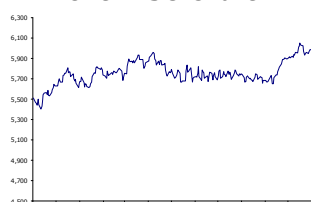


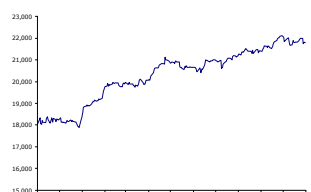
## STATE ONE SPINNAKER

25 November 2017  
Issue 392

### 12 month XJO chart



### 12 month Dow Jones chart



### State One Research Products

**Spinnaker** Free Weekly

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## Global Wrap – 25 November 2017

World Markets	25/11/2017	18/11/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5983	5957	0.4%	0.8%	9.1%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2602	2579	0.9%	0.9%	18.0%
FTSE 100	7410	7381	0.4%	-1.0%	8.5%
DAX30	13060	13127	-0.5%	-3.0%	21.2%
Shanghai Composite	3354	3392	-1.1%	-0.9%	3.5%
Nikkei 225	22551	22262	1.3%	0.1%	23.0%
Hang Seng	29866	29199	2.3%	4.4%	32.1%
<b>Currency</b>					
AUD/USD	0.7615	0.7550	0.9%	0.4%	2.4%
<b>Commodities</b>					
Oil (\$/bbl)	59.0	56.8	3.9%	8.6%	22.9%
Gas (\$/gal)	2.9	3.2	-8.6%	0.7%	-21.5%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6968	6729	3.6%	0.7%	19.4%
Lead (\$/t)	2481	2409	3.0%	1.2%	10.9%
Zinc (\$/t)	3272	3200	2.3%	-1.8%	21.5%
Aluminium (\$/t)	2104	2077	1.3%	-3.8%	18.6%
Nickel (\$/t)	12015	11470	4.8%	-5.4%	3.8%
Tin (\$/t)	19650	19560	0.5%	-0.3%	-9.1%
Gold (\$/oz)	1292	1297	-0.4%	1.3%	8.9%
Silver (\$/oz)	17.1	17.4	-1.6%	-0.3%	4.2%
Platinum (\$/oz)	945	955	-1.0%	1.1%	3.3%
Wheat (\$/t)	433.250	443.000	-2.2%	3.7%	2.3%

Source: Iress

## Global Wrap

### Key points

1. Black Friday shopping buoys sentiment in US
2. Euro zone steams ahead
3. Cuts and Keystone spills boost oil
4. Iron ore price supports ASX
5. Stock picks for week ahead focus on red metal

### US

US equities rose on Friday as investors bet on a strong holiday shopping season that started yesterday with Black Friday, CNBC reported.

After long queues began forming on Thursday afternoon outside retailers, the S&P 500 hit record highs at the resume of trade after Thanksgiving, rising 0.2% to 2,602.42. Information technology was the best-performing sector, though retailer Macy's was among the best-performing stocks in the index.

The S&P 500 also closed above 2,600 for the first time.

The Nasdaq composite climbed 0.3% to 6,889.16, posting intraday and closing records as shares of Amazon gained 2.6% to a record.

Many investors are banking on corporate tax cuts, which would keep the current economic expansion going. However skepticism is lingering as to whether the GOP-led Congress will be able to pass a bill before year-end.

This coming week housing price data will be released on Tuesday and Q3 GDP will be flashed on Wednesday.

## **China**

Mainland Chinese shares dropped more than 1% to three-month lows after big falls the previous day. Investors were jittery about fresh government moves to curb financial risks and a rout in the Chinese bond market, CNBC said.

Also dampening sentiment this week was data showing China's economy had cooled in October. Industrial output, fixed-asset investment and retail sales missed expectations as the government extended a crackdown on debt risks and factory pollution.

A mix of tighter rules for online micro-lenders and firmer bond prices were seen as reasons for the falls on Thursday.

In a slow week ahead for Chinese data, PMI figures will be released this coming Thursday.

## **Japan**

Japan's Nikkei 225 reversed early losses to close up 0.12% at 22,550.85 as markets reopened for trade after a day off for Labour Thanksgiving Day, CNBC reported.

Losses were seen in car makers and manufacturers, while tech stocks were mixed.

Shares of Mitsubishi Materials tumbled 8.07% by the end of the day after the company acknowledged that some of its units falsified product data to meet requirements. That news followed a similar data falsification scandal at Kobe Steel last month.

On investors' watch list this week is the Corporate Services Price index on Sunday and retail sales data on Tuesday.

Industrial production data will be flashed on Wednesday.

CPI will be released on Thursday.

## **Europe**

Euro stocks ended the week under slight pressure on Friday, amid lower liquidity levels due to the US Thanksgiving holiday, CNBC said.

