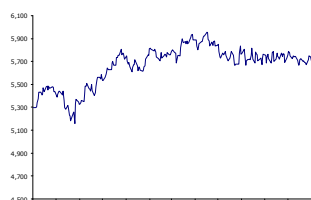


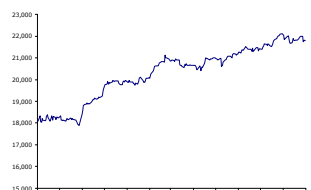
STATE ONE SPINNAKER

16 September 2017
Issue 383

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 16 September 2017

World Markets	16/09/2017	9/09/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5695	5673	0.4%	-0.7%	8.7%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2500	2461	1.6%	2.3%	16.4%
FTSE 100	7215	7378	-2.2%	-2.3%	7.2%
DAX30	12519	12304	1.7%	2.8%	20.8%
Shanghai Composite	3354	3376	-0.7%	2.5%	11.7%
Nikkei 225	19910	19546	1.9%	2.9%	21.4%
Hang Seng	27808	27668	0.5%	1.5%	19.2%
Currency					
AUD/USD	0.8003	0.8031	-0.4%	-0.5%	6.8%
Commodities					
Oil (\$/bbl)	49.8	47.5	4.8%	3.0%	14.0%
Gas (\$/gal)	3.1	2.9	6.7%	4.2%	4.1%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	6457	6780	-4.8%	-1.5%	35.4%
Lead (\$/t)	2317	2272	2.0%	-3.2%	19.7%
Zinc (\$/t)	3050	3081	-1.0%	-2.1%	35.8%
Aluminium (\$/t)	2068	2072	-0.2%	-0.7%	32.6%
Nickel (\$/t)	11005	11845	-7.1%	-3.8%	12.9%
Tin (\$/t)	20675	20775	-0.5%	0.5%	6.6%
Gold (\$/oz)	1325	1351	-1.9%	2.2%	0.5%
Silver (\$/oz)	17.7	18.1	-2.3%	3.1%	-7.0%
Platinum (\$/oz)	972	1012	-4.0%	-0.9%	-6.0%
Wheat (\$/t)	448.500	439.250	2.1%	4.4%	12.3%

Source: Iress

RIU Resources Investor Roadshow 2017

State One Stockbroking Ltd is proud to be joint sponsor

Sydney – Tuesday 26 September – Intercontinental Hotel Sydney
Melbourne – Thursday 28 September – Grand Hyatt Hotel Melbourne

State One invites you to attend the upcoming RIU Resources Investor Roadshow 2017. Registration is Free. Companies presenting offer insights into a broad range of commodities including coal, bauxite, cobalt, copper, gold, graphite, iron ore, lithium, nickel, silver, zinc, potash and phosphate. For more information and registration please [click here](#).

Global Wrap

Key points

1. **Missile launch fails to dampen equities**
2. **Chinese investment disappoints**
3. **Iron ore, base metals suffer on Chinese data**
4. **BoE sparks speculation of co-ordinated monetary tightening**
5. **Stock picks for trading week ahead**

US

The three major Wall Street indices edged up to record highs on Friday as investors shrugged off North Korea's latest missile test and domestic economic data that did little to move expectations of the timing of an interest rate hike, Reuters reported.

The Labor Department said on Thursday its Consumer Price Index rose 0.4% last month after edging up 0.1 % in July.

Early on Friday, Pyongyang fired a second missile in as many weeks over Japan, drawing criticism from global leaders but barely moving shares as investors await the next catalyst - the Federal Reserve's meeting on Tuesday and Wednesday.

No monetary policy change is expected at the meeting, but the odds of a December rate hike jumped on Thursday's report on consumer prices, which the central bank is monitoring closely. The Fed Fund Futures is now pricing in a 46.7% chance.

Also yesterday, other government reports showed retail sales unexpectedly fell last month and industrial output in August notched its first decline since January. However traders were sanguine about both readings because they included the impact of Hurricane Harvey.

As well as next week's Fed meeting, housing market data will be released on Monday through to Wednesday, as well as the Q2 current account on Tuesday.

China

Shanghai stocks fell on Friday to end the week lower, as soft data suggested the world's second-largest economy was starting to lose some momentum amid rising borrowing costs and government-mandated capacity cuts, the Daily Mail reported.

Thursday's data took some of the shine off China's surprisingly robust growth for the first half of the year, which had boosted corporate earnings.

Fixed-asset investment, a key growth driver for China, grew 7.8% in January-August from a year earlier, the weakest pace in nearly 18 years, while factory output and retail sales also grew less than anticipated.

Analysts singled out a slowdown in infrastructure investment as well as the impact of government moves to close mines and heavily polluting factories to reduce air pollution.

But they added that while momentum may fade slightly, China's growth is expected to easily beat the government's target of about 6.5% through the rest of the year.

Cyclical stocks, which have rallied strongly this year on the back of China's economic growth, were under selling pressure.

An index tracking raw material stocks dropped 1.7%, as investors dumped steelmakers, coal miners and non-ferrous metals producers. But the index is still up 31% so far this year.

In a slower week for Chinese data, the House Price Index for August will be released on Monday.

Japan

Stocks turned higher on the Tokyo Stock Exchange on Friday, supported by the dollar's resilience against the yen. Despite North Korea's ballistic missile firing over Japan, the benchmark Nikkei average ended the day with the highest closing level in more than one month, the Japan Times reported.

After the initial selling following the launch ran its course, stocks moved into positive territory then expanded gains. Investors took heart from the dollar's strength against the yen after the latest provocation by their neighbour, brokers said, adding traders had "become used to a North Korean missile launch".

The market will be closed on Monday for Respect for the Aged Day, then will swing into action on Tuesday with the release of the trade balance.

The BoJ interest rate decision and monetary policy statement will be handed down on Thursday. No change is expected this week, but a well-connected former central bank executive said on Friday the BoJ could allow long-term interest rates to rise more next year if continued strength in the economy pushes inflation to about 1%.

Banks, but not markets, will be closed due to Autumnal Equinox Day bank holiday on Friday.

Europe

European stocks fell on Friday, but registered their best week since July.

Travel and leisure stocks were among the worst performers following some downgrades in the sector. Carnival, for example, fell 3.6%.

The sector may have also been affected by another knife attack in Paris in the early hours of Friday as well as the terror attack on the London tube network.

On Thursday, 10 years after the Northern Rock crash, the BoE Monetary Policy Committee voted by seven votes to two to keep the bank rate at 0.25%. They kept the current round of money printing, too. However, the "dovish" vote was accompanied by a very "hawkish" statement.

The Bank noted that the economy was looking stronger than it had expected. But more importantly, the Bank warned that everyone on the MPC reckoned that – assuming the economy keeps going the way it is now – "then monetary policy could need to be tightened by a somewhat greater extent ... than current market expectations."

The market is now implying a 52% chance of a November hike and that could rise amid what is described as a period of co-ordinated global tightening.

The strongest performing major currency over the week was the British pound, which rallied 1.4% against the US dollar.

This coming week British retail sales data will be released on Wednesday. Eurozone CPI will be released on Monday and the current account on Tuesday.

On Thursday the European Central Bank will launch a new publication, the Economic Bulletin, to replace the ECB Monthly Bulletin. It will be published two weeks after each Governing Council meeting.

Australia

Australian stocks rose for the first week in four, bolstered by a strong performance from the banks, Fairfax Media reported.

The S&P/ASX 200 Index finished the week up 0.4%, despite a 0.8% fall on Friday.

Meanwhile, Fortescue Metals Group's news that chief executive Nev Power will step down from the role in February pushed shares in the group 4.5% lower to \$5.55. Power has led the iron ore producer for more than six years.

Financials added 2.9% over the week, the best performing sector after information technology.

This coming week the RBA's minutes from its quite upbeat September meeting will be released on Tuesday.

Building permits data is out on Friday.

Commodities

Iron ore faced renewed pressure on Friday and risks sliding back into the \$60s, as China showed signs of cooling and global mine supply increased, while planned steel capacity cuts in the world's biggest consumer this northern winter could further cut demand, Metal Bulletin said.

Ore with 62% content in Qingdao fell 2.5% to \$72.13 a dry metric ton on Friday, the lowest level since July 28, extending the previous day's 3.4% loss, which was the most since May. The commodity, which almost hit \$80 in August, posted the first back-to-back weekly decline since June.

Base metals prices also came under pressure after the release of the disappointing Chinese economic data.

Copper prices on the London Metal Exchange continued to decline in the morning of Thursday September 14, as large stock deliveries continued for the third day in a row.

"The underperformance of LME copper since Monday seems to be driven by a notable deterioration in the present fundamental picture, as gauged by the fluctuations of available inventories," Metal Bulletin analyst Boris Mikanikrezai said.

Zinc prices fell back from near 10-year highs, while nickel prices also continued to retreat lower.

Tin was the only base metal to trade in positive territory for the second morning in a row.

On the oil markets, WTI rose to its highest level in more than a month, hovering just around \$50 per barrel, oilprice.com reported.

Brent surpassed \$55 per barrel on Thursday, the highest level since the beginning of the year.

Strong demand combined with easing fears about hurricane disruptions in the US pushed oil up in the past week.

Also during the week the IEA published an encouraging Oil Market Report, noting that global oil supply had contracted for the first time in months while demand remains very robust.

The Paris-based energy agency said that oil demand growth could hit 1.6 mb/d this year, an upward revision from the 1.5 mb/d estimate last month. Refined product inventories are also nearing the five-year average level, a sign that the oil market is making a great deal of progress towards rebalancing. The report also dismissed fears that the hurricanes in the US would dramatically reduce demand – the agency said any effects will be "short-lived".

On that note, US oil production rebounded sharply after a major disruption from Hurricane Harvey.

After declining by about 750,000 bpd in the week after the storm, US oil production jumped back by about 570,000 bpd last week.

It was just another day in the office for gold (and the JPY) even as North Korea postured again. The flight

to safety theme seems to need more of a protagonist than just grandstanding, yesterday morning's muted reaction being a key example, Societe Generale noted.

With equities in rally mode this week, gold has been taking a break after having a two-month move of over \$150 higher, which included breaking major long-term resistance (now support) at the \$1300 level.


Stock picks

Bluescope Steel Ltd (ASX:BSL) Buy. New anti-dumping legislation in Australia should remove loopholes that have allowed overseas steelmakers to dump surplus steel into the country at prices below those in their home markets. While the new legislation will be too late to help first half performance, second half earnings should benefit (BSL attribute dumping cost the group A\$60m). At current share price levels, BSL is trading on a dividend yield of 1.1% and offers some 7% upside potential to an IRESS consensus target price of A\$12.29.

Downer EDI Ltd (ASX:DOW) Buy. DOW posted solid FY17 results, and more importantly, signalled a positive outlook. The main issue is how successful the company will be in integrating the recently acquired Spotless (SPO); we would not be surprised to see a potential downgrade to SPO's FY18 guidance, but believe this is well known and reflected in the share price. At current share price levels, DOW is trading on an attractive dividend yield of 4% and offers some 5% upside potential to an IRESS consensus target price of A\$6.85.

Commonwealth Bank (ASX:CBA) Buy. Following the marked Austrac and class-action inspired sell-off in the share price in August, CBA's share price has found support from value-investors in September. The bank's historical rating premium of 10-15% has been eroded and the bank is now on similar multiples to its major bank peers. At current share price levels, CBA is trading on an attractive dividend yield of 5.7% and offers some 7% upside potential to an IRESS consensus target price of A\$81.39.

Economic Calendar 18/09/2017 – 22/09/2017

Monday September 18 2017		Actual	Previous	Consensus
03:00 PM	GB BoE Gov Carney Speech 			
Tuesday September 19 2017		Actual	Previous	Consensus
09:30 AM	AU RBA Meeting Minutes			
05:00 PM	DE ZEW Economic Sentiment Index SEP		10	12.5
Wednesday September 20 2017		Actual	Previous	Consensus
07:50 AM	JP Balance of Trade AUG		¥419B	¥93.9B

Source: www.tradingeconomics.com

Economic Calendar 25/09/2017 – 29/09/2017

Monday September 25 2017		Actual	Previous	Consensus
04:00 PM	DE IFO Business Climate SEP		115.9	
Tuesday September 26 2017		Actual	Previous	Consensus
10:00 PM	US New Home Sales AUG		571K	580K
Wednesday September 27 2017		Actual	Previous	Consensus
08:30 PM	US Durable Goods Orders MoM AUG		-6.8%	1.5%
Thursday September 28 2017		Actual	Previous	Consensus
02:00 PM	DE GfK Consumer Confidence OCT		10.9	
05:00 PM	EA Business Confidence SEP		1.09	
08:00 PM	DE Inflation Rate YoY Prel SEP		1.8%	
08:30 PM	US GDP Growth Rate QoQ Final Q2		1.2%	
Friday September 29 2017		Actual	Previous	Consensus
07:05 AM	GB GfK Consumer Confidence SEP		-10	
07:30 AM	JP Unemployment Rate AUG		2.8%	
03:00 PM	CH KOF Leading Indicators SEP		104.1	
03:55 PM	DE Unemployment Change SEP		-5K	
03:55 PM	DE Unemployment Rate SEP		5.7%	
04:30 PM	GB GDP Growth Rate QoQ Final Q2		0.2%	0.3%
04:30 PM	GB GDP Growth Rate YoY Final Q2		2%	1.7%

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 15 September 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
GXY	Galaxy Resources	18.5	IGO	Independence Group	-9.4
MYX	Mayne Pharma Ltd	13.6	EVN	Evolution Mining Ltd	-9.4
TAH	TABCORP Holdings Ltd	8.1	SFR	Sandfire Resources	-8.4
ECX	Eclix Group Ltd	6.6	RRL	Regis Resources	-8.1
SYR	Syrah Resources	6.4	NST	Northern Star	-7.8
MQG	Macquarie Group Ltd	5.8	VOC	Vocus Group Ltd	-7.5
LLC	Lendlease Group	5.6	SRX	Sirtex Medical	-7.3
SXL	Sthn Cross Media	5.5	RSG	Resolute Mining	-7.1
MIN	Mineral Resources.	5.3	SVW	Seven Group Holdings	-6.1
CPU	Computershare Ltd	5.3	WSA	Western Areas Ltd	-6.1

Source: IRESS

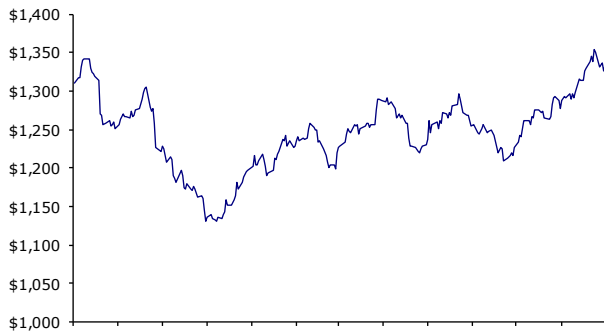
S & P Indices Week Ending 15 September 2017

S&P Indices	16/09/2017	9/09/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	9127	9222	-1.0%	0.2%	17.0%
S&P 200 Materials	10427	10659	-2.2%	1.3%	22.5%
S&P 200 Industrials	5672	5755	-1.5%	-1.6%	13.8%
S&P 200 Consumer Disc.	2128	2116	0.6%	-2.7%	-1.4%
S&P 200 Consumer Staples	9327	9429	-1.1%	-1.3%	6.2%
S&P 200 Healthcare	22436	22471	-0.2%	-0.7%	8.5%
S&P 200 Financials	6370	6192	2.9%	-1.3%	10.0%
S&P 200 Info Technology	900	871	3.4%	5.8%	13.1%
S&P 200 Telecommunicatic	1281	1301	-1.5%	-6.8%	-30.7%
S&P 200 Utilities	8098	8396	-3.6%	0.4%	17.6%
S&P 200 Property Trusts	1335	1335	0.0%	0.1%	-3.1%
S&P 200 Financials ex PT	7104	6906	2.9%	-1.3%	10.1%

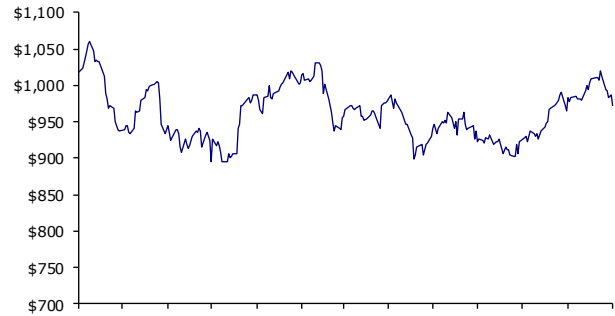
Source: IRESS

1 Year Commodity Price Charts

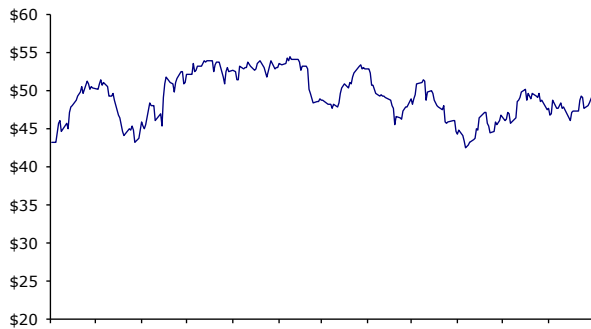
1 Year Gold



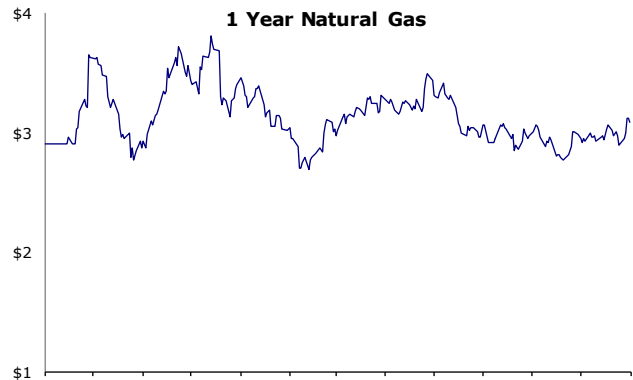
1 Year Platinum



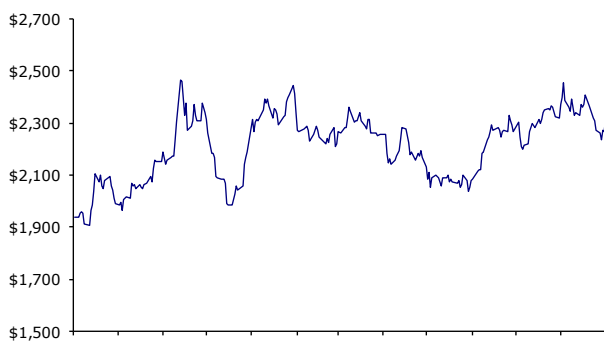
1 Year Oil



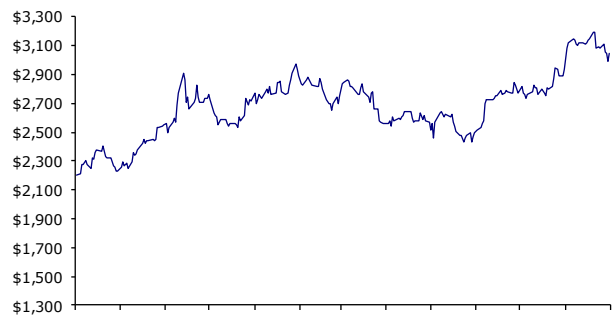
1 Year Natural Gas



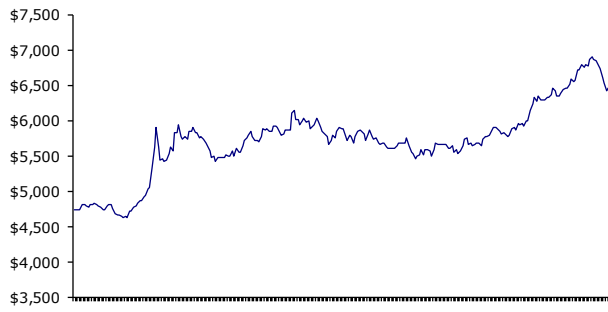
1 Year Lead



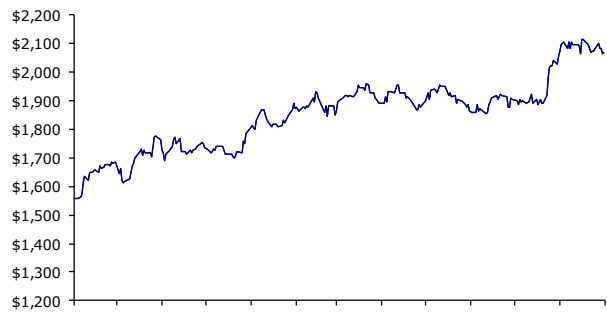
1 Year Zinc



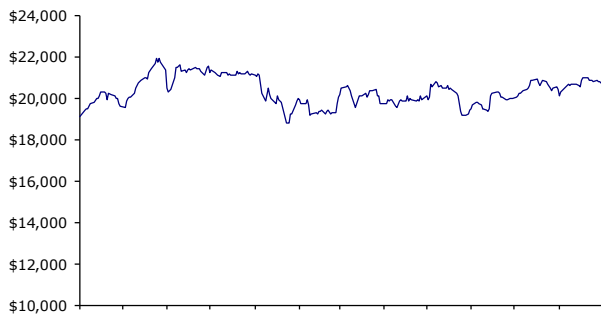
1 Year Copper



1 Year Aluminium

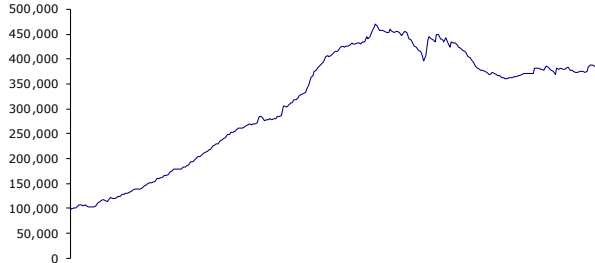


1 Year Tin

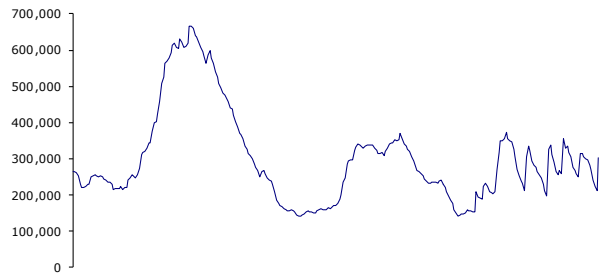


5 Year Metals Stockpiles

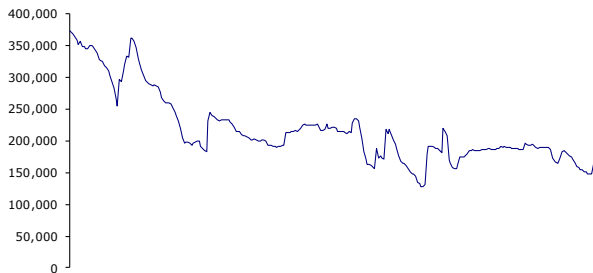
Nickel LME Stockpiles - 5 Year



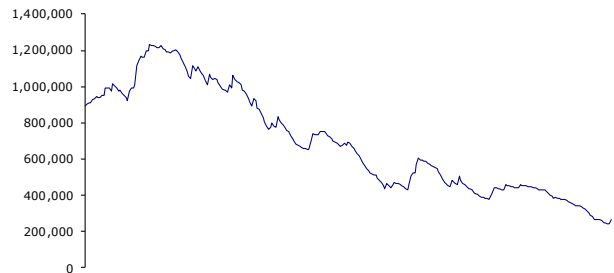
Copper LME Stockpiles - 5 Year



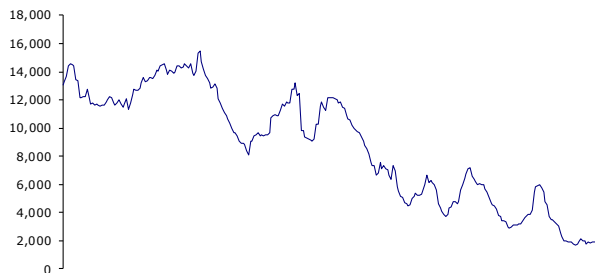
Lead LME Stockpiles - 5 Year



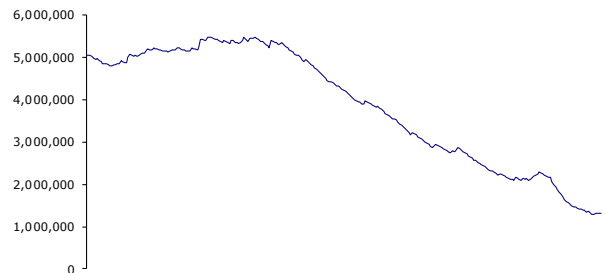
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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