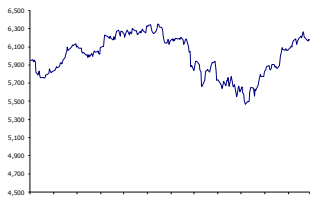


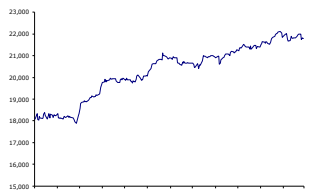
STATE ONE SPINNAKER

17 March 2019
Issue 452

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 17 March 2019

World Markets	17/03/2019	10/03/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6175	6204	-0.5%	1.3%	11.4%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2822	2743	2.9%	1.4%	25.7%
FTSE 100	7228	7104	1.7%	0.0%	4.3%
DAX30	11686	11458	2.0%	2.5%	-2.4%
Shanghai Composite	3022	3027	-0.2%	9.8%	-6.0%
Nikkei 225	21451	21125	1.5%	-0.1%	14.3%
Hang Seng	29012	28228	2.8%	1.7%	26.9%
Currency					
AUD/USD	0.7091	0.7071	0.3%	1.1%	-8.1%
Commodities					
Oil (\$/bbl)	58.4	56.8	2.8%	2.7%	-6.2%
Gas (\$/gal)	2.8	2.9	-2.4%	4.7%	2.6%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6410	6399	0.2%	0.9%	9.8%
Lead (\$/t)	2054	2072	-0.9%	1.4%	-11.9%
Zinc (\$/t)	2878	2706	6.4%	6.1%	4.9%
Aluminium (\$/t)	1868	1848	1.1%	2.1%	7.9%
Nickel (\$/t)	12845	13040	-1.5%	1.1%	13.0%
Tin (\$/t)	21340	21410	-0.3%	0.0%	-0.3%
Gold (\$/oz)	1303	1299	0.3%	-2.9%	11.1%
Silver (\$/oz)	15.3	15.3	-0.2%	-4.9%	-10.4%
Platinum (\$/oz)	832	818	1.7%	0.3%	-11.3%
Wheat (\$/t)	462.500	439.500	5.2%	-5.1%	13.3%

Source: Iress

Global Wrap

Key points

1. Trade optimism lifts markets
2. Iron ore, ASX listed gold miners up
3. Stock analysis: OPEC in a fight with 'NOPEC'

US

Stocks posted strong weekly gains, led by tech shares, as investors cheered renewed optimism on the US-China trade front on Friday, CNBC reported.

The Dow Jones Industrial Average climbed 138.93 points to 25,848.87 as Boeing shares turned around to close 1.5% higher.

Boeing's turnaround was sparked by a report saying the company planned to roll out a software upgrade for its 737 Max aircraft. The stock had been under pressure all week after an Ethiopian Airlines flight using a 737 Max plane crashed on Sunday, which prompted several countries to ground flights involving the plane.

Gains in the tech and consumer discretionary sectors pushed the S&P 500 up 0.5% to 2,822.48. Tech shares also bolstered the Nasdaq Composite, which climbed 0.8% to 7,688.53.

The S&P 500 and Nasdaq Composite both rose at least 2.9%, though the laggard Dow gained only 1.7% amid Boeing's troubles.

The S&P 500 also posted its biggest one-week gain since November.

Chinese Vice Premier Liu He spoke via telephone with US Treasury Secretary Steven Mnuchin and US Trade Representative Robert Lighthizer, Xinhua news agency reported Friday.

The report, according to The South China Morning Post, said the two sides had further made concrete progress on the text of the trade agreement between the two sides.

The news comes after CNBC reported Thursday that Chinese negotiators suggest combining a state visit to the US with the signing of a trade deal.

Beijing wants a deal to be fully ironed out before President Xi Jinping meets with US President Donald Trump.

Apart from trade talks investors next week will be watching the Federal Reserve rate announcement on Wednesday.

China

The Chinese stock market closed higher on Friday after Premier Li Keqiang vowed strong measures to boost slowing economic growth, Reuters reported.