Banking stocks outperformed most sectors on Friday, after media reports emerged that Europe was preparing looser rules around bad loan disposals.

On Thursday data showed euro zone business growth was switching up gears, vindicating the European Central Bank's move last month to announce a slowing down of its monetary stimulus.

The European composite Purchasing Managers' Index rose to 57.5 in November. By contrast a Reuters poll had projected the figure to remain unchanged from October's reading of 56.

This coming week UK housing price data will be out on Tuesday.

On Wednesday investors will be watching five key euro zone business and consumer confidence indices, while the euro zone CPI for November will be flashed on Thursday.

## **Australia**

Momentum in resources stocks buoyed a lift in iron ore prices which helped the ASX overcome losses in the major banks, leaving shares moderately higher for the week.

The S&P/ASX 200 index finished the week up 25 points or 0.4%. The All Ordinaries mirrored that to close at 6063 points, Fairfax Media reported.

Iron ore was the star commodity after jumping 8% by Thursday evening when the spot price of 62% ore was set at \$US67.69, bringing the month's gains to an impressive 16%.

Rio Tinto finished up 1.7% for the week at \$72.10, BHP climbed 3.1% to \$27.97 and South32 lifted 3.6% to \$3.42.

Fortescue Metals meanwhile lost 1.5% over the week to \$4.64.

The mood in the energy sector continued to firm through the week in line with a 1.1% lift in the Brent crude oil price to \$US63.40 a barrel. Origin Energy was up 4.9% to \$8.58 and Woodside Petroleum lifted 2.2% to \$31.46.

The Australian dollar was up almost a US cent through the week after Reserve Bank of Australia governor Philip Lowe in a speech on Tuesday night reiterated that the next move in rates would be up, However he gave no indication that it would be in the near future and most economists continue to forecast a long period of no action.

In corporate news, Coca-Cola Amatil lost 4% over the week after shareholders were left unimpressed by a trading update.

Another big loser this week was Webjet after it revealed a disappointing forecast of 14% earnings growth. However the online travel agency said it was on track to deliver earnings of \$80 million in the 2017/18 financial year, up from \$69.9 million in the prior year.

Mineral Resources shares soared 16% to \$20.23 on Friday. Investors were pleased with the mining services company's annual general meeting where management maintained "a minimum" earnings before interest, tax, depreciation and amortisation estimate of \$500 million for the year.

Investors are also reacting to Bloomberg data which shows sales of battery-powered electric vehicles and plug-in hybrids exceeded 287,000 units during the quarter. This was a 63% increase on the prior corresponding period and 23% higher from the second-quarter of 2017.

In retail news, e-commerce giant Amazon launched trial operations in Australia on Thursday, Reuters reported.

In spite of this Myer reversed earlier losses to closed up 1.41% after the company's annual general meeting on Friday. The retailer's board recently faced off Solomon Lew, whose Premier Investments group has a 10.77 % stake in Myer,

New week new home sales data will be released on Thursday.

## **Commodities**

### **Oil**

Oil prices rose in early trading on Friday, boosted by news around an OPEC cut, oilprice.com reported. This came only a few days after news that the Keystone pipeline between Canada and the US would remain mostly offline for a few weeks.

Additionally the EIA data from mid-week showed an unexpected inventory decline.

TransCanada said its Keystone pipeline would be shut down for weeks, cutting crude deliveries through the 590,000-bpd pipeline by 85%.

Last week the pipeline spilled an estimated 5,000 barrels of oil in South Dakota.

After the announcement, oil prices shot up on Wednesday on expectations of tighter supply in the US.

Meanwhile, WTI futures flipped into a state of backwardation, the first time the futures curve has been downward sloping in years, which could help accelerate inventory drawdowns.

Backwardation is the market condition wherein the price of a commodity's forward or futures contract is trading below the expected spot price at contract maturity.

On the production cuts front, Reuters continues to report that top OPEC officials are pushing for an extension through the end of 2018 ahead of the upcoming meeting on November 30. "The Saudis are lobbying to have a decision in November for nine months," a senior oil industry source told Reuters. Boosting the bullish sentiment were reports early Friday that Russia was getting close to coming on board.

### **Iron ore**

Chinese iron ore futures rose marginally to hit a nine-week high on Friday, while spot iron ore prices also climbed to their strongest level since September on Thursday, Fairfax Media reported.

### **Base metals**

Base metals prices on the London Metal Exchange also traded higher on Friday, with only zinc bucking the trend.

The three-month copper price continues to be buoyed by industrial action taking pace in Peru and Chile, a weaker US dollar and shrinking supplies, though concerns over demand from top consumer China capped gains.

A weak US currency makes dollar-priced metals cheaper for non-US investors.

Concern over China, which consumes nearly half the world's copper, centred on fresh economic data this week and Thursday's heavy equities sell-off, though its stock markets steadied on Friday.

