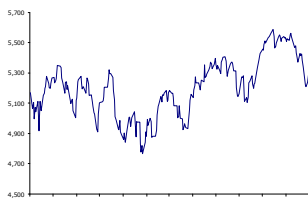


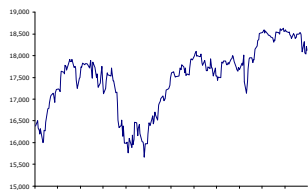
## STATE ONE SPINNAKER

**17 September 2016**  
**Issue 338**

### 12 month XJO chart



### 12 month Dow Jones chart



### State One Research Products

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**Overview**

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## Global Wrap – 17 September 2016

World Markets	17/09/2016	10/09/2016	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5297	5339	-0.8%	-4.8%	2.9%
Dow Jones	18124	18085	0.2%	-1.9%	8.7%
Nasdaq	5245	5126	2.3%	0.5%	21.0%
S&P 500	2139	2128	0.5%	-1.7%	7.5%
FTSE 100	6710	6777	-1.0%	-1.8%	8.5%
DAX30	10276	10573	-2.8%	-3.3%	8.7%
Shanghai Composite	3003	3022	-0.6%	-2.1%	-2.7%
Nikkei 225	16519	16673	-0.9%	-0.2%	-10.4%
Hang Seng	23336	24100	-3.2%	2.3%	6.8%
Currency					
AUD/USD	0.7494	0.7566	-1.0%	-2.0%	4.3%
Commodities					
Oil (\$/bbl)	43.2	45.7	-5.5%	-7.7%	-7.9%
Gas (\$/gal)	3.0	2.9	4.9%	6.9%	24.5%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	4734	4623	2.4%	1.6%	-11.8%
Lead (\$/t)	1936	1897	2.1%	4.6%	13.8%
Zinc (\$/t)	2232	2291	-2.6%	-3.5%	31.7%
Aluminium (\$/t)	1560	1568	-0.5%	-5.8%	-2.9%
Nickel (\$/t)	9650	10340	-6.7%	-5.6%	-2.4%
Tin (\$/t)	19125	19600	-2.4%	1.0%	22.6%
Gold (\$/oz)	1310	1332	-1.6%	-1.3%	17.3%
Silver (\$/oz)	18.9	19.1	-1.4%	1.2%	24.8%
Platinum (\$/oz)	1018	1065	-4.4%	-6.0%	3.4%
Wheat (\$/t)	403.250	403.500	-0.1%	-5.4%	-16.3%

Source: Iress

## RIU Resources Investor Roadshow 2016

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## Capital Raisings

Antipodes Global Investment IPO – General Offer Expected to Close 30 Sep 2016. Actively managed long/short fund in international equities, founded by Jacob Mitchell, former Deputy Chief Investment Officer of Platinum Asset Management

To download the related documents please visit <https://www.stateone.com.au/>

## Global Wrap

### US

The much-anticipated September Federal Reserve policy meeting comes to pass this Tuesday and Wednesday, the outcomes statement due early Thursday Australian time.

Thursday, BNP Paribas warned a US rate rise this coming week remained a 'close call' and that there was a greater risk of a September rate rise than it appeared markets were conceding.

Come Friday, August CPI was reported 0.2% higher for the month, and up 1.1% for the year. The monthly figure was double the average forecast and came on the heels of a status quo result for July.

Core CPI (excluding food and energy) rose 0.3% for the month and 2.3% year-on-year.

Medical costs were reported 1% higher for the month and residential rents grew 0.3%. More expensive vehicle insurance and price increases for clothing were also cited as contributing to the overall CPI rate.

While the Federal Reserve would look at all component figures and trends, all up, the CPI growth was viewed as supportive of a rate rise before the end of the year.

US equities behaviour Thursday indicated that July retail sales and industrial production, released that session, were considered to have lowered any prospects of a September rate rise.

However, a raft of other indicators, and even some of the finer detail for the weaker-than-anticipated figures, have kept alive expectations of a rise before the end of the year.

In one example, August import prices were reported 2.2% lower for the year, but this was an improvement on July's 3.7% decline.

Further, a regional manufacturing index rose 10.8 points to 12.8. This, against expectations of a two-point fall, based on ongoing comparative \$US strength and reduced prices.

US equities had opened the week with a bounce after a Federal Reserve governor publicly declared there was no reason to rush to push rates higher and that rather, both domestic and international issues pointed to caution.

Together with a 'dovish' statement from a regional Fed president, this helped reduce the fear of a September rate move that had appeared to spook markets at the end of the previous week, following a string of regional presidents espousing a near-term rise.

In the meantime, the Federal Reserve's Atlanta president Dennis Lockhart announced he intended to relinquish his role come 28 February.

Notably this past week, the Atlanta Federal Reserve lowered its weekly September quarter national GDP growth 0.3% to 3.0%.

Given the intensity of interest rate talk, as the quarter draws to a close, GDP speculation is expected to heat.

During the coming week, the US housing sector will be in focus, with housing starts, construction permits, August existing home sales, plus homebuilders' sentiment and industry-calculated house price indices due.

The Chicago Fed national activity index, a regional manufacturing index, Markit preliminary September national PMI, and August leading economic indicators are also scheduled for release.

## **Japan**

This coming week's Bank of Japan (BoJ) policy meeting (Tuesday - Wednesday) led to plenty of speculation this past week, mostly focusing on reports claiming the central bank would prepare to lower further interest rates that were already negative.

For its part, BNP Paribas noted the BoJ was likely looking at policy implications for its bond purchase program.

In the meantime, the government had revealed plans to boost by ¥400M the value of sovereign bond issues during the current financial year.

Late-week, Japan's Ministry of Finance appeared at pains to emphasise all monetary policy decisions remained within the BoJ's realm, but noted the place of fiscal policy, and maintained the government and BoJ were co-ordinating closely in an attempt to win out over deflation.

Japan surprised early-week with August (preliminary) core machinery orders jumping 4.9%, against expectations of a 2.8% tumble.

Machine tool orders fell 8.4% year-on-year, declining for a 13<sup>th</sup> consecutive month, and following July's 19.6% drop.

A machine tool association promptly lowered its 2016 total orders forecast 16% to ¥1.3 trillion.

The coming week's economic indicator releases for Japan include a preliminary September PMI.

## **Europe**

The week's equities trade began where it left off Friday, in a funk after Friday's fears of a US rate rise, a day after absorbing the absence of new support from the European Central Bank (ECB).

Thursday's (8 September) ECB post-policy meeting statement – including what was *not* spelt out as well as what *was* declared - had indicated the ECB had become just as unsure as markets as to what the US Federal Reserve might do and when.

No influential regional economic indicators were available Monday to help offer definition, so sentiment was beholden to the previous late-week China August CPI, US equities and \$US behaviour, and associated commodities moves.

Meanwhile, in the UK, an August CPI update, provided Tuesday, showed higher airfares, restaurant prices and accommodation rates supported a 0.6% year-on-year rate, the same as at the end of July.

The Bank of England's (BoE) policy meeting Thursday delivered a status quo result, following August's raft of changes, but also offered reassurance of a further rate cut, if needed, before year's end.

The BoE statement both acknowledged the immediate-to-short term impact of the vote for the UK to leave the European Union (EU) appeared less drastic than forecast, but that business investment, at least in some areas, was falling.

UK August retail sales also became available Thursday, and proved better than anticipated, year-on-year sales rising 6.2% against expectations of a 5.4% improvement.

The euro zone's final inflation reading for August remained discouragingly on-par however, with 0.2% year-on-year growth and 0.1% for the month.

In terms of data releases this coming week, preliminary manufacturing services and composite PMIs are due for the euro zone, and for the UK, August public sector borrowing and finances.

The European Stability Mechanism is listed for a sovereign rating update from Moody's, as is the UK. Fitch is expected to provide a ratings update for Germany.

The European Systemic Risk Board will also convene a conference, at which chairman (and ECB president) Mario Draghi will deliver the keynote address.

Bank of England governor Mark Carney is scheduled to assess financial market stability risk in terms of climate change while delivering the Arthur Burns Memorial Lecture in Berlin.

An assessment of risks facing Norway is expected from the nation's central bank following a policy meeting Thursday.

## **China**

Mid-Autumn public holidays Thursday and Friday meant a short trading week for Chinese equities markets. This did not mean a shortage of activity, however.

On the data release front, August industrial production, retail sales and fixed assets investment figures each exceeded forecasts.

Industrial output rose 6.3% year-on-year, fixed assets investment 8.1% and retail sales 10.6%.

Tuesday, the People's Bank of China was reported to have made available to commercial banks ~\$US9B worth of (effective) 28-day loans, ~\$US4.5B worth of 14-day 'loans' and ~\$US10.5B worth of seven-day loans.

The central bank's chief economist was quoted this past week however, as suggesting capital flow into property and state-owned companies ought be stemmed, due to rising national debt.

In the meantime, China's administration was credited with having approved \$US29.3B worth of investment projects during August.

This coming week will commence with the release of China's August property prices.

## **Australia**

Australian equities trade began this past week enslaved to international sentiment, in particular regards central bank policy, and the coming week is likely to prove no different in terms of major influence.

Both the Bank of Japan (BoJ) and US Federal Reserve hold policy meetings this coming Tuesday – Wednesday. Hence, by Wednesday's close, a clearer picture of BoJ thinking will be in hand and by pre-trade Thursday, the Fed's statement will have been delivered.

Also during the coming week, Reserve Bank of Australia (RBA) September policy meeting minutes will be published, a day after Philip Lowe officially commences as governor, and two days before his diary indicates he must meet with a House of Representatives economic committee.

Domestic leading indicators, as assessed by Westpac and the Melbourne Institute, will also be released, as will June quarter house prices, and greater detail on the August employment figures.

A spattering of corporate results across the investment, agribusiness, retail and communications sectors may feature some revealing outlooks.

During this past week, interpretations of national August employment statistics were, like July's, soundly debated.

The total number of jobs created fell 3900 against forecasts of a 15,000 rise, the number of people with full-time jobs rose 11,500 and those working part-time fell 15,400.

The number of hours worked fell 3.9M to 1.66B.

The employment rate also eased, by 0.1% to 5.6%, due to fewer people employed and fewer seeking work.

The unemployment-plus-underemployment rate was estimated at 14.3%.

Some commentators also noted 49,000 people – largely already working part-time – had been employed, part-time and temporarily, for census work.

July lending finance, reported Monday, revealed \$19.9B worth of owner-occupier mortgages were approved, a 3.1% drop for the month. Commercial loans, including for investment properties, jumped 9% to \$38.9B. \$7.1B was borrowed in personal loans, representing a 3.9% increase.

The National Australia Bank's monthly business survey indicated business conditions were viewed as less

rosy, but that confidence had risen a little.

Another private sector-compiled monthly publication, the Westpac and the Melbourne Institute's consumer sentiment report, included an overall 101.4 index, up 1.4 points for the month.

## **Commodities**

*Oil* prices began the week higher Monday, not only on a \$US rise, but also due to a weekly Genscape report indicating supplies at the Cushing, Oklahoma terminal had fallen again.

Until recently, the Genscape report held minimal sway over early-week trade, but for the past several weeks has influenced trade that has largely turned and twisted on a combination of international over-supply concerns and speculation ahead of an International Energy Forum commencing 26 September.

The proposed OPEC meeting on the sidelines of the forum, to discuss how best to stabilise markets, has formed the main focus of forum talk to date.

This past week, crude prices did not remain positive for long, dropping ~6% over Tuesday and Wednesday.

OPEC had released a monthly report Monday, raising its forecast non-OPEC crude output by a daily 180,000bbl.

Tuesday, the International Energy Agency (IEA) published its monthly outlook, and the language surrounding forecasts appeared to shock, swinging prices sharply lower again.

The figures were also relatively abject. These included daily 800,000bbl demand growth for the September quarter, against 2.3MMbbl/d during the September quarter 2015.

The IEA forecast total 2016 demand would grow by a daily 1.3MMbbl, against the 1.4MMbbl previous prediction, pending standard northern winter weather, against last year's comparatively mild season.

Further, the IEA expected over-supply to continue until at least mid-2017, due to slowing demand, near record-high inventories and increased production.

In other commentary, the IEA warned that the international oil market was becoming more skewed towards suppliers in unstable political regimes.

Other reports continued to confound. Post-US trade Tuesday, the American Petroleum Institute (API) released its weekly report estimating a 1.4MMbbl increase in domestic crude stockpiles. This, following others' forecasts late the previous week of a 3.8MMbbl – 4.5MMbbl rise.

Come Wednesday, the EIA (US government agency) estimated an ~600,000bbl fall in crude inventories, however. At the same time, domestic crude output was calculated to have risen a daily 35,000bbl.

Distillate and petrol stocks rose, such that, on a seasonal basis, distillate inventories were sitting at six-year peaks.

Late-week interest, and hence prices, were pushed higher, with US pipeline and refinery work, expected to slow output of products such as petrol.

In the meantime, Libya announced plans to resume exports from three terminals impacted by militant action. One of the ports has been closed the past 2.5 years, but a State-owned company said it had secured a deal with a regional faction.

Nigeria also indicated it may be able to resume exports, as early as October, from a port closed for the past three months.

In addition, a large project in Kazakhstan is scheduled to commence production next month.

In corporate news, Freeport McMoRan's stock price suffered on a plan to offload some Gulf of Mexico

holdings to Anadarko Petroleum, for ~\$US2B.

In other energy sector news, coking (metallurgical) coal continued to appreciate. Australia's FOB metallurgical coal prices were estimated 85% higher from a month ago.

Warnings on the sustainability of such prices have also grown, given China's steel capacity is steel estimated above-demand.

Meanwhile in the UK, the government gave the go-ahead to a nuclear power plant development that had been placed in hiatus due to concerns over China's financial backing, and hence potential control.

*Iron ore* prices began the week's trade steady, following a slight move higher at the end of the previous week, curtailing a string of falls.

Prices fell again, however, before settling a little above \$US56/t, and at an ~seven-week low, before China's mid-Autumn festival holidays which officially commenced Thursday.

Mid-week in the steel sector, China's steel futures were reported at seven-week lows. Most commentators attributed this to disappointment that domestic capacity had not been cut further in the face of lacklustre demand.

China's administrators had expected to oversee a 45Mtpa capacity reduction, but onlookers estimate just 47% of this has been achieved.

In the corporate sector, Tata Steel reported an ~\$US480M June quarter loss, in part impacted by the sale of its European operations.

*Gold* futures fell early-week and trade remained cautious and/or subdued through to Friday, in part due to the holidays which have kept China's markets closed from Thursday.

Some US bond yields reached 2.5-month highs, also detracting from gold interest.

Comparative \$US softness supported gold prices come mid-week, however.

\$US moves this coming week are expected to be particularly influential, given US Federal Reserve speculation, and the early-Thursday (AEST) post-policy meeting statement.

The Denver Gold Forum, scheduled for Monday through Wednesday, should provide a range of international corporate outlook insights.

In the meantime, India's August gold imports have been reported lower for a seventh consecutive month, at \$US1.1B.

LME *base metals* trade tracked poor early-week European equities sentiment.

A Monday fall in LME *copper* inventories, and forecast-beating data (industrial production, fixed assets investment and retail sales) out of China Tuesday, helped support copper, however. Prices reached three-week highs, although this was after trading at \$US4582/t, the lowest since 20 June.

*Aluminium* traded at three-month lows, on expectations China would continue to boost its semi-processed aluminium exports. Standard Chartered cited a 17% year-on-year August output increase when predicting recent higher prices would translate into more domestic producers resuming activity in China.

Meanwhile, a domestic industry group was forced to reject claims China's aluminium producers were exporting products through Mexico in an attempt to avoid US taxes.

Predictions late the previous week, that the Philippines would curtail more *nickel* operations within the new week, appeared to back-fire, prices dropping Thursday on no perceived pullback.

In corporate nickel news, Norilsk admitted responsibility for filtration dam spill into the Daldykan River in Russia's Arctic region, turning parts of the river the previous week into a blood-red colour.

In other commodities-related news, Germany's Bayer (manufactures pharmaceuticals and health products for human consumption, but also chemicals for crops) secured the acquisition of US seed specialist Monsanto. The final offer price reached \$US128-per-share.

Agribusiness consolidation is viewed as essential, due to reduced global economics and climate change. This latest deal however, hangs on regulatory approvals – from up to as many as 30 jurisdictions.

## Economic Calendar 19/09/16 – 23/09/16

Tuesday September 20 2016		Actual	Previous	Consensus	Forecast	
<b>09:30 AM</b>	AU RBA Meeting Minutes					
<b>01:45 PM</b>	CH SECO Economic Forecasts					
Wednesday September 21 2016		Actual	Previous	Consensus	Forecast	
<b>07:50 AM</b>	JP Balance of Trade AUG		¥513.5B	¥202.3B	¥322B	
<b>11:00 AM</b>	JP BoJ Interest Rate Decision		-0.1%	-0.1%	-0.1%	
<b>02:30 PM</b>	JP BoJ Press Conference					
	EA ECB Non-Monetary Policy Meeting					
Thursday September 22 2016		Actual	Previous	Consensus	Forecast	
<b>02:00 AM</b>	US Fed Interest Rate Decision		0.5%	0.5%	0.5%	
<b>02:00 AM</b>	US FOMC Economic Projections					
<b>10:00 PM</b>	EA Consumer Confidence Flash SEP		-8.5	-8.3	-9.2	
<b>10:00 PM</b>	US Existing Home Sales AUG		5.39M	5.45M	5.4M	
Friday September 23 2016		Actual	Previous	Consensus	Forecast	
<b>03:30 PM</b>	DE Markit Manufacturing PMI Flash SEP		53.6	53.1	53.9	
<b>08:30 PM</b>	CA Inflation Rate YoY AUG		1.3%	1.4%	1.5%	
Monday September 26 2016		Actual	Previous	Consensus	Forecast	
<b>04:00 PM</b>	DE Ifo Business Climate SEP		106.2		106.8	
<b>10:00 PM</b>	US New Home Sales AUG		654K		515K	

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



## Economic Calendar 26/09/16 – 30/09/16

Monday September 26 2016		Actual	Previous	Consensus	Forecast
04:00 PM	DE Ifo Business Climate SEP		106.2		106.8
10:00 PM	US New Home Sales AUG		654K		515K
Wednesday September 28 2016		Actual	Previous	Consensus	Forecast
02:00 PM	DE GfK Consumer Confidence OCT		10.2		10.1
08:30 PM	US Durable Goods Orders MoM AUG		4.4%		-0.5%
Thursday September 29 2016		Actual	Previous	Consensus	Forecast
03:55 PM	DE Unemployment Change SEP		-7K		-7K
03:55 PM	DE Unemployment Rate SEP		6.1%		6.1%
05:00 PM	EA Business Confidence SEP		0.02		0.04
08:00 PM	DE Inflation Rate YoY Prel SEP		0.4%		0.5%
08:30 PM	US GDP Growth Rate QoQ Final Q2		0.8%	1.1%	1.1%
Friday September 30 2016		Actual	Previous	Consensus	Forecast
07:05 AM	GB Gfk Consumer Confidence SEP		-7		-2
07:30 AM	JP Inflation Rate YoY AUG		-0.4%		-0.4%
07:30 AM	JP Unemployment Rate AUG		3.0%		3%
09:45 AM	CN Caixin Manufacturing PMI SEP		50.0		49.3
03:00 PM	CH KOF Leading Indicators SEP		99.8		103.2
04:30 PM	GB GDP Growth Rate QoQ Final Q2		0.4%	0.6%	0.6%
04:30 PM	GB GDP Growth Rate YoY Final Q2		2%	2.2%	2.2%
05:00 PM	EA Unemployment Rate AUG		10.1%		10%

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

## All Ords Top 10 Week Ending 17 September 2016

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
BKL	Blackmores Limited	10.4	WOR	WorleyParsons Ltd	-15.1
WHC	Whitehaven Coal	9.7	STO	Santos Ltd	-13.0
CCP	Credit Corp Group	9.3	CYB	Cybg PLC	-8.9
CVO	Cover-More Grp Ltd	6.8	ORG	Origin Energy	-8.9
SXL	Sthn Cross Media	6.7	BSL	BlueScope Steel Ltd	-8.2
AHY	Asaleo Care Limited	6.0	QUB	Qube Holdings Ltd	-6.6
CGF	Challenger Limited	5.4	DXS	Dexus Property Group	-6.0
APO	Apn Outdoor Grp	5.0	APA	APA Group	-5.9
MTR	Mantra Group Ltd	4.9	ASB	Austral Limited	-5.9
SFR	Sandfire Resources	4.8	MQA	Macq Atlas Roads Grp	-5.7

Source: IRESS

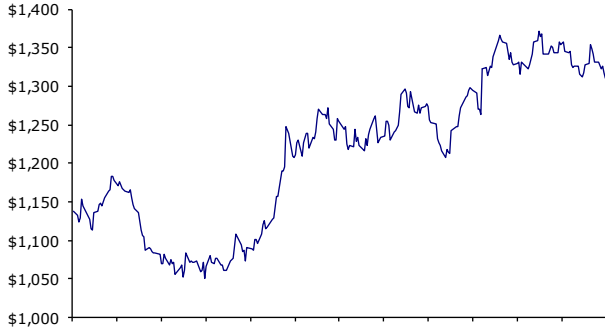
## S & P Indices Week Ending 17 September 2016

S&P Indices	17/09/2016	10/09/2016	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	7897	8317	-5.1%	-9.5%	-10.3%
S&P 200 Materials	8521	8736	-2.5%	-5.5%	5.1%
S&P 200 Industrials	5045	5141	-1.9%	-8.4%	10.2%
S&P 200 Consumer Disc.	2210	2189	1.0%	-1.9%	26.0%
S&P 200 Consumer Staples	8830	8816	0.2%	-2.0%	7.2%
S&P 200 Healthcare	21033	20915	0.6%	-5.2%	17.3%
S&P 200 Financials	5853	5870	-0.3%	-4.0%	-1.7%
S&P 200 Info Technology	807	811	-0.5%	-4.4%	13.0%
S&P 200 Telecommunicatic	1878	1868	0.5%	-4.5%	-6.0%
S&P 200 Utilities	7046	7270	-3.1%	-8.0%	9.0%
S&P 200 Property Trusts	1388	1418	-2.1%	-8.2%	13.6%
S&P 200 Financials ex PT	6529	6520	0.1%	-3.1%	-4.5%

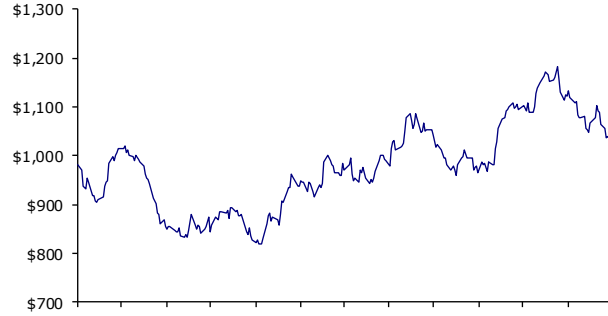
Source: IRESS

### 1 Year Commodity Price Charts

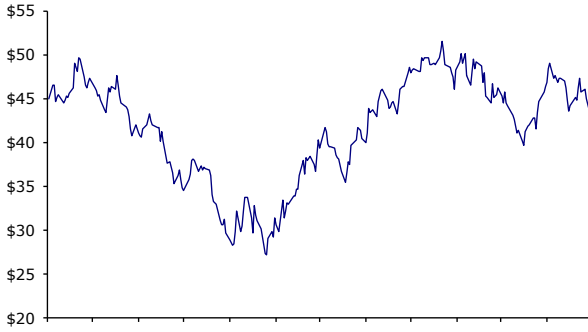
**1 Year Gold**



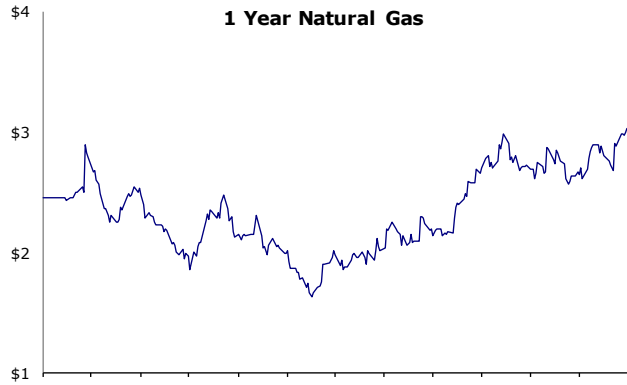
**1 Year Platinum**



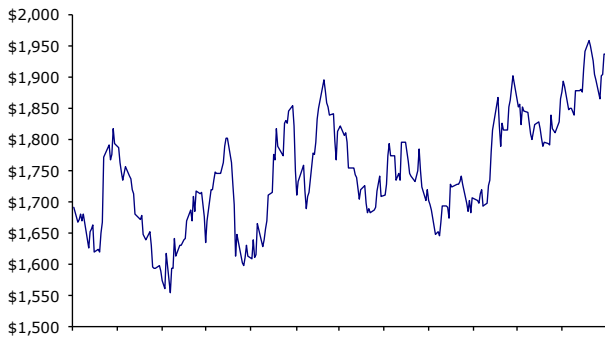
**1 Year Oil**



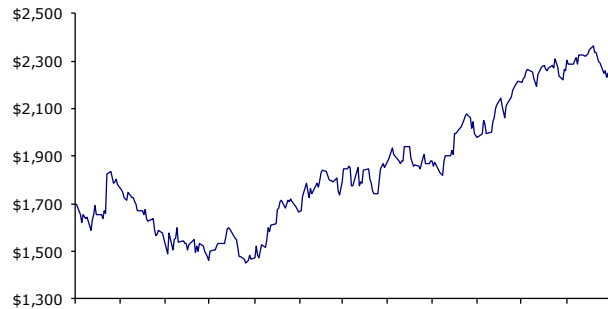
**1 Year Natural Gas**



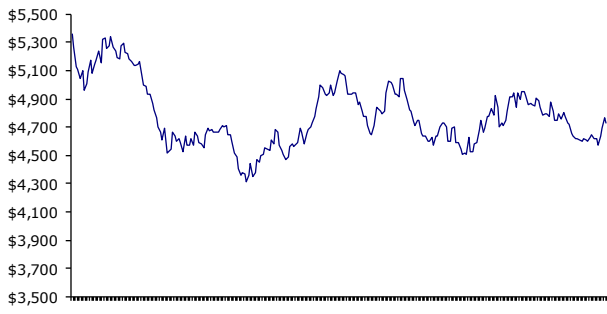
**1 Year Lead**



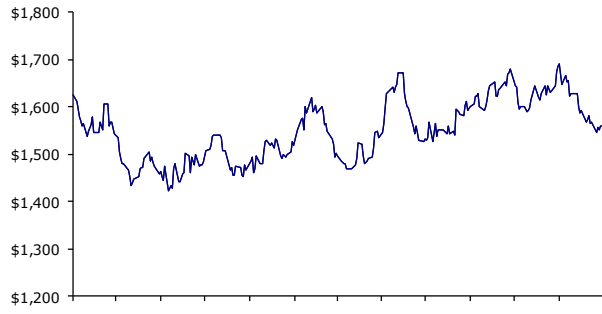
**1 Year Zinc**



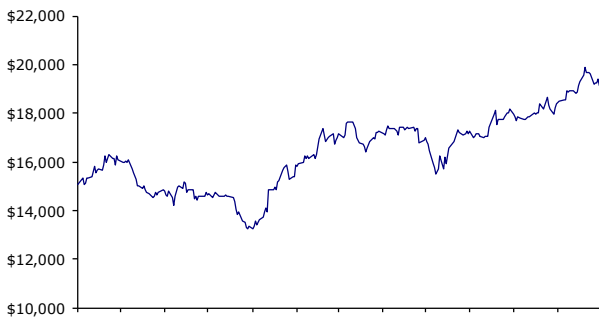
**1 Year Copper**



**1 Year Aluminium**

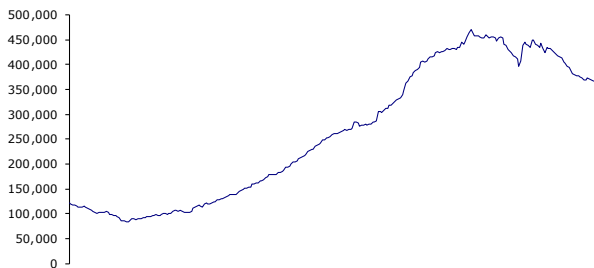


**1 Year Tin**

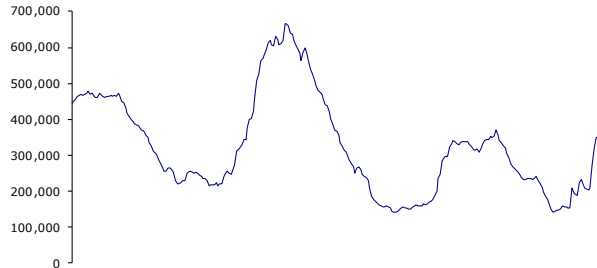


**5 Year Metals Stockpiles**

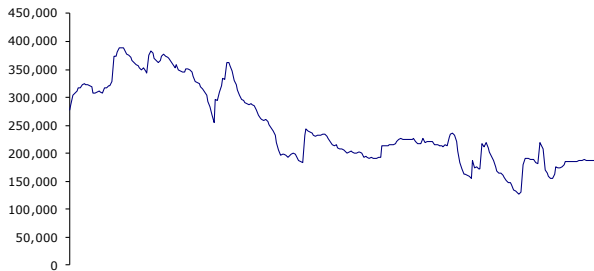
**Nickel LME Stockpiles - 5 Year**



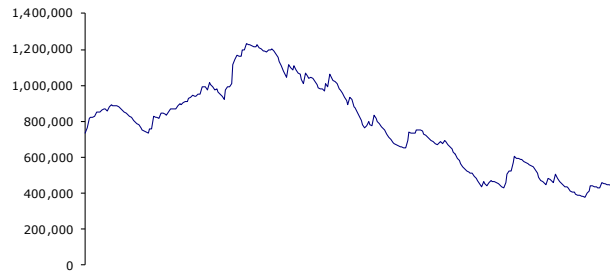
**Copper LME Stockpiles - 5 Year**



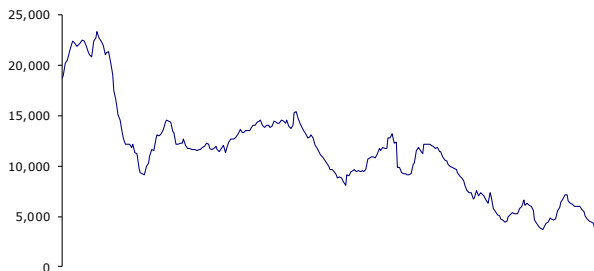
**Lead LME Stockpiles - 5 Year**



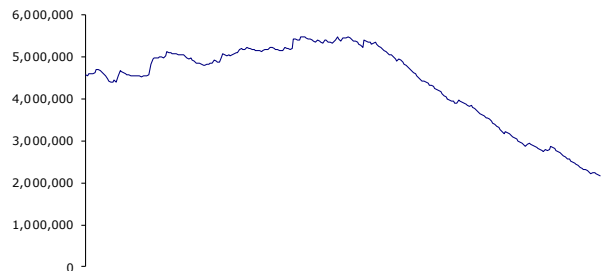
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**



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