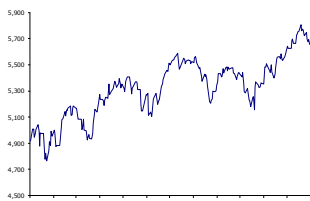


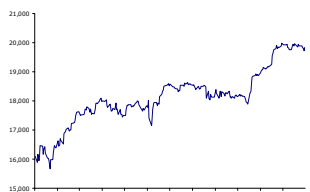
STATE ONE SPINNAKER

22 January 2017
Issue 353

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 22 January 2017

World Markets	22/01/2017	15/01/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5655	5721	-1.2%	-0.5%	7.4%
Dow Jones	19827	19886	-0.3%	0.0%	13.4%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2271	2275	-0.1%	1.0%	10.7%
FTSE 100	7198	7338	-1.9%	1.3%	12.9%
DAX30	11630	11629	0.0%	1.4%	21.4%
Shanghai Composite	3123	3103	0.6%	0.9%	-7.3%
Nikkei 225	19138	19095	0.2%	0.0%	3.8%
Hang Seng	22886	22937	-0.2%	5.2%	0.2%
Currency					
AUD/USD	0.7557	0.7477	1.1%	0.9%	7.9%
Commodities					
Oil (\$/bbl)	53.2	52.6	1.1%	-1.2%	65.1%
Gas (\$/gal)	3.2	3.4	-5.5%	-15.6%	62.4%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	5706	5797	-1.6%	4.0%	8.2%
Lead (\$/t)	2309	2221	4.0%	11.5%	33.1%
Zinc (\$/t)	2724	2720	0.1%	6.3%	58.8%
Aluminium (\$/t)	1839	1791	2.7%	6.5%	24.3%
Nickel (\$/t)	9735	10115	-3.8%	-4.0%	-6.4%
Tin (\$/t)	20200	21175	-4.6%	-4.3%	26.4%
Gold (\$/oz)	1210	1197	1.1%	5.9%	3.8%
Silver (\$/oz)	17.1	16.8	1.7%	6.6%	8.0%
Platinum (\$/oz)	983	987	-0.4%	9.1%	-2.8%
Wheat (\$/t)	428.250	426.000	0.5%	6.7%	-12.7%

Source: Iress

Global Wrap

US

This past week in the US commenced with the Martin Luther King public holiday and concluded with the inauguration of a new president.

Meanwhile, pending promised tax change and spending plans, the US economy could grow 2.3% during 2017, the International Monetary Fund (IMF) predicted in a new economic outlook report.

IMF comments contained several riders however, and the next outlook update, due in April, could well contain a much-revised forecast for not only the US, but also its major trading partners.

December CPI growth, reported Wednesday, was estimated at 0.3%, following 0.2% in November, and again supported by higher petrol prices and the cost of accommodation. Year-on-year growth exceeded 2% for the first time in 2.5 years, coming in at 2.1%.

US Federal Reserve chair Janet Yellen was simultaneously sounding an 'instability' warning should the economy be allowed to run too 'hot', and predicted several small rate rises each year could be required through to 2019, until rates were ~3%.

What will the presidential change mean for markets?

This week, some caution was apparent in the lead-up to the installation of the new president and ahead of whatever he planned to begin implementing from day one.

High-profile investor George Soros predicted initial market optimism could be followed by a pullback.

Indeed, despite market optimism since the 8 November presidential election, by late this past week, the DJIA was trading negative for the year-to-date.

Interest rate moves will have some impact, perhaps in the near-term. CIBC World Markets was prepared this week to venture another possible rise out of the 15 March FOMC meeting. The first policy meeting of 2017 is scheduled for 31 January – 1 February.

Meanwhile, several US economic indicators came in positive this past week, among them December housing starts, which jumped 11.3%.

This coming week, trade balance figures, further housing data, additional regional manufacturing indices, durable goods orders and wholesale inventories will be welcomed. The most keenly anticipated report however, will be December quarter GDP, due Friday.

Europe

The British pound began the week trading as low as \$US1.20 ahead of a scheduled UK-European Union separation speech by PM Theresa May Tuesday, and following related comments by UK Chancellor Philip Hammond over the weekend.

Mrs May outlined plans for a clean break from the EU and its market, promoting a free trade agreement.

In general, domestic and European reaction favoured the clarity, amid differences surrounding the likely length of negotiations and transition arrangements.

Britons were warned to prepare for some turmoil, the International Monetary Fund (IMF) predicting a certain amount of 'pain'.

Bank of England governor Mark Carney underscored the flimsiness of current separation and growth predictions, stating the central bank could not ascertain the direction of the next rate rise.

Separating from the EU could produce a state of flux over several years for household incomes, domestic demand and currency values, Mr Carney warned.

However, the central bank was well able to support growth in addition to managing inflation, he sought to assure.

In the meantime, UK December CPI growth was reported at 1.6% on an annual basis, against November's 1.2%.

Uncertainty regarding national parliamentary elections this year in the Netherlands, France, and Germany also remained in focus, as did comments on the UK's plans and Germany's policies by US president-elect Donald Trump.

Despite considerable uncertainty the International Monetary Fund (IMF) was prepared to lift its UK 2017 GDP growth prediction 0.4% to 1.5%.

Meanwhile in Italy, the government was facing a request from the European Commission on Tuesday, that the nation's budget deficit be cut by €3.4B.

Little wonder European Central Bank president Mario Draghi resisted calls in association with this past Thursday's policy meeting, for the bank to begin tightening monetary policy.

Mr Draghi asserted underlying inflation growth was not yet demonstrating a clear upward trend, and hence rates needed to be where they are and asset purchases ought to be continued as per normal.

Wednesday, a final regional December CPI growth reading had been reported at 1.1%, Germany's at 1.7%.

Mr Draghi is due to speak publicly again in Italy on Monday, ahead of PMI updates Tuesday.

In the UK, December quarter GDP (Thursday) will be closely analysed.

China

China's pending Lunar New Year/Spring Festival holiday period will mean a week of no domestic markets trade.

Lunar NYE is Friday (27 January) and markets will be closed from Saturday through the following week.

The coming hiatus was felt to some degree this week, market watchers reporting interest in iron ore futures trade had begun to wane from mid-week.

December quarter GDP, reported Friday, attracted plenty of commentary, especially given one province in China, Liaoning, had confessed to fudging GDP figures for 2011 - 2014.

Friday, China's National Bureau of Statistics reported what officials had asserted the past two weeks - that 2016 GDP growth had been retained at 6.7%. This, against 6.9% for 2015.

The December quarter figure was reported at 6.8%, year-on-year.

Other data released Friday, for December, mostly met expectations.

Industrial production was reported at 6.0% year-on-year, and 0.46% for the month, but November's year-on-year reading had been 6.2%.

Full-year fixed asset (non-rural) investment also slowed, rising 8.1%, following 8.3% for January - November.

December retail sales climbed 10.9% on an annual basis, 0.3% above forecasts, and against 10.8% in November.

2016 retail sales slowed some, increasing 10.4% after a 10.7% gain for 2015.

December industrial profits are anticipated this coming week.

In a new economic outlook report, the International Monetary Fund (IMF) this week cited expectations of ongoing stimulus in China as one reason the global economy could grow 3.4% during 2017, against 3.1% in 2016.

Further, the IMF raised its 2017 China GDP growth forecast 0.3% to 6.5%. The United Nations has also estimated 6.5% economic growth for China this year.

Japan

Bank of Japan governor Haruhiko Kuroda began the week expressing confidence in a moderate domestic economic recovery, but warning inflation growth could remain at ~0% for some time.

December CPI is the major data release for the coming week, and is scheduled for Friday. An initial January manufacturing PMI is due Tuesday.

This past week, December machine tool orders were reported 4.4% higher year-on-year, following November's 5.6% drop.

Australia

The December employment report included something for most.

For 2016, full-time employment was reported to have fallen 22% (34,000 fewer jobs) and part-time employment to have grown 3.4% (125,500 more part-time positions).

Total December employment rose by 13,500 however, comprising 9300 more people in full-time employ and 4200 securing part-time jobs.

The December unemployment rate rose 0.1% to 5.8%, due to more people looking for work.

In a comparatively light week for new reports, the Westpac-Melbourne Institute January consumer sentiment index rose 0.1 to 97.4, remaining sub-100, which is interpreted as meaning there are still more pessimists out there than optimists.

The coming week's data releases will include December quarter CPI (Wednesday), PPI and export and import prices.

Australian markets will be closed this coming Thursday, for Australia Day, but full trade will resume Friday, coinciding with Lunar NYE.

A deluge of December quarter reports is expected this week, ahead of the end-of-month deadline and February's half-year reports.

In the meantime, the Australian Office of Financial Management has completed a record \$A9.3B bond sale.

Commodities

Oil moves were watched closely from the commencement of Monday's trade, after International Energy Agency (IEA) executive director Fatih Birol ventured over the weekend that volatility would feature again during 2017.

Mr Birol also warned that in the absence of new major investment in the oil sector, the global market could swing to a 'serious' deficit within a few years.

Consultancy firm Rystad Energy in the meantime calculated that the total estimated resources of all oil and gas discoveries reported during 2016 was the least in ~70 years, totalling ~6BBboe.

Commentary flowed and flared throughout the week, on various weekly and monthly reports, in addition to claims presented at, or on the sidelines of the annual World Economic Forum in Switzerland.

The comments mostly covered likely US shale output, production cut compliance by OPEC members and Russia, and global demand forecasts.

OPEC is scheduled to hold a compliance committee this weekend, in relation to last year's agreement to cut output by a daily 1.2MMbbl, to 32.5MMbbl/d, for six months from 1 January.

Saudi Arabia energy minister Khalid al-Falih said he was confident the agreement would be effective and that no extension would be needed.

Some oil industry watchers estimated Russia had reduced oil and gas production by a daily 100,000bbl during the first half of January, against a planned 300,000bbl/d cut over the six months.

For its part, Goldman Sachs predicted daily US oil production would rise by 235,000bbl/d this year, from 8.95MMbbl/d.

In price forecasts, Energy Aspects told a Houston, Texas conference that prices above \$US60/bbl - \$US70/bbl could return in little over a year.

In other energy news, China's rising coking coal production has reportedly already begun to push prices lower.

Iron ore (China port, 62% Fe) prices rallied Monday after pulling back Friday 13 January, even though futures had continued higher in late Friday trade.

Dalian Commodity Exchange iron ore futures continued to surge as much as 7% Monday, and steel rebar futures 5%, in part due to expectations China would reduce excess steel capacity this year.

However, come mid-week, market watchers were reporting reduced interest ahead of Lunar New Year and the associated week of Spring Festival holidays.

Assertions of a large speculative influence persisted, as copper had traded ~9.5% higher on the Shanghai Futures Exchange on Monday.

Meanwhile, Macquarie completed estimates for 2016, venturing China may have held 72Mt of iron ore oversupply by the end of December.

Global stockpiles are not likely to fall anytime soon, given Lunar New Year commences late this week and China's industry virtually shuts down.

Macquarie predicted as supplies increased, even from this month, prices would eventually retreat to \$US50/t - \$US60/t.

Vale was reportedly shipping 26,500t of iron ore from its new S11D operation in Brazil's Amazon region and is expected to keep ramping output through to 2018.

In the meantime, China's December crude steel output was revealed as 3.2% higher year-on-year, at 67.2Mt.

Full-year production grew 1.2% to 808.4Mt.

December steel product production came in 0.2% lower year-on-year, at 95.7Mt.

During 2016, China produced 1.14Bt of steel product, 2.3% more than for 2015.

Comex gold futures traded at eight-week highs more than once this past week.

The NYSE's SPDR Trust (a physically backed ETF) reported the first increase in holdings since 9 November 2016, and the US Commodity Futures Trading Commission reported a rise in net long positions in COMEX gold contracts held by hedge funds and money managers in the week to 10 January.

US Federal Reserve expectations of multiple rate rises each year through to 2019, plus a batch of positive US economic indicators, including the Fed's own beige book region-by-region economic summary, pressured gold sentiment during the second half of the week, however.

Among the price forecasters, Mitsubishi ventured an average \$US1205/oz for 2017 and a \$US1020/oz - \$US1350/oz range.

London Metals Exchange (LME) base metals trade started the week in negative territory, as the US commemorated Martin Luther King Day and the \$US turned higher.

Copper trade languished some during the week, in no small part due to the package of influential data due out of China Friday.

Traders were waiting for December quarter GDP, plus December industrial production, fixed asset investment and retail sales.

In addition, a new batch of PMIs is due next week, the first for the new year, their release coinciding with the inaugural week of the new US presidential regime, when new policies may begin to be implemented.

Some traders were also reportedly awaiting the outcome of negotiations at the substantial Escondida operation in Chile. A union/workers' vote is expected Tuesday this coming week, and any strike action at the largely BHP-held project is expected to impact global supply.

In other commodity news, the US Federal Reserve's beige book report revealed farmers were cutting back on the number of acres they were planting, up to 13% fewer for winter wheat, due to lower returns.

Adverse weather in Argentina produced a soy bean futures rally in Chicago earlier this week, but within days prices had retreated.

Economic Calendar 23/01/2017 – 27/01/2017

Monday January 23 2017		Actual	Previous	Consensus	Forecast	
11:00 PM	EA Consumer Confidence Flash JAN		-5.1		-5.8	
Tuesday January 24 2017		Actual	Previous	Consensus	Forecast	
04:30 PM	DE Markit Manufacturing PMI Flash JAN		55.6	55.4	55.1	
11:00 PM	US Existing Home Sales DEC		5.61M	5.56M	5.6M	
Wednesday January 25 2017		Actual	Previous	Consensus	Forecast	
07:00 AM	KR GDP Growth Rate QoQ Adv Q4		0.6%		0.7%	
07:00 AM	KR GDP Growth Rate YoY Adv Q4		2.6%		2.7%	
07:50 AM	JP Balance of Trade DEC		¥153B	¥270B	¥150B	
05:00 PM	DE Ifo Business Climate JAN		111	111.2	110.5	
Thursday January 26 2017		Actual	Previous	Consensus	Forecast	
03:00 PM	DE GfK Consumer Confidence FEB		9.9	9.9	10	
05:30 PM	GB GDP Growth Rate QoQ Prel Q4		0.6%	0.5%	0.4%	
05:30 PM	GB GDP Growth Rate YoY Prel Q4		2.2%	2.1%	2%	
10:00 PM	MX Balance of Trade DEC		\$200M		\$500M	
11:00 PM	US New Home Sales DEC		592K	590K	585K	
Friday January 27 2017		Actual	Previous	Consensus	Forecast	
07:30 AM	JP Inflation Rate YoY DEC		0.5%		0.5%	
09:30 PM	US Durable Goods Orders MoM DEC		-4.6%	2.5%	2%	
09:30 PM	US GDP Growth Rate QoQ Adv Q4		3.5%	2.1%	2.2%	

Source: www.tradingeconomics.com

Economic Calendar 30/01/2017 – 3/02/2017

Monday January 30 2017			Actual	Previous	Consensus	Forecast
04:00 PM	 ES	GDP Growth Rate QoQ Flash Q4		0.7%	0.6%	
04:00 PM	 ES	GDP Growth Rate YoY Flash Q4		3.2%	3.1%	
04:00 PM	 CH	KOF Leading Indicators JAN		102.2	102.01	
06:00 PM	 EA	Business Confidence JAN		0.8	0.81	
09:00 PM	 DE	Inflation Rate YoY Prel JAN		1.7%	1.72%	
Tuesday January 31 2017			Actual	Previous	Consensus	Forecast
07:30 AM	 JP	Unemployment Rate DEC		3.1%	3.1%	
08:05 AM	 GB	Gfk Consumer Confidence JAN		-7	-9	
08:30 AM	 AU	NAB Business Confidence DEC		5	4.90	
11:00 AM	 JP	BoJ Interest Rate Decision		-0.1%	-0%	
01:00 PM	 JP	BoJ Quarterly Outlook Report				
02:30 PM	 FR	GDP Growth Rate QoQ 1st Est Q4		0.2%	0.4%	
02:30 PM	 FR	GDP Growth Rate YoY 1st Est Q4		1.0%	1.2%	
04:55 PM	 DE	Unemployment Change JAN		-17K	-11.7K	
04:55 PM	 DE	Unemployment Rate JAN		6%	6%	
05:00 PM	 PL	Full Year GDP 2016		3.9%	3.4%	
06:00 PM	 EA	GDP Growth Rate QoQ Flash Q4		0.3%	0.3%	
06:00 PM	 EA	GDP Growth Rate YoY Flash Q4		1.7%	1.6%	
06:00 PM	 EA	Unemployment Rate DEC		9.8%	9.7%	
10:00 PM	 MX	GDP Growth Rate QoQ Prel Q4		1%	0.96%	
Wednesday February 01 2017			Actual	Previous	Consensus	Forecast
09:00 AM	 CN	NBS Manufacturing PMI JAN		51.4	51.23	
09:15 PM	 US	Adp Employment Change JAN		153K	172K	
11:00 PM	 US	ISM Manufacturing PMI JAN		54.7	53.6	
	 EA	ECB Non-Monetary Policy Meeting				
Thursday February 02 2017			Actual	Previous	Consensus	Forecast
03:00 AM	 US	Fed Interest Rate Decision		0.75%	0.75%	
08:30 AM	 AU	Balance of Trade DEC		A\$1.24B		
01:00 PM	 JP	Consumer Confidence JAN		43.1	40.29	
08:00 PM	 GB	BoE Interest Rate Decision			0.25%	
08:00 PM	 GB	MPC Meeting Minutes				
08:00 PM	 GB	BoE Quantitative Easing			£435B%	
09:00 PM	 RU	GDP Growth Rate YoY Prel Q4		-0.4%	-0.3%	
Friday February 03 2017			Actual	Previous	Consensus	Forecast
09:45 AM	 CN	Caixin Manufacturing PMI JAN		51.9	52	
02:45 PM	 CH	Consumer Confidence Q1			-13.11	
09:30 PM	 US	Non Farm Payrolls JAN		156K	157.2K	
09:30 PM	 US	Unemployment Rate JAN		4.7%	4.7%	
11:00 PM	 US	ISM Non-Manufacturing PMI JAN		57.2	55.8	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 20 January 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
BGA	Bega Cheese Ltd	20.9	BTT	BT Investment Mngmnt	-9.7
CSL	CSL Limited	13.4	SIP	Sigma Pharmaceutical	-8.1
SBM	St Barbara Limited	10.2	PRY	Primary Health Care	-6.0
IFN	Infigen Energy	9.9	SVW	Seven Group Holdings	-5.7
RSG	Resolute Mining	6.8	S32	South32 Limited	-5.7
BLD	Boral Limited	6.3	CIM	Cimic Group Ltd	-5.5
TWE	Treasury Wine Estate	6.0	GXY	Galaxy Resources	-5.3
ORE	Orocobre Limited	5.7	ARB	ARB Corporation.	-5.1
RRL	Regis Resources	4.9	CCP	Credit Corp Group	-5.1
BSL	BlueScope Steel Ltd	4.4	ABP	Abacus Property Grp.	-5.1

Source: IRESS

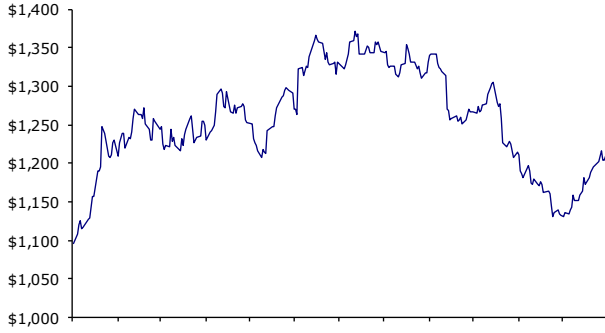
S & P Indices Week Ending 20 January 2017

S&P Indices	22/01/2017	15/01/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	9279	9373	-1.0%	2.5%	2.5%
S&P 200 Materials	10050	10053	0.0%	3.0%	22.5%
S&P 200 Industrials	5158	5241	-1.6%	-1.1%	8.6%
S&P 200 Consumer Disc.	2103	2147	-2.0%	-2.1%	14.7%
S&P 200 Consumer Staples	8853	8825	0.3%	-0.7%	1.0%
S&P 200 Healthcare	21085	19961	5.6%	7.1%	16.7%
S&P 200 Financials	6436	6622	-2.8%	-2.5%	5.9%
S&P 200 Info Technology	816	824	-0.9%	-0.2%	13.5%
S&P 200 Telecommunicatic	1803	1834	-1.7%	1.1%	-8.8%
S&P 200 Utilities	8099	7962	1.7%	1.8%	20.4%
S&P 200 Property Trusts	1323	1351	-2.0%	-5.7%	4.5%
S&P 200 Financials ex PT	7178	7386	-2.8%	-2.5%	3.2%

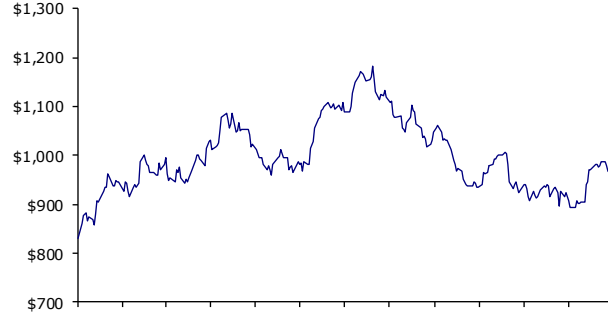
Source: IRESS

1 Year Commodity Price Charts

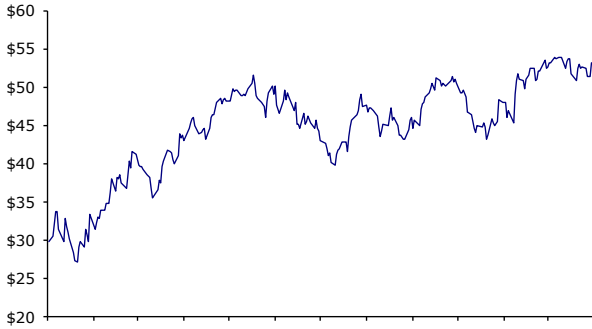
1 Year Gold



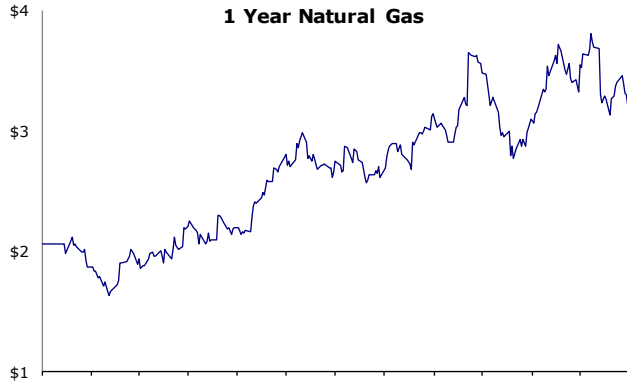
1 Year Platinum



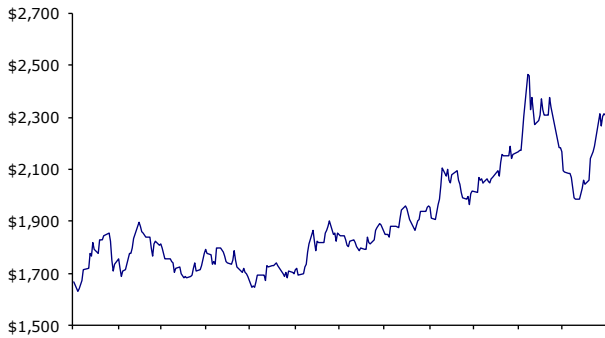
1 Year Oil



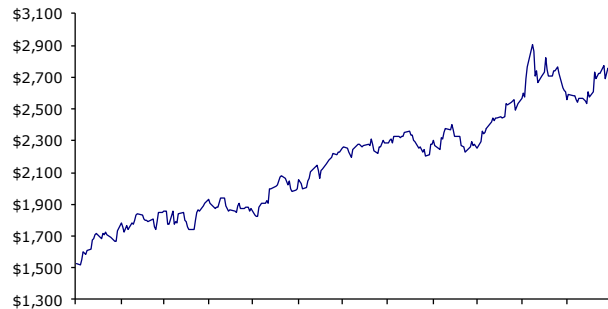
1 Year Natural Gas



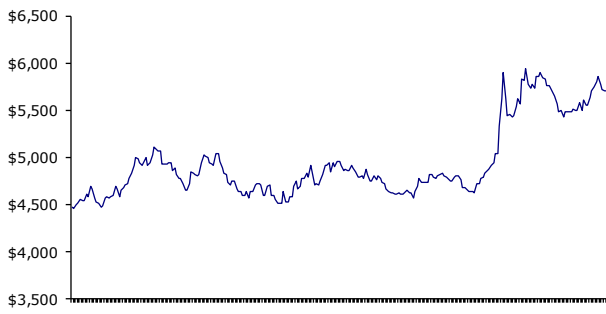
1 Year Lead



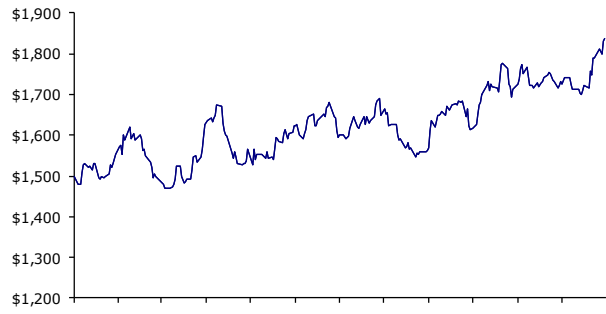
1 Year Zinc



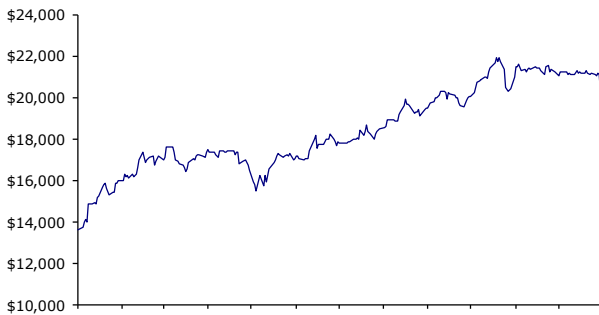
1 Year Copper



1 Year Aluminium

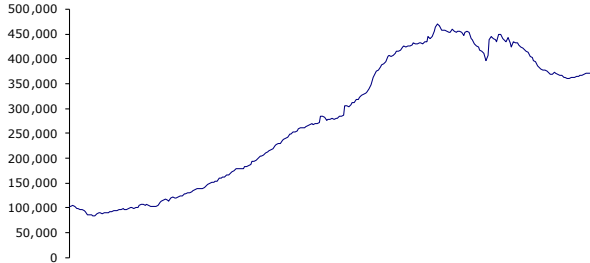


1 Year Tin

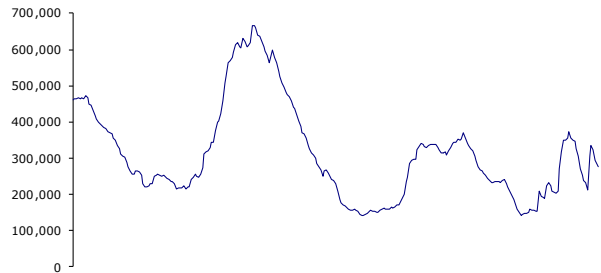


5 Year Metals Stockpiles

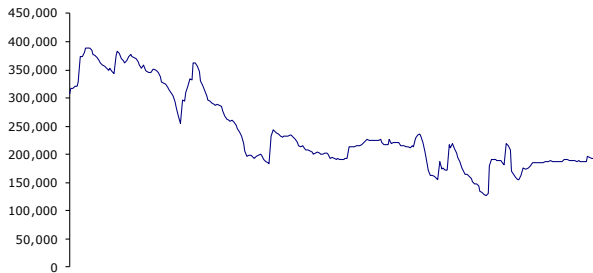
Nickel LME Stockpiles - 5 Year



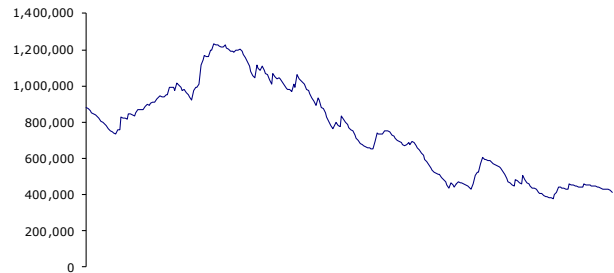
Copper LME Stockpiles - 5 Year



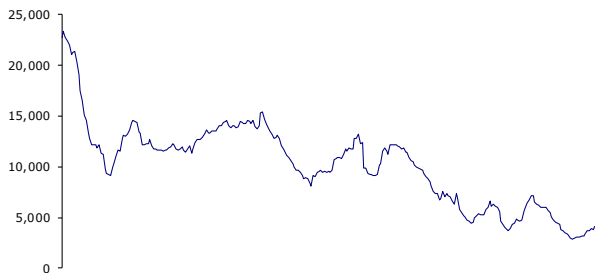
Lead LME Stockpiles - 5 Year



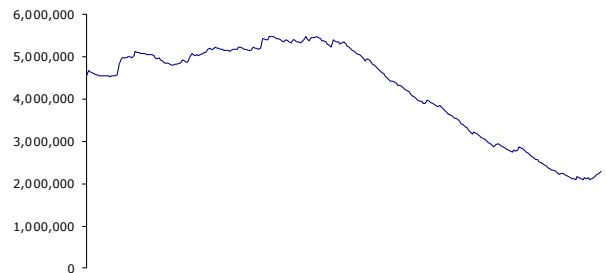
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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