### **Gold**

The gold price edged down on Friday with investors taking profits at the end of the trading week. Despite this, analysts remain bullish on the yellow metal, expecting a rebound before the year ends, Kitco reports.

## Stock picks for week ahead

Tesla's electric vehicle (EV) range usually makes the headlines, however it isn't the only manufacturer looking to create a commercially viable battery-powered car.

General Motors, Volkswagen, Toyota and many other manufacturers are also looking to the future, and with a changing political landscape and environmental focus across the globe, estimates for electric vehicles (EV) projected output is going up.

A prominent part of this new market is the requirement for long lasting batteries, which hold their charge and deliver power as efficiently as possible.

Nickel, a prominent component in lithium batteries and traded on the London Metal Exchange, is already reacting to this speculative increase in demand.

Back in 2007, nickel reached an all-time high of over \$54,000/tonne before crashing back down, over a number of months, to below \$10,000. The market has seen prices begin to creep up again throughout 2017, breaking \$13,000 at the end of Q2 2017, before pulling back to sit a couple hundred dollars above \$12,000.

The 2007 movement was on the back of critically low stock piles, a booming demand in stainless steel, and irrational plays by hedge funds looking to squeeze shorts out of their long held positions.

At the time the market generally knew it was being irrational, however now the price increase seems far more in line with projected growth and figures based in reality.

Granted, stockpiles are once again in the spotlight, but it's the diverse analysts' estimates in electric vehicle growth and a change in government policy which is pushing this specific base metal higher.

The nickel in these batteries, however, has to specifically be high grade. Half the world's supply of the metal is currently unsuitable for battery production, so not all nickel miners or producers are set to benefit from this increasing demand avenue. Generally speaking, any producer who's nickel mines produce so-called ferronickel and nickel pig iron grade metal, are unlikely to benefit from the EV wave.

At this point, the larger ASX-listed nickel sulphide plays – whose nickel is suitable for processing for Li-ion battery use – appear to be fully valued relative to their current IRESS consensus share prices. **Western Areas (ASX: WSA)** at \$3.27 is trading well above its IRESS target price of \$2.55.
























**Independence Group (ASX: IGO)** at \$4.40 is also trading well above its IRESS target price of \$3.65. However, if underlying metal prices continue to ramp-up, we believe analysts will upgrade earnings and target prices accordingly.

## Economic Calendar 27/11/2017 – 1/12/2017

Monday November 27 2017		Actual	Previous	Consensus	Forecast	
11:00 PM	US New Home Sales OCT		0.667M	0.630M	0.61M	
Tuesday November 28 2017		Actual	Previous	Consensus	Forecast	
03:00 PM	DE GfK Consumer Confidence DEC		10.7	10.8	10.8	
Wednesday November 29 2017		Actual	Previous	Consensus	Forecast	
06:00 PM	EA Business Confidence NOV		1.44	1.54	1.51	
09:00 PM	DE Inflation Rate YoY Prel NOV		1.6%	1.7%	1.8%	
09:30 PM	US GDP Growth Rate QoQ 2nd Est Q3		3.1%	3.2%	3.2%	
Thursday November 30 2017		Actual	Previous	Consensus	Forecast	
08:05 AM	GB GfK Consumer Confidence NOV		-10	-11	-8	
09:00 AM	CN NBS Manufacturing PMI NOV		51.6	51.5	51.7	
02:45 PM	CH GDP Growth Rate QoQ Q3		0.3%	0.5%	0.5%	
02:45 PM	CH GDP Growth Rate YoY Q3		0.3%	0.7%	0.7%	
04:00 PM	CH KOF Leading Indicators NOV		109.1	109.2	108.5	
04:55 PM	DE Unemployment Change NOV		-11K	-10K	-16K	
04:55 PM	DE Unemployment Rate NOV		5.6%	5.6%	5.6%	
06:00 PM	EA Unemployment Rate OCT		8.9%	8.9%	8.9%	
08:00 PM	IN GDP Growth Rate YoY Q3		5.7%	6.4%	6.5%	
09:30 PM	US Personal Income MoM OCT		0.4%	0.3%	0.3%	
09:30 PM	US Personal Spending MoM OCT		1.0%	0.3%	0.3%	
Friday December 01 2017		Actual	Previous	Consensus	Forecast	
07:30 AM	JP Inflation Rate YoY OCT		0.7%		0.8%	
07:30 AM	JP Unemployment Rate OCT		2.8%	2.8%	2.8%	
09:45 AM	CN Caixin Manufacturing PMI NOV		51.0	50.9	51	
07:00 PM	BR GDP Growth Rate QoQ Q3		0.2%	0.3%	0.2%	
07:00 PM	BR GDP Growth Rate YoY Q3		0.3%	1.3%	1.1%	
09:30 PM	CA Employment Change NOV		35.3K	10.0K	