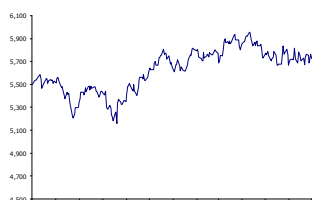


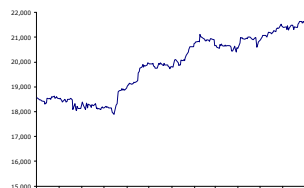
STATE ONE SPINNAKER

23 July 2017
Issue 375

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 23 July 2017

World Markets	23/07/2017	16/07/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5723	5765	-0.7%	-0.6%	8.7%
Dow Jones	21580	21638	-0.3%	0.6%	23.4%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2473	2459	0.5%	1.3%	20.5%
FTSE 100	7453	7378	1.0%	0.9%	16.9%
DAX30	12240	12632	-3.1%	-3.2%	20.7%
Shanghai Composite	3238	3176	1.9%	1.6%	-3.9%
Nikkei 225	20100	20119	-0.1%	-0.6%	9.0%
Hang Seng	26706	26389	1.2%	4.0%	16.9%
Currency					
AUD/USD	0.7915	0.7798	1.5%	2.4%	6.0%
Commodities					
Oil (\$/bbl)	45.6	46.7	-2.3%	1.6%	1.0%
Gas (\$/gal)	3.0	3.0	-0.3%	-3.9%	4.8%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	6002	5858	2.4%	3.1%	13.8%
Lead (\$/t)	2212	2264	-2.3%	-2.3%	27.5%
Zinc (\$/t)	2761	2769	-0.3%	1.0%	61.0%
Aluminium (\$/t)	1901	1904	-0.2%	0.8%	28.4%
Nickel (\$/t)	9560	9380	1.9%	4.8%	-8.1%
Tin (\$/t)	20325	20000	1.6%	4.5%	27.2%
Gold (\$/oz)	1261	1228	2.7%	0.9%	8.2%
Silver (\$/oz)	16.5	15.9	3.3%	-2.2%	3.9%
Platinum (\$/oz)	937	924	1.5%	1.6%	-7.3%
Wheat (\$/t)	499.250	510.750	-2.3%	5.5%	1.7%

Source: Iress

Global Wrap

Stock picks for the week ahead

US earnings season set to heat up

Asian growth up

'Super Mario' sets euro flying

RBA talks down rate hikes, \$A

US

The US dollar sank to its lowest level in more than a year against key world currencies on Friday. Investors were digesting comments from the European Central Bank on the euro and further obstacles to President Donald Trump's domestic agenda, as Wall Street pulled back from records.

Gains in the yen, gold and US Treasuries at the close of the week pointed to a preference for safe havens, Reuters reported.

Next week the focus will be on a meeting of Federal Reserve, the release of second-quarter economic growth data and a marquee list of corporate results

More than a third of the S&P 500 companies and 13 Dow stocks are reporting. FAANG names—Facebook, Amazon and Alphabet — are among about 180 S&P companies reporting, as are Exxon Mobil, Caterpillar, United Technologies, McDonald's and Boeing.

The biggest of the economic reports to be released next week is Q2 GDP on Friday, which is now expected to be 2.5%.

The Fed is not expected to take any action at its two-day meeting, but it could provide more details on Wednesday as to when it may start to scale back its \$4.5 trillion balance sheet and what it thinks about a now fourth month of weaker inflation data.

China

On Friday the Shanghai market opened lower and closed the day with a loss but closed the week in profits, Market Realist reported.

The increased demand for blue-chip stocks pushed the China blue-chip index to 18-month high levels. Better-than-expected economic data - such as Q2 GDP, retail sales, and industrial production - released at the beginning of the week increased the buying of blue-chips.

The decreased risk appetite amid ongoing tighter regulations and liquidity concerns made investors continue their shift away from small-cap stocks, which we also saw the previous week.

On Friday, the Hang Seng Index broke its nine-day gaining streak, losing 10bp. The expectation of upbeat second quarter corporate earnings, an increased inflow of funds from mainland China, and improved sentiment on Wall Street were the main reasons behind the rally in the index this week, according to Market Realist.

China's economy beat expectations with 6.9% growth in Q2, in part driven by firmer exports and production, data released last week showed.

Further to the surprise Chinese GDP data, the Asian Development Bank raised its 2017 and 2018 growth forecasts for the region as a whole, reflecting the rising exports as manufacturers of smartphones, cars and other consumer goods benefited from improving global demand.

Developing Asia - made up of 45 countries in the Asia-Pacific region - is expected to grow 5.9% and 5.8% this year and next, the Manila-based ADB said in the update of its Asian Development Outlook on Thursday.

This coming week will be a quiet one for Chinese data, with June industrial profits to be released on Thursday.

Japan

After regaining strength on Wednesday and closing above 20,000, Japan's Nikkei Index rose to 10-day high price levels on Thursday.

The improved risk appetite around the globe amid stronger-than-expected second quarter earnings helped the Nikkei last week, Market Realist said.

However on Friday, the Nikkei closed 0.22% down amid decreased momentum in Asian markets. The yen also strengthened Friday.

Tomorrow (Monday) manufacturing PMI for July will be flashed and on Tuesday minutes of the July Bank of Japan meeting will be released.

Friday is a big day for data, with CPI for July, and retail sales and unemployment for June to be released in Tokyo.

Europe

Britain's major share index fell on Friday but had its strongest weekly gains in two months, sheltered from the battering European stocks experienced because of a strong euro. Mid-caps had their best week in nearly a year, The New York Times reported.

The relative weakness of the pound, close to an eight-month low against the euro, helped limit losses on the index whose exporters tend to gain with a falling currency.

The euro strengthened to its highest level in nearly two years against the US dollar on Thursday night after Europe's central bank chief said officials would discuss possible changes to its bond-buying scheme this northern hemisphere autumn, confirming market chatter of a possible "taper".

The euro jumped 1% to about \$US1.163, its biggest single-day percentage gain in more than three weeks, and traded steady at that level throughout Friday.

ECB President Mario Draghi also said on Thursday that financing conditions remained broadly supportive and that the euro's appreciation had "received some attention." However he did not cite that as a problem, nor did he try to talk the currency down.

Tomorrow (Monday) Eurozone manufacturing PMI for July will be flashed, followed by German IFO business sentiment for July.

On Wednesday, the UK will release its Q2 GDP.

Australia

Bank stocks were back in the red on Friday as investors took profits after two days of strong gains.

The banks' losses weighed on the market, as did news that the US probe into Russian meddling in the 2016 presidential election has widened to include Donald Trump's business transactions.

Banks had rallied on Wednesday and Thursday after capital rules unveiled by the Australian Prudential Regulation Authority were less tough than many had expected.

Despite small losses on Friday, the big four recorded solid gains for the week. ANZ was the strongest performer, up 4.3% per cent as investors deemed it least likely to need to raise capital to meet the new APRA standards.

The materials sector was one of the week's underperformers after miners ended a three-week rally.

Commodity prices mostly rose, including iron ore which topped \$US70 a tonne on Wednesday before retreating the following day. However lacklustre quarterly updates by Rio Tinto, BHP Billiton and South32 triggered some profit taking in the sector.

A profit warning by Myer reminded investors of the tough conditions many retailers face. MYR was one of the week's biggest losers, down 10.8%.

Meanwhile the RBA was busy talking down the chance of rate hikes, pushing the local dollar lower.

Deputy Reserve Bank governor Guy Debelle told an audience in Adelaide on Friday that markets shouldn't "read into" comments in the latest RBA minutes that the so-called "neutral" cash rate was probably 3.5% - 200 basis points above the current record low rate of 1.5%

Mr Debelle said that it was merely the latest topic of interest for the RBA's research team.

The Aussie dollar, which had threatened US80¢ this week, dropped as low as US78.8¢ before recovering to just above US79¢ in late Friday trade.

This week Q2 CPI will be released on Wednesday followed by Q2 PPI on Friday.

Commodities

Oil prices posted more gains this week, as the EIA reported deeper inventory reductions. Brent briefly traded above \$50 a barrel for the first time in nearly two months on Thursday.

Oilprice.com reported there was a bit more confidence in the oil market last week than a few weeks ago, though there are questions about the potential upside from here.

US oil production jumped again, putting output above 9.4 mb/d, which, along with fears of rising OPEC production, pushed oil down during trading on Friday.

The physical *iron ore* market reported thin trading and lower prices on Friday after Chinese steel prices retreated further, but premiums for the steelmaking raw material appear to be holding steady, MetalBulletin reported.

China's spot rebar and hot rolled coil prices fell 10-60 yuan (\$1.50-8.90) a tonne during Friday. Prices for seaborne iron ore continued to weaken, though premiums for index-linked shipments remained stable.

Mills were willing to buy seaborne cargoes at \$60-65 per tonne cfr, but prices of above \$70 per tonne cfr made them hesitate, a trader in south China told MetalBulletin.

In the US, rail giant CSX said it would no longer purchase any rail cars intended to carry coal.

"Fossil fuels are dead," CSX COE Hunter Harrison said, according to the Financial Times. "That's a long-term view. It's not going to happen overnight. It's not going to be in two or three years. But it's going away, in my view." Almost one-fifth of CSX's second quarter revenue came from moving coal.

Copper hit a 4-½ month peak on Friday, fuelled by strong growth in top copper consumer China, a weak dollar and worries about supply disruptions.

An estimated 5,000 workers at the giant Grasberg copper mine operated by Freeport-McMoRan Inc's Indonesian unit will extend their strike for a fourth month in a dispute over layoffs and employment terms.

Also helping copper was China's faster-than-expected Q2 expansion, setting the country on course to comfortably meet its 2017 growth target.

The spot price for *gold* added 0.5% to \$1,250.53 an ounce on Friday, as the weaker dollar made bullion cheaper for holders of other currencies, Reuters reported.

In other yellow metal news last week, the Australian Department of Industry, Innovation & Science's Resources & Energy Quarterly forecast global demand would increase by 1.8% in 2018, driven by increased appetite for jewellery and electronics in China and India in particular, coinciding with stagnant supply and a fall in recycling output.

It also reported a 30% YOY increase in Australia's gold exploration expenditure in the March quarter.

At \$155 million, gold exploration expenditure comprises 46% of Australia's total minerals exploration expenditure in the March quarter.

Stock picks

Recce Ltd (ASX:RCE) Speculative Buy. RCE announced last week that its new automated manufacturing facility in Sydney is now producing the group's patented synthetic antibiotics at name plate capacity in preparation for human clinical trials. We believe the transition from pre-clinical to clinical testing should act as a significant share price catalyst; RCE offers exciting capital upside for speculative investors as the RECCE antibiotic NPV (State One estimate:US\$400m) is progressively de-risked.

Mantra Group (ASX:MTR) BUY. The new Mantra Hotel at Sydney Airport was opened on Thursday 20 July. Coincidentally, on that day Sydney Airport (ASX:SYD) reported that June international traffic had increased 9.7% YoY. We believe that MTR - as the second largest accommodation operator in Australia - is well positioned to take advantage of the Australian tourism thematic. At A\$3.12ps, MTR offers a 4.2% dividend yield and 12.2% upside potential relative to an IRESS consensus target price of A\$3.50ps.

Scentre Group (ASX:SCG) BUY. Another player which we believe will benefit from increased inbound tourism and a growing developing world middle-class; SCG owns, manages, and develops the largest, and arguably highest quality retail portfolio in Australia. After falling 20% over the past year on ecommerce concerns, we believe SCG now offers value. At A\$4.11ps, SCG offers a 5.4% dividend yield and 10.7% upside potential relative to an IRESS consensus target price of A\$4.55ps.

Economic Calendar 24/07/2017 – 28/07/2017

Monday July 24 2017		Actual	Previous	Consensus	Forecast	
03:30 PM	DE Markit Manufacturing PMI Flash JUL		59.6	59.2	59.2	
10:00 PM	US Existing Home Sales JUN		5.62M	5.57M	5.6M	
Tuesday July 25 2017		Actual	Previous	Consensus	Forecast	
04:00 PM	DE IFO Business Climate JUL		115.1	114.9	114.7	
Wednesday July 26 2017		Actual	Previous	Consensus	Forecast	
04:30 PM	GB GDP Growth Rate QoQ Prel Q2		0.2%	0.3%	0.4%	
04:30 PM	GB GDP Growth Rate YoY Prel Q2		2%	1.7%	1.9%	
10:00 PM	US New Home Sales JUN		610K	620K	600K	
Thursday July 27 2017		Actual	Previous	Consensus	Forecast	
02:00 AM	US Fed Interest Rate Decision		1.25%	1.25%	1.25%	
07:00 AM	KR GDP Growth Rate QoQ Adv Q2		0.5%		1.1%	
07:00 AM	KR GDP Growth Rate YoY Adv Q2		2.4%		2.9%	
02:00 PM	DE GfK Consumer Confidence AUG		10.6	10.6	10.5	
08:30 PM	US Durable Goods Orders MoM JUN		-1.1%	3.1%	2.9%	
Friday July 28 2017		Actual	Previous	Consensus	Forecast	
07:05 AM	GB GfK Consumer Confidence JUL		-10	-11	-9	
07:30 AM	JP Inflation Rate YoY JUN		0.4%		0.4%	
07:30 AM	JP Unemployment Rate JUN		3.1%	3%	3%	
01:30 PM	FR GDP Growth Rate QoQ 1st Est Q2		0.5%	0.5%	0.5%	
03:00 PM	ES GDP Growth Rate QoQ Flash Q2		0.8%	0.9%	0.8%	
03:00 PM	ES GDP Growth Rate YoY Flash Q2		3%	3.1%	3%	
03:00 PM	CH KOF Leading Indicators JUL		105.5	106	105.7	
05:00 PM	EA Business Confidence JUL		1.15	1.12	1.07	
08:00 PM	DE Inflation Rate YoY Prel JUL		1.6%	1.5%	1.5%	
08:30 PM	US GDP Growth Rate QoQ Adv Q2		1.4%	2.6%	2.6%	

Source: www.tradingeconomics.com

Economic Calendar 31/07/2017 – 4/08/2017

Monday July 31 2017		Actual	Previous	Consensus	Forecast
09:00 AM	CN NBS Manufacturing PMI JUL		51.7	51.3	
05:00 PM	EA Unemployment Rate JUN		9.3%	9.2%	
Tuesday August 01 2017		Actual	Previous	Consensus	Forecast
09:45 AM	CN Caixin Manufacturing PMI JUL		50.4	49.9	
12:30 PM	AU RBA Interest Rate Decision		1.5%	1.5%	
03:55 PM	DE Unemployment Change JUL		7K	-2.79	
03:55 PM	DE Unemployment Rate JUL		5.7%	5.7%	
05:00 PM	EA GDP Growth Rate QoQ Flash Q2		0.6%	0.4%	
05:00 PM	EA GDP Growth Rate YoY Flash Q2		1.9%	1.8%	
10:00 PM	US ISM Manufacturing PMI JUL		57.8	52.3	
Wednesday August 02 2017		Actual	Previous	Consensus	Forecast
01:00 PM	JP Consumer Confidence JUL		43.3	42.94	
01:45 PM	CH Consumer Confidence Q3		-8	-8	
05:00 PM	IN RBI Interest Rate Decision		6.25%	6.25%	
08:15 PM	US ADP Employment Change JUL		158K	171.3K	
	EA ECB Non-Monetary Policy Meeting				
Thursday August 03 2017		Actual	Previous	Consensus	Forecast
09:30 AM	AU Balance of Trade JUN		A\$2.471B	A\$1.1B	
07:00 PM	GB BoE Quantitative Easing		£435B	£435B	
07:00 PM	GB BoE Interest Rate Decision		0.25%	0.25%	
07:00 PM	GB MPC Meeting Minutes				
07:00 PM	GB BoE MPC Vote Hike		3/8		
07:00 PM	GB BoE MPC Vote Unchanged		5/8		
07:00 PM	GB BoE MPC Vote Cut		0/8		
10:00 PM	US ISM Non-Manufacturing PMI JUL		57.4	57.69	
Friday August 04 2017		Actual	Previous	Consensus	Forecast
09:30 AM	AU RBA Statement on Monetary Policy				
08:30 PM	CA Balance of Trade JUN		C\$-1.09B		
08:30 PM	CA Employment Change JUL		45.3K	29.8K	
08:30 PM	CA Unemployment Rate JUL		6.5%	6.5%	
08:30 PM	US Balance of Trade JUN		\$-48.5B	\$-44.2B	
08:30 PM	US Non Farm Payrolls JUL		222K	182.8K	
08:30 PM	US Unemployment Rate JUL		4.4%	4.6%	
10:00 PM	CA Ivey PMI s.a JUL		61.6	60	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 21 July 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
BPT	Beach Energy Limited	9.2	ORE	Orocobre Limited	-12.9
STO	Santos Ltd	9.0	MYR	Myer Holdings Ltd	-10.8
SAR	Saracen Mineral	8.1	BKL	Blackmores Limited	-6.7
CIM	Cimic Group Ltd	7.0	MPL	Medibank Private Ltd	-6.6
ANZ	ANZ Banking Grp Ltd	4.3	GXL	Greencross Limited	-6.5
VRT	Virtus Health Ltd	4.3	NAN	Nanosonics Limited	-6.1
REA	REA Group	4.0	PPT	Perpetual Limited	-6.1
WSA	Western Areas Ltd	3.6	SBM	St Barbara Limited	-6.0
IFN	Infigen Energy	3.4	IPL	Incitec Pivot	-6.0
WBC	Westpac Banking Corp	3.2	NXT	Nextdc Limited	-5.8

Source: IRESS

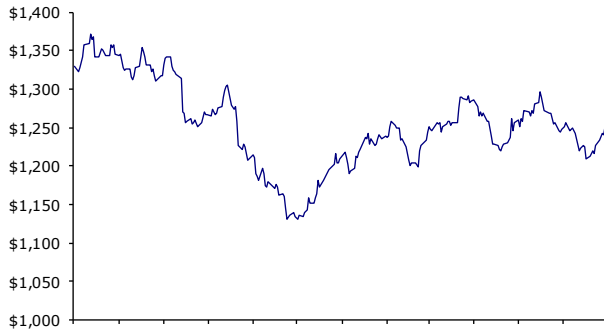
S & P Indices Week Ending 21 July 2017

S&P Indices	23/07/2017	16/07/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8783	8789	-0.1%	1.5%	-3.0%
S&P 200 Materials	9828	10104	-2.7%	1.2%	19.8%
S&P 200 Industrials	5601	5610	-0.2%	-4.0%	17.9%
S&P 200 Consumer Disc.	2193	2233	-1.8%	-2.6%	19.6%
S&P 200 Consumer Staples	9126	9314	-2.0%	-0.5%	4.1%
S&P 200 Healthcare	22645	23208	-2.4%	-7.6%	25.3%
S&P 200 Financials	6608	6554	0.8%	2.5%	8.7%
S&P 200 Info Technology	873	894	-2.3%	0.5%	21.5%
S&P 200 Telecommunicatic	1450	1513	-4.1%	-5.5%	-26.7%
S&P 200 Utilities	8372	8512	-1.6%	-5.7%	24.5%
S&P 200 Property Trusts	1305	1294	0.9%	-4.8%	3.1%
S&P 200 Financials ex PT	7370	7310	0.8%	2.5%	5.9%

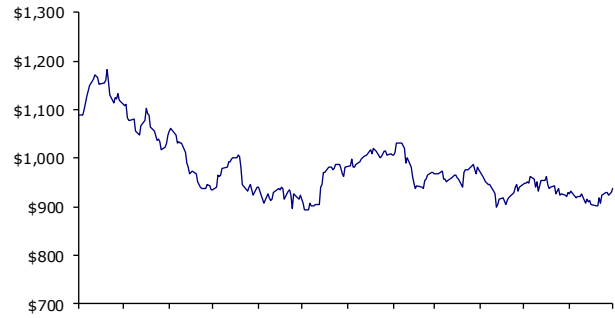
Source: IRESS

1 Year Commodity Price Charts

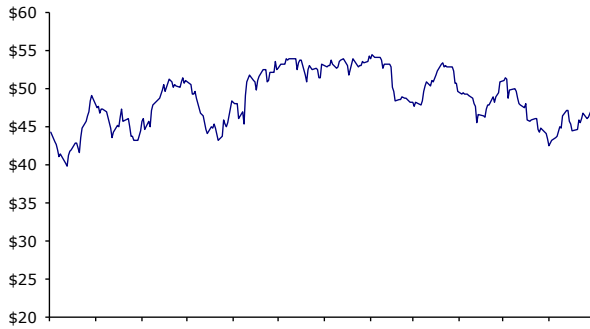
1 Year Gold



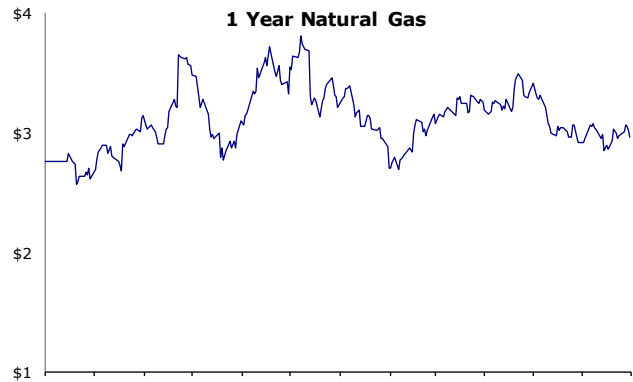
1 Year Platinum



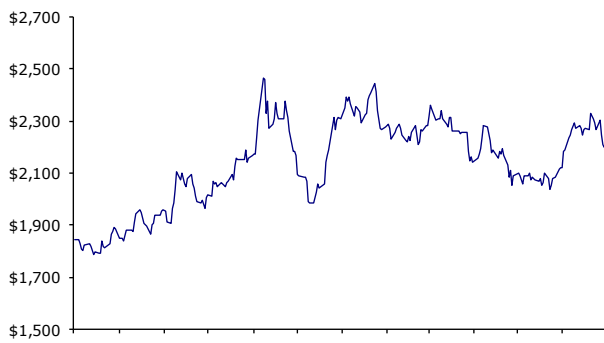
1 Year Oil



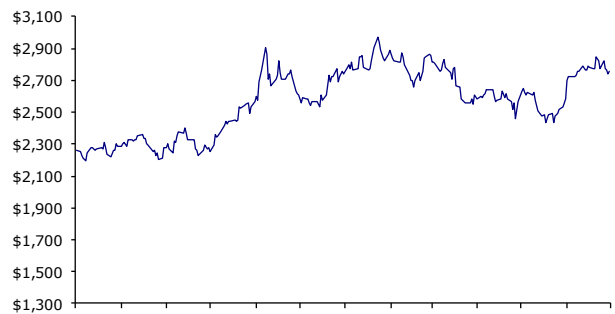
1 Year Natural Gas



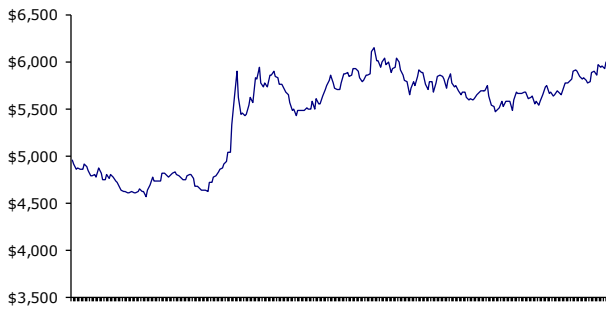
1 Year Lead



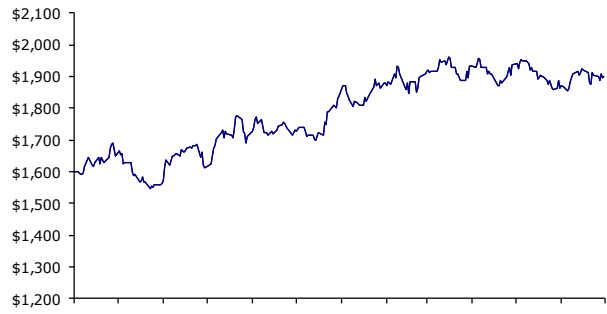
1 Year Zinc



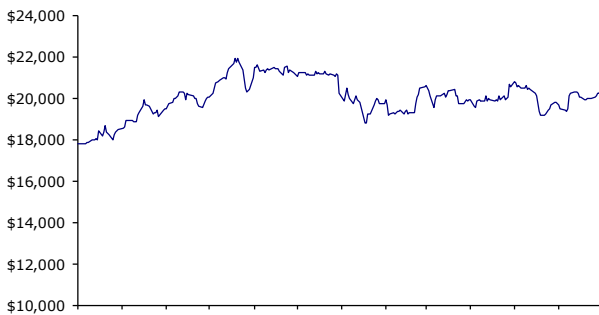
1 Year Copper



1 Year Aluminium

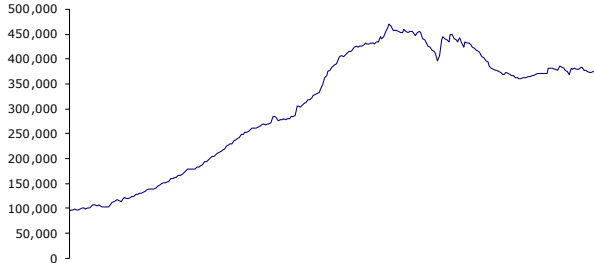


1 Year Tin

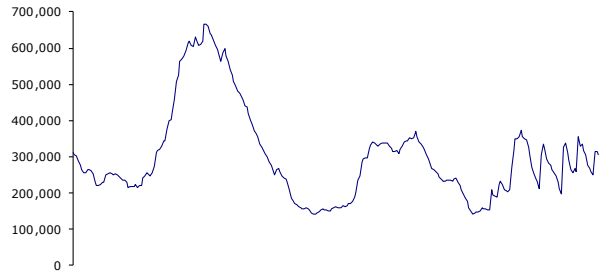


5 Year Metals Stockpiles

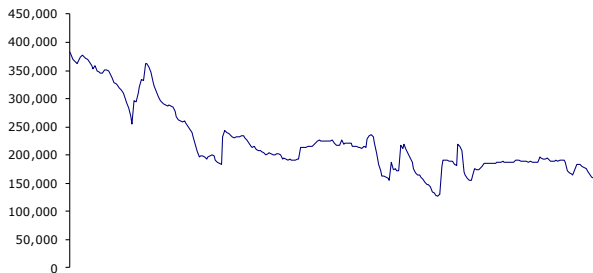
Nickel LME Stockpiles - 5 Year



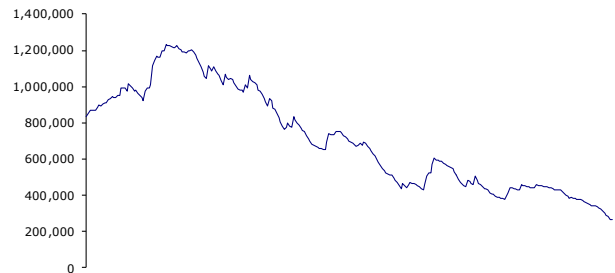
Copper LME Stockpiles - 5 Year



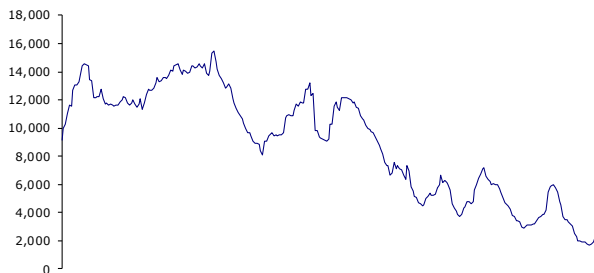
Lead LME Stockpiles - 5 Year



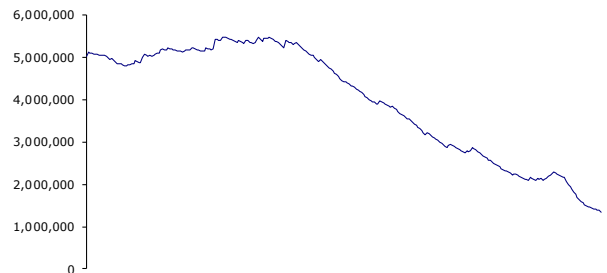
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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