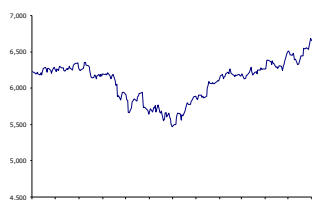


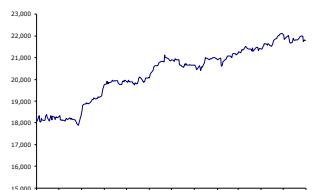
STATE ONE SPINNAKER

23 June 2019
Issue 463

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 23 June 2019

World Markets	23/06/2019	16/06/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6651	6554	1.5%	3.3%	20.0%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2950	2887	2.2%	6.0%	31.4%
FTSE 100	7408	7346	0.8%	3.1%	6.9%
DAX30	12340	12096	2.0%	4.2%	-0.1%
Shanghai Composite	3002	2888	4.0%	3.3%	-6.6%
Nikkei 225	21259	21124	0.6%	1.5%	13.3%
Hang Seng	28474	27118	5.0%	4.5%	24.5%
Currency					
AUD/USD	0.6925	0.6852	1.1%	0.1%	-6.9%
Commodities					
Oil (\$/bbl)	57.6	51.9	10.9%	2.1%	-16.8%
Gas (\$/gal)	2.2	2.4	-8.3%	-16.7%	-22.9%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	5941	5806	2.3%	0.8%	1.8%
Lead (\$/t)	1894	1882	0.6%	5.3%	-18.7%
Zinc (\$/t)	2608	2575	1.3%	-2.7%	-5.0%
Aluminium (\$/t)	1744	1738	0.3%	-1.5%	0.7%
Nickel (\$/t)	12135	11895	2.0%	0.8%	6.7%
Tin (\$/t)	19130	19550	-2.1%	0.9%	-10.6%
Gold (\$/oz)	1403	1345	4.4%	9.2%	19.7%
Silver (\$/oz)	15.4	14.8	3.8%	6.8%	-10.1%
Platinum (\$/oz)	809	805	0.5%	2.0%	-13.7%
Wheat (\$/t)	532.750	539.750	-1.3%	7.7%	30.5%

Source: Iress

Global Wrap

Key points

1. Rate cut expectations buoy markets

2. What to watch in week ahead

3. Business leaders' analysis

US

The S&P 500 fell slightly on Friday after reaching a fresh record high earlier in the day as Wall Street concluded a strong week of gains, CNBC reported.

The broad index ended the day down 0.1% at 2,950.46 after hitting an intraday all-time high of 2,964.15. The S&P 500 posted a record close in the previous session. The Dow Jones Industrial Average closed 34.04 points lower at 26,719.13 while the Nasdaq Composite lost 0.2% to end the day at 8,031.71.

The major stock indexes jumped to their session highs after Dow Jones reported that Vice President Mike Pence would postpone a China policy address amid "positive signs" on trade. However stocks, particularly chip companies, pared most of those gains after the Commerce Department barred five additional Chinese companies from buying US components without approval.

Despite Friday's choppy trading action, stocks posted weekly gains as investors cheered the prospects of the Federal Reserve cutting interest rates as soon as July. The Dow and S&P 500 both rose more than 2% for the week, while the Nasdaq climbed 3%. With this week's gains, the S&P 500 is 17.7% for the year and was on track to post its best first half since 1997.

The Fed said on Wednesday it was ready to keep the current economic expansion going as trade tensions and weaker data dampened the US economic outlook.

The central bank also dropped the word "patient" from its monetary policy statement, which was released Wednesday.

This led investors to price in a 100% probability of a rate cut next month and bolstered equity prices.

Crude prices surged this week as tensions between the US and Iran increased after a drone was shot down over Iranian airspace. President Donald Trump reacted to the incident by saying Iran made a "very big mistake". US oil rose 0.6% to \$57.43 per barrel on Friday and surged more than 9% for the week.

(See more commodities below)

China

China and Hong Kong stocks recorded their best weeks since March and last November respectively. They were boosted by the signs of improving US-China trade relations, a stronger possibility of US interest rate cuts, and a proposed deregulation of mergers and acquisitions by China's stocks watchdog. The Shanghai Composite Index rose 0.5% to close at 3,0001.98. It advanced 5% over the week, finishing above the important 3,000-point resistance level that it had failed to test since the beginning of May when the trade war re-escalated.

Despite fresh protests against a controversial extradition bill in Hong Kong weighing on stocks, positive news boosted market sentiment. This included reports of a phone conversation between presidents Xi Jinping and Donald Trump confirming they will meet during the G20 summit in Japan, as well as the US Federal Reserve signalling a rates cut.

Japan

Battered by the yen's rise against the dollar and heightened tensions in the Middle East, stocks fell back sharply on the Tokyo Stock Exchange on Friday.

The 225-issue Nikkei average went down 204.22 points, or 0.95%, to end at 21,258.64, after advancing 128.99 points Thursday.

Behind the afternoon plunge were fears of the increase in US-Iran tensions, brokers told The Japan Times.

Europe

European stocks also took a downward turn on Friday afternoon, amid the intensifying fears of a military confrontation in the Middle East, CNBC reported.

Despite making gains on Friday morning, the pan-European Stoxx 600 traded lower during afternoon deals and ended the session in the red. Most sectors and major bourses were in negative territory. Oil and gas stocks bucked the trend on fears about Middle Eastern oil exports.

Australia

Australia stocks were lower after the close on Friday, as losses in the healthcare, telecoms services and consumer staples sectors led shares lower.

At the close in Sydney, the S&P/ASX 200 lost 0.55%.

Over the week the S&P/ASX All Ordinaries Accumulation Index (incorporating dividends paid) increased 1.5% for the week, largely driven by news from the Reserve Bank of Australia (RBA) and a lift in a range of commodity prices.

The market was buoyed by Tuesday's release of the RBA's minutes from its June monetary policy meeting. These revealed the possibility of two rate cuts before the end of the calendar year.

Commodities

Iron ore surged on continuing concerns about supply constraints; nickel and copper touched their highest levels in more than three weeks; the escalation of tensions between the US and Iran bolstered oil after Iran shot down a US military drone.

Gold records

The price of gold in Australian dollars hit new records last week, breaking through the psychological barrier of AUD 2,000 per ounce to hit AUD 2,011 on Thursday then AUD 2,034 on Friday on the back of interest rate cuts in the US and the geopolitical tensions.

Aussie dollar investors enjoyed a further boost in the price due to the weakening local currency.

Meanwhile the price surpassed USD 1,400 for the first time in six years.

Australian gold mining stocks Evolution Mining (ASX: EVN), Northern Star Resources (ASX: NST), Newcrest Mining (ASX: NCM) and Saracen Mineral Holdings (ASX: SAR), were up 4.1%, 10.9%, 6.2% and 0.6% respectively for the week.

What to watch next week

All eyes will be on Japan as the world's largest 20 economies meet in Osaka for the G-20 Summit on 28-29 June. Market participants will watch closely for signs of a resolution to the ongoing trade dispute between the US and China, as President Trump and President Xi are scheduled to meet privately at the summit.

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.

Domestic Agriculture

"Processors have come into the market with strong milk price signals for the 2019/20 season, and while this has started to drive that lift in farmer sentiment, it has been somewhat muted by the elevated input cost environment for feed and water." *Peter Knoblanche, CEO, Rabobank*

"We expect sheep prices to remain at current high levels due to high demand." *Mark Allison, CEO, Elders*

Cryptocurrency

"We aspire to make it easy for everyone to send and receive money just like you use our apps to instantly share messages and photos." *Mark Zuckerberg, CEP, Facebook (on Facebook's creation of a new currency called Libra)*

Finance

"We think that mid-market, from just after early-stage through to high-growth, is where the sweet spot is for us to support them (Emerging technology-based business)" *Anthony Healy, Chief Customer Officer, NAB*

Global Economy

"(The trade wars) are not that big of a game to throw us into recession." *Steve Schwarzmen, CEO, Blackstone private equity firm*

Wealth Management

"We have seen greater activity, yes. Things were slower and patchier before the election than they were after the election; it appears the stability in government might be driving some confidence." *Andrew Alcock, CEO, HUB24*

"We know that with low rates across the market many investors — especially SMSFs — are reviewing their cash allocation and looking to reliable yield investments." *Paul Watson, Group Executive, Hostplus (Industry super fund)*

Australian Economy

"I believe that Australia should spend 3-4% of GDP on R&D rather than the 2% we do now, given how unsophisticated our economy is [we rank 77th in the Harvard Economic Complexity Index]." *Matt Barrie, CEO, Freelancer Ltd*

"We are naturally a very entrepreneurial country. I think what we just need to learn what to do is tap into it. I think one of our challenges as a country is how do we finance and reward the longer-term view?" *Christine Holgate, CEO, Australia Post*

Retail

"Time-poor customers increasingly demand solutions to feed their families easily without compromising on quality, value or nutrition.

"I do see the next five years in the grocery sector as the most competitive that we will ever see. The combination of existing players getting better, new players coming to town and consumers fragmenting means there is quite a challenge out there to maintain market share and grow profitability." *Steven Cain, CEO, Coles*

"There has been no notable lift in consumer sentiment after the May federal election, though the onset of colder weather has been the welcome boost for sales." *Rob Scott, MD, Wesfarmers*

Medical

"Collectively we're paying about half-a-billion dollars a year more than we should for prescription medicines." *Jennifer Doggett, Chair, Australian Health Care Reform Alliance*

Property

"While we have seen a general improvement in interest and enthusiasm in the market, we are yet to see this translate to an increase in listings." *Geoff Lucas, CEO, McGrath Estate Agents*

Automotive

"I think the industry is going to be under a reckoning over the next 2 to 3 years. My view is that yes, electrification is going to grow over the years, but it's not going to grow to the extent all the experts are telling you." *Mark Fields, Former CEO, Ford Motor Company*

Tourism














"The Company believes the trading conditions have been impacted by slower growth in inbound international tourism and a subdued overall domestic travel market due to the uncertainty surrounding the May 2019 Federal election." *Market Announcement, Sealink Group*

Fuel












"The industry continues to experience difficult macro-economic conditions, arising from the slowing Australian economy, low refining margins and high crude prices combined with a low FX rate." *Market Statement, Caltex*

Source: Naos Asset Management

Economic Calendar 24/06/2019 – 28/06/2019

Monday June 24 2019		Actual	Previous	Consensus	Forecast	
04:00 PM	DE Ifo Business Climate JUN		97.9	97.3	97	
Wednesday June 26 2019		Actual	Previous	Consensus	Forecast	
02:00 PM	DE GfK Consumer Confidence JUL		10.1	10.0	10.2	
08:30 PM	US Durable Goods Orders MoM MAY		-2.1%	0.2%	0.4%	
Thursday June 27 2019		Actual	Previous	Consensus	Forecast	
05:00 PM	EA Business Confidence JUN		0.30	0.23	0.25	
08:00 PM	DE Inflation Rate YoY Prel JUN		1.4%	1.5%	1.4%	
08:30 PM	US GDP Growth Rate QoQ Final Q1		2.2%	3.2%	3.1%	
Friday June 28 2019		Actual	Previous	Consensus	Forecast	
07:01 AM	GB GfK Consumer Confidence JUN		-10	-11	-9	
03:00 PM	ES GDP Growth Rate QoQ Final Q1		0.6%	0.7%	0.7%	
03:00 PM	ES GDP Growth Rate YoY Final Q1		2.3%	2.4%	2.4%	
04:30 PM	GB GDP Growth Rate QoQ Final Q1		0.2%	0.5%	0.5%	
04:30 PM	GB GDP Growth Rate YoY Final Q1		1.4%	1.8%	1.8%	
08:30 PM	US Personal Income MoM MAY		0.5%	0.3%	0.3%	
08:30 PM	US Personal Spending MoM MAY		0.3%	0.4%	0.2%	
	JP G20 Summit Meeting					

Economic Calendar 1/07/2019 – 5/07/2019

Monday July 01 2019		Actual	Previous	Consensus	Forecast	
07:50 AM	JP Tankan Large Manufacturers Index Q2		12	9	8	
09:45 AM	CN Caixin Manufacturing PMI JUN		50.2	50.0	49.6	
01:00 PM	JP Consumer Confidence JUN		39.4		41.8	
03:55 PM	DE Markit Manufacturing PMI Final JUN		44.3		45.4	
10:00 PM	US ISM Manufacturing PMI JUN		52.1	51.9	52.5	
Wednesday July 03 2019		Actual	Previous	Consensus	Forecast	
09:30 AM	AU Balance of Trade MAY		A\$4.871B			
08:30 PM	CA Balance of Trade MAY		C\$-0.97B	C\$-2.8B		
08:30 PM	US Balance of Trade MAY		\$-50.8B	\$-49.8B	\$-52.5B	
10:00 PM	US ISM Non-Manufacturing PMI JUN			56.0	54.2	
Friday July 05 2019		Actual	Previous	Consensus	Forecast	
08:30 PM	CA Employment Change JUN		27.7K	8K	43K	
08:30 PM	US Non Farm Payrolls JUN		75K	160K	182K	
10:00 PM	CA Ivey PMI s.a JUN		55.9		52	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 21 June 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
EHL	Emeco Holdings	24.6	VOC	Vocus Group Ltd	-18.5
NAN	Nanosonics Limited	16.6	PLS	Pilbara Min Ltd	-15.3
NWS	News Corp..	14.8	SYR	Syrah Resources	-10.7
NEA	Nearmap Ltd	14.8	MMS	McMillan Shakespeare	-6.6
BIN	Bingo Industries Ltd	12.8	ECX	Eclixp Group Ltd	-6.4
NST	Northern Star	10.9	CTX	Caltex Australia	-5.6
SBM	St Barbara Limited	10.9	GXY	Galaxy Resources	-5.3
APT	Afterpay Touch	10.5	VEA	Viva Energy Group	-5.1
APX	Appen Limited	8.8	NWH	NRW Holdings Limited	-4.1
MFG	Magellan Fin Grp Ltd	7.6	A2M	The A2 Milk Company	-3.8

Source: IRESS

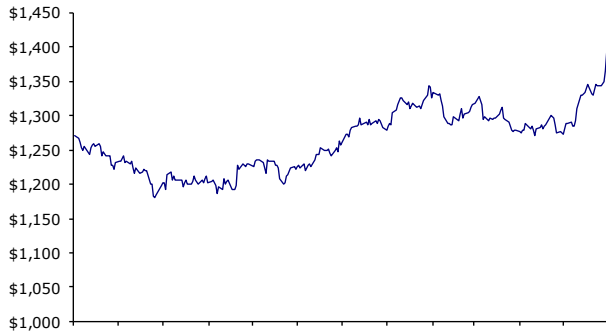
S & P Indices Week Ending 21 June 2019

S&P Indices	23/06/2019	16/06/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	11065	10732	3.1%	0.3%	24.4%
S&P 200 Materials	13999	13853	1.1%	4.9%	41.4%
S&P 200 Industrials	6885	6684	3.0%	6.6%	34.9%
S&P 200 Consumer Disc.	2462	2441	0.8%	-1.5%	17.6%
S&P 200 Consumer Staples	11406	11292	1.0%	1.6%	33.3%
S&P 200 Healthcare	33441	33332	0.3%	4.1%	73.4%
S&P 200 Financials	6361	6240	1.9%	3.3%	-0.2%
S&P 200 Info Technology	1357	1313	3.3%	-1.5%	74.4%
S&P 200 Telecommunicatic	1320	1344	-1.8%	3.4%	-24.8%
S&P 200 Utilities	8535	8288	3.0%	6.3%	13.2%
S&P 200 Property Trusts	1643	1634	0.6%	3.6%	22.5%
S&P 200 Financials ex PT	7095	6959	1.9%	3.3%	-0.2%

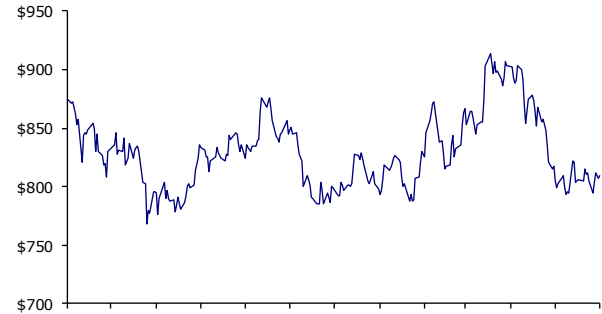
Source: IRESS

1 Year Commodity Price Charts

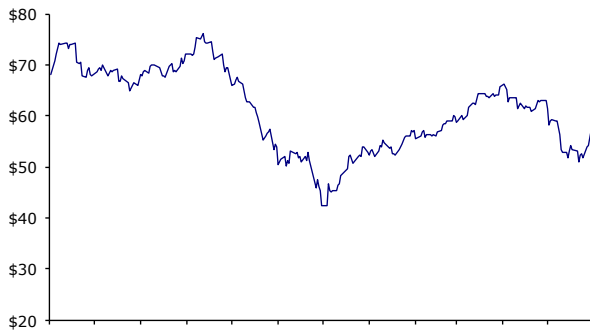
1 Year Gold



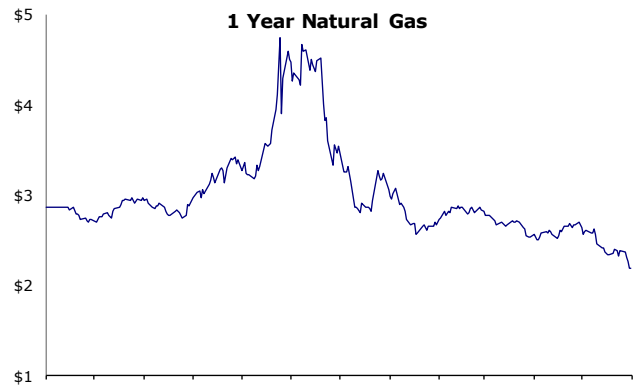
1 Year Platinum



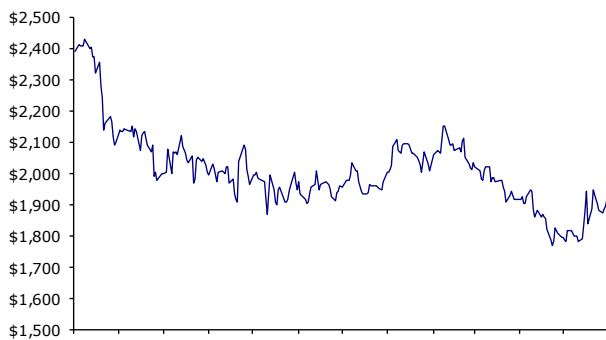
1 Year Oil



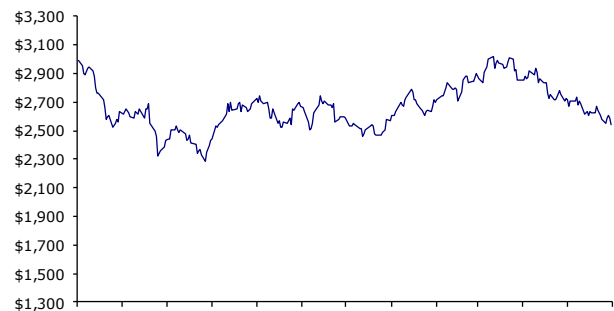
1 Year Natural Gas



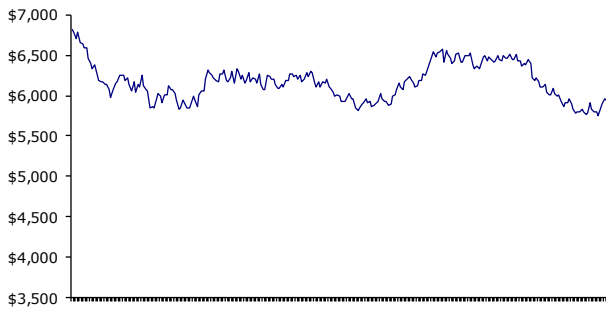
1 Year Lead



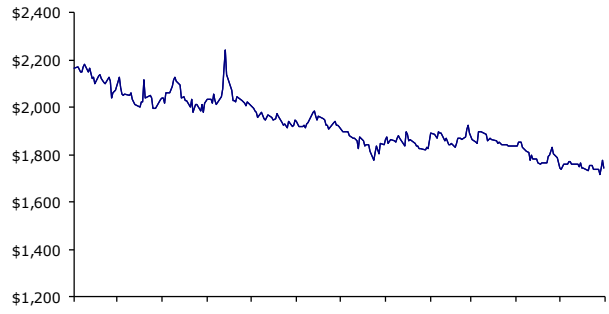
1 Year Zinc



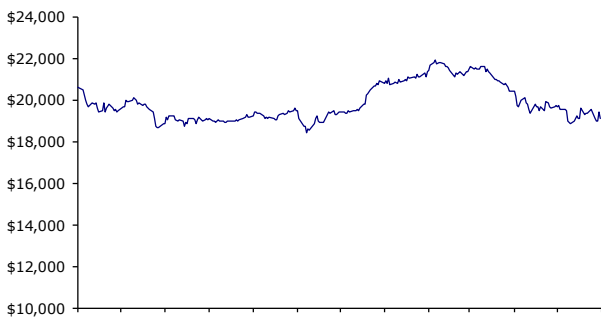
1 Year Copper



1 Year Aluminium

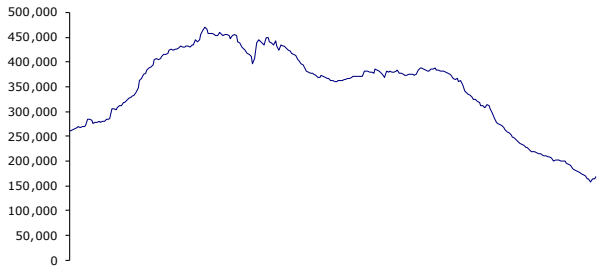


1 Year Tin

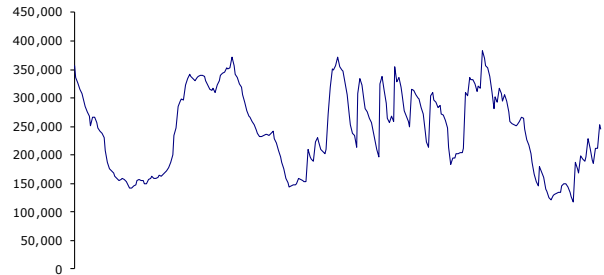


5 Year Metals Stockpiles

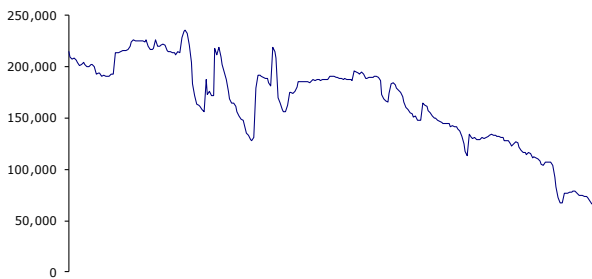
Nickel LME Stockpiles - 5 Year



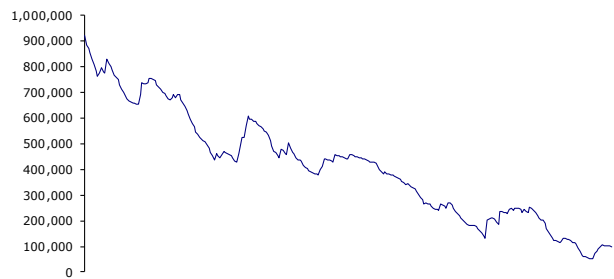
Copper LME Stockpiles - 5 Year



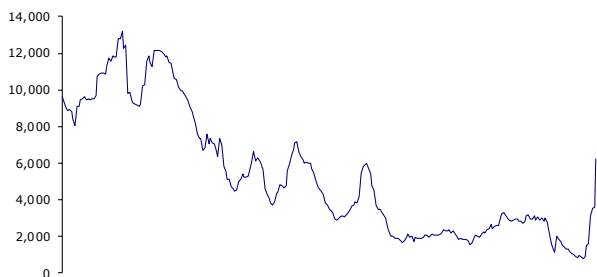
Lead LME Stockpiles - 5 Year



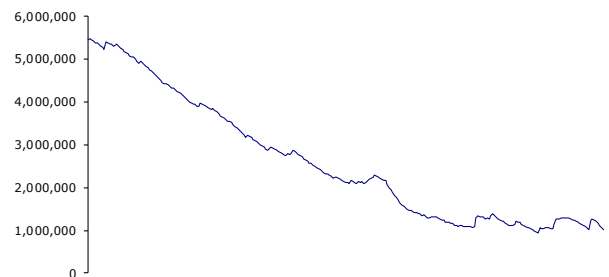
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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