At the close, the Shanghai Composite index was up 1% at 3,021.75, while the blue-chip CSI300 index was up 1.3%.

The Shanghai index rose 1.7% this week, while the CSI300 gained 2.4%.

Li said on Friday at a press conference marking the end of the annual meeting of the National People's Congress that China would not let economic growth slip out of a reasonable range amid downward pressure on its economy.

The Chinese premier pledged strong measures to support growth, saying that the government could use tools such as reserve requirements and interest rates.

Li added that China would cut value-added tax (VAT) for manufacturing and other sectors on April 1 and social security fees from May 1.

The measures are coming after China lowered its growth target to 6 to 6.5% for 2019, down from around 6.5% last year.

Japan

Stocks staged a rally Friday on the Tokyo Stocks Exchange after investor sentiment was lifted by a weakening yen and climbing indexes in other Asian markets, The Japan Times reported.

The 225-issue Nikkei average gained 163.83 points, or 0.77%, to end at 21,450.85. On Thursday, the key market gauge shed 3.22 points.

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

Europe

European stocks ended higher on Friday afternoon after UK lawmakers voted on Thursday night to seek delay of a potentially chaotic exit from the European Union for at least three months.

The pan-European Stoxx 600 closed provisionally 0.73% higher during afternoon deals, with major bourses and most sectors in positive territory, CNBC reported.

Volkswagen shares were down 0.3%, after the US Securities and Exchange Commission filed a lawsuit to sue the automaker and its former CEO over the diesel emissions scandal.

UBS shares fell around 1.1% after the bank said it had set aside 450 million euros (\$516 million) to appeal a French court ruling that slapped a 4.5 billion euro fine on the company for alleged money laundering, Reuters reported.

Inflation in the euro zone saw a 1.5% year-on-year increase in February, the European Commission confirmed on Friday.

Market focus is largely attuned to global trade developments, as sentiment improved on a report that more progress has been made in talks between the world's two largest economies.

The UK's CPI and rate decision will be released on Wednesday and Thursday respectively.

On Friday morning the UK Parliament voted to extend its deadline to leave the European Union however an extension remains contingent on the agreement of all 27 EU member states.

Parliament also chose to reject a second referendum after Opposition leader Jeremy Corbyn ordered his MPs not to vote on the amendment on the ground that it was the wrong time to push for it.

Prime Minister Theresa May could also attempt for a third time to get her deal through Parliament next week.

Australia

Australian shares closed a mixed week of trading slightly lower after the Brexit uncertainty and mixed US and China trade news caused jitters.

The S&P/ASX 200 Index fell 28.6 points, or 0.5%, to 6175.2 while the broader All Ordinaries slid 22 points, or 0.3%, to 6265.1.

Investors were this week focused on a series of votes in British parliament over the future of Brexit and mixed news coming from trade negotiations between the US and China swayed the market.

Next week the Federal Reserve meeting will be pivotal for sentiment, particularly its economic projection and any indication of tapering, or even ending, its balance sheet reduction later this year, The Australian Financial Review reported

The major miners were mixed this week. BHP Group fell 1.1% to \$36.48 this week, Rio Tinto advanced 1.2% to \$91.65, South32 climbed 0.8% to \$3.81 and Fortescue Metals Group closed at \$6.48, down 0.3% for the week.

Gold miners also supported the market's advance this week as investors hedged amid uncertainty over the future of Brexit and the trade war. Newcrest Mining climbed 0.9% this week to close at \$24.72, Evolution Mining rose 4.6% to 3.65, St Barbara advanced 7.9% to \$4.50, and Saracen Minerals closed the week 8.6% higher at \$2.79.

The major financial stocks led the losses on the local sharemarket. ANZ shares fell 2.8% to \$26.35 this week, Westpac closed 1.9% lower at \$26.48, NAB slid 0.7% to \$25.21, Commonwealth Bank declined 1.2% to \$72.31 and Macquarie closed at \$127.74, down 0.6%.

Sigma Healthcare shares fell 14.6% to 52.5¢ this week after the company knocked back a takeover offer from rival Australian Pharmaceutical Industries.

