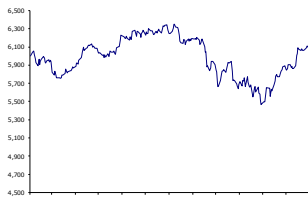


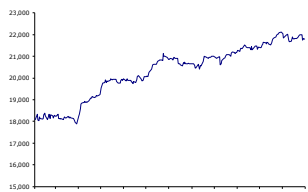
STATE ONE SPINNAKER

24 February 2019
Issue 449

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 24 February 2019

World Markets	2/24/2019	2/17/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6167	6066	1.7%	4.8%	11.3%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2793	2776	0.6%	4.2%	24.3%
FTSE 100	7179	7237	-0.8%	3.4%	3.6%
DAX30	11458	11300	1.4%	2.5%	-5.4%
Shanghai Composite	2804	2754	1.8%	8.5%	-12.8%
Nikkei 225	21426	21282	0.7%	3.1%	14.2%
Hang Seng	28816	27901	3.3%	4.2%	26.0%
Currency					
AUD/USD	0.7127	0.7130	0.0%	0.3%	-9.1%
Commodities					
Oil (\$/bbl)	57.1	56.0	1.9%	5.8%	-10.1%
Gas (\$/gal)	2.7	2.7	3.1%	-4.6%	-0.2%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6489	6190	4.8%	6.8%	11.2%
Lead (\$/t)	2059	2068	-0.4%	-0.3%	-11.7%
Zinc (\$/t)	2712	2641	2.7%	1.4%	-1.2%
Aluminium (\$/t)	1891	1829	3.4%	1.0%	9.2%
Nickel (\$/t)	12930	12100	6.9%	5.6%	13.7%
Tin (\$/t)	21650	21085	2.7%	4.1%	1.2%
Gold (\$/oz)	1333	1322	0.8%	0.6%	13.7%
Silver (\$/oz)	16.0	15.7	1.7%	-0.4%	-6.3%
Platinum (\$/oz)	846	807	4.8%	3.3%	-9.8%
Wheat (\$/t)	493.000	506.250	-2.6%	-4.3%	20.8%

Source: Iress

Global Wrap

Key points

1. ASX rises on positive earnings and commodities prices
2. Trade talk progress lifts US, European markets
3. Weaker AUD: could give A\$-leveraged stocks and additional “free kick”

US

Stocks rose on Friday as another round of trade talks between the US and China wrapped up with investors increasingly more hopeful a deal will be struck, CNBC reported.

The Dow Jones Industrial Average gained 181.18 points to 26,031.81 as Intel outperformed.

The 30-stock index also broke above 26,000 for the first time since early November and posted its ninth consecutive weekly gain, its longest streak since May 1995.

The Nasdaq Composite advanced 0.9% to 7,527.54 as shares of Facebook, Amazon, Netflix and Alphabet all closed higher. The tech-heavy Nasdaq also notched its ninth straight weekly gain, its longest streak since May 2009.

The major indexes are all up at least 11% in 2019 as the Federal Reserve indicates it will be patient in raising rates. The gains also follow a massive drop in stocks to end 2018.

President Donald Trump met with Chinese Vice Premier Liu He on Friday. Liu delivered a letter to Trump saying Chinese President Xi Jinping hopes the two countries can redouble efforts to strike a trade deal.

Trump's meeting with Liu on Friday comes after a US delegation met with Xi last week. Sources told CNBC that Trump and Xi are also discussing a summit at Mar-a-Lago late in March. The sources also said China is committed to buying \$1.2 trillion in US goods.

As well as watching trade negotiations, investors will also be focused on Federal Reserve Chairman Jerome Powell's testimony before the Senate Banking Committee and the US Consumer Confidence Index release, both on Tuesday. The advance goods trade balance will be out on Wednesday and GDP on Thursday. On Friday Powell will speak on economic developments and longer-term challenges facing the US economy.

