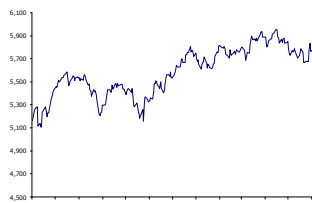


STATE ONE SPINNAKER

18 June 2017
Issue 370

12 month XJO chart



12 month Dow Jones chart



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Global Wrap – 18 June 2017

World Markets	18/06/2017	11/06/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5774	5678	1.7%	0.1%	9.7%
Dow Jones	21384	21272	0.5%	1.8%	22.3%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2433	2432	0.1%	1.2%	18.5%
FTSE 100	7464	7527	-0.8%	-0.7%	17.1%
DAX30	12753	12816	-0.5%	0.9%	35.0%
Shanghai Composite	3123	3140	-0.5%	0.5%	-7.3%
Nikkei 225	19943	19909	0.2%	0.7%	8.2%
Hang Seng	25626	26030	-1.6%	0.8%	12.2%
Currency					
AUD/USD	0.7621	0.7542	1.0%	1.0%	3.1%
Commodities					
Oil (\$/bbl)	44.7	46.0	-2.9%	-8.2%	-7.4%
Gas (\$/gal)	3.1	3.0	0.7%	-7.1%	4.9%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	5656	5739	-1.5%	-0.1%	7.2%
Lead (\$/t)	2084	2097	-0.6%	0.6%	20.1%
Zinc (\$/t)	2472	2480	-0.3%	-5.9%	44.1%
Aluminium (\$/t)	1861	1902	-2.1%	-4.3%	25.7%
Nickel (\$/t)	8905	8805	1.1%	-2.5%	-14.4%
Tin (\$/t)	19650	19150	2.6%	-4.2%	23.0%
Gold (\$/oz)	1257	1271	-1.2%	-0.4%	7.8%
Silver (\$/oz)	16.7	17.2	-3.3%	-3.3%	5.2%
Platinum (\$/oz)	927	940	-1.4%	-2.6%	-8.4%
Wheat (\$/t)	481.500	445.750	8.0%	11.3%	-1.9%

Source: Iress

Global Wrap

- **Amazon swallows Whole Foods**
- **Australian stocks advance**
- **Investors to watch Brexit talks this week**
- **IMF boosts China's growth forecast**
- **No drama Kuroda keeps Japanese policy steady**
- **Stock picks**

US

Stocks were mixed at Friday's close after Amazon's \$13.7 billion acquisition of Whole Foods sent the retail sector into a selling frenzy.

The plunge in grocery stocks exacerbated an already defensive mood on Wall Street, which was set off by weak housing market and consumer confidence data.

Another tech sell-off left the Nasdaq Composite in the red for a fourth straight day.

Michigan Sentiment (June, Preliminary) fell 2.6 points to 94.5 (forecast was 97), the lowest since November.

The slip in confidence reflects concerns about President Donald Trump's economic policies and their chances of passing through Congress, Bloomberg reported. Survey responses since June 8, the date of former FBI Director James Comey's congressional testimony, show even greater declines.

Housing starts fell 5.5% in May, after a 2.7% monthly decline in April and a 7.7% drop in March, the Commerce Department revealed on Friday.

CNBC says home construction is still 3.2% higher year-to-date, but that increase has been too weak to address a falling supply of homes.

The US will release existing and new home sales and house prices on Wednesday, and a flash estimate of June manufacturing PMI on Friday.

Another possible source of disturbance is anything further that may emerge from the Trump investigation.

China

The Shanghai market closed lower on Friday as investor sentiment was dampened by further concerns about slowdown in the world's second-biggest economy following weak producer inflation and investment data.

Weaker growth in fixed asset investment - at 8.6% for January through May - was led by a slowdown in the property sector.

While housing sales rose by an unexpectedly solid 10%, growth in new construction starts almost halved to 5.2% in May, according to Reuters calculations.

Analysts expect the housing market to continue to slow, as the government remains wary of still-rising home prices and maintains strict controls on home purchases and property financing.

However, in a sign that China's central bank intends to stabilise market sentiment, the People's Bank of China (PBOC) injected a net 410 billion yuan (£47billion) into money markets last week, the biggest weekly injection since mid-January.

China's fast start to the year led the International Monetary Fund on Wednesday to raise its 2017 growth outlook for the country to 6.7%, from 6.6% forecast in April, though it recommended China accelerate reforms and rein in credit.

Japan

On Friday the Bank of Japan kept monetary policy steady and upgraded its assessment of private consumption and overseas growth.

Investors took this to mean the central bank is confident Japan's export-driven economic recovery was strengthening.

However, BoJ Governor Haruhiko Kuroda reassured markets the Bank would not begin winding back its enormous stimulus program for some time, with inflation still well below the 2% per cent target.

The yen's drop helped Japan's Nikkei advance 0.7% on Friday, narrowing its loss for the week to 0.3%.

Japan will release trade balance figures on Monday and flash its PMIs for June this week.

Commodities

Iron Ore

The price of Australia's biggest export weighed on mining stocks last week.

Spot iron ore fell nearly 6% to \$US54.41 a tonne in the four days to Thursday. However, Chinese iron ore futures were slightly higher on Friday, indicating a possible break in the sell-off.

Investors continue to be concerned that China's demand for the resource may significantly reduce as it fights pollution and a supply glut.

Oil

Oil prices dropped to new lows this week, wiping out the gains made since OPEC originally cut production last November.

The IEA and OPEC came out with forecasts last week showing the adjustment process from the additional cuts in May is happening much slower than they expected.

Oil prices then tanked further after the US EIA reported an uptick in gasoline inventories on Wednesday.

This closed out the fourth consecutive week of losses – the longest string of weekly losses in two years.

Everyone expects strong production growth from US shale this year, the only question is over the magnitude of growth.

However, the sudden drop in oil prices has raised some doubts about the durability of shale's rebound for 2018.

Gold

Gold prices edged up on Friday from the three-week low it struck a day earlier.

A closely watched dollar index, DXY, slipped -0.33%, making the metal more attractive to investors using another currency.

The lacklustre US data on Friday underpinned gold on Friday as well.

But signals from the Federal Reserve for another increase to interest rates this year sent the yellow metal down for a second-straight week.

Base metals

London copper edged up on Friday, but was still eyeing its biggest weekly drop since early May as markets priced in higher US interest rates, which would support the dollar.

China consumed almost half of the world's refined copper in 2014 as the country's demand surged 8.8% from a year earlier, Barclays estimates. Since then growth has been slowing, and by 2020 the bank estimates China usage will increase just 1.5%.

In other metals, nickel edged up, trailing steel, after China's government said it was beating its targets for capacity closure. * Chinese steel futures rose sharply for a third straight session, supported by government efforts to tackle a glut, even as the outlook for demand in the world's top steel consumer may not be too promising, particularly from its property sector.

Stock picks

Bellamy's Australia (BAL)

We saw Bellamy's break \$6.00 this week on the back of its successful completion of its Institutional Entitlement Offer component. A 5 for 38 Entitlement Offer to raise gross proceeds of \$60.4m at \$4.75 per new share, with an additional \$18.0m share placement to Camperdown Powder vendor shareholders at an Entitlement Offer of \$5.64 per share. Bellamy's finished the week at \$6.410.

Speculative buys









The A2 Milk Company (A2M)

The A2 Milk Company Limited made new highs on Friday on the back of a trading update on the group's full year FY17 outlook. In response to continuing strong demand for its a2 Platinum infant formula, the company - along with its manufacturing partner Synlait Milk - increased the scheduled production from the remainder of FY17. It finished the week at \$3.690.

Recce (ASX:RCE), a pre-clinical stage pharma company developing a new class of synthetic antibiotics, announced that it had secured up to A\$6.05m in funding from New York-based institutional asset manager The Lind Partners. The funds will support Recce's synthetic antibiotic through its Investigative New Drug (IND) Application to the US Food and Drug Administration (FDA), and Phase 1 (Human-Safety) clinical trials. Depending on the application approval process, we expect that RCE could be in a position to commence with clinical trials by the December quarter 2017. We see this investment as an endorsement of the group's product and development pipeline, and the funding significantly reduces the group's near-term financial risk. It finished the week at \$0.200.

We maintain a Speculative Buy recommendation.

Economic Calendar 19/06/2017 – 23/06/2017

Sunday June 18 2017		Actual	Previous	Consensus Forecast	
11:50 PM	 JP Balance of Trade MAY		¥482B	¥76B	¥100B 
Tuesday June 20 2017		Actual	Previous	Consensus Forecast	
01:30 AM	 AU RBA Meeting Minutes				
Wednesday June 21 2017		Actual	Previous	Consensus Forecast	
02:00 PM	 US Existing Home Sales MAY		5.57M	5.54M	5.6M 
	 EA ECB Non-Monetary Policy Meeting				

Source: www.tradingeconomics.com

Economic Calendar 26/06/2017 – 30/06/2017

Monday June 26 2017		Actual	Previous	Consensus Forecast		
08:00 AM	DE IFO Business Climate JUN		114.6	115.1		
12:30 PM	US Durable Goods Orders MoM MAY		-0.7%	0.66%		
11:05 PM	GB Gfk Consumer Confidence JUN		-5	-5.26		
Thursday June 29 2017		Actual	Previous	Consensus Forecast		
06:00 AM	DE GfK Consumer Confidence JUL		10.4	10.4		
09:00 AM	EA Business Confidence JUN			0.93		
12:00 PM	DE Inflation Rate YoY Prel JUN		1.5%	1.55%		
12:30 PM	US GDP Growth Rate QoQ Final Q1		2.1%	1.3%		
11:30 PM	JP Inflation Rate YoY MAY		0.4%	0.4%		
11:30 PM	JP Unemployment Rate MAY		2.8%	2.8%		
Friday June 30 2017		Actual	Previous	Consensus Forecast		
01:00 AM	CN NBS Manufacturing PMI JUN		51.2	51.4		
07:00 AM	CH KOF Leading Indicators JUN		101.6	100.95		
07:55 AM	DE Unemployment Change JUN		-9K	-10.6K		
07:55 AM	DE Unemployment Rate JUN		5.7%	5.7%		
08:30 AM	GB GDP Growth Rate QoQ Final Q1		0.7%	0.2%	0.2%	
08:30 AM	GB GDP Growth Rate YoY Final Q1		1.9%	2%	2%	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 16 June 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
BAL	Bellamy'S Australia	13.6	GXY	Galaxy Resources	-19.2
A2M	The A2 Milk Company	13.2	ORE	Orocobre Limited	-9.6
SUL	Super Ret Rep Ltd	12.3	SFR	Sandfire Resources	-6.2
SRX	Sirtex Medical	10.3	OZL	OZ Minerals	-5.9
MYX	Mayne Pharma Ltd	10.1	WSA	Western Areas Ltd	-5.6
ANN	Ansell Limited	7.8	IGO	Independence Group	-5.6
HVN	Harvey Norman	7.7	AWC	Alumina Limited	-5.3
GWA	GWA Group Ltd	6.8	RIO	Rio Tinto Limited	-4.5
NAN	Nanosonics Limited	6.8	WOR	WorleyParsons Ltd	-4.3
SIG	Sigma Health Ltd	6.7	APO	Apn Outdoor Grp	-4.3

Source: IRESS

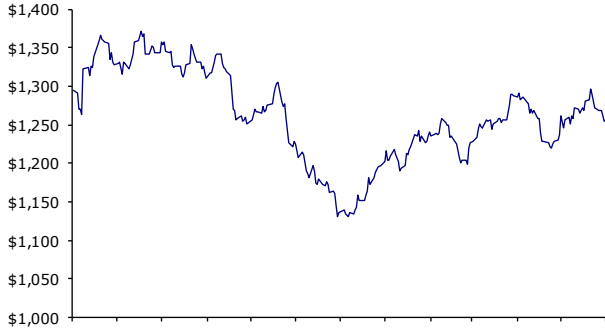
S & P Indices Week Ending 16 June 2017

S&P Indices	18/06/2017	11/06/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8877	8910	-0.4%	-7.7%	-1.9%
S&P 200 Materials	9638	9787	-1.5%	-1.7%	17.5%
S&P 200 Industrials	5869	5792	1.3%	2.0%	23.5%
S&P 200 Consumer Disc.	2244	2188	2.6%	1.8%	22.4%
S&P 200 Consumer Staples	9237	9061	1.9%	-1.8%	5.4%
S&P 200 Healthcare	24167	23347	3.5%	4.5%	33.7%
S&P 200 Financials	6441	6288	2.4%	0.4%	6.0%
S&P 200 Info Technology	875	858	2.0%	-1.4%	21.7%
S&P 200 Telecommunicatic	1540	1537	0.2%	-2.0%	-22.1%
S&P 200 Utilities	8930	8756	2.0%	-0.9%	32.8%
S&P 200 Property Trusts	1437	1378	4.3%	3.3%	13.5%
S&P 200 Financials ex PT	7184	7013	2.4%	0.4%	3.3%

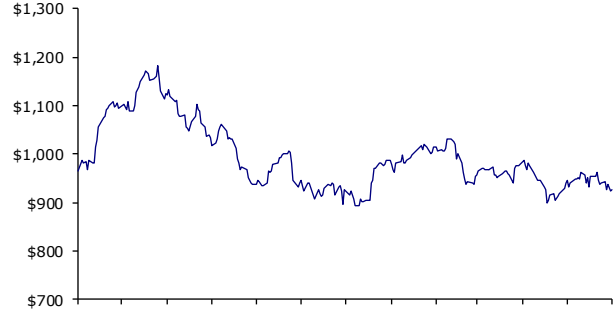
Source: IRESS

1 Year Commodity Price Charts

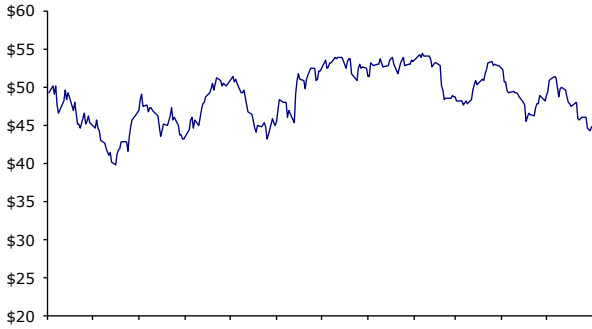
1 Year Gold



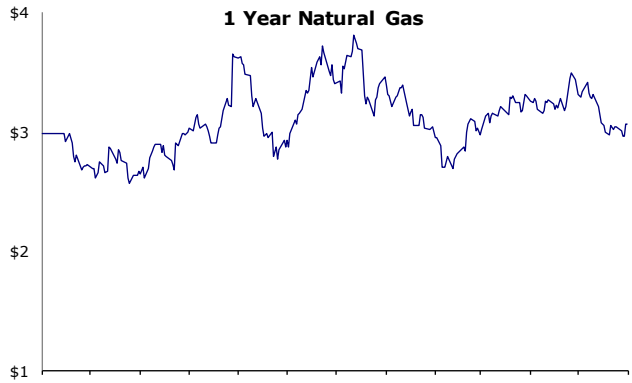
1 Year Platinum



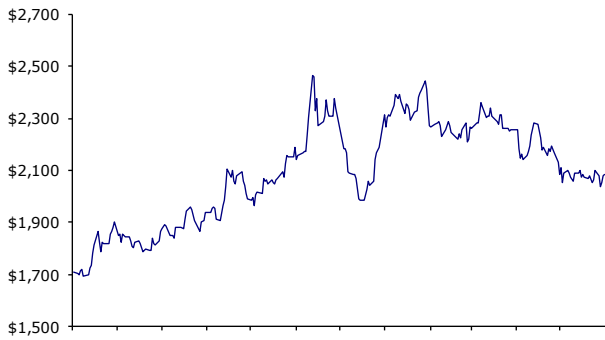
1 Year Oil



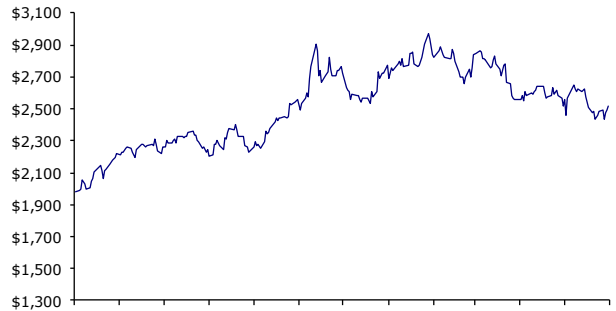
1 Year Natural Gas



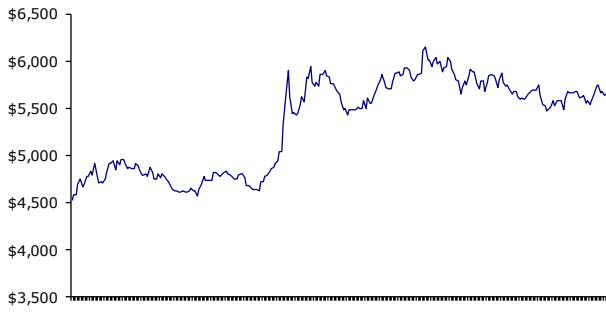
1 Year Lead



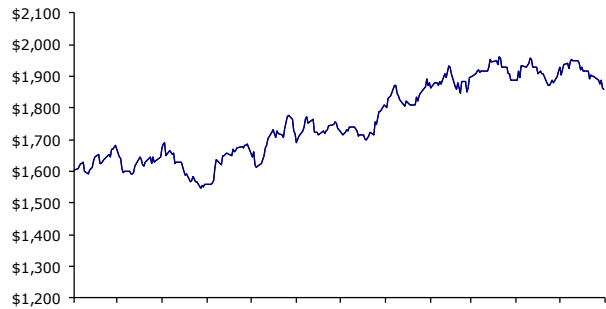
1 Year Zinc



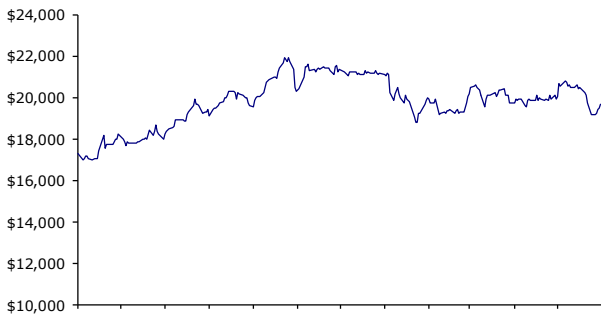
1 Year Copper



1 Year Aluminium

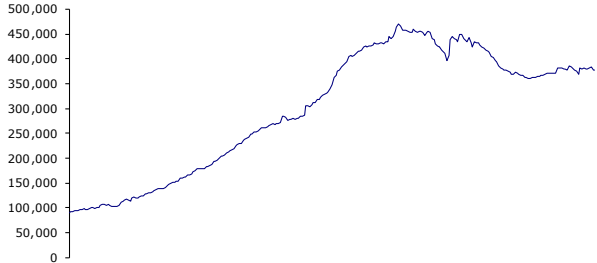


1 Year Tin

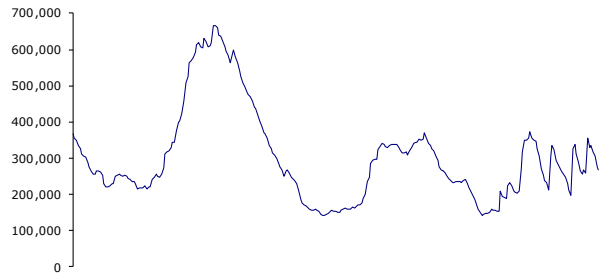


5 Year Metals Stockpiles

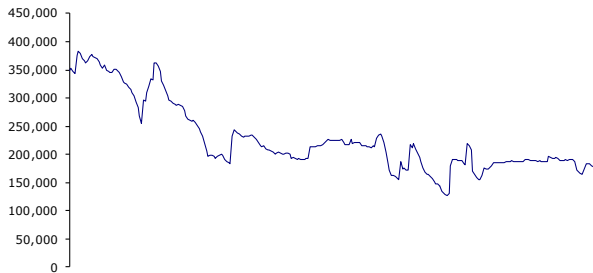
Nickel LME Stockpiles - 5 Year



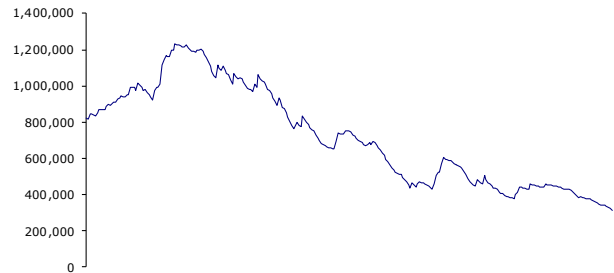
Copper LME Stockpiles - 5 Year



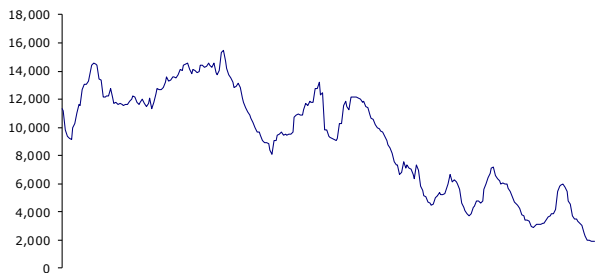
Lead LME Stockpiles - 5 Year



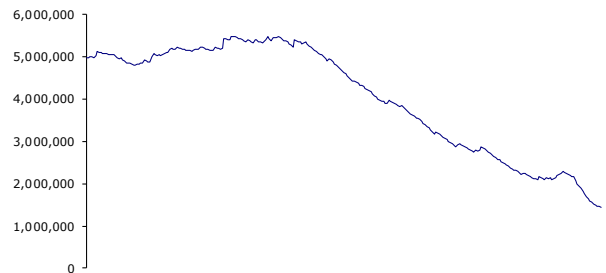
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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