Sigma boss Mark Hooper said the company would have to significantly boost its \$730 million cash and scrip offer.

This Tuesday the Reserve Bank will release its March meeting minutes and the unemployment rate comes out on Thursday.

Commodities

Iron ore prices surged on Thursday on hopes of increased demand for the bulk metal. The price of 62% iron ore rose 3.6% to \$US87.10, rebounding from a weaker start to the week.

Falling stockpiles and the relaxation of restrictions on sintering output in the steelmaking hub of Tangshan drove optimism

Oil prices have surged to their highest level in months, with WTI rising above \$58 per barrel and Brent trading north of \$67. The instability in Venezuela and the growing evidence of a slowdown in US shale have pushed prices up.

Stock analysis: OPEC in a fight with NOPEC

The Organization of Petroleum Exporting Countries will once again become a nemesis for US shale if the US Congress passes a bill dubbed NOPEC, or No Oil Producing and Exporting Cartels Act, Bloomberg reported this week, citing sources present at a meeting between a senior OPEC official and US bankers. The oil minister of the UAE, Suhail al-Mazrouei, reportedly told lenders at the meeting that if the bill was made into law that made OPEC members liable to US anti-cartel legislation, the group, which is to all intents and purposes indeed a cartel, would break up and every member would boost production to its maximum.

This would be a repeat of what happened in 2014 and 2015, and ultimately led to Brent crude and WTI crude oil prices sink below US\$30 a barrel (see chart below). If this happened in 2019-2020 most US shale-focused, debt-dependent producers would go under.

Bankers who provide the debt financing that shale producers need are the natural target for opponents of the NOPEC bill. Banks got burned during the 2014 crisis and are still recovering and regaining their trust in the industry. Purse strings are being loosened as WTI climbs closer to US\$60 a barrel, but lenders are certainly aware that this is to a large extent the result of OPEC action: the cartel is cutting production again and the effect on prices is becoming increasingly visible.

Indeed, if OPEC starts pumping again at maximum capacity, even without Iran and Venezuela, and with continued outages in Libya, it would pressure prices significantly, especially if Russia joins in. After all, its state oil companies have been itching to start pumping more.

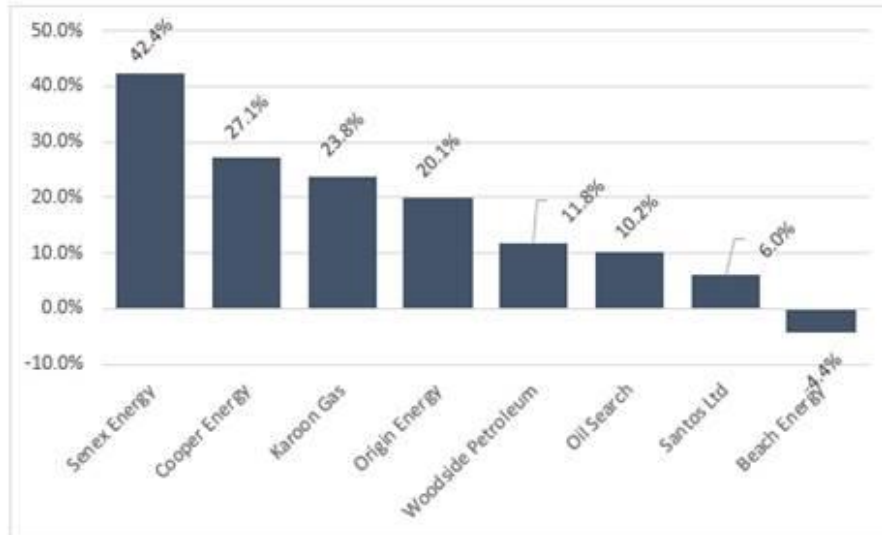
The NOPEC legislation has little chance of becoming a law. It is not the first attempt by US legislators to make OPEC liable for its cartel behaviour, and none of the others made it to a law. However, Al-Mazrouei's not too subtle threat highlights the weakest point of US shale: the industry's dependence on borrowed money.

ASX-energy stocks have benefitted from the upward momentum in the energy price environment over the past quarter. At current share price levels Origin Energy (ASX:ORG) offers the most upside of the large cap energy plays. Senex Energy (ASX:SXY) offers the most upside of the smaller cap energy plays.































Forecast total return for selected ASX-listed Oil & Gas stocks

Security	Name	Share Price (A\$)	Target Price (A\$)	Capital upside / (downside) (%)	FY19E Dividend (A\$)	FY19E DY (%)	Total Return (%)
SXY	Senex Energy	0.33	0.47	42.4%	0.00	0.0%	42.4%
COE	Cooper Energy	0.48	0.61	27.1%	0.00	0.0%	27.1%
KAR	Karoon Gas	1.05	1.30	23.8%	0.00	0.0%	23.8%
ORG	Origin Energy	7.36	8.64	17.4%	0.20	2.7%	20.1%
WPL	Woodside Petroleum	35.36	37.75	6.8%	1.79	5.1%	11.8%
OSH	Oil Search	8.06	8.68	7.7%	0.20	2.5%	10.2%
STO	Santos Ltd	6.96	7.28	4.6%	0.10	1.4%	6.0%
BPT	Beach Energy	2.05	1.93	-5.9%	0.03	1.5%	-4.4%



Source: IRESS, compiled by State One Stockbroking

Economic Calendar 18/03/2019 – 22/03/2019

Monday March 18 2019			Actual	Previous	Consensus
07:50 AM	 JP	Balance of Trade FEB		¥-1415B	¥310.2B 
Tuesday March 19 2019			Actual	Previous	Consensus
08:30 AM	 AU	RBA Meeting Minutes			
05:30 PM	 GB	Claimant Count Change FEB		14.2K	2.7K 
06:00 PM	 DE	ZEW Economic Sentiment Index MAR		-13.4	-11 
Wednesday March 20 2019			Actual	Previous	Consensus
05:30 PM	 GB	Inflation Rate YoY FEB		1.8%	1.8% 
Thursday March 21 2019			Actual	Previous	Consensus
02:00 AM	 US	Fed Interest Rate Decision		2.5%	2.5% 
02:00 AM	 US	FOMC Economic Projections			
08:00 PM	 GB	MPC Meeting Minutes			
08:00 PM	 GB	BoE Quantitative Easing		£435B	£435B 
08:00 PM	 GB	BoE Interest Rate Decision		0.75%	0.75% 
11:00 PM	 EA	Consumer Confidence Flash MAR		-7.4	-7.4 
	 GB	Parliamentary Vote on Brexit Deal			
	 EU	European Council Meeting			
	 EU	EU Leaders Vote on Art 50 Extension			
Friday March 22 2019			Actual	Previous	Consensus
07:30 AM	 JP	Inflation Rate YoY FEB		0.2%	0.3% 
04:30 PM	 DE	Markit Manufacturing PMI Flash MAR		47.6	48.1 
08:30 PM	 CA	Inflation Rate YoY FEB		1.4%	1.5% 

Source: www.tradingeconomics.com

Economic Calendar 25/03/2019 – 29/03/2019

Monday March 25 2019		Actual	Previous	Consensus
05:00 PM	DE Ifo Business Climate MAR		98.5	
Tuesday March 26 2019		Actual	Previous	Consensus
03:00 PM	DE GfK Consumer Confidence APR		10.8	
Wednesday March 27 2019		Actual	Previous	Consensus
08:30 PM	CA Balance of Trade JAN		C\$-4.59B	C\$-2.8B
08:30 PM	US Balance of Trade JAN		\$-59.8B	\$-57.3B
Thursday March 28 2019		Actual	Previous	Consensus
06:00 PM	EA Business Confidence MAR		0.69	
09:00 PM	DE Inflation Rate YoY Prel MAR		1.5%	
Friday March 29 2019		Actual	Previous	Consensus
08:01 AM	GB Gfk Consumer Confidence MAR		-13	
08:30 PM	US Personal Income MoM FEB		-0.1%	
08:30 PM	US Personal Spending MoM JAN		-0.5%	0.2%

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 15 March 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
WTC	Wisetech Global Ltd	9.8	SIG	Sigma Health Ltd	-14.6
SAR	Saracen Mineral	8.6	ALG	Ardentleisuregrpltd	-13.3
BAL	Bellamy's Australia	8.2	SWM	Seven West Media Ltd	-7.4
PPT	Perpetual Limited	8.1	IFN	Infigen Energy	-7.0
SBM	St Barbara Limited	7.9	SYR	Syrah Resources	-6.9
MMS	McMillan Shakespeare	7.0	CTD	Corp Travel Limited	-6.6
CNU	Chorus Limited	6.4	SDA	Speedcast Int Ltd	-6.1
EHL	Emeco Holdings	5.9	AHG	Automotive Holdings.	-5.9
IPH	IPH Limited	5.7	SFR	Sandfire Resources	-5.3
NHC	New Hope Corporation	5.5	APX	Appen Limited	-5.0

Source: IRESS

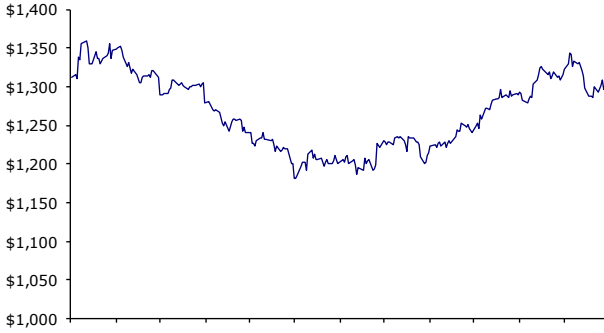
S & P Indices Week Ending 15 March 2019

S&P Indices	17/03/2019	10/03/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	11370	11343	0.2%	-2.2%	27.9%
S&P 200 Materials	12723	12752	-0.2%	-2.4%	28.5%
S&P 200 Industrials	6251	6242	0.1%	2.5%	22.5%
S&P 200 Consumer Disc.	2309	2343	-1.5%	3.2%	10.3%
S&P 200 Consumer Staples	10745	10766	-0.2%	3.7%	25.6%
S&P 200 Healthcare	30490	30759	-0.9%	4.7%	58.1%
S&P 200 Financials	5908	5978	-1.2%	1.3%	-7.3%
S&P 200 Info Technology	1299	1277	1.7%	4.1%	67.0%
S&P 200 Telecommunicatic	1167	1158	0.8%	2.4%	-33.5%
S&P 200 Utilities	8143	8115	0.3%	3.2%	8.0%
S&P 200 Property Trusts	1544	1534	0.7%	3.9%	15.1%
S&P 200 Financials ex PT	6589	6667	-1.2%	1.3%	-7.3%

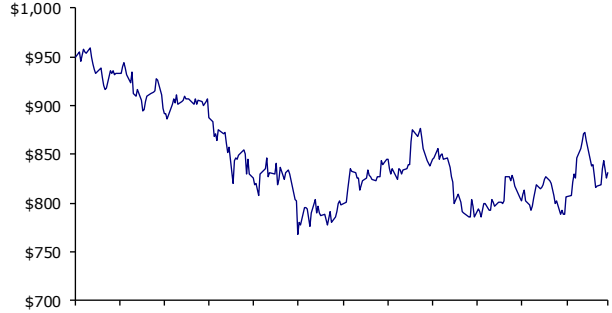
Source: IRESS

1 Year Commodity Price Charts

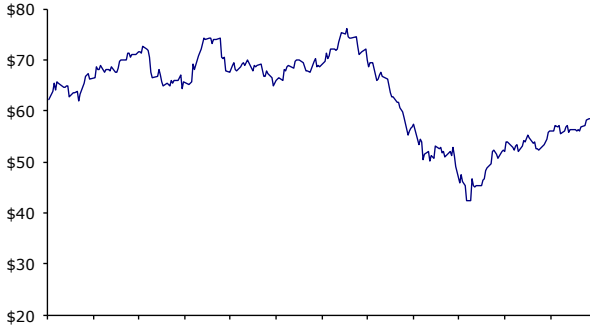
1 Year Gold



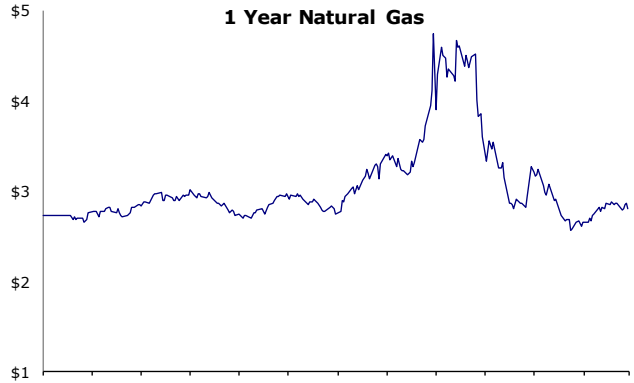
1 Year Platinum



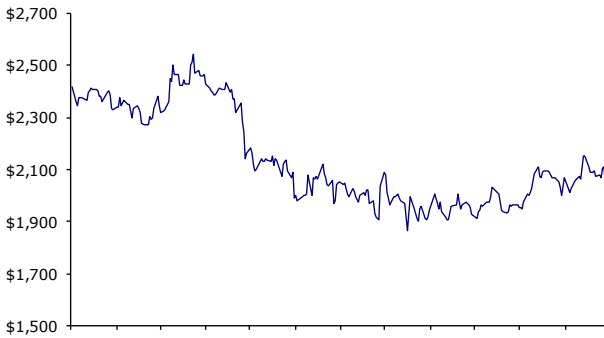
1 Year Oil



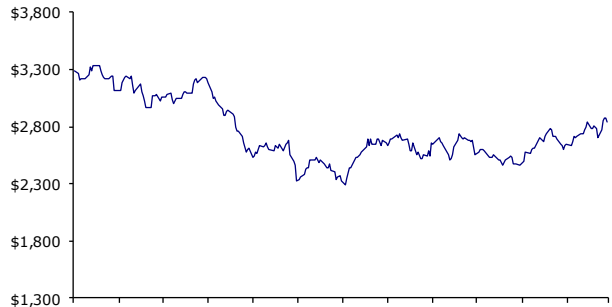
1 Year Natural Gas



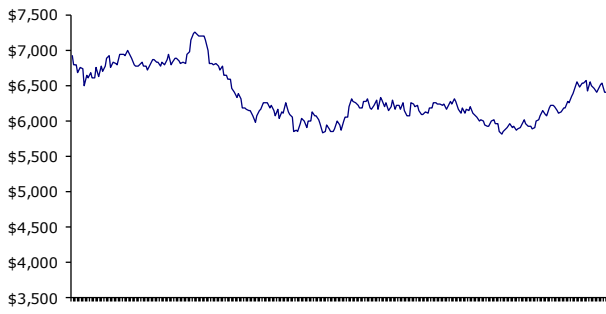
1 Year Lead



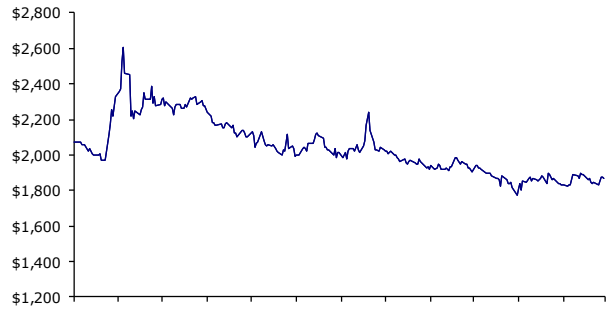
1 Year Zinc



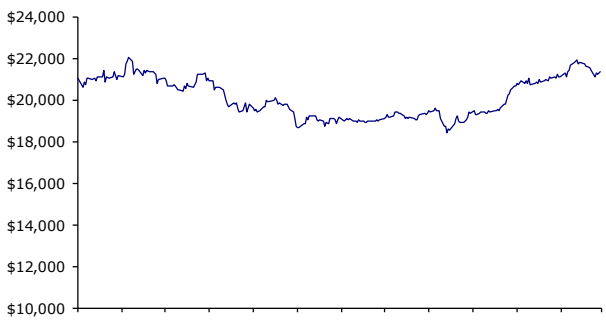
1 Year Copper



1 Year Aluminium

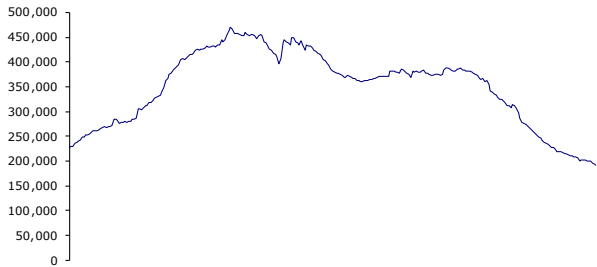


1 Year Tin

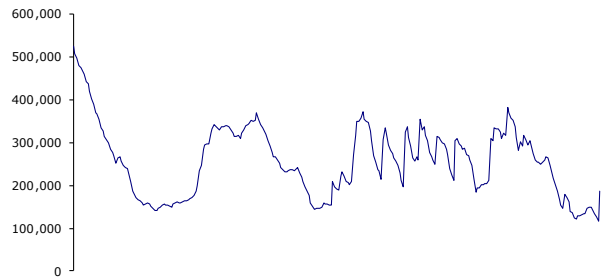


5 Year Metals Stockpiles

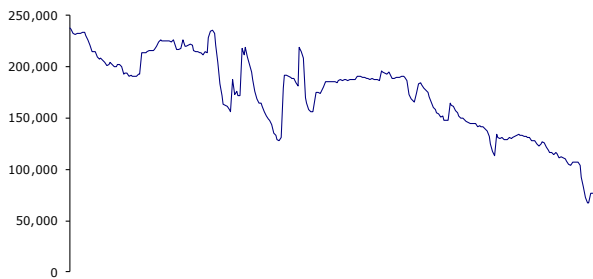
Nickel LME Stockpiles - 5 Year



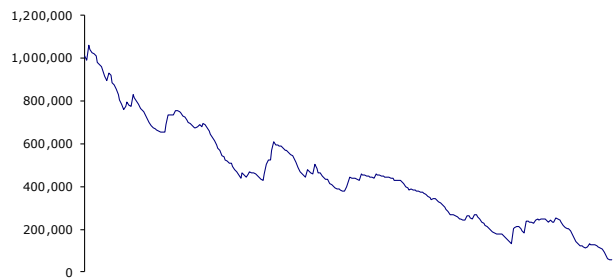
Copper LME Stockpiles - 5 Year



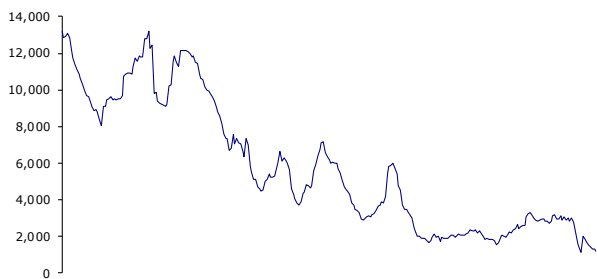
Lead LME Stockpiles - 5 Year



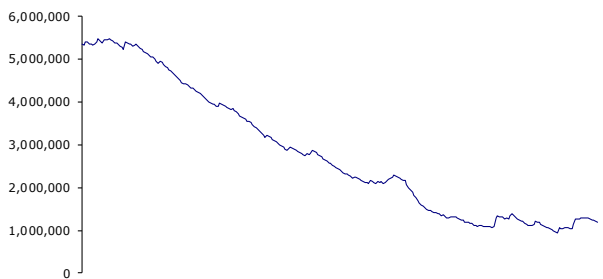
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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