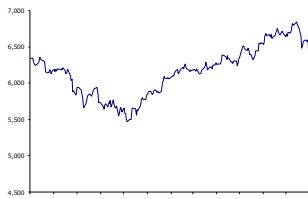


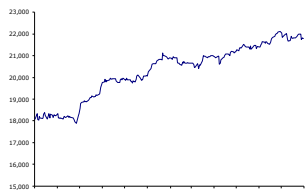
STATE ONE SPINNAKER

18 August 2019
Issue 468

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 18 August 2019

World Markets	18/08/2019	11/08/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6406	6584	-2.7%	-5.5%	15.5%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2889	2919	-1.0%	-4.3%	28.6%
FTSE 100	7117	7254	-1.9%	-5.1%	2.7%
DAX30	11563	11694	-1.1%	-7.7%	-7.7%
Shanghai Composite	2824	2815	0.3%	-3.9%	-12.2%
Nikkei 225	20419	20685	-1.3%	-6.1%	8.8%
Hang Seng	25734	25939	-0.8%	-9.8%	12.6%
Currency					
AUD/USD	0.6781	0.6750	0.5%	-0.3%	-7.3%
Commodities					
Oil (\$/bbl)	54.8	54.8	0.0%	-2.0%	-16.9%
Gas (\$/gal)	2.2	2.1	4.2%	-0.2%	-23.4%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	5710	5744	-0.6%	-4.5%	-2.2%
Lead (\$/t)	2050	2086	-1.7%	-0.9%	-12.1%
Zinc (\$/t)	2269	2263	0.3%	-7.6%	-17.3%
Aluminium (\$/t)	1743	1746	-0.2%	-2.9%	0.6%
Nickel (\$/t)	16090	15620	3.0%	11.2%	41.5%
Tin (\$/t)	16805	16900	-0.6%	-4.8%	-21.5%
Gold (\$/oz)	1524	1509	1.0%	5.9%	30.0%
Silver (\$/oz)	17.1	16.9	1.1%	3.0%	0.2%
Platinum (\$/oz)	852	864	-1.4%	-3.4%	-9.2%
Wheat (\$/t)	501.500	501.750	0.0%	1.6%	22.8%

Source: Iress

Global Wrap

Key points

1. **Global stocks rebound**
2. **What to watch next week**
3. **What experts are saying**

US

Stocks rallied on Friday as a rebound in bond yields eased fears of a recession that sent stocks tumbling earlier in the week, CNBC reported.

The Dow Jones Industrial Average rose 306.62 points, or 1.2%, to 25,886.01, while the S&P 500 gained 1.4%, or 41.08 points, to 2,888.68 and the Nasdaq Composite was about 1.7% higher at 7,895.99. Apple and Nvidia led the gains. The Dow, however, still lost 1.5% on the week.

Bond yields climbed back from their historic lows on Friday. The US 30-year Treasury yield dropped to a record low on Thursday, while the yield on the benchmark 10-year notes dipped to a three-year low, as investors sought out safe-haven assets.

The Dow lost 800 points or 3% on Wednesday after the yield on the benchmark 10-year Treasury note briefly broke below the 2-year rate. The inversion of this key part of the yield curve has been a reliable indicator of economic recessions.

That part of the curve is no longer inverted Friday and stocks started to move higher as the curve steepened with the rise in yields.

Some traders tied the rebound in bond yields to a report that Germany would issue more debt to stimulate the economy.

China/Hong Kong

Hong Kong's Hang Seng Index closed up 0.9% at 25,734.22, ending the week above the psychologically important threshold of 25,000 points, The South China Morning Post reported. Through the week it lost 0.79%, dragged by poor earnings and the impact of protests bringing the city's airport to a standstill.

Tencent Holdings was the biggest drag on the index. The world's largest gaming company lost 1.21% to HK\$326.40 after earlier warning of a difficult economic environment ahead, despite posting a better-than-expected rise in quarterly profits.

Japan

Stocks staged a modest rebound Friday after struggling for direction amid a dearth of fresh trading incentives, The Japan Times reported.

The 225-issue Nikkei average rose 13.16 points, or 0.06%, to end at 20,418.81 on the Tokyo Stock Exchange. On Thursday, the key market gauge gave up 249.48 points.

Europe

Markets closed sharply higher Friday, as investors tentatively returned to riskier assets after a turbulent week, CNBC reported.

The pan-European Stoxx 600 index closed provisionally up almost 1.3%, with all sectors and major bourses in positive territory.

A technical glitch prevented Britain's FTSE 100 from opening for almost two hours on Friday morning. It was the index's longest outage in eight years. The bourse ended the day about 0.7% higher.

The UK's blue-chip index had hit a six-month low in the previous session, as an escalating trade war between the US and China and growing concerns about the world economy sparked a global stocks sell-off.

Australia

Australian shares gained little respite on Friday as they ended a third straight week in the red, hurt by concerns about a global economic slump and signs the US-China trade war would drag on, Reuters reported.

Australia's S&P/ASX 200 index closed about 3 points lower at 6,405.5 after staying in positive territory for much of the early part of the day. The index has lost 2.7% for the week.

Global financial markets took fright this week after an inversion in the US bond yield curve - which has presaged several past US recessions - raised fears of a world economic slump and sent investors stampeding out of riskier assets.

While the US announced earlier in the week that it would delay tariffs on some of the remaining Chinese products it imports, there was little sign both countries would resolve their trade dispute anytime soon.

The Sino-US dispute has hit global trade and slowed growth in China, Australia's biggest export market. Domestic mining and gold stocks fell, offsetting gains from financials.

Top miners BHP Group and Rio Tinto dropped 0.6% and 1%, respectively.

Newcrest Mining, which reported a jump in annual profit, also said output at its flagship Cadia mine will be lower in 2020. Shares closed down 1.4%.

The country's "Big Four" banks - Commonwealth Bank of Australia, Westpac Banking Corp, National Australia Bank and Australia and New Zealand Banking Group - advanced 0.9% to 1.1%.

Oil Search fell 3.7% on uncertainty surrounding the Papua LNG project in which it holds a stake as part of a joint venture. A delegation from the Papua New Guinea government is currently in Singapore to renegotiate the deal with French oil major Total SA.

The week ahead

Reserve Bank of Australia (RBA) meeting minutes: Tuesday, 20 August

The RBA will release the minutes of its August monetary policy meeting when it decided to leave the cash rate unchanged at 1.0%. After the meeting, the RBA said it would take longer than expected for inflation to return to its 2.0% to 3.0% target.

Investors will be looking for insights into the RBA's assessment of the Australian economy given the Australian Bureau of Statistics' announcement on Thursday that the unemployment rate remained unchanged at 5.2% for July. They will also be comparing the commentary to industry trends emerging from the Australian company reporting season, with over one-third of the companies listed on the S&P/ASX 300 Index reporting next week.

US Federal Reserve meeting minutes: Thursday, 22 August

The Federal Reserve lowered the target range for the cash rate to 2.0% to 2.25% during its July meeting. This is the first rate cut since the global financial crisis, as US inflation remains subdued amid heightened concerns about the US economic outlook and ongoing trade tensions with China. The minutes will provide insight into the priorities for the Federal Open Market Committee (FOMC) and their meeting is scheduled for 17 and 18 September.

Listening to what the business leaders say

CEO and business leader comments help in understanding the current investment environment and can aid in identifying important emerging trends. Below are quotes from last week, which in our view, touch on important industry trends and economic factors.

Trade Wars

"We put through a price increase in January to account for the first (US) tariff, and prices increased again recently to cover the increase in tariffs."

Jim Clayton, CEO, Breville Group Ltd

"Thermal coal markets and prices have softened due to a number of factors – low seaborne LNG prices, Chinese import restrictions and the negative impact on global GDP from trade tensions between the US and China."

Whitehaven Coal ASX Announcement

Agriculture

"Our Australian ingredients business is adapting to the new norm of continued drought, reduced domestic milk supply and aggressive competition in the Australian dairy industry."

Miles Hurrell, CEO, Fonterra Co-Op Group

"Packaging volumes were down on the pcp (previous corresponding period), impacted by weak agricultural demand due to drought conditions in Australia and generally subdued demand in the dairy, food and beverage sectors in Australia and New Zealand."

Sanjay Dayal, CEO, Pact Group Ltd

Labour Market

"The strength in coal prices combined with a number of large infrastructure projects has increased the competition for skilled labour resources. This has had some impact on the ability to fill roles in a timely manner which has had some impact on operating productivity during FY2019."

Whitehaven Coal ASX Announcement

Domestic Economy

"The economy is still growing ... we have very low levels of unemployment, wage growth has been a little bit stubborn and hasn't really been there, but this is not the end the world - we are just going to go through a bit of a reset. The outlook is reasonably positive for housing. I don't think it's back to the races like we've had for the last five or seven years but, you know, steady conservative growth."

Shayne Elliott, CEO, ANZ Bank Ltd

"It is reasonable to expect the Australian economy to return to around its trend growth rate next year."

Dr Phillip Lowe, Governor, Reserve Bank of Australia

"Without a doubt, the consumer is fickle, and the environment is volatile."

Anthony Hegarty, CEO, Super Retail Group Ltd

"There is no doubt we saw a drop in economic activity in the second half of last year. But we have seen

some pickup from June into July & August."

Vik Bansal, CEO, Cleanaway Waste Management Ltd

Domestic Housing

"The developer market reflected significant weakness in NSW and Victoria. Financing constraints and other regulatory issues have shifted market demand from investors to owner-occupiers, and from large high-rise developments to smaller boutique projects which require a lower level of marketing support."

Jason Pellegrino, CEO, Domain Holdings Australia

Tourism

"International passengers grew 1.9%, with strong passenger flows from the US, India, Vietnam and Japan. There were continued domestic headwinds with a decline in passengers attributable to capacity reductions and subdued demand."

Geoff Culbert, CEO, Sydney Airports Ltd

Chinese Economy

"Challenging trading conditions in our channels to China are expected to continue during the first-half of FY20. The impact of changes to China's e-commerce laws ... are expected to result in profit for the first-half being below the prior corresponding period."

Blackmores ASX Announcement

Global Economy

"While consumer spending remains healthy, there is significant noise in the macroeconomy, tariffs, currency fluctuations, declining international tourism to name a few."

Jeff Gennette, CEO, Macy's Inc (department store conglomerate)

Technology, Media & Telecommunications

"Cybersecurity continues to be the top priority for our customers."

Chuck Robbins, CEO, Cisco Systems Inc

"We continue to see pressure on deal sizes, longer sales cycles and deferral of transactions."

George Kurian, CEO, NetApp Inc (Fortune 500 global software company)

"So, our assumption is that the macro environment will remain difficult for the rest of the year, and that the situation of the heavy supply of advertising inventory [advertising space to sell] will continue for the rest of the year, and potentially into next year."

James Mitchell, Executive Vice President, Tencent Holding Ltd (Chinese based global technology, search & social media conglomerate)

Commodities Markets

"FY19 was a very challenging year, with earnings impacted by higher raw material and energy costs and weaker demand conditions in some sectors. Pleasingly pricing improved in the second half, and resin costs reduced."

Sanjay Dayal CEO Pact Group

"Raw material prices, in particular, carbon prices remained high from the previous year."

Naoki Hishinuma, CFO, Bridgestone Corporation

Source: Naos Asset Management

Economic Calendar 19/08/2019 – 23/08/2019

Monday August 19 2019		Actual	Previous	Consensus	Forecast	
07:50 AM	JP Balance of Trade JUL		¥589.5B	¥-200B	¥-320B	
Tuesday August 20 2019		Actual	Previous	Consensus	Forecast	
09:30 AM	AU RBA Meeting Minutes					
Wednesday August 21 2019		Actual	Previous	Consensus	Forecast	
08:30 PM	CA Inflation Rate YoY JUL		2%	1.7%	1.9%	
Thursday August 22 2019		Actual	Previous	Consensus	Forecast	
02:00 AM	US FOMC Minutes					
03:30 PM	DE Markit Manufacturing PMI Flash AUG		43.2	43.1	42.8	
10:00 PM	EA Consumer Confidence Flash AUG		-6.6	-7	-7	
Friday August 23 2019		Actual	Previous	Consensus	Forecast	
07:30 AM	JP Inflation Rate YoY JUL		0.7%		0.8%	
07:00 PM	MX GDP Growth Rate YoY Final Q2		1.2%	-0.7%	-0.7%	

Source: www.tradingeconomics.com

Economic Calendar 26/08/2019 – 30/08/2019

Monday August 26 2019		Actual	Previous	Consensus	Forecast	
04:00 PM	DE Ifo Business Climate AUG		95.7	97.1	95.1	
08:30 PM	US Durable Goods Orders MoM JUL		2%	0.8%		
Tuesday August 27 2019		Actual	Previous	Consensus	Forecast	
02:00 PM	DE GDP Growth Rate QoQ Final Q2		0.4%	-0.1%	-0.1%	
Wednesday August 28 2019		Actual	Previous	Consensus	Forecast	
02:00 PM	DE GfK Consumer Confidence SEP		9.7	9.7	9.7	
Thursday August 29 2019		Actual	Previous	Consensus	Forecast	
01:00 PM	JP Consumer Confidence AUG		37.8		37.6	
02:45 PM	FR GDP Growth Rate QoQ Final Q2		0.3%	0.2%	0.2%	
05:00 PM	EA Business Confidence AUG		-0.12	0.08	-0.2	
08:00 PM	BR GDP Growth Rate YoY Q2		0.5%	0.5%	0.7%	
08:00 PM	DE Inflation Rate YoY Prel AUG		1.7%		1.8%	
08:30 PM	US GDP Growth Rate QoQ 2nd Est Q2		3.1%	2.1%	2.1%	
Friday August 30 2019		Actual	Previous	Consensus	Forecast	
07:01 AM	GB Gfk Consumer Confidence AUG		-11			
06:00 PM	IT GDP Growth Rate QoQ Final Q2		0.1%	0%	0%	
08:00 PM	IN GDP Growth Rate YoY Q2		5.8%	6.3%	6.7%	
08:30 PM	CA GDP Growth Rate Annualized Q2		0.4%	0.7%	2.3%	
08:30 PM	US Personal Income MoM JUL		0.4%	0.3%	0.3%	
08:30 PM	US Personal Spending MoM JUL		0.3%	0.4%	0.2%	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 16 August 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
SUL	Super Ret Rep Ltd	975.0	OML	Ooh!Media Limited	-29.1
CCP	Credit Corp Group	2727.0	ORE	Orocobre Limited	-20.6
JBH	JB Hi-Fi Limited	3105.0	BKL	Blackmores Limited	-19.9
HVN	Harvey Norman	457.0	PGH	Pact Group Hldgs Ltd	-18.7
DHG	Domain Holdings Aus	293.0	GXY	Galaxy Resources	-15.4
FMG	Fortescue Metals Grp	766.0	MFG	Magellan Fin Grp Ltd	-15.0
AOG	Aveo Group	212.0	SAR	Saracen Mineral	-14.4
JHX	James Hardie Indust	2259.0	ORA	Orora Limited	-14.0
ALQ	ALS Ltd	746.0	BRG	Breville Group Ltd	-13.2
DMP	Domino Pizza Enterpr	4014.0	CYB	Cybg PLC	-12.4

Source: IRESS

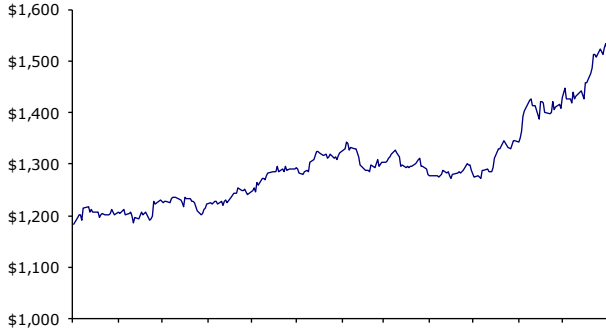
S & P Indices Week Ending 16 August 2019

S&P Indices	18/08/2019	11/08/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	9940	10469	-5.1%	-8.9%	11.8%
S&P 200 Materials	13052	13576	-3.9%	-8.7%	31.8%
S&P 200 Industrials	6653	6820	-2.4%	-3.5%	30.4%
S&P 200 Consumer Disc.	2449	2492	-1.7%	-5.1%	17.0%
S&P 200 Consumer Staples	11863	12043	-1.5%	-3.2%	38.6%
S&P 200 Healthcare	34833	34211	1.8%	0.2%	80.7%
S&P 200 Financials	6055	6251	-3.1%	-5.9%	-5.0%
S&P 200 Info Technology	1233	1274	-3.3%	-11.1%	58.5%
S&P 200 Telecommunicatic	1286	1354	-5.0%	-3.5%	-26.8%
S&P 200 Utilities	7843	7999	-1.9%	-6.4%	4.0%
S&P 200 Property Trusts	1612	1659	-2.8%	-3.0%	20.2%
S&P 200 Financials ex PT	6753	6972	-3.1%	-5.9%	-5.0%

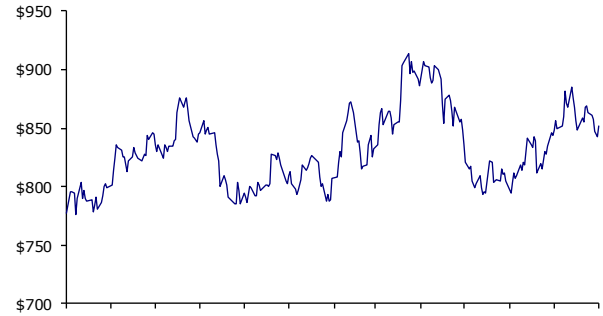
Source: IRESS

1 Year Commodity Price Charts

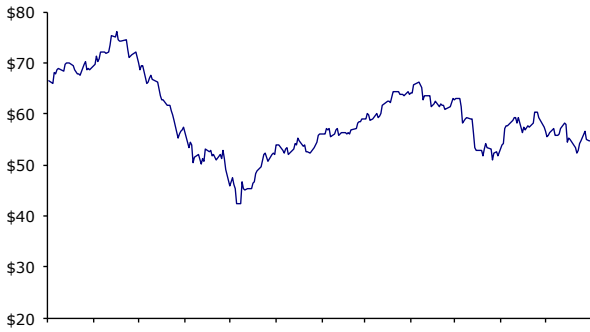
1 Year Gold



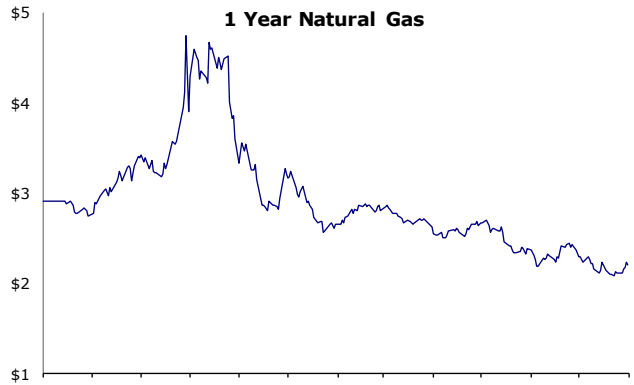
1 Year Platinum



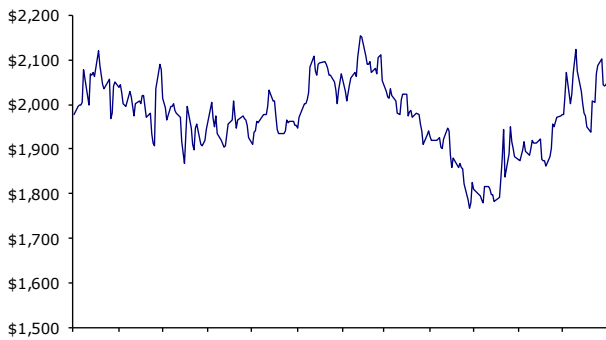
1 Year Oil



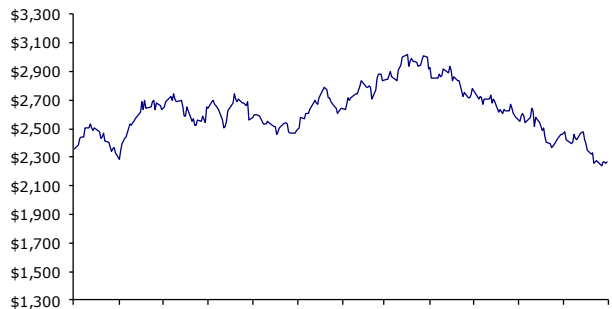
1 Year Natural Gas



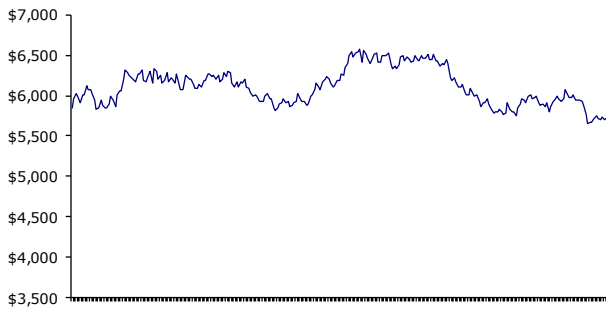
1 Year Lead



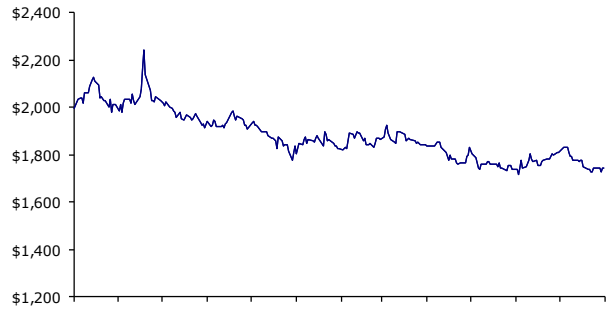
1 Year Zinc



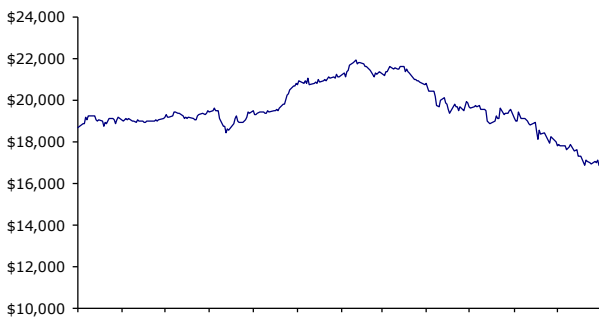
1 Year Copper



1 Year Aluminium

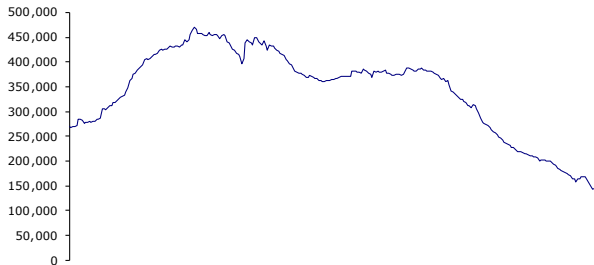


1 Year Tin

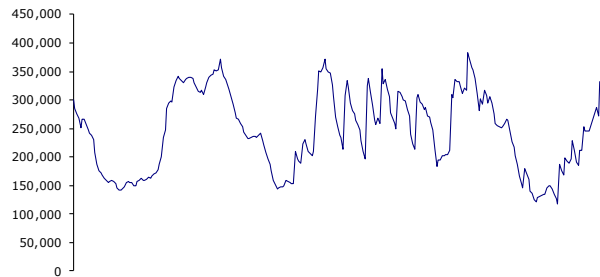


5 Year Metals Stockpiles

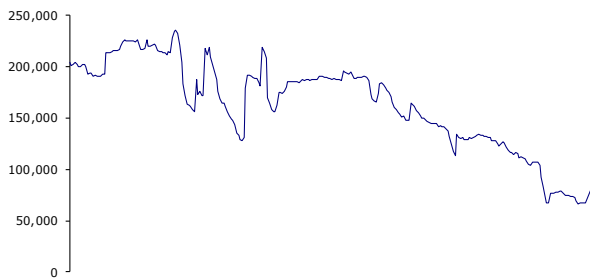
Nickel LME Stockpiles - 5 Year



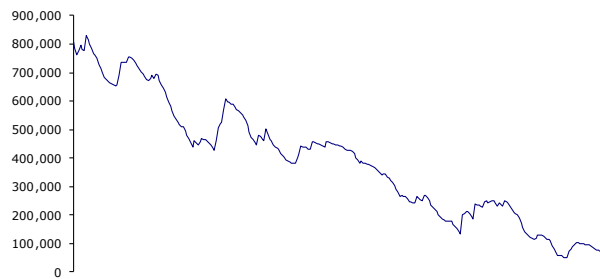
Copper LME Stockpiles - 5 Year



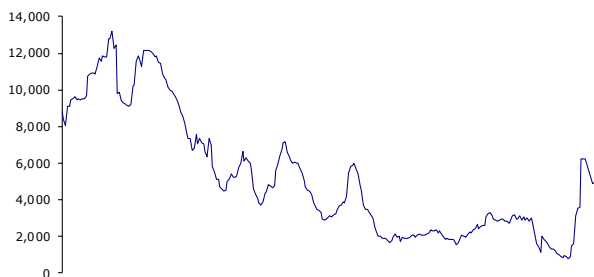
Lead LME Stockpiles - 5 Year



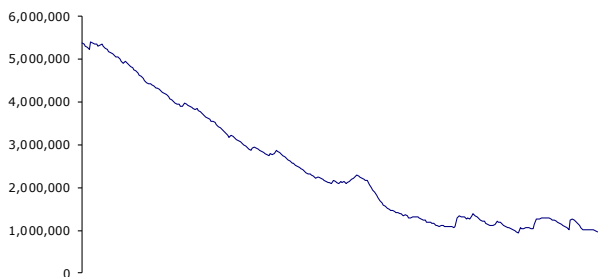
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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