China

Chinese stocks reacted sharply, climbing nearly 2.0% today. After a deep correction in 2018, they have been on a rally since November, up over 20%, FXStreet reported.

On the data front, January sales of passenger vehicles in China collapsed 18% to just over 2 million. January home-price growth slipped to a nine-month low, showing the property markets are cooling as the economy softens.

As well as trade talks, investors will be monitoring manufacturing PMI, to be released on Thursday.

Japan

Stocks turned lower on the Tokyo Stock Exchange Friday as profit-taking gained strength following four consecutive winning sessions, The Japan Times reported.

The 225-issue Nikkei average fell 38.72 points, or 0.18%, to end at 21,425.51. On Thursday, the key market gauge gained 32.74 points.

Europe

European stocks closed slightly higher Friday afternoon, as market participants monitored trade talks between the world's two largest economies, CNBC reported.

The pan-European Stoxx 600 closed up by around 0.3% provisionally, with most sectors and major bourses ending in positive territory. On the week, the benchmark was up by around 0.6%.

Europe's basic resources stocks — with their heavy exposure to China — led the gains during afternoon trade, closing up by around 2%.

On investors' watch list for next week will be Bank of England's Mark Carney's press conference for indications of rate movements, the German CPI on Thursday and unemployment figures on Friday. Euro zone CPI will also be released on Friday.

Australia

Australian shares ended a bumper week of earnings higher as positive results lifted the local sharemarket to a more than four-month high, the AFR reported.

The S&P/ASX 200 Index climbed 101.2 points, or 1.7%, to 6167.3 while the broader All Ordinaries ended the week 93.3 points, or 1.5%, higher at 6241.9.

In addition to reasonable earnings results, there was more talk of rate cuts and upgrades to earnings growth expectations for resources stocks on the back of higher commodity prices.

Webjet shares climbed 37.4% to \$16.10 after the online travel agency reported strong growth from its accommodation platform WebBeds.

Altium rose 28.2% to \$34.62 this week after announcing it was on track to hit \$US200 million in revenue next year, led by strong growth for the software company from China. Its net profit rose 58% for the six months to December 31.

Despite the absence of its chief executive and chairman **IOOF Holdings** delivered a strong first-half result, lifting its shares 28.4% higher to \$6.55 this week. The embattled wealth company also said it was optimistic about close the deal to buy **ANZ's** OnePath business.

Mortgage brokers **Australian Financial Group** and **Mortgage Choice** rebounded this week after reports emerged Labor would back away from its initial support for a crackdown on the industry. Australian Financial Group shares rose 29.5% to \$1.25 this week after reporting solid results amid difficult market conditions, while Mortgage Choice climbed 8.2% to 86¢ as they warned shareholders of a challenging operating environment.

The major supermarkets closed the week lower after their results disappointed investor expectations. **Woolworths** fell 4.6% to \$28.65 despite returning up to \$1.7 billion to shareholders as analysts remained cautious on the company's high capital expenditure. **Coles** closed 8.5% lower at \$11.53 this week after taking a 29% hit to net profit and warning shareholders it faced multiple challenges.

Bingo Industries fell 43.3% to \$1.31 this week after the waste management company cut its profit forecasts by up to 20%, just three months after reassuring investors a construction downturn wouldn't hurt its outlook. The company cited the faster-than-expected softening in multi-dwelling residential construction activity across Sydney and Melbourne as key factors behind the downgrade.

Coal

The biggest news on Friday was that Australian coal would not be allowed to be imported to China's Dalian port according to a report from Reuters, quoting a port official. While the port represents just 2% of Australia's coal exports there is concern the ban could widen, at least for a few weeks or months. The Australian dollar was volatile on Thursday night and Friday morning after the report, falling as much as 1.8% from its Thursday high. See stock analysis below.

Oil closed another week of gains, this time juiced by optimism over the U.S.-China trade negotiations, oilprice.com reported. But the gains are also coming because OPEC+ is taking supply off of the market.

Weaker AUD: could give A\$-leveraged stocks and additional "free kick"

The local currency continues to languish after Westpac chief economist, Bill Evans, said he was now tipping two RBA interest rate cuts this year, in August and November, which would take the cash rate to 1%.

At current levels of US\$0.71, the A\$ is approaching lows last seen in early 2016 (but still some way higher than GFC lows of US\$0.65). See chart below.

Sentiment on the Aussie also wasn't helped by the Reuters report on one of China's biggest port operators banning Australian coal shipments, while exports of the commodity to other ports were facing delays of up to 45 days.

Markets are speculating that the move again reflects strains in the political and trade relationship between Australia and China in recent times, such as the banning of Huawei from the 5G mobile infrastructure rollout and suggestions in the media that China may have been behind the recent cyber-attack on the Australian Parliament (though there has been no formal allegation and China has denied involvement).

If this move is the start of a more significant deterioration in the trade relationship between the two nations, it could have more important impacts on Australian markets, trade and economic activity given China is Australia's largest trading partner, taking around 34% of total exports (with the top exports being iron ore, coal, tourism, education).

While China has considerable muscle in thermal coal markets given its substantial domestic production of thermal coal, it remains very reliant on Australia - both Australian iron ore and coking coal, especially iron ore in the near term, given supply disruptions in Brazil

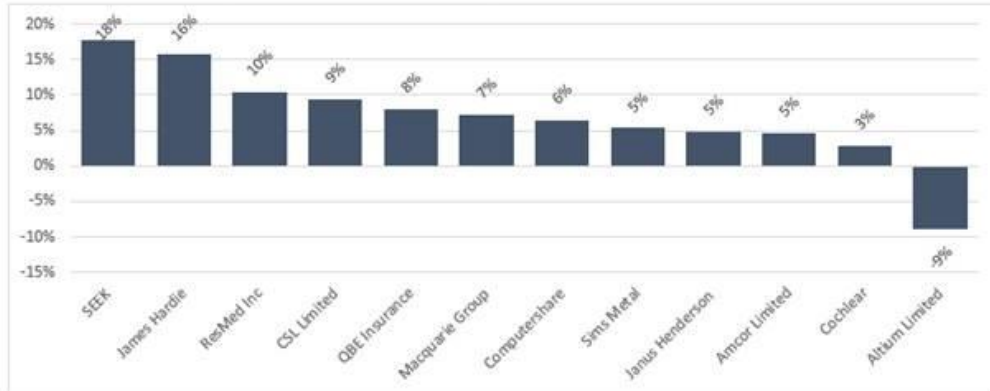
In an interview with Australian Broadcasting Corp radio on Friday morning, Treasurer Josh Frydenberg denied China's reported move was retribution for Australia last year banning Chinese telecommunications giant Huawei Technologies Co. from its 5G network on security concerns. "We shouldn't jump to conclusions," Frydenberg said. "The Australia-China trading relationship is exceptionally strong." Asked whether China had banned Australian imports, he responded: "No, they haven't."

Selected A\$-leveraged stocks, stocks that earn a significant portion of their earnings in US dollars, but with a largely non-US\$ cost base - are tabulated below. Based on current share prices, and on current IRESS-derived consensus target prices and FY19 dividends, SEEK (ASX:SEK), James Hardie (ASX:JHX), and ResMed (ASX:RMD) offer the most upside at 18%, 16%, and 10% respectively.

Forecast total return for selected strong US economy/ A\$-leveraged plays

Security	Name	Share Price (A\$)	Target Price (A\$)	Capital upside / (downside) (%)	FY19E Dividend (A\$)	FY19E DY (%)	Total Return (%)
SEEK	SEEK	17.00	19.57	15.1%	0.46	2.7%	18%
JHX	James Hardie	18.03	20.44	13.4%	0.42	2.3%	16%
RMD	ResMed Inc	14.12	15.46	9.5%	0.14	1.0%	10%
CSL	CSL Limited	186.91	202.02	8.1%	2.61	1.4%	9%
QBE	QBE Insurance	11.50	11.92	3.7%	0.50	4.3%	8%
MQG	Macquarie Group	127.60	130.82	2.5%	5.94	4.7%	7%
CPU	Computershare	17.62	18.42	4.5%	0.32	1.8%	6%
SGM	Sims Metal	11.45	11.59	1.2%	0.47	4.1%	5%
JHG	Janus Henderson	34.33	34.42	0.3%	1.57	4.6%	5%
AMC	Ancor Limited	14.94	15.16	1.5%	0.48	3.2%	5%
COH	Cochlear	171.54	173.26	1.0%	3.24	1.9%	3%
ALU	Altium Limited	34.67	31.15	-10.2%	0.40	1.2%	-9%

Source: IRESS, compiled by State One Stockbroking. Share prices as at 22 Feb 2019














Economic Calendar 2/25/2019 – 3/1/2019

Tuesday February 26 2019			Actual	Previous	Consensus
03:00 PM	DE	GfK Consumer Confidence MAR		10.8	10.8
11:00 PM	US	Fed Chair Powell Testimony			
	GB	PM May Statement on Brexit			
Wednesday February 27 2019			Actual	Previous	Consensus
06:00 PM	EA	Business Confidence FEB		0.69	0.63
09:30 PM	CA	Inflation Rate YoY JAN		2%	1.4%
11:00 PM	US	Fed Chair Powell Testimony			
	GB	Parliament Debate on Brexit			
Thursday February 28 2019			Actual	Previous	Consensus
08:01 AM	GB	Gfk Consumer Confidence FEB		-14	-15
09:00 AM	CN	NBS Manufacturing PMI FEB		49.5	49.5
09:00 PM	DE	Inflation Rate YoY Prel FEB		1.4%	1.5%
09:30 PM	US	GDP Growth Rate QoQ Q4		3.4%	2.4%
Friday March 01 2019			Actual	Previous	Consensus
09:45 AM	CN	Caixin Manufacturing PMI FEB		48.3	48.7
01:00 PM	JP	Consumer Confidence FEB		41.9	41.6
04:55 PM	DE	Markit Manufacturing PMI Final FEB		49.7	47.6
06:00 PM	IT	Full Year GDP Growth 2018		1.6%	
06:00 PM	IT	Government Budget 2018		-2.3%	
09:30 PM	US	Personal Income MoM DEC		0.2%	0.4%
09:30 PM	US	Personal Income MoM JAN			
09:30 PM	US	Personal Spending MoM DEC		0.4%	-0.2%
11:00 PM	US	ISM Manufacturing PMI FEB		56.6	55.9

Source: www.tradingeconomics.com

Economic Calendar 3/4/2019 – 3/8/2019

Tuesday March 05 2019			Actual	Previous	Consensus
11:00 PM	 US	ISM Non-Manufacturing PMI FEB		56.7	57.3
Wednesday March 06 2019			Actual	Previous	Consensus
09:30 PM	 CA	Balance of Trade DEC		C\$-2.06B	C\$-1.95B
09:30 PM	 US	Balance of Trade DEC		\$-49.3B	
11:00 PM	 CA	Ivey PMI s.a FEB		54.7	
Thursday March 07 2019			Actual	Previous	Consensus
08:30 AM	 AU	Balance of Trade JAN		A\$3.681B	
09:30 PM	 EA	ECB Press Conference			
09:30 PM	 US	Balance of Trade JAN			
Friday March 08 2019			Actual	Previous	Consensus
11:00 AM	 CN	Balance of Trade FEB		\$39.16B	
11:00 AM	 CN	Exports YoY FEB		9.1%	
11:00 AM	 CN	Imports YoY FEB		-1.5%	-1.5%
09:30 PM	 US	Non Farm Payrolls FEB		304K	180K

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 22 February 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
WEB	Webjet Limited	37.4	BIN	Bingo Industries Ltd	-43.3
IFL	IOOF Holdings Ltd	28.4	BKL	Blackmores Limited	-22.6
ALU	Altium Limited	28.2	MMS	McMillan Shakespeare	-21.7
AHG	Automotive Holdings.	16.8	WTC	Wisetech Global Ltd	-15.3
CTD	Corp Travel Limited	15.5	ECX	Eclixp Group Ltd	-14.2
CGF	Challenger Limited	14.1	SAR	Saracen Mineral	-13.8
A2M	The A2 Milk Company	13.7	EHL	Emeco Holdings	-13.4
ORE	Orocobre Limited	13.2	COH	Cochlear Limited	-13.3
NEC	Nine Entertainment	13.1	SIQ	Smartgrp Corporation	-11.0
PPT	Perpetual Limited	11.5	BOQ	Bank of Queensland.	-10.7

Source: IRESS

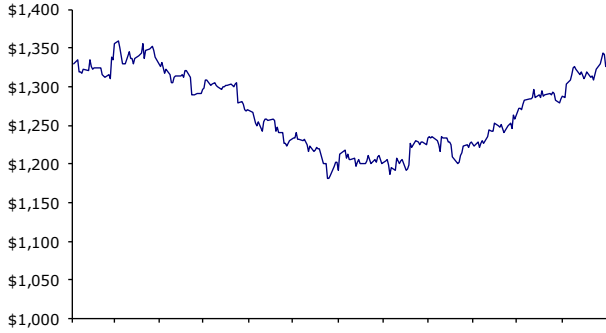
S & P Indices Week Ending 22 February 2019

S&P Indices	2/24/2019	2/17/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	11442	11388	0.5%	6.5%	28.7%
S&P 200 Materials	12935	12695	1.9%	7.7%	30.7%
S&P 200 Industrials	6194	6106	1.4%	6.1%	21.4%
S&P 200 Consumer Disc.	2352	2263	3.9%	7.1%	12.3%
S&P 200 Consumer Staples	10442	10803	-3.3%	-2.1%	22.0%
S&P 200 Healthcare	29286	29308	-0.1%	-1.8%	51.9%
S&P 200 Financials	5951	5780	3.0%	5.6%	-6.6%
S&P 200 Info Technology	1249	1236	1.0%	9.8%	60.6%
S&P 200 Telecommunicatic	1159	1133	2.3%	2.9%	-34.0%
S&P 200 Utilities	8086	7948	1.7%	2.2%	7.3%
S&P 200 Property Trusts	1503	1501	0.2%	1.4%	12.1%
S&P 200 Financials ex PT	6637	6446	3.0%	5.6%	-6.6%

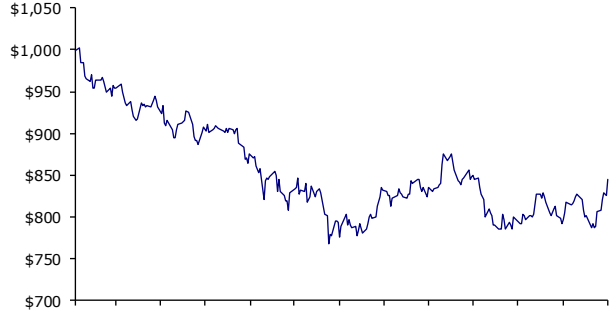
Source: IRESS

1 Year Commodity Price Charts

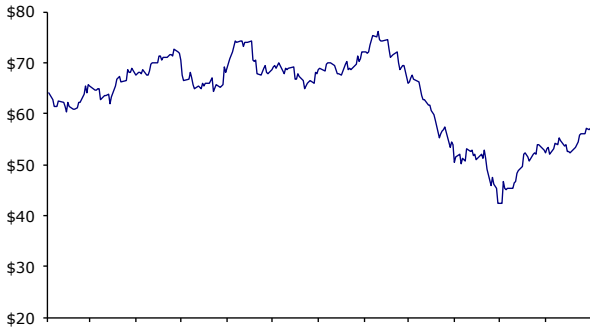
1 Year Gold



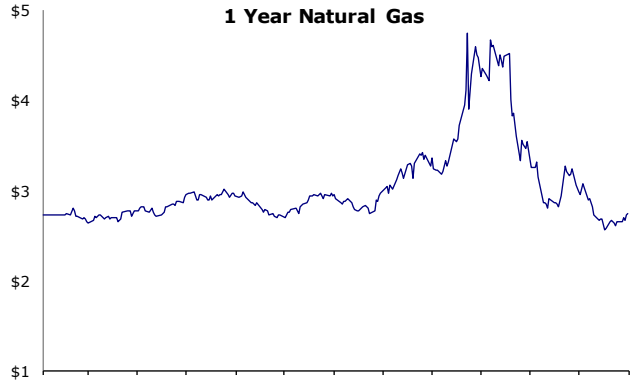
1 Year Platinum



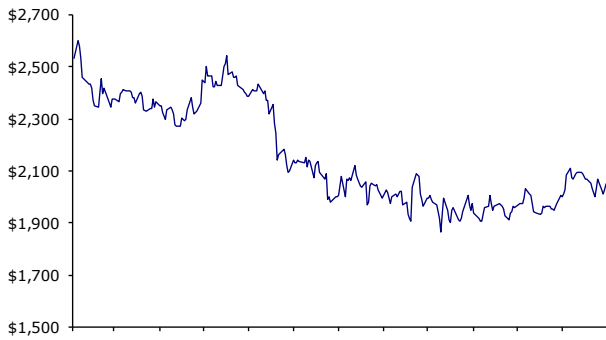
1 Year Oil



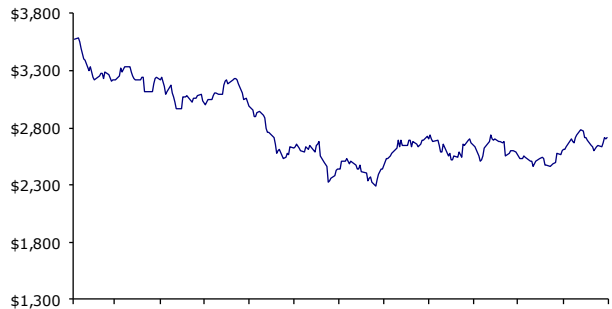
1 Year Natural Gas



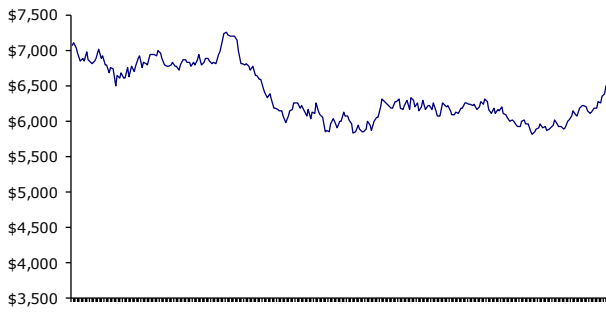
1 Year Lead



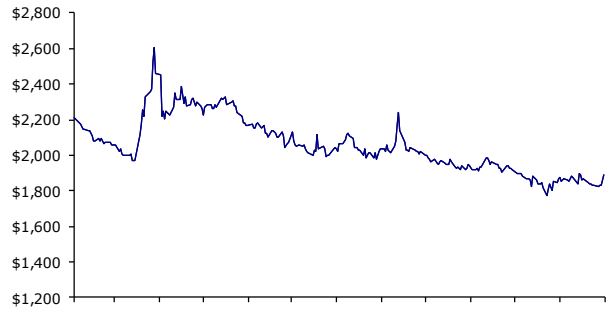
1 Year Zinc



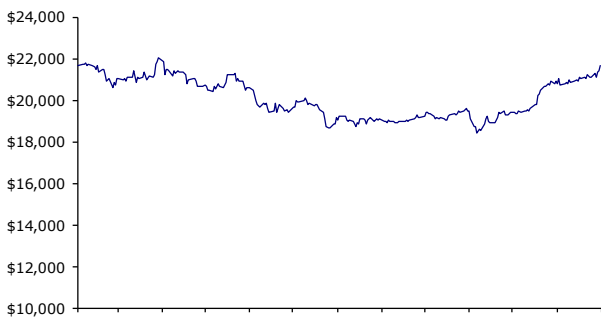
1 Year Copper



1 Year Aluminium

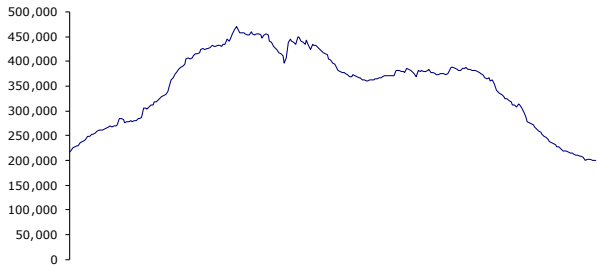


1 Year Tin

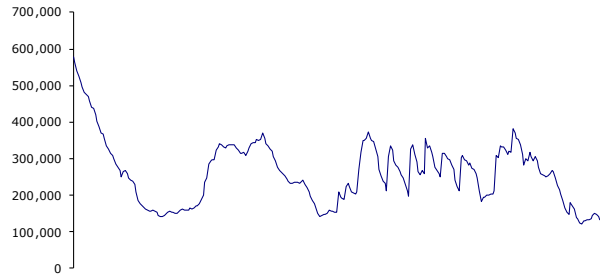


5 Year Metals Stockpiles

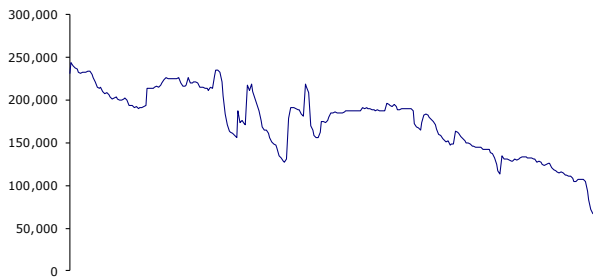
Nickel LME Stockpiles - 5 Year



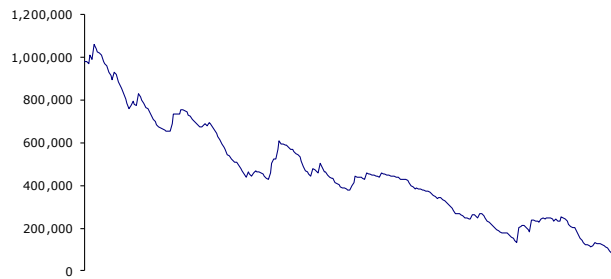
Copper LME Stockpiles - 5 Year



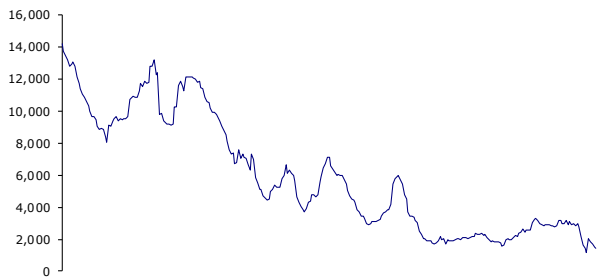
Lead LME Stockpiles - 5 Year



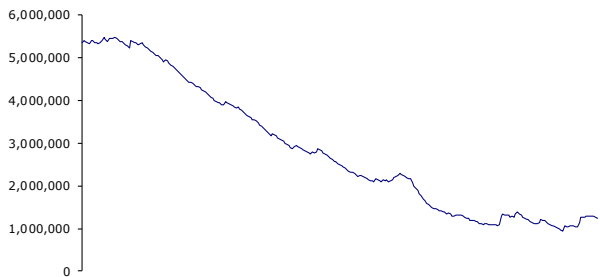
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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