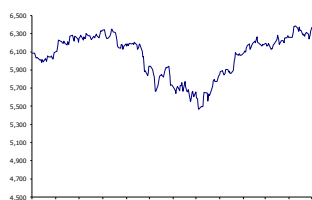


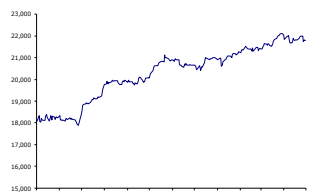
STATE ONE SPINNAKER

19 May 2019
Issue 459

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 19 May 2019

World Markets	19/05/2019	12/05/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6365	6311	0.9%	-0.3%	14.8%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2860	2881	-0.8%	-2.3%	27.3%
FTSE 100	7349	7203	2.0%	-1.6%	6.0%
DAX30	12239	12060	1.5%	-0.6%	-3.4%
Shanghai Composite	2882	2904	-0.7%	-7.7%	-10.4%
Nikkei 225	21250	21191	0.3%	-4.7%	13.2%
Hang Seng	27946	28550	-2.1%	-6.2%	22.2%
Currency					
AUD/USD	0.6872	0.6944	-1.0%	-1.7%	-8.5%
Commodities					
Oil (\$/bbl)	62.7	60.8	3.0%	-3.7%	-12.2%
Gas (\$/gal)	2.7	2.7	0.3%	6.2%	-9.8%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6025	6136	-1.8%	-6.4%	3.2%
Lead (\$/t)	1809	1823	-0.8%	-5.0%	-22.4%
Zinc (\$/t)	2730	2751	-0.8%	-4.5%	-0.5%
Aluminium (\$/t)	1805	1765	2.3%	-2.6%	4.2%
Nickel (\$/t)	12025	11865	1.3%	-2.6%	5.8%
Tin (\$/t)	19625	19650	-0.1%	-0.7%	-8.3%
Gold (\$/oz)	1276	1287	-0.9%	-0.2%	8.8%
Silver (\$/oz)	14.4	14.8	-2.6%	-4.0%	-15.8%
Platinum (\$/oz)	820	867	-5.4%	-7.6%	-12.5%
Wheat (\$/t)	467.750	422.000	10.8%	6.5%	14.6%

Source: Iress

Global Wrap

Key points

1. Aussie miners and resources stocks up

2. US down on trade tensions

3. Stock analysis: What the election means for your shares

US

Stocks closed lower on Friday after CNBC reported that trade talks between China and the US had stalled.

The Dow Jones Industrial Average ended the day down 98.68 points at 25,764 while the S&P 500 fell 0.6% to 2,859.53.

The Nasdaq Composite was down 1% at 7,816.28. It was also the fourth straight weekly drop for the Dow.

Sources told CNBC's that scheduling discussions for further trade talks had been put on hold since the Trump administration had increased scrutiny of Chinese telecom companies. A US delegation had been invited to Beijing earlier this week.

The report sent the Dow back into negative territory in the final hour of trading, erasing a gain of about 30 points. The S&P 500 and Nasdaq were further knocked down.

Earlier this week, the administration made it harder for US companies to do business with Huawei, a giant Chinese telecommunications company.

US firms that want to do business with Huawei must now have a licence. Shares of Huawei US suppliers such as Qualcomm, Qorvo and Micron Technology fell 1.6%, 6.1% and 3.4%, respectively.

During the previous week the US hiked tariffs on \$200 billion worth of Chinese goods, while China retaliated Monday with higher levies on \$60 billion worth of US products.

China

Given investors had largely priced in the two economic powerhouses to reach a deal this month, mainland Chinese shares tumbled on Friday amid ongoing tensions between Beijing and Washington, CNBC reported.

The Shanghai composite slipped 2.48% to close at 2,882.30 and the Shenzhen component dropped 3.15% to finish its trading day at 9,000.19. The Shenzhen composite fell 3.256% to close at 1,533.22

Hong Kong's Hang Seng index also declined more than 1%, as of its final hour of trading.

Japan

Stocks staged a solid rally on the Tokyo Stock Exchange on Friday in the wake of US equities' continued advance on Thursday, The Japan Times reported.

The TSE of course closed before the US market's correction on Friday.

The 225-issue Nikkei average rose 187.11 points, or 0.89%, closing at 21,259.09.

Sentiment was brightened by Wall Street's three-day rally on a rosy US business outlook shown by the Federal Reserve Bank of Philadelphia as well as strong housing starts and building permit numbers for April, brokers said.

Brisk earnings reports by Cisco Systems and Walmart also pushed up the Dow Jones Industrial Average markedly on the New York Stock Exchange.

The Tokyo market, however, lost steam toward noon, pressured by Shanghai stocks' weak performance following a US presidential order effectively banning domestic firms from using telecommunications gear of China's Huawei Technologies Co.

Europe

European stocks traded lower Friday as trade fears ratcheted up, while Brexit talks between the UK Conservative government and main opposition Labour Party broke down.

The pan-European STOXX 600 was down 0.34% in trade, autos leading the losses with a fall just shy of 1%, CNBC reported. The notable contributor was [BMW](#), which had its shares slip 5.2%.

The day's biggest loser was British tour operator [Thomas Cook](#), whose shares plummeted almost 40%. [Citigroup](#) analysts downgraded the company's stock to "sell" following its latest profit warning Thursday and cut its target price to zero.

Hopes that the UK's two largest political parties could hash out a Brexit agreement have ended. Labour leader Jeremy Corbyn told reporters on Friday that talks had gone as far as they can go and his party would oppose Prime Minister Theresa May's Brexit proposal. Sterling fell to its lowest in four months.

Investors also continued to monitor the trade war between the world's largest economies.

Australia

Stocks were higher after the close on Friday, as gains in the Consumer Staples, Metals & Mining and Resources sectors led shares higher, investing.com reported.

At the close in Sydney, the S&P/ASX 200 was up 0.59% to 6,365.30.

The best performers of the session on the S&P/ASX 200 were civil and mining contractors NRW Holdings Ltd, which rose 10.65% or 0.280 points to trade at 2.910 at the close. Meanwhile, Syrah Resources Ltd added 8.23% or 0.095 points to end at 1.250 and Fortescue Metals Group Ltd was up 6.67% or 0.560 points to 8.960 in late trade.

Shares in St Barbara Ltd fell to 52-week lows, falling 9.49% or 0.305 to 2.910. Shares in Fortescue Metals Group Ltd rose to five-year highs; gaining 6.67% or 0.560 to 8.960.

Gold futures for June delivery was up 0.13% or 1.65 to \$1287.85 a troy ounce. Elsewhere in commodities trading, crude oil for delivery in June unchanged at \$62.87 a barrel, while the July Brent oil contract fell 0.21% or 0.15 to trade at \$72.47 a barrel.

Stock analysis: Tax policies that will affect ASX stocks

Both the Coalition and the Labor Party have promised cuts to the corporate tax rate for businesses earning less than \$50m.

Labor has also committed to allowing an extra 20% tax break for every business that invests in productivity-boosting equipment above \$20,000, whether that's a "big manufacturer buying new technology or a tradie getting a new ute".

The small business tax cuts will have far-reaching benefits for many ASX-listed small caps, particularly in the areas of biotech and resources where companies might have some small early cash flow coming in to help them fund other projects.

Capital gains

Currently, investors who hold shares for a year or more get a 50 per cent discount on the tax they need to pay on any capital gain — that is, any profit they make on the sale of the stock.

Labor wants to cut that to 25 per cent for all assets bought after January 1, 2020. Any shares bought before that date would be exempt.

This [may not have much of an impact for small cap investors](#), a section of the market where high volatility and rapid change encourages active portfolio management rather than buying and holding.

Bridge Street Capital director Alex Sundich says small cap investors tend to buy in or sell out on a catalyst, be that drilling results from a resources company or clinical trial results from a biotech, and the majority can be short term holders.

There may, however, be some impact for directors and institutions who tend to have longer term horizons.

Franking credits

Dividends are paid out of after-tax profit; franking credits allow the recipients to avoid paying a second round of tax on that money by offsetting it against their other income.

If they don't pay tax or don't have a tax bill, a change in 2001 allows them to take the credits as a cash refund.

Labor wants to [stop these cash refunds](#).











While dividends are led by the likes of heavyweights Alumina (ASX:AWC), Rio Tinto (ASX:RIO) and Fortescue Metals Group (ASX:FMG), there are a number of small cap resources companies which also pay out, from Neometals (ASX:NMT) to Rand Mining (ASX:RND).

Deloitte said that in light of this possible change, many investors were currently reviewing whether to reweight their investment strategy (where franked dividends are a major source of income) and companies are assessing their distribution and capital management policy.

"These decisions also raise a host of other tax and non-tax issues to consider as a consequence," the firm said.


















"The proposed Labor policy may also have wider implications for businesses and their competitors on returns on investment and stock market valuations more generally."

Economic Calendar 20/05/2019 – 24/05/2019

Monday May 20 2019		Actual	Previous	Consensus	Forecast	
07:50 AM	JP GDP Growth Rate QoQ Prel Q1		0.5%	0.4%	0.1%	
Tuesday May 21 2019		Actual	Previous	Consensus	Forecast	
09:30 AM	AU RBA Meeting Minutes					
10:00 PM	EA Consumer Confidence Flash MAY		-7.9	-7.7	-8.6	
Wednesday May 22 2019		Actual	Previous	Consensus	Forecast	
07:50 AM	JP Balance of Trade APR		¥529B	¥203.2B	¥272B	
04:30 PM	GB Inflation Rate YoY APR		1.9%	2.2%	1.8%	
Thursday May 23 2019		Actual	Previous	Consensus	Forecast	
02:00 AM	US FOMC Minutes					
02:00 PM	DE GDP Growth Rate QoQ Final Q1		0%	0.4%	0.4%	
02:00 PM	DE GDP Growth Rate YoY Final Q1		0.6%	0.7%	0.7%	
03:30 PM	DE Markit Manufacturing PMI Flash MAY		44.4	44.8	46	
04:00 PM	DE Ifo Business Climate MAY		99.2	99.2	99.4	
	IN India General Election Results					
Friday May 24 2019		Actual	Previous	Consensus	Forecast	
07:30 AM	JP Inflation Rate YoY APR		0.5%	0.4%	0.3%	
08:30 PM	US Durable Goods Orders MoM APR		2.7%	-2%	-1.7%	

Source: www.tradingeconomics.com

Economic Calendar 27/05/2019 – 31/05/2019

Tuesday May 28 2019		Actual	Previous	Consensus	Forecast	
02:00 PM	DE GfK Consumer Confidence JUN		10.4	10.3	10.5	
05:00 PM	EA Business Confidence MAY		0.42	0.49	0.36	
Wednesday May 29 2019		Actual	Previous	Consensus	Forecast	
02:45 PM	FR GDP Growth Rate QoQ Final Q1		0.3%	0.3%	0.3%	
Thursday May 30 2019		Actual	Previous	Consensus	Forecast	
08:00 PM	BR GDP Growth Rate YoY Q1		1.1%	1.3%	0.8%	
08:30 PM	US GDP Growth Rate QoQ 2nd Est Q1		2.2%	3.2%	3.2%	
Friday May 31 2019		Actual	Previous	Consensus	Forecast	
07:01 AM	GB GfK Consumer Confidence MAY		-13		-12	
09:00 AM	CN NBS Manufacturing PMI MAY		50.1	50.5	49.9	
01:00 PM	JP Consumer Confidence MAY		40.4		40.5	
03:00 PM	TR GDP Growth Rate YoY Q1		-3%		0.5%	
04:00 PM	IT GDP Growth Rate YoY Final Q1		0%	0.1%	0.1%	
04:00 PM	IT GDP Growth Rate QoQ Final Q1		-0.1%	0.2%	0.2%	
08:00 PM	DE Inflation Rate YoY Prel MAY		2%		1.5%	
08:00 PM	IN GDP Growth Rate YoY Q1		6.6%		6.5%	
08:30 PM	CA GDP Growth Rate Annualized Q1		0.4%	1.2%	0.3%	
08:30 PM	CA GDP Growth Rate QoQ Q1		0.1%		0.5%	
08:30 PM	US Personal Income MoM APR		0.1%	0.2%		
08:30 PM	US Personal Spending MoM APR		0.9%	0.3%		

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 17 May 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
FMG	Fortescue Metals Grp	18.7	RWC	Reliance Worldwide	-16.7
NWH	NRW Holdings Limited	17.8	MYX	Mayne Pharma Ltd	-12.7
LLC	Lendlease Group	11.5	NAB	National Aust. Bank	-7.8
XRO	Xero Ltd	11.2	MMS	McMillan Shakespeare	-7.2
EVN	Evolution Mining Ltd	11.1	PNI	Pinnacle Investment	-7.1
SYR	Syrah Resources	10.1	SIQ	Smartgrp Corporation	-7.1
TNE	Technology One	9.2	SWM	Seven West Media Ltd	-6.7
IEL	Idp Education Ltd	8.9	WBC	Westpac Banking Corp	-6.6
SUL	Super Ret Rep Ltd	8.6	GWA	GWA Group Ltd	-6.3
NEA	Nearmap Ltd	7.6	ANZ	ANZ Banking Grp Ltd	-6.0

Source: IRESS

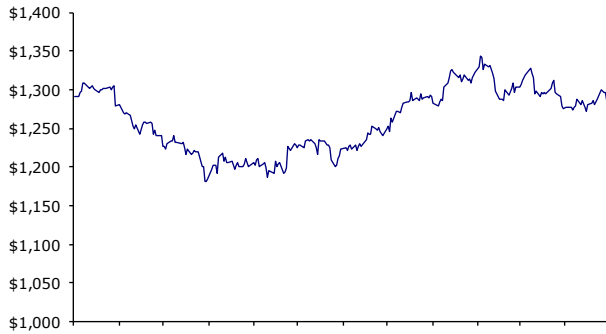
S & P Indices Week Ending 17 May 2019

S&P Indices	19/05/2019	12/05/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	11468	11047	3.8%	-0.9%	29.0%
S&P 200 Materials	13387	12765	4.9%	2.5%	35.2%
S&P 200 Industrials	6587	6499	1.4%	1.0%	29.1%
S&P 200 Consumer Disc.	2434	2418	0.7%	-1.1%	16.3%
S&P 200 Consumer Staples	11760	11406	3.1%	2.0%	37.4%
S&P 200 Healthcare	32308	31275	3.3%	5.5%	67.6%
S&P 200 Financials	5824	6071	-4.1%	-5.0%	-8.6%
S&P 200 Info Technology	1407	1367	2.9%	3.1%	81.0%
S&P 200 Telecommunicatic	1258	1215	3.6%	3.7%	-28.3%
S&P 200 Utilities	8441	8437	0.0%	3.0%	12.0%
S&P 200 Property Trusts	1567	1521	3.0%	0.8%	16.8%
S&P 200 Financials ex PT	6496	6771	-4.1%	-5.0%	-8.6%

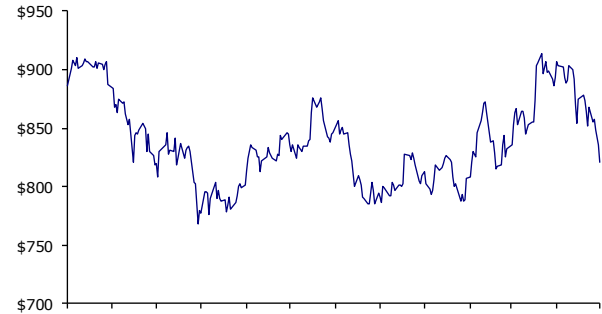
Source: IRESS

1 Year Commodity Price Charts

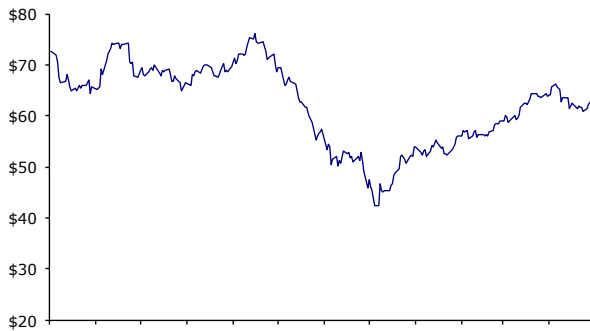
1 Year Gold



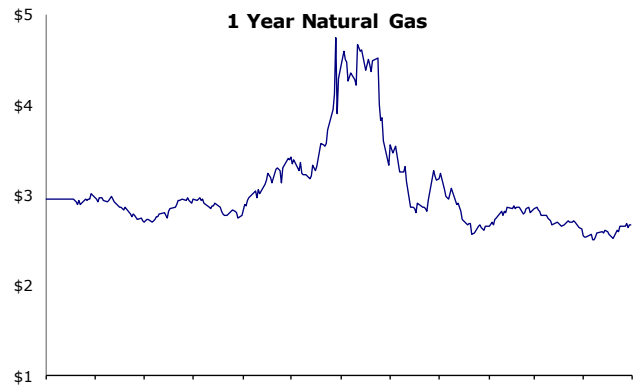
1 Year Platinum



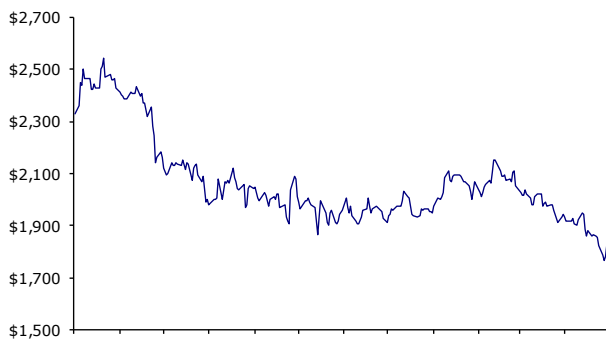
1 Year Oil



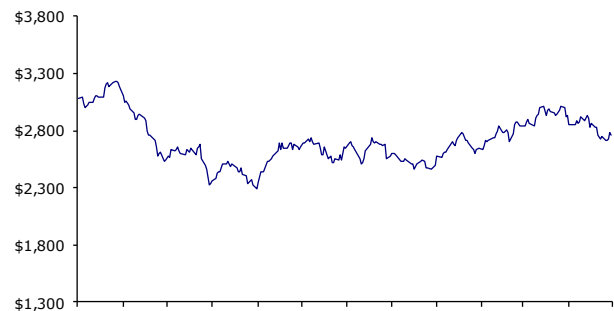
1 Year Natural Gas



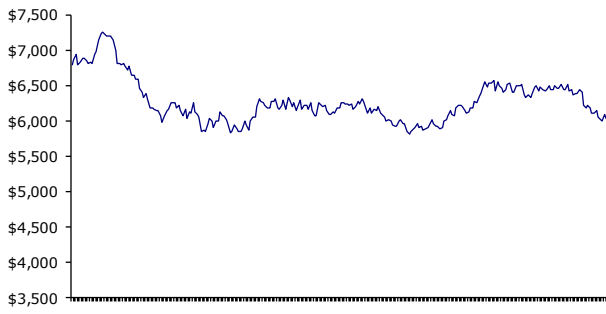
1 Year Lead



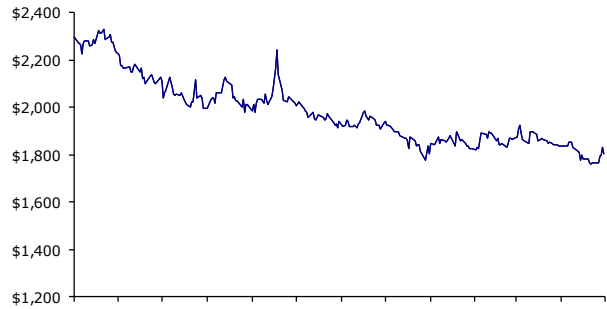
1 Year Zinc



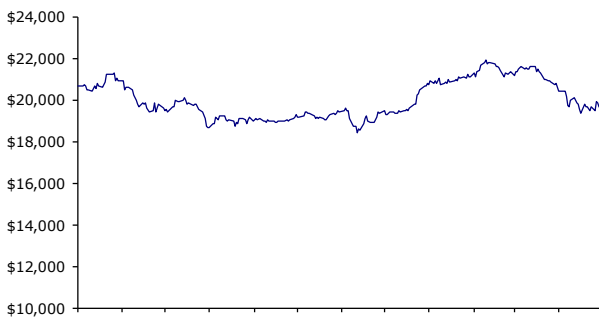
1 Year Copper



1 Year Aluminium

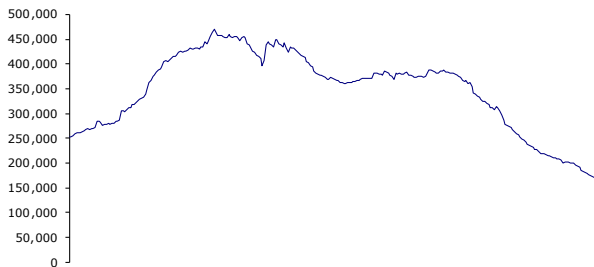


1 Year Tin

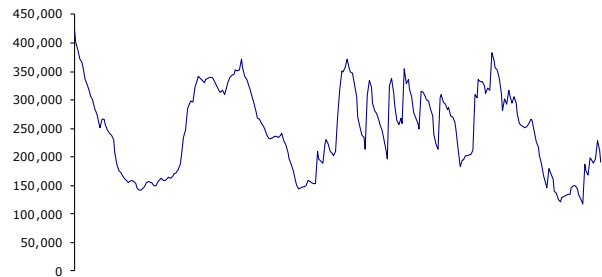


5 Year Metals Stockpiles

Nickel LME Stockpiles - 5 Year



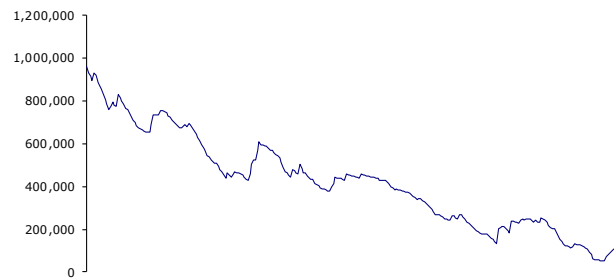
Copper LME Stockpiles - 5 Year



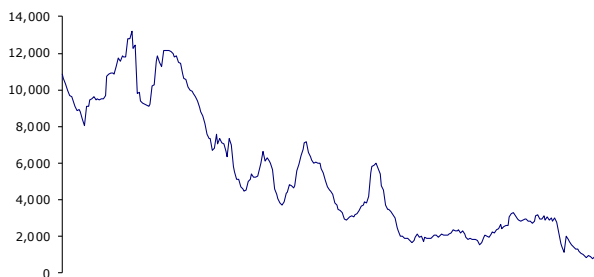
Lead LME Stockpiles - 5 Year



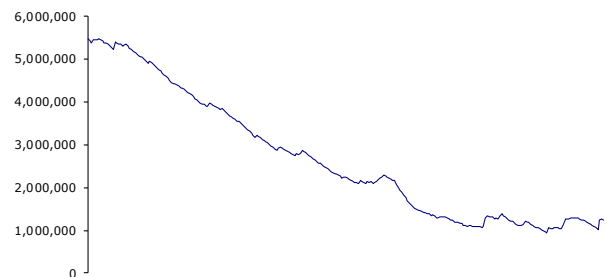
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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