

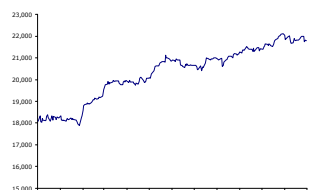
STATE ONE SPINNAKER

23 December 2018
Issue 441

12 month XJO chart



12 month Dow Jones chart



State One Research Products

Spinnaker Free Weekly

Market Opener Free Daily

Daily Resources [Clients Only](#)

Overview

For more research visit:

www.stateone.com.au/research

State One Stockbroking Ltd

Head Office

Level 14, State One House

172 St George's Terrace

Perth WA 6000

Perth Tel: (+61 8) 9288 3388

Sydney Tel: (+61 2) 9024 9105

Email: broker@stateone.com.au

Web: www.stateone.com.au

Global Wrap – 23 December 2018

World Markets	23/12/2018	16/12/2018	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5468	5602	-2.4%	-4.5%	-1.4%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2417	2600	-7.1%	-11.9%	7.6%
FTSE 100	6721	6845	-1.8%	-4.0%	-3.0%
DAX30	10634	10866	-2.1%	-5.9%	-17.4%
Shanghai Composite	2516	2598	-3.1%	-2.0%	-21.7%
Nikkei 225	20166	21507	-6.2%	-9.4%	7.5%
Hang Seng	25753	26095	-1.3%	-3.5%	12.6%
Currency					
AUD/USD	0.7042	0.7178	-1.9%	-2.5%	-8.7%
Commodities					
Oil (\$/bbl)	45.4	49.1	-7.6%	-11.4%	-22.2%
Gas (\$/gal)	3.5	3.6	-1.7%	-24.2%	23.4%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	5987	6104	-1.9%	-3.4%	2.6%
Lead (\$/t)	1958	1927	1.6%	2.7%	-16.0%
Zinc (\$/t)	2596	2560	1.4%	3.2%	-5.4%
Aluminium (\$/t)	1920	1908	0.6%	0.4%	10.9%
Nickel (\$/t)	10785	10740	0.4%	0.5%	-5.1%
Tin (\$/t)	19400	19365	0.2%	5.3%	-9.3%
Gold (\$/oz)	1258	1241	1.3%	2.5%	7.3%
Silver (\$/oz)	14.7	14.6	0.4%	2.0%	-14.0%
Platinum (\$/oz)	799	785	1.8%	-3.4%	-14.8%
Wheat (\$/t)	514.000	528.750	-2.8%	0.4%	25.9%

Source: Iress

Global Wrap

Key points

- 1. Interest rate fears hit global shares**
- 2. ASX falls to two-year low**
- 3. Stock analysis: Investors looking forward to a break after a torrid year**

US

Stocks sank to a 19-month low to close their worst week since August 2011. Every sector lost ground and heavy selling in technology shares drove the Nasdaq indexes into a bear market, The Sydney Morning Herald reported.

Heavy volume sparked by the simultaneous expiration of futures and options lashed stocks that have been under pressure all week from concern over rising interest rates and the threat of slower global growth.

Renewed personnel turmoil in the White House and the growing likelihood of a government shutdown added to investor anxiety before the holidays.

Every member of the FANG (Facebook, Amazon, Netflix and Google owner Alphabet) cohort lost more than 2.5%, while Twitter plunged more than 6%.

The Cboe Volatility index, known as the "fear gauge", rose above 30 to hit a 10-month high.

Additionally, data released Friday revealed that orders placed with US factories for business equipment fell in November, missing forecasts for an increase and adding to signs that demand is slowing amid risks from the trade war with China.

At the time of writing, the US was hurtling towards at least a partial government shutdown over budget disagreements. An agreement is still possible, but the potential shutdown was seen as another contributor to financial turmoil this week.

China

Headline shares of the mainland China equity market were lower on Friday as the threat of a US government shutdown and further hikes in US borrowing costs inflamed investor unease over the economic outlook, Business Standard News reported.

In late afternoon trade, the benchmark Shanghai Composite Index fell 1%, or 25.49 points, to 2,510.78, meanwhile the Shenzhen Composite Index, which tracks stocks on China's second exchange, shed 1%, or 12.45 points, to 1,284.66. The blue-chip CSI300 index was down 1.4%, or 42.28 points, to 3,025.14.

The Shanghai [composite](#) and main Shenzhen index are down more than 20 and 30%, respectively, this year, putting Chinese stocks among the worst performers globally.

Japan

The Nikkei 225 fell 1.11% on Friday as it closed at 20,166.19, while the Topix index declined by 1.91% to finish its trading week at 1,488.19, CNBC reported.

The benchmark Nikkei 225 dropped more than 2.5% in the previous trading session.

Shares of Japanese banks fell on the back of the Bank of Japan's decision on Thursday to keep interest rate targets unchanged.

Japanese banks have suffered as a result of the central bank's loose monetary policy, which has impacted on the revenues of the country's lenders.

Japan's consumer price index fell 1% for the December quarter, in line with expectations.

This has led analysts to forecast that the Japan's interest rate will remain on hold at -0.1%. Japan has had a negative interest rate since early 2016.

Europe

The pan-European Stoxx 600 closed around 0.1% lower amid a mix of positive and negative for most sectors.

Concerns over the possibility of a "no deal" Brexit are continuing to grow, with fears the British pound would fall and inflation would soar. Investors appear to be betting the Bank of England won't tighten monetary policy in the event of a no-deal Brexit.

Australia

Australian shares closed the week's trading at a fresh two-year low as the local market extended its losses for what is set to be the worst December quarter since the global financial crisis. The S&P/ASX 200 Index fell 134.4 points, or 2.4%, to 5467.6 this week as the market was hit on multiple fronts, the Australian Financial Review reported.

The major banks weighed the index this week, despite APRA removing the interest-only lending cap.

Oil prices continued to tumble, pushing the energy sector lower. Woodside Petroleum declined 4% to \$29.92, Origin Energy fell 13.3% to \$6.07, Oil Search slipped 5.1% to \$6.83 and Beach Energy closed 12.9% lower at \$1.29.

The ASX will be closed on Christmas Day and Boxing Day this coming week, then New Year's Day the following week.

Aluminium

Aluminium touched a 16-month low during trade on Thursday after the US said it would lift sanctions against Russian aluminium giant Rusal. This followed the company agreeing to reduce the influence that sanctioned oligarch Oleg Deripaska has on the company. The price of aluminium on the London Metal Exchange slid to a 16-month low of \$US1905.5 a tonne on the news. Aluminium hit a seven-year high during April following the announcement of the sanctions.

Stock analysis: Investors looking forward to a break after a torrid year

The US Federal Reserve and the market would head into 2019 at odds over policy, setting up a showdown at the next meeting in late January as investors accuse the central bank of being too hawkish in the face of mounting risks. Although the Fed reduced the number of interest-rate rises it anticipates next year from three to two, equity investors decided this course was insufficiently dovish, causing Wall Street to sell off by more than 1%.

On the back of this, Australian shares fell to a two-year low, declining 1.3% or 74.8 points to a low of 5505.80 on Thursday. Japan's Nikkei 225 Index fell more than 3% and Hong Kong's Hang Seng fell 1.5%. Resources helped buoy market on Friday, despite a subdued overnight session for many commodities, including copper. BHP added 1.59% to \$33.14 while Rio Tinto gained 1.32% to \$76.10 in a solid open for the resources sector, BlueScope Steel surged 2.33% to \$10.99, Fortescue Metals was up 0.24% to \$4.10, and South32 gained 2.22% to \$3.22.

The **gold** miners glistened after a near \$U19/oz rise in the yellow metal, with Newcrest ahead 3.02% to \$21.52, Evolution up 2.77% to \$3.525 and Northern Star gaining 4.89% to \$9.01.

The banks were up, led by Westpac with a 1.08% gain to \$24.33, though Macquarie Group was flat at \$107.16.

It was a subdued morning for insurers in the wake of Thursday evening's severe hail storm in Sydney and on the Central Coast, with IAG announcing a pause in trading pending an announcement, and Suncorp dipping 0.81% to \$12.81 as people tallied the damage and put in claims. QBE jumped 1.64% to \$9.91. Energy stocks rose despite oil prices slipping again overnight, while local tech and consumer shares were up. The telcos were subdued with Telstra flat at \$2.85.

Nevertheless, at current price levels, the Alsi is at a critical support line. If this line is breached, the next support is at 4,900, representing additional potential weakness of some 11%. We suspect that for many investors, the upcoming holidays cannot come quick enough!



Economic Calendar 24/12/2018 – 28/12/2018

Wednesday December 26 2018		Actual	Previous	Consensus
07:50 AM	JP BoJ Monetary Policy Meeting Minutes			
Friday December 28 2018		Actual	Previous	Consensus
09:00 PM	DE Inflation Rate YoY Prel DEC		2.3%	2%

Source: www.tradingeconomics.com

Economic Calendar 31/12/2018 – 4/01/2019

Monday December 31 2018		Actual	Previous	Consensus
09:00 AM	CN NBS Manufacturing PMI DEC		50	
Wednesday January 02 2019		Actual	Previous	Consensus
09:45 AM	CN Caixin Manufacturing PMI DEC		50.2	
04:55 PM	DE Markit Manufacturing PMI Final DEC		51.8	51.5
11:00 PM	US ISM Manufacturing PMI DEC		59.3	
Friday January 04 2019		Actual	Previous	Consensus
09:30 PM	US Non Farm Payrolls DEC		155K	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 21 December 2018

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
RSG	Resolute Mining	10.4	API	Australian Pharm.	-15.4
NST	Northern Star	10.4	BGA	Bega Cheese Ltd	-14.0
RRL	Regis Resources	10.0	BPT	Beach Energy Limited	-12.9
SBM	St Barbara Limited	7.3	BIN	Bingo Industries Ltd	-11.1
EVN	Evolution Mining Ltd	7.3	ECX	Eclix Group Ltd	-11.0
MPL	Medibank Private Ltd	6.9	ASL	Ausdrill Limited	-10.5
FPH	Fisher & Paykel H.	5.4	BSL	BlueScope Steel Ltd	-9.8
ABP	Abacus Property Grp.	4.6	ANN	Ansell Limited	-9.7
MTS	Metcash Limited	3.9	ALX	Atlas Arteria	-9.0
SAR	Saracen Mineral	3.3	APX	Appen Limited	-8.7

Source: IRESS

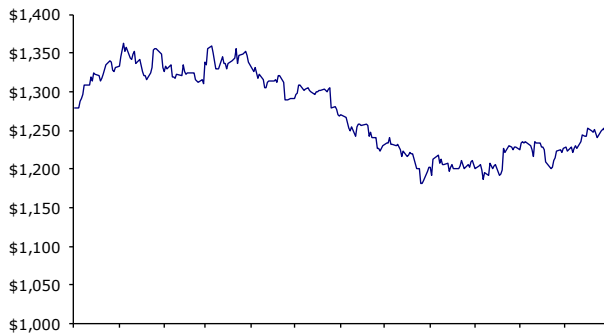
S & P Indices Week Ending 21 December 2018

S&P Indices	23/12/2018	16/12/2018	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	9295	10010	-7.1%	-7.1%	4.5%
S&P 200 Materials	10970	10938	0.3%	2.7%	10.8%
S&P 200 Industrials	5595	5746	-2.6%	-3.5%	9.6%
S&P 200 Consumer Disc.	2047	2107	-2.9%	-6.4%	-2.2%
S&P 200 Consumer Staples	10112	10166	-0.5%	-4.6%	18.2%
S&P 200 Healthcare	27635	28244	-2.2%	-1.8%	43.3%
S&P 200 Financials	5303	5493	-3.5%	-8.6%	-16.8%
S&P 200 Info Technology	1012	1070	-5.5%	-6.9%	30.1%
S&P 200 Telecommunicatic	993	1044	-4.9%	-9.0%	-43.4%
S&P 200 Utilities	7320	7322	0.0%	-1.1%	-2.9%
S&P 200 Property Trusts	1412	1419	-0.5%	-0.6%	5.2%
S&P 200 Financials ex PT	5914	6127	-3.5%	-8.6%	-16.8%

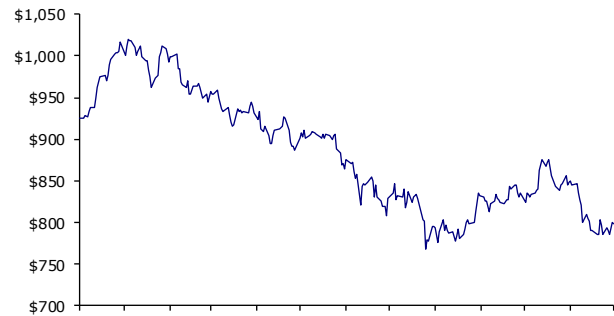
Source: IRESS

1 Year Commodity Price Charts

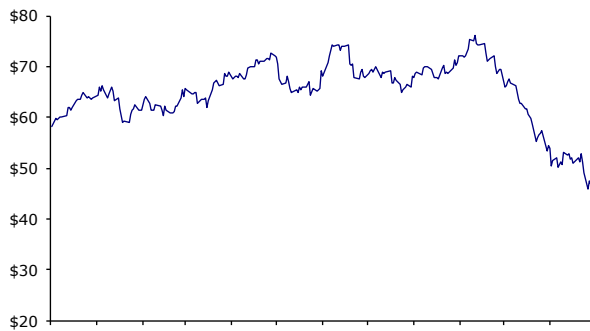
1 Year Gold



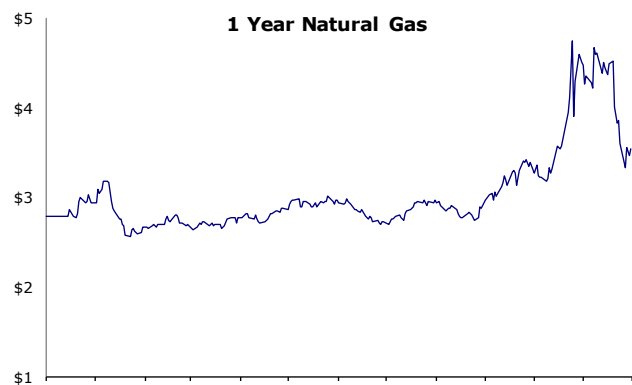
1 Year Platinum



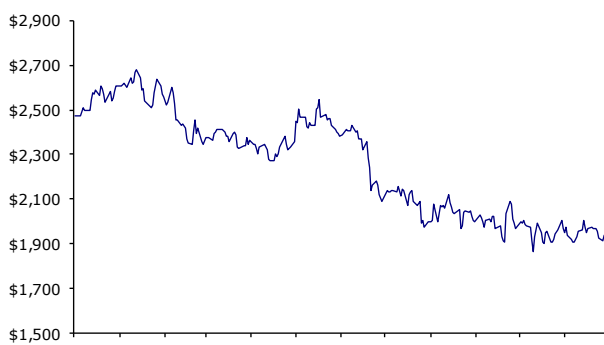
1 Year Oil



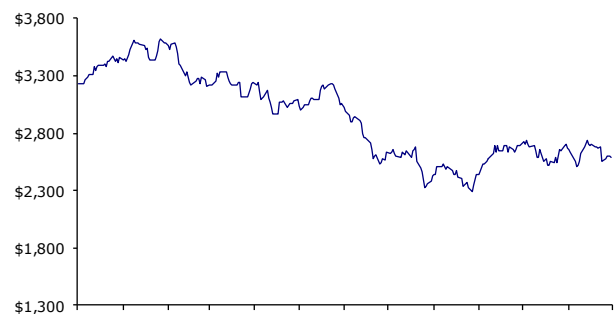
1 Year Natural Gas



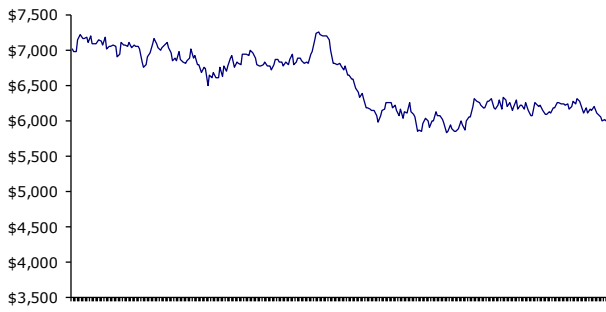
1 Year Lead



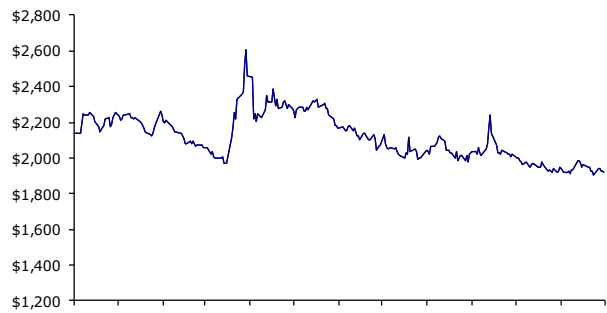
1 Year Zinc



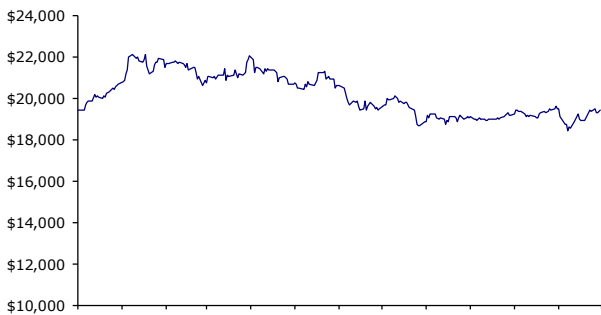
1 Year Copper



1 Year Aluminium

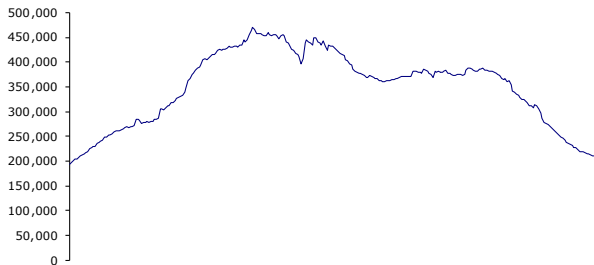


1 Year Tin

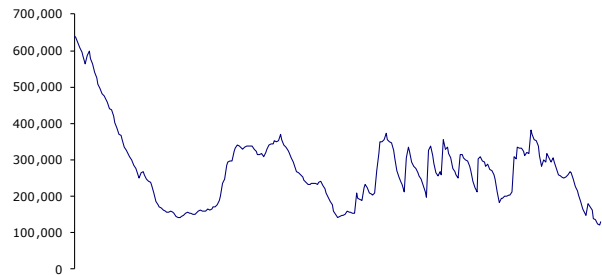


5 Year Metals Stockpiles

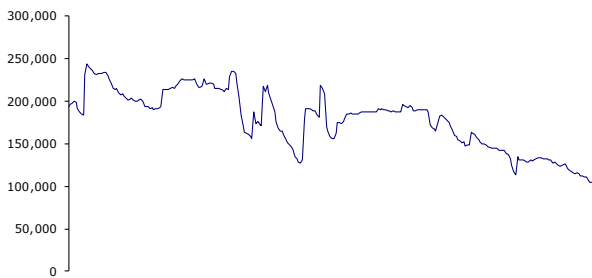
Nickel LME Stockpiles - 5 Year



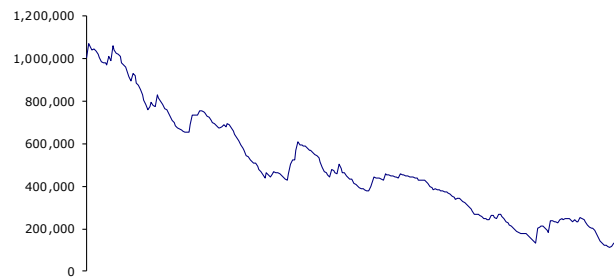
Copper LME Stockpiles - 5 Year



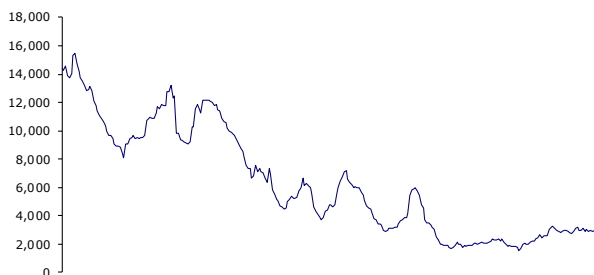
Lead LME Stockpiles - 5 Year



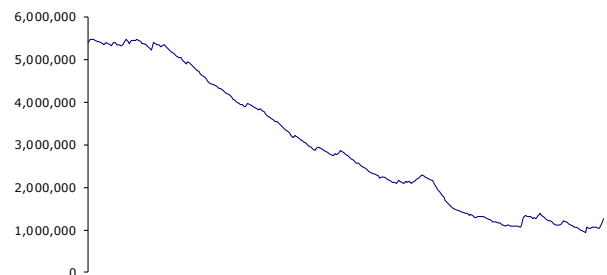
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



Alan Hill
Executive Chairman
Phone: +61 8 9288 3388
ahill@stateone.com.au

Mark Sullivan
Institutional Dealer
Phone: +61 2 9024 9134
msullivan@stateone.com.au

Yitz Barber
Equities Advisor
Phone: +61 2 9024 9107
ybarber@stateone.com.au

Graeme Johnson
Equities & Derivatives Advisor
Phone: +61 8 9288 3316
gjohnson@stateone.com.au

Karen Tan
Equities Advisor
Phone: +61 8 9288 3303
ktan@stateone.com.au

David Zhang
Equities Advisor
Phone: +61 2 9024 9130
dzhang@stateone.com.au

David Brennan
Senior Investment Analyst
Phone: +61 2 9024 9142
DBrennan@stateone.com.au

Tammie Wong
Equities Advisor
Phone: +61 2 9024 9133
twong@stateone.com.au

Ric Heydon
Equities & Derivatives Advisor
Phone: +61 8 9288 3307
rheydon@stateone.com.au

Robert Chen
Equities Advisor
Phone: +61 2 9024 9132
rchen@stateone.com.au

Morris Levitzke
Equities Advisor
Phone: +61 8 9288 3315
mlevitzke@stateone.com.au

General Advice Warning

The contents of this document have been prepared by State One Stockbroking Ltd (ABN 95 092 989 083, Australian Financial Services Licence ("AFSL") 247100) without taking account of your objectives, financial situation or needs. To the extent that any of the content constitutes advice, it is general advice. You should, before taking any action to acquire or deal in, or follow a recommendation (if any) in respect of any of the financial products or information mentioned in this document, consult your own investment advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

Whilst State One Stockbroking Ltd believe the data and content contained in this document is based on information which is believed to be reliable, its accuracy and completeness are not guaranteed and no warranty of accuracy or reliability is given or implied and no responsibility for any loss or damage arising in any way for any representation, act or omission is accepted by State One Stockbroking Ltd or any of their officers, agents or employees. Some material is copyright and published under licence from ASX Operations Pty Limited ACN 004 523 782 ("ASXO").

If applicable, you should obtain the Product Disclosure Statement relating to the relevant financial product mentioned in this document (which contains full details of the terms and conditions of the financial product) and consider it before making any decision about whether to acquire the financial product.

For more information please refer to the State One Stockbroking Ltd Financial Services Guide (FSG) at https://www.stateone.com.au/Download/Download?file=stateone_fsg.pdf

Disclosure

The directors and associated persons of State One Stockbroking Ltd may have an interest in the financial products discussed in this document and they may earn brokerage, commissions, fees and advantages, pecuniary or otherwise, in connection with the making of a recommendation or dealing by a client in such financial products.

This research at all times remains the property of State One Stockbroking Ltd and is not for public circulation or reproduction whether in whole or in part and is not to be disclosed to any person other than the intended recipient, without obtaining prior written consent.