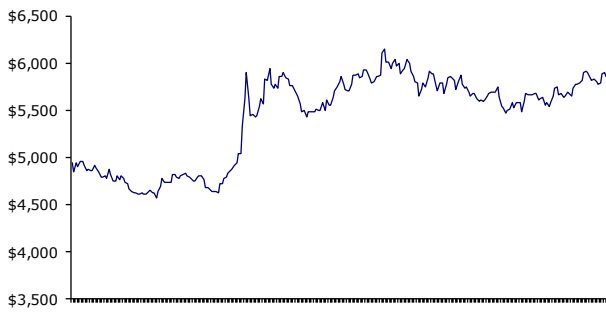
1 Year Lead



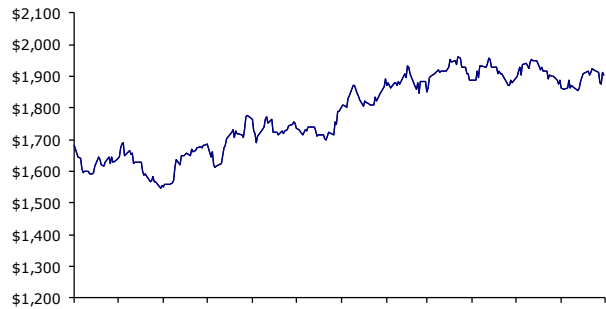
1 Year Zinc



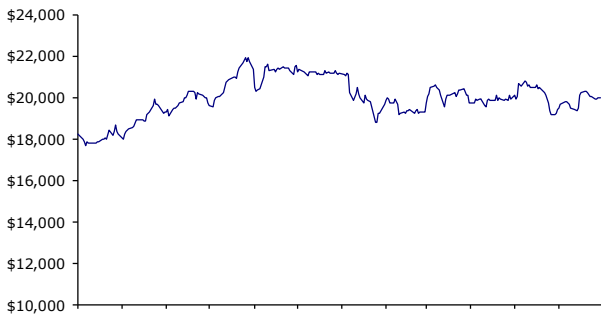
1 Year Copper



1 Year Aluminium

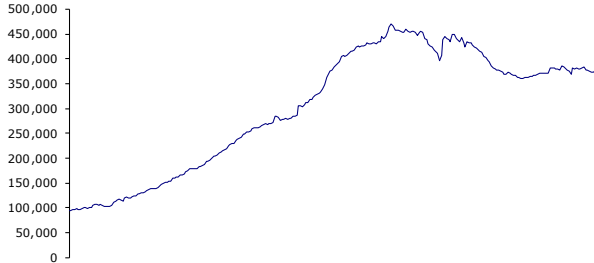


1 Year Tin

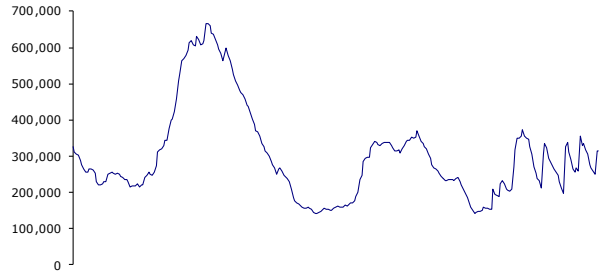


5 Year Metals Stockpiles

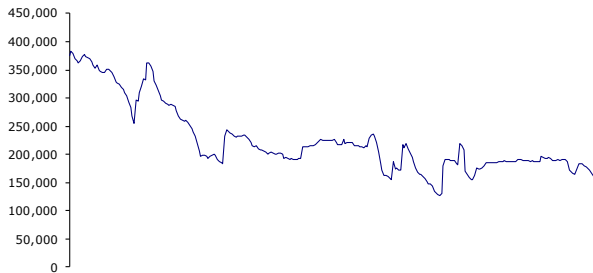
Nickel LME Stockpiles - 5 Year



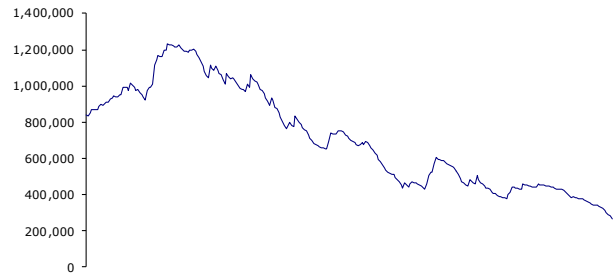
Copper LME Stockpiles - 5 Year



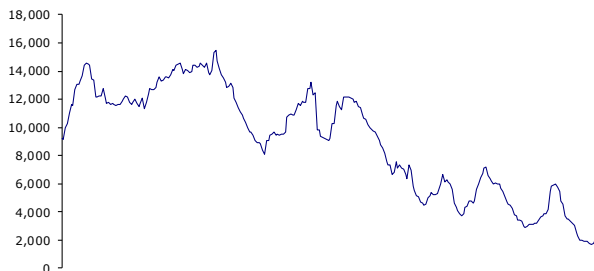
Lead LME Stockpiles - 5 Year



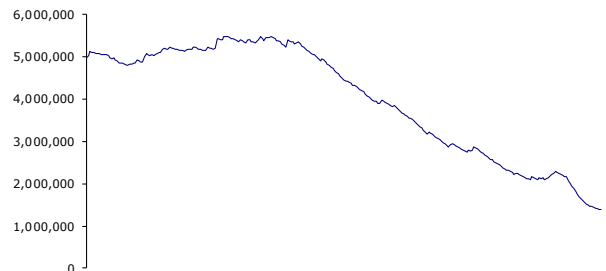
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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