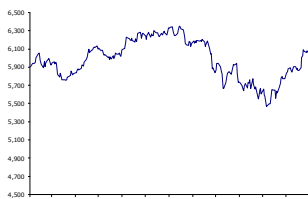


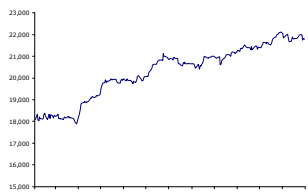
STATE ONE SPINNAKER

17 February 2019
Issue 448

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 17 February 2019

World Markets	17/02/2019	10/02/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6066	6071	-0.1%	3.8%	9.4%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2776	2708	2.5%	5.2%	23.6%
FTSE 100	7237	7071	2.3%	5.8%	4.4%
DAX30	11300	10907	3.6%	2.1%	-9.5%
Shanghai Composite	2682	2654	1.1%	3.5%	-16.6%
Nikkei 225	20901	20333	2.8%	1.6%	11.4%
Hang Seng	27901	27946	-0.2%	3.3%	22.0%
Currency					
AUD/USD	0.7143	0.7062	1.1%	0.5%	-9.7%
Commodities					
Oil (\$/bbl)	55.8	52.4	6.4%	4.9%	-9.5%
Gas (\$/gal)	2.7	2.6	2.8%	-10.1%	-1.4%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6190	6207	-0.3%	4.6%	6.0%
Lead (\$/t)	2068	2066	0.1%	2.8%	-11.3%
Zinc (\$/t)	2604	2689	-3.2%	-0.2%	-5.1%
Aluminium (\$/t)	1829	1865	-2.0%	-2.6%	5.6%
Nickel (\$/t)	12100	12735	-5.0%	4.2%	6.4%
Tin (\$/t)	21085	21050	0.2%	1.5%	-1.4%
Gold (\$/oz)	1322	1319	0.3%	2.6%	12.8%
Silver (\$/oz)	15.7	15.8	-0.4%	2.4%	-7.9%
Platinum (\$/oz)	807	803	0.5%	1.3%	-13.9%
Wheat (\$/t)	506.250	517.750	-2.2%	-3.6%	24.0%

Source: Iress

Global Wrap

Key points

1. US consumer sentiment lifts market
2. Aussie resources close higher
3. Stock analysis: Housing market opportunities and threats

US

Equities surged to a 10-week high as the US consumer outlook brightened and positive developments in China trade talks overshadowed lingering concerns about global growth, Bloomberg reported.

US consumer sentiment rebounded from a two-year low, bolstering the case that Thursday's dire retail sales figures were out of sync with reality.

The S&P 500 Index closed at session highs Friday, with all sectors gaining, on reports that the US and China had reached in principle consensus on the main topics in their trade negotiations.

Treasury yields climbed, while the dollar retreated after an early-morning rally.

Trade continues to dominate markets as the two sides race to reach a deal that would avert a tariff increase on Chinese goods by March 1.

At the White House Friday, President Donald Trump said that the US is “a lot closer” to a deal with China and that he might “extend the date.”

On Wall Street, the reaction has so far been muted to Trump’s announcement that he will declare a national emergency to get more federal money for a border wall.

Also on investors’ watch list this week will be investors will the release of the Federal Reserve’s January meeting minutes Wednesday, which could give some more clues on interest rate movements this week.

China

Slowing China inflation and unexpectedly worse US retail sales figures on Thursday sent Hong Kong stocks plunging 531.21 points, or 1.87% on Friday, as key China stock indexes also reversed their gains in previous sessions.

Most key indexes in the region also ended in negative territory, The South China Morning Post reported. Traders said the slide in the Hang Seng Index, which ended the week at 27,900.84, was magnified by derivatives trading.

The market closed before the release of the more positive US consumer sentiment reading.

China’s consumer price index in January rose 1.7% from a year ago, below the 1.9% gain expected by economists polled by Reuters.

The market takes CPI measures to heart because the Chinese government is transforming the economy to one that is consumer driven.

The CSI 300, which tracks blue chips in both Shenzhen and Shanghai, lost 1.86 per cent, or 63.43 points, at 3,338.71, reversing the previous six straight days of gains.

In Shanghai, the Shanghai Composite Index lost 1.37%, or 37.31 points, at 2,682.39. Leading the losses where banks and financials.

Japan

The benchmark Nikkei average lost ground on the Tokyo Stock Exchange on Friday, bruised by the yen’s rise against the dollar, The Japan Times reported.

The 225-issue Nikkei average sagged 239.08 points, or 1.13%, to end at 20,900.63.

Japan’s closely watched CPI will be released on Thursday.

Europe

European stocks closed higher on Friday on the back of the more positive China-US trade talks.

The pan-European Stoxx 600 ended provisionally up by 1.42% with clear gains in basic resources and autos on the back of optimism regarding trade talks.

On a more sobering note, European Central Bank board member Benoit Coeure said that the euro zone’s recent economic slowdown is more pronounced than previously expected. His comments prompted the euro to slide to slide in value versus the dollar.

Brexit watch: The British pound weakened further overnight after the UK house of Commons voted against a motion to support Prime Minister Theresa May’s approach to resolving the country’s Withdrawal Agreement with the European Union. The Irish border backstop remains a key point of contention in the agreement.

The latest vote increases the chance of a no-deal Brexit, with the UK on track to leave the European Union on March 29. “

A so-called ‘hard Brexit’ is forecast to be very damaging to the UK economy, already weak, and push the British pound much lower.

As well as watching Brexit developments, investors will be tuned in to European Central Bank President Mario Draghi speech in Italy on Friday, which will come after the release of the bank’s accounts of its governing council’s January meeting.

Australia

Australian shares closed the week lower after a major week of earnings caused a number of weaker outlook statements to weigh on investor sentiment.

The S&P/ASX 200 Index closed 5.4 points, or 0.1%, lower for the week at 6066.1 while the broader All Ordinaries actually rose 12.4 points, or 0.2%, to 6148.6.

Major banks led the market losses this week with some modest falls.

AMP and Bendigo & Adelaide Bank were also among the market laggards after reporting soft results this week. AMP fell 10.7 per cent to \$2.18 after its full-year profits plunged 97 per cent while Bendigo slid 11.5 per cent to \$9.87 after reporting a weaker than expected first-half result.

The major resource stocks closed the week higher with some positive results lifting the sector. South32 rose 4.7 per cent to \$3.81, Northern Star Resources climbed 15.5 per cent to \$9.76, Newcrest Mining advanced 2.5 per cent to \$24.88 and Woodside Petroleum lifted 5.6 per cent to \$36.06 with all four reporting positive earnings.

Outside of those reporting, BHP Group rose 3.2 per cent to \$36.47, Fortescue Metals Group advanced 3.8 per cent to \$6.27 and Rio Tinto climbed 0.8 per cent to \$91.30.

Breville Group was among the best performing stocks inside the benchmark index, climbing 21.7 per cent to \$14. The group reported strong results for the first half and said it would be able to weather economic issues in the UK and European Union.

This coming week the Reserve Bank's February meeting will be released on Tuesday, then employment figures on Thursday.

Commodities

Oil posted sizeable gains this week, with ongoing outages in Venezuela tightening the market. Also, one of the largest bearish factors for oil – the US-China trade war – showed some signs of easing.

Gold has recovered most of its losses in the first half of 2018, climbing above \$US1,300 in the past month. While market volatility has declined in the year-to-date, the price has continued to climb.

Stock analysis: Residential property prices falling - opportunities and threats

Press reports on Friday indicate that houses in 649 Australian suburbs currently have an average asking price of at least A\$1m.

This represents a fall of 92 suburbs from last year's 741 (source data: Corelogic).

While this is clearly disappointing for buyers who bought over the past 12 months, every cloud has a silver lining; now may be a good time for new first-time home buyers.

The broader consensus however is that market sentiment is still fragile and prices are likely to fall further in the near-term.

UBS recently issued a warning that house prices in Sydney and Melbourne could drop by almost 20% — more than double the 7% plunge recorded to date.

The alarming claim was made following the release of the latest Australian Bureau of Statistics (ABS) home loan figures, which revealed the number of new mortgages taken out across the country plunged by nearly 20% last year — the lowest point since the global financial crisis.

"The lending numbers are atrocious; it tells us that property markets in Sydney and Melbourne are in a tailspin," says Louis Christopher, the managing director of property researcher SQM Research.

The issue is mostly access to credit and, for at least for past six months, banks have been scrutinising the spending of borrowers more closely when assessing their loan applications, Christopher says.

The banks were recently slammed by the Hayne Royal Commission over lax lending standards.

The Australian Securities and Investments Commission gave lenders further warning about how they assess applications as it updated guidance for responsible lending requirements this week.

Doron Peleg, chief executive of RiskWise Property Research, says the weak lending figures also show how those who would normally be entering the property market are now shying away in anticipation of lower prices.

"Buyer sentiment has been hit as residential property, particularly in Sydney and Melbourne, is seen as a depreciating asset," Peleg says.

In addition, The Westpac-Melbourne Institute Index out last week showed consumers in Sydney and Melbourne have poor property price expectations.

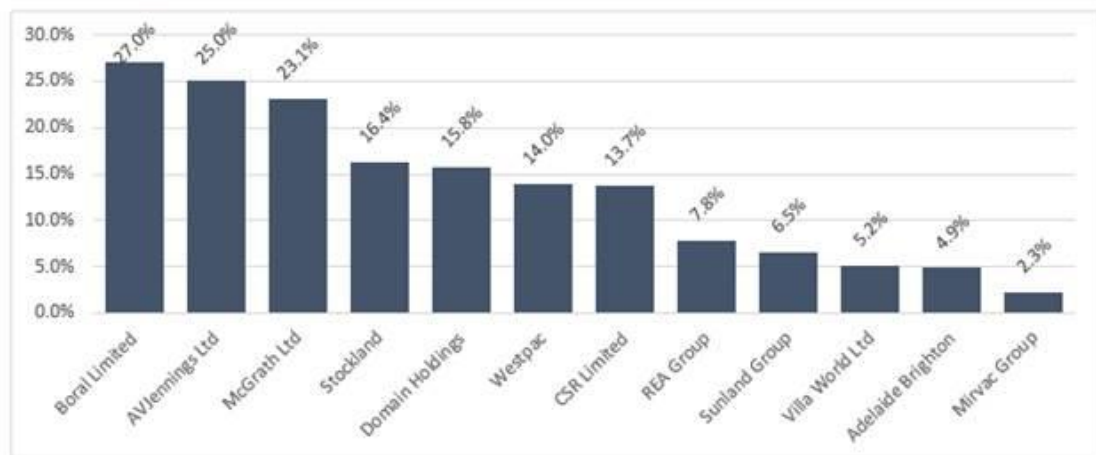
Selected ASX-listed stocks directly exposed to the domestic property market (i.e., builders, material suppliers, property sales and advertising), offer a simple average total return of 13.5% (based on IRESS consensus target prices and FY19E dividend yields). Boral (ASX: BLD) offers the highest upside with a total potential return of 27%; Mirvac Group (ASX: MGR) offers the lowest upside with a total potential return of ~2%.

Forecast total return for ASX-listed stocks exposed to residential property activity












Security	Name	Share Price (A\$)	Target Price (A\$)	Capital upside / (downside) (%)	FY19E Dividend (A\$)	FY19E DY (%)	Total Return (%)
BLD	Boral Limited	4.89	5.94	21.5%	0.27	5.5%	27.0%
AVJ	AVJennings Ltd	0.52	0.61	17.3%	0.04	7.7%	25.0%
MEA	McGrath Ltd	0.26	0.32	23.1%	0.00	0.0%	23.1%
SGP	Stockland	3.73	4.06	8.8%	0.28	7.5%	16.4%
DHG	Domain Holdings	2.53	2.86	13.0%	0.07	2.8%	15.8%
SIO	Westpac	26.81	28.67	6.9%	1.89	7.0%	14.0%
CSR	CSR Limited	3.21	3.39	5.6%	0.26	8.1%	13.7%
REA	REA Group	77.98	82.83	6.2%	1.27	1.6%	7.8%
SDG	Sunland Group	1.53	1.53	0.0%	0.10	6.5%	6.5%
VLW	Villa World Ltd	1.94	1.9	-2.1%	0.14	7.2%	5.2%
ABC	Adelaide Brighton	4.94	4.92	-0.4%	0.26	5.3%	4.9%
MGR	Mirvac Group	2.58	2.52	-2.3%	0.12	4.7%	2.3%

Source: IRESS, compiled by State One Stockbroking

Note: Share price and Target prices as at 15 Feb 2019



Economic Calendar 18/02/2019 – 22/02/2019

Tuesday February 19 2019			Actual	Previous	Consensus
08:30 AM	 AU	RBA Meeting Minutes			
05:30 PM	 GB	Claimant Count Change JAN		20.8K	2.4K
06:00 PM	 DE	ZEW Economic Sentiment Index FEB		-15.0	-13.5
Wednesday February 20 2019			Actual	Previous	Consensus
07:50 AM	 JP	Balance of Trade JAN		¥-55B	¥-1011B
11:00 PM	 EA	Consumer Confidence Flash FEB		-7.9	-8
Thursday February 21 2019			Actual	Previous	Consensus
03:00 AM	 US	FOMC Minutes			
03:00 PM	 DE	Inflation Rate YoY Final JAN		1.7%	1.4%
04:30 PM	 DE	Markit Manufacturing PMI Flash FEB		49.7	49.8
09:30 PM	 US	Durable Goods Orders MoM DEC		0.8%	1.8%
Friday February 22 2019			Actual	Previous	Consensus
07:30 AM	 JP	Inflation Rate YoY JAN		0.3%	
05:00 PM	 DE	Ifo Business Climate FEB		99.1	98.9

Source: www.tradingeconomics.com

Economic Calendar 25/02/2019 – 1/03/2019

Tuesday February 26 2019			Actual	Previous	Consensus
03:00 PM	DE	GfK Consumer Confidence MAR		10.8	10.3
Wednesday February 27 2019			Actual	Previous	Consensus
06:00 PM	EA	Business Confidence FEB		0.69	0.75
09:30 PM	CA	Inflation Rate YoY JAN		2%	1.7%
Thursday February 28 2019			Actual	Previous	Consensus
08:01 AM	GB	GfK Consumer Confidence FEB		-14	-15
09:00 AM	CN	NBS Manufacturing PMI FEB		49.5	49.3
09:00 PM	DE	Inflation Rate YoY Prel FEB			
Friday March 01 2019			Actual	Previous	Consensus
09:45 AM	CN	Caixin Manufacturing PMI FEB		48.3	49.5
01:00 PM	JP	Consumer Confidence FEB		41.9	
04:55 PM	DE	Markit Manufacturing PMI Final FEB		49.7	
06:00 PM	IT	Full Year GDP Growth 2018		1.6%	
06:00 PM	IT	Government Budget 2018		-2.3%	
09:30 PM	US	Personal Income MoM DEC		0.2%	0.5%
09:30 PM	US	Personal Income MoM JAN			0.4%
09:30 PM	US	Personal Spending MoM DEC		0.4%	0.1%
11:00 PM	US	ISM Manufacturing PMI FEB		56.6	56.5

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 15 February 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
DHG	Domain Holdings Aus	22.2	PGH	Pact Group Hldgs Ltd	-22.8
BRG	Breville Group Ltd	21.7	BEN	Bendigo and Adelaide	-11.5
NST	Northern Star	15.5	SKI	Spark Infrastructure	-10.8
BPT	Beach Energy Limited	15.3	AMP	AMP Limited	-10.7
CWY	Cleanaway Waste Ltd	14.4	ORE	Orocobre Limited	-9.0
AOG	Aveo Group	14.0	CGF	Challenger Limited	-8.4
PMV	Premier Investments	12.2	TPM	TPG Telecom Limited	-8.1
LYC	Lynas Corporation	11.9	URW	Unibailrodawestfield	-7.7
MFG	Magellan Fin Grp Ltd	11.8	ELD	Elders Limited	-7.1
ASL	Ausdrill Limited	10.3	SYR	Syrah Resources	-7.0

Source: IRESS

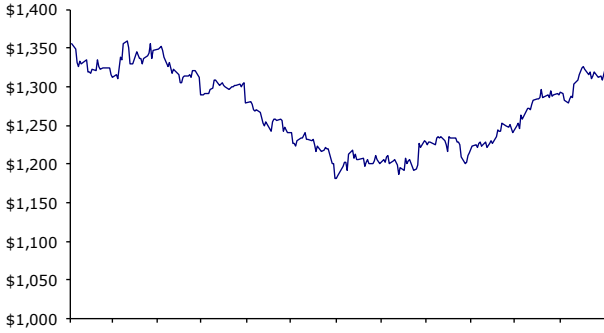
S & P Indices Week Ending 15 February 2019

S&P Indices	17/02/2019	10/02/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	11388	10846	5.0%	9.1%	28.1%
S&P 200 Materials	12695	12336	2.9%	10.5%	28.2%
S&P 200 Industrials	6106	6052	0.9%	4.2%	19.7%
S&P 200 Consumer Disc.	2263	2256	0.3%	2.8%	8.1%
S&P 200 Consumer Staples	10803	10868	-0.6%	0.4%	26.3%
S&P 200 Healthcare	29308	30223	-3.0%	-4.3%	52.0%
S&P 200 Financials	5780	5912	-2.2%	1.5%	-9.3%
S&P 200 Info Technology	1236	1213	1.9%	8.1%	59.0%
S&P 200 Telecommunicatic	1133	1139	-0.5%	6.5%	-35.4%
S&P 200 Utilities	7948	7954	-0.1%	2.9%	5.4%
S&P 200 Property Trusts	1501	1509	-0.6%	4.2%	11.9%
S&P 200 Financials ex PT	6446	6594	-2.2%	1.5%	-9.3%

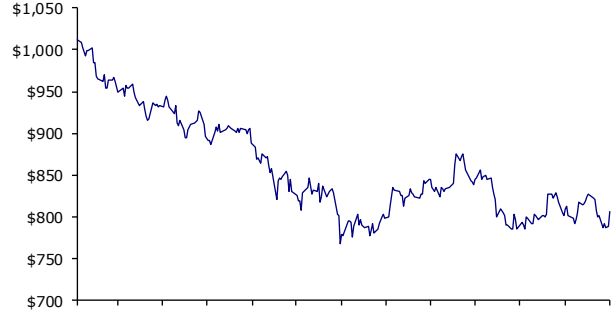
Source: IRESS

1 Year Commodity Price Charts

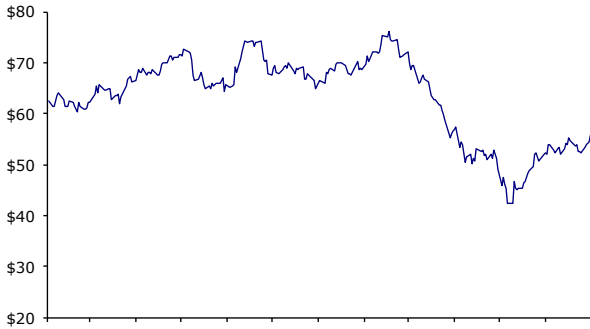
1 Year Gold



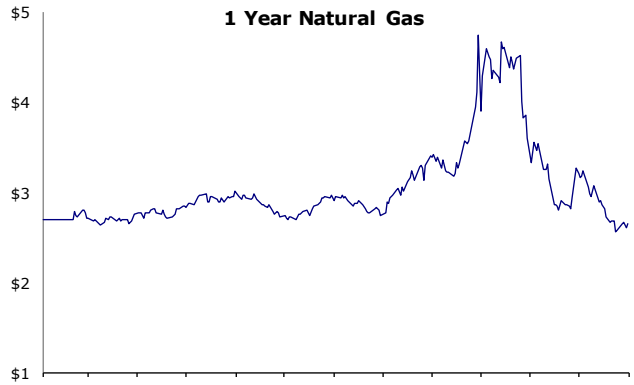
1 Year Platinum



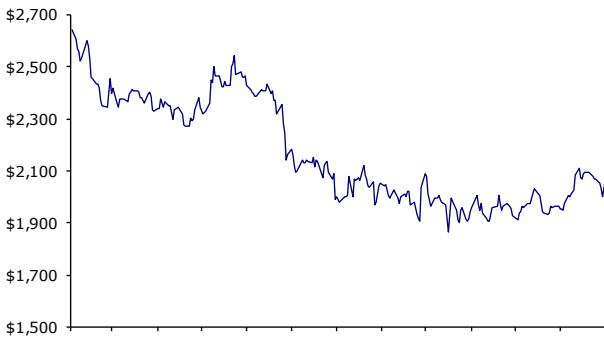
1 Year Oil



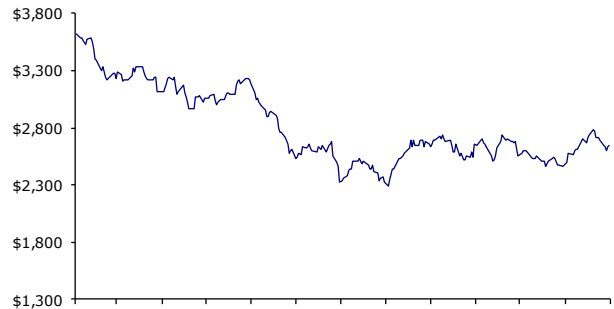
1 Year Natural Gas



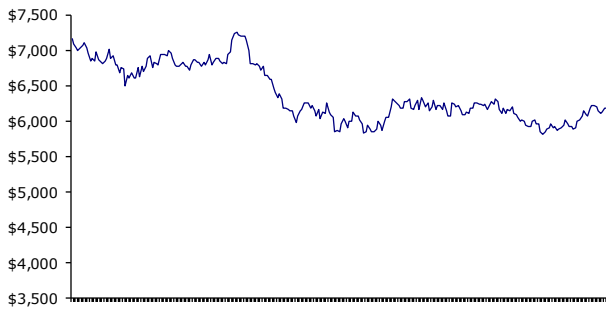
1 Year Lead



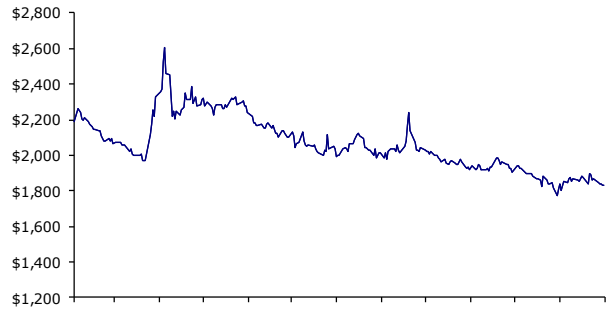
1 Year Zinc



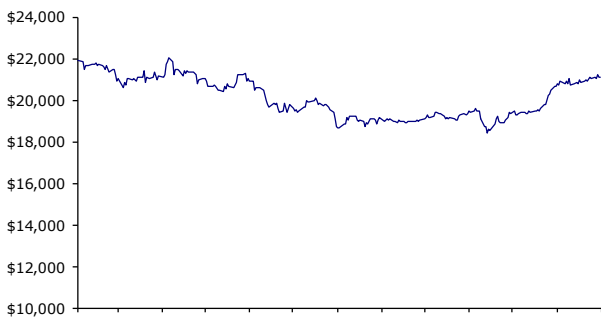
1 Year Copper



1 Year Aluminium

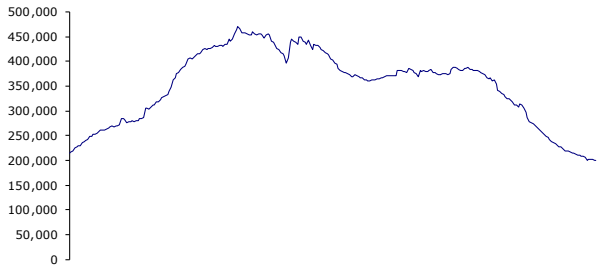


1 Year Tin

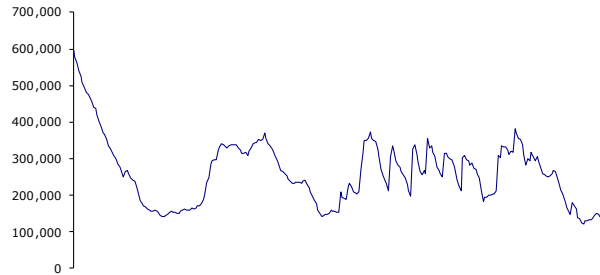


5 Year Metals Stockpiles

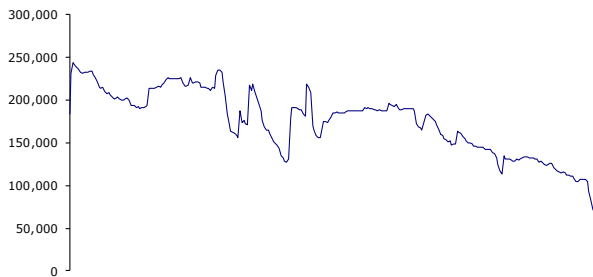
Nickel LME Stockpiles - 5 Year



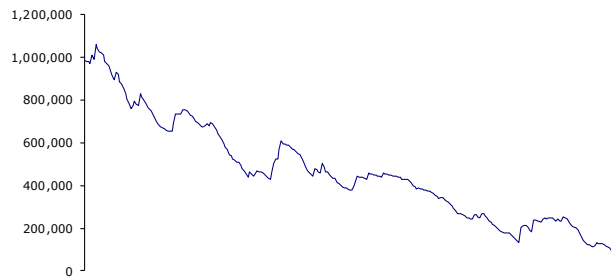
Copper LME Stockpiles - 5 Year



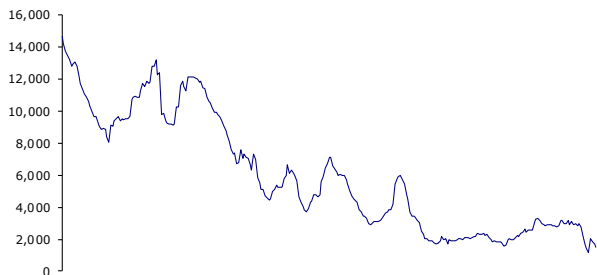
Lead LME Stockpiles - 5 Year



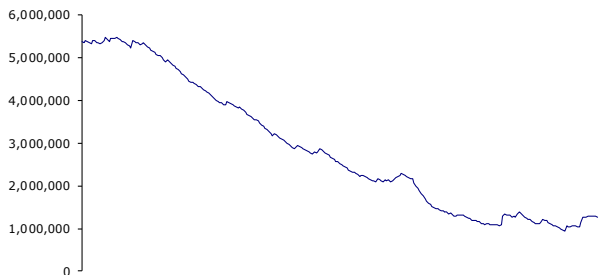
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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