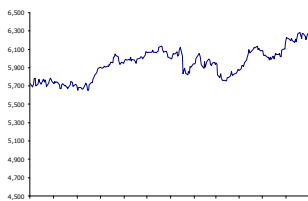


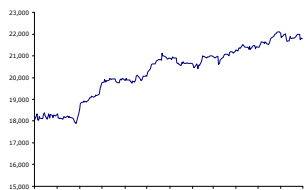
# STATE ONE SPINNAKER

**22 July 2018**  
**Issue 420**

## 12 month XJO chart



## 12 month Dow Jones chart



### State One Research Products

**Spinnaker** Free Weekly

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**Overview**

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## Global Wrap – 22 July 2018

World Markets	22/07/2018	15/07/2018	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6286	6268	0.3%	1.5%	13.4%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2802	2801	0.0%	3.8%	24.7%
FTSE 100	7679	7662	0.2%	0.7%	10.8%
DAX30	12686	12541	1.2%	3.6%	3.6%
Shanghai Composite	2829	2814	0.5%	1.5%	-12.0%
Nikkei 225	22698	22597	0.4%	1.9%	21.0%
Hang Seng	28224	28525	-1.1%	-0.5%	23.5%
Currency					
AUD/USD	0.7425	0.7420	0.1%	0.2%	-6.2%
Commodities					
Oil (\$/bbl)	68.1	70.5	-3.4%	-5.7%	46.0%
Gas (\$/gal)	2.7	2.7	0.1%	-8.7%	-2.4%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6073	6166	-1.5%	-10.5%	4.0%
Lead (\$/t)	2100	2162	-2.9%	-12.8%	-9.9%
Zinc (\$/t)	2583	2607	-0.9%	-10.7%	-5.9%
Aluminium (\$/t)	2075	2102	-1.3%	-3.5%	19.8%
Nickel (\$/t)	13425	13870	-3.2%	-7.9%	18.1%
Tin (\$/t)	19475	19775	-1.5%	-2.4%	-9.0%
Gold (\$/oz)	1231	1241	-0.8%	-1.8%	5.0%
Silver (\$/oz)	15.5	15.8	-1.7%	-3.5%	-9.0%
Platinum (\$/oz)	830	830	-0.1%	-3.7%	-11.5%
Wheat (\$/t)	516.750	494.000	4.6%	6.0%	26.6%

Source: Iress

## Global Wrap

### Key points

**1. Trump fuels further trade war fears**

**2. Afterpay surges on ASX**

**3. Yuan 'drops like a rock'**

## US

US stock indexes edged higher on Friday as technology stocks rose on the back of solid results from Microsoft, easing fears of a rising trade spat after President Donald Trump toughened his stance against China, Reuters reported.

Microsoft rose as much as 3.6% to a record high of \$108.20 and was the biggest boost to the S&P 500 and the Dow Industrials.

President Trump said he was ready to impose tariffs on all \$500 billion of imported goods from China, unnerving financial markets in premarket trading.

The comment did not indicate an official policy change, but suggests the White House is willing to go to extreme lengths in its trade confrontation with China.

His comments on tariffs followed the US and China imposing levies on \$34 billion worth of each other's goods earlier this month.

GE shares fell 4.5% after it lowered annual cash target.

The industrial conglomerate's CEO John Flannery said he expected new tariffs on its imports from China to push up its overall costs by \$300 million to \$400 million.

The information technology sector rose 0.30%, with Facebook, Apple and Google-parent Alphabet shares gaining 0.3% to 1%.

As the second-quarter reporting period gains momentum, analysts' forecasts for profit at S&P 500 companies have risen to 22%, compared with the 20.7% gain seen on July 1, according to Thomson Reuters I/B/E/S.

Of the 87 S&P 500 companies that have reported so far, 83.9% have topped profit expectations, compared with a 75% beat rate over the past four quarters.

Meanwhile the US dollar weakened on Friday against key world currencies as President Donald Trump complained again about its strength.

US GDP data will be released this Thursday.

## China

China's markets ended Friday on a stronger footing, with the yuan reversing an early slump spurred by the central bank's move to weaken the daily currency fixing by the most since 2016.

China stocks rebounded nearly 2% on Friday.

This erased the week's losses as investors piled into financial shares after a media report suggested looser-than-expected asset management rules.

Analysts said a 21st Century Business Herald report that mutual funds will be allowed to buy non-standard products helped drive the moves. The news boosted risk appetite as previous expectations were for China to ban the buying of such products.

The blue-chip CSI300 index rose 1.9%, to 3,492.89, while the Shanghai Composite Index gained 2% to 2,829.27 points.

The **yuan's decline** of more than 4% over the past month, the steepest among major currencies, has provoked fresh speculation about whether the decline is a natural consequence of policy easing efforts to cushion a slowing economy, and how far officials will let it go.

US President Donald Trump told CNBC that the currency was "dropping like a rock," putting America at a disadvantage as trade tensions escalate.

Bets for further monetary easing are weighing on China's currency and there have been only limited efforts by the authorities to step in.

The rapid descent has undermined confidence in other emerging market peers and helped fuel a plunge in commodity prices.

The Shanghai equity benchmark rallied 2.1%, snapping a five-day losing streak, and a gauge of financial companies closed up 3.8%, its biggest gain since August 2016.

The Hang Seng Index in Hong Kong rose 0.8%.

The yield on 10-year government debt climbed 7 basis points to 3.52%, the biggest increase since October.

## Japan

Stocks lost further ground on the Tokyo Stock Exchange on Friday, hit by profit-taking after a brief rally, The Japan Times said.

The 225-issue Nikkei average lost 66.80 points, or 0.29%, to end at 22,697.88. It fell 29.51 points Thursday.

The firmer yen came after President Trump expressed displeasure with a strong dollar in a US television interview on Thursday.

**Renewable energy** developer Renova shot up 12.95% following a newspaper report Friday that the use of such sustainable energy is expected to spread in Japan.

Japan's closely watched Leading Economic Index and Coincident Index will be released on Tuesday, followed by CPI on Thursday.

## Europe

European shares fell on Friday as earnings updates disappointed, with auto stocks bearing the brunt of trade tensions that caused a selloff in the Chinese yuan as the market was opening, Reuters said. As US officials work towards slapping tariffs on car imports, auto shares were the biggest losers, down 2.1%.

The broader pan-European STOXX 600 fell 0.15%, with losses capped by gains in healthcare and consumer staples, which are considered less risky sectors.

Overall, listed European firms are expected to report stronger earnings growth in the second quarter. However investors are honing in on companies' future guidance for any change due tariff developments, with autos particularly in focus.

A key euro zone consumer confidence index will be released on Monday. The European Central Bank will release its interest rate decision on Thursday, but it is widely tipped to remain at -0.4%

## Australia

The S&P/ASX 200 climbed 23 points, or 0.4%, to 6285 on Friday for a 0.3% advance over a week marked by concern about the global trade outlook, Fairfax said.

Afterpay was the clear ASX 200 winner over the week, with the payment services firm surging more than 30% to \$14.36 after updating shareholders on earnings trends and sales on Thursday.

Technology One was another strong technology-sector performer, jumping more than 15% during the week to \$5.05, after the Brisbane-based firm reaffirmed its fiscal-year net profit growth target.

However miners and energy stocks had a tough week after commodity prices suffered amid ongoing tensions over global trading relationships, particularly between the US and China.

**Energy stocks** ended the week 2.2% lower, while the materials segment of the market fell 1.2%.

Galaxy Resources fell 6.7% over the week to \$3.06 after the lithium exporter declared that prices for **lithium** carbonate sold into China had fallen by 18% in the second quarter of 2018.

Australian CPI will be released on Wednesday, followed by import and export prices on Thursday, then the Producer Price Index on Friday.

### **Other commodities**

**Oil** prices held steady after a top Saudi official said that oil production would remain flat in July compared with June and that Saudi Arabia did not want to oversupply the market.

A sharp fall in the value of the yuan against the dollar has slowed purchases of spot seaborne **iron ore** by Chinese mills and traders, while prompting mills to stock up in portside markets, Dry Bulk reported.

The weaker Chinese currency makes it more expensive to buy dollar-denominated iron ore cargoes using yuan.

Portside iron ore traders are particularly reluctant to buy seaborne ores, as they will make losses selling these cargoes in the yuan-based portside markets amid ample stocks and modest demand for most medium and low grade fines.

Portside trading will not be profitable unless portside iron ore prices rise in the near future or seaborne prices correct sharply, said an east China-based trader.

Concerns about an escalation of the tariff war between the US and China are the immediate driver of weakness in the yuan, but signs of slower growth in the Chinese economy are also having an impact. Industrial output growth in China dropped to 6% in June from 6.8% in May, while real estate investment growth slowed to 9.7% in January-June from 10.2% in January-May.

Infrastructure investment has also been slowing over the past few months and is currently around 7%, compared with 19% last year.

**Gold** rallied 1% on Friday from yesterday's new 12-month Dollar low of \$1211 per ounce after US President Donald Trump attacked both China on trade and the Federal Reserve for raising interest rates in an interview with CNBC.

## Economic Calendar 23/07/2018 – 27/07/2018

Monday July 23 2018		Actual	Previous	Consensus	Forecast	
10:00 PM	EA Consumer Confidence Flash JUL		-0.5	-0.7	-1.3	
10:00 PM	US Existing Home Sales JUN		5.43M	5.44M	5.39M	
Tuesday July 24 2018		Actual	Previous	Consensus	Forecast	
03:30 PM	DE Markit Manufacturing PMI Flash JUL		55.9	55.5	56.2	
Wednesday July 25 2018		Actual	Previous	Consensus	Forecast	
04:00 PM	DE Ifo Business Climate JUL		101.8	101.5	100.9	
10:00 PM	US New Home Sales JUN		0.689M	0.67M	0.59M	
Thursday July 26 2018		Actual	Previous	Consensus	Forecast	
07:00 AM	KR GDP Growth Rate QoQ Adv Q2		1%	+	0.8%	
07:00 AM	KR GDP Growth Rate YoY Adv Q2		2.8%	+	3.1%	
02:00 PM	DE GfK Consumer Confidence AUG		10.7	10.7	10.6	
07:45 PM	EA ECB Interest Rate Decision		0.0%	0%	0.0%	
08:30 PM	EA ECB Press Conference			+		
08:30 PM	US Durable Goods Orders MoM JUN		-0.6%	2.8%	1.7%	
Friday July 27 2018		Actual	Previous	Consensus	Forecast	
01:30 PM	FR GDP Growth Rate QoQ 1st Est Q2		0.3%	0.3%	0.5%	
08:30 PM	US GDP Growth Rate QoQ Adv Q2		2%	4.1%	3%	

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

## Economic Calendar 30/07/2018 – 3/08/2018

Monday July 30 2018			Actual	Previous	Consensus	Forecast	
05:00 PM	EA	Business Confidence JUL		1.39	1.40	1.32	
08:00 PM	DE	Inflation Rate YoY PreI JUL		2.1%	+	1.9%	
Tuesday July 31 2018			Actual	Previous	Consensus	Forecast	
07:01 AM	GB	Gfk Consumer Confidence JUL		-9	+	-10	
07:30 AM	JP	Unemployment Rate JUN		2.2%	2.5%	2.2%	
09:00 AM	CN	NBS Manufacturing PMI JUL		51.5	51.6	51.2	
11:00 AM	JP	BoJ Interest Rate Decision		-0.1%	+	-0.1%	
01:00 PM	JP	BoJ Quarterly Outlook Report			+		
01:00 PM	JP	Consumer Confidence JUL		43.7	+	43.8	
03:00 PM	ES	GDP Growth Rate YoY Flash Q2		3%	3%	2.7%	
03:00 PM	ES	GDP Growth Rate QoQ Flash Q2		0.7%	0.7%	0.6%	
03:55 PM	DE	Unemployment Change JUL		-15K	+	-17K	
03:55 PM	DE	Unemployment Rate JUL		5.2%		5.2%	
05:00 PM	EA	Unemployment Rate JUN		8.4%	8.5%	8.5%	
05:00 PM	EA	GDP Growth Rate YoY Flash Q2		2.5%	+	2.5%	
05:00 PM	EA	GDP Growth Rate QoQ Flash Q2		0.4%	+	0.5%	
06:00 PM	IT	GDP Growth Rate YoY Adv Q2		1.4%	1.4%	1.5%	
06:00 PM	IT	GDP Growth Rate QoQ Adv Q2		0.3%	0.3%	0.4%	
08:30 PM	US	Personal Income MoM JUN		0.4%	0.3%	0.31%	
08:30 PM	US	Personal Spending MoM JUN		0.2%	0.4%	0.38%	
Wednesday August 01 2018			Actual	Previous	Consensus	Forecast	
09:45 AM	CN	Caixin Manufacturing PMI JUL		51.0	51.0	50.9	
05:00 PM	IN	RBI Interest Rate Decision		6.25%	+	6.25%	
08:15 PM	US	ADP Employment Change JUL		177K	178K	184K	
10:00 PM	US	ISM Manufacturing PMI JUL		60.2	60.2	57.5	
	EA	ECB Non-Monetary Policy Meeting					
Thursday August 02 2018			Actual	Previous	Consensus	Forecast	
02:00 AM	US	Fed Interest Rate Decision		2%	+	2%	
09:30 AM	AU	Balance of Trade JUN		A\$0.83B	A\$1.2B	A\$ 0.3B	
07:00 PM	GB	BoE Interest Rate Decision		0.5%	0.75%	0.75%	
07:00 PM	GB	BoE Quantitative Easing		£435B	£435B	£435B	
Friday August 03 2018			Actual	Previous	Consensus	Forecast	
07:50 AM	JP	BoJ Monetary Policy Meeting Minutes					
08:30 PM	CA	Balance of Trade JUN		C\$-2.77B	C\$-2.05B	C\$ -2.9B	
08:30 PM	US	Balance of Trade JUN		\$-43.1B	-\$43B	-\$39B	
08:30 PM	US	Non Farm Payrolls JUL		213K	195K	191K	
08:30 PM	US	Unemployment Rate JUL		4%	3.9%	4%	
10:00 PM	US	ISM Non-Manufacturing PMI JUL		59.1	59.0	57.9	

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

## All Ords Top 10 Week Ending 20 July 2018

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
APT	Afterpay Touch	31.0	EVN	Evolution Mining Ltd	-9.7
TNE	Technology One	15.8	CSR	CSR Limited	-9.6
CIM	Cimic Group Ltd	13.1	WSA	Western Areas Ltd	-8.3
SWM	Seven West Media Ltd	6.6	ORE	Orocobre Limited	-8.0
FXJ	Fairfax Media Ltd	6.6	IGO	Independence Group	-7.3
API	Australian Pharm.	6.5	SBM	St Barbara Limited	-7.2
MND	Monadelphous Group	6.2	GXY	Galaxy Resources	-6.7
AHG	Automotive Holdings.	5.8	BAL	Bellamy'S Australia	-6.4
MTS	Metcash Limited	5.6	NCM	Newcrest Mining	-6.3
TWE	Treasury Wine Estate	5.5	SAR	Saracen Mineral	-5.7

Source: IRESS

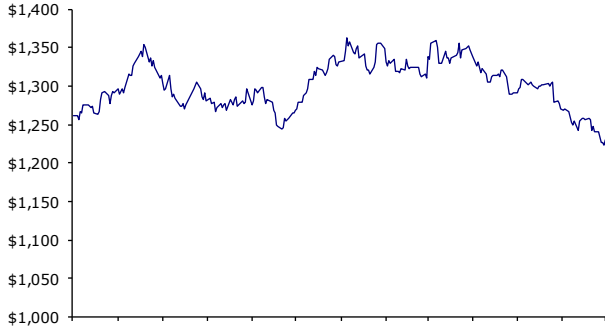
## S & P Indices Week Ending 20 July 2018

S&P Indices	22/07/2018	15/07/2018	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	11677	11940	-2.2%	-1.7%	31.3%
S&P 200 Materials	12017	12159	-1.2%	-1.1%	21.4%
S&P 200 Industrials	6107	6004	1.7%	2.7%	19.7%
S&P 200 Consumer Disc.	2517	2497	0.8%	0.9%	20.2%
S&P 200 Consumer Staples	11413	11313	0.9%	0.5%	33.4%
S&P 200 Healthcare	31753	31680	0.2%	3.8%	64.7%
S&P 200 Financials	6388	6323	1.0%	3.0%	0.3%
S&P 200 Info Technology	1153	1137	1.4%	0.5%	48.2%
S&P 200 Telecommunicatic	1045	1029	1.6%	6.3%	-40.5%
S&P 200 Utilities	7998	8017	-0.2%	-1.9%	6.1%
S&P 200 Property Trusts	1430	1439	-0.6%	0.3%	6.6%
S&P 200 Financials ex PT	7125	7053	1.0%	3.0%	0.3%

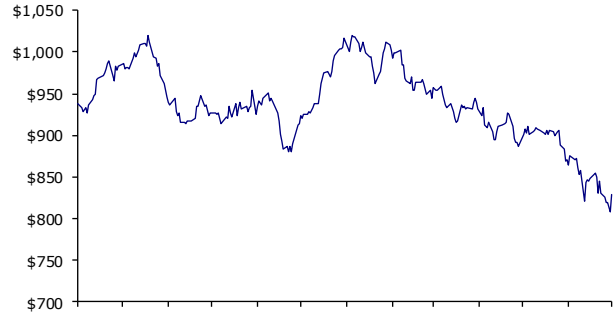
Source: IRESS

### 1 Year Commodity Price Charts

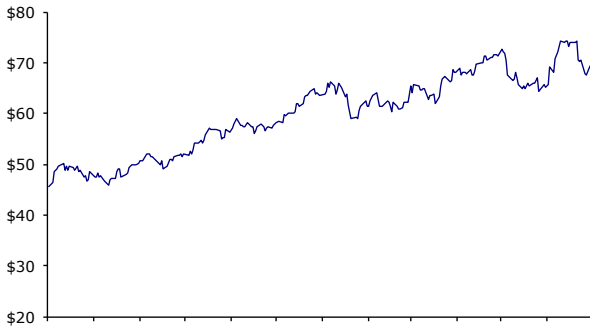
**1 Year Gold**



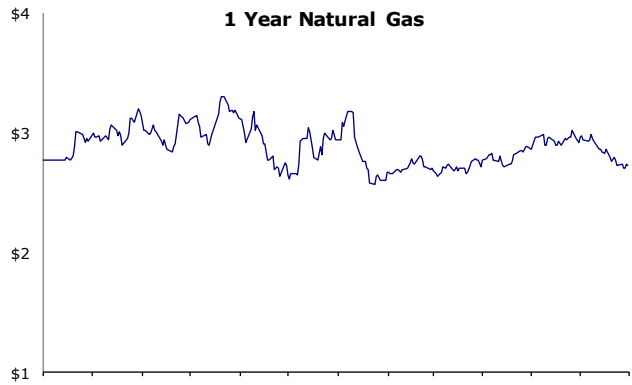
**1 Year Platinum**



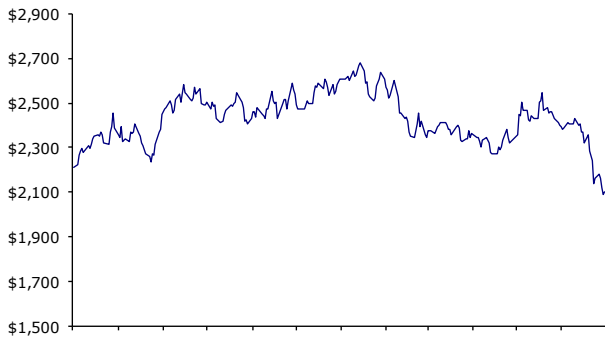
**1 Year Oil**



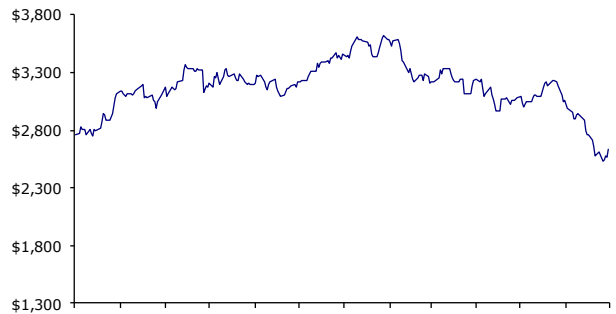
**1 Year Natural Gas**



**1 Year Lead**

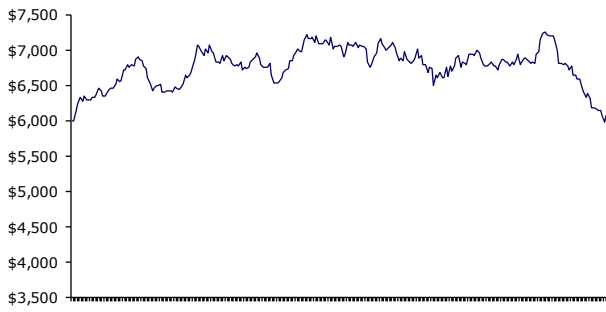


**1 Year Zinc**

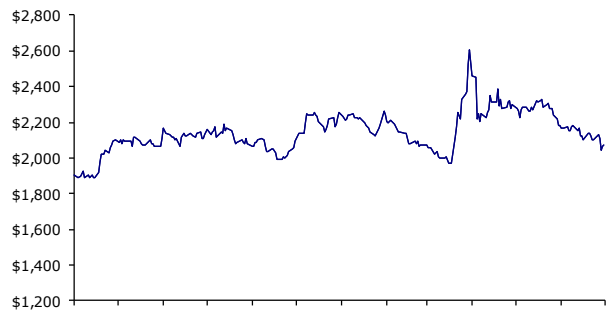




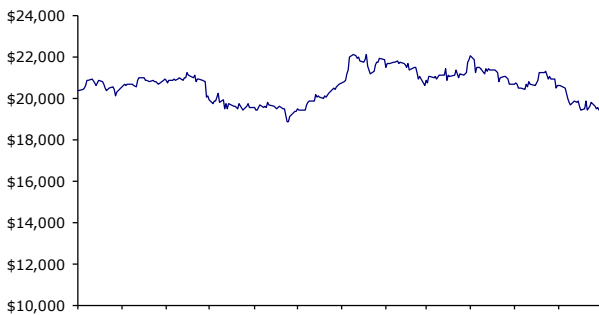
**1 Year Copper**



**1 Year Aluminium**

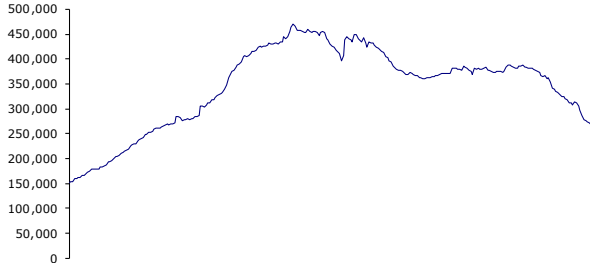


**1 Year Tin**

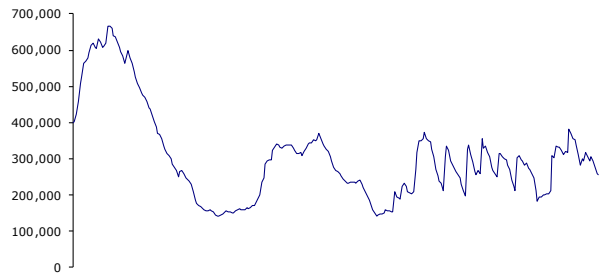


**5 Year Metals Stockpiles**

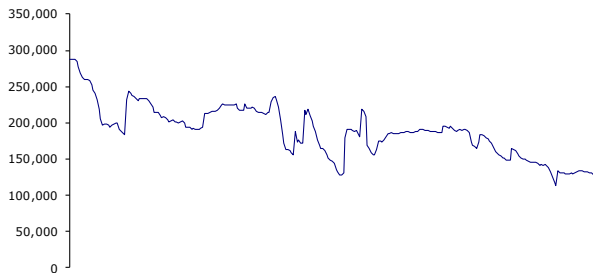
**Nickel LME Stockpiles - 5 Year**



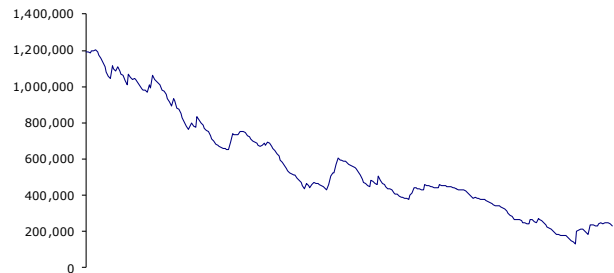
**Copper LME Stockpiles - 5 Year**



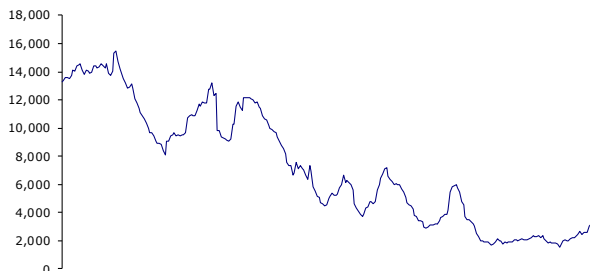
**Lead LME Stockpiles - 5 Year**



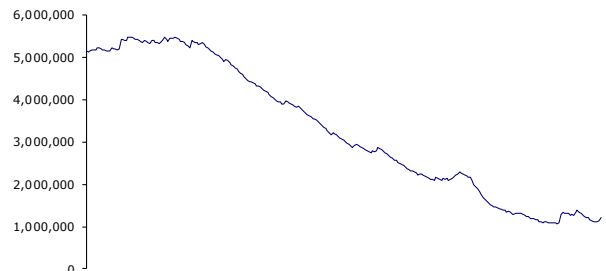
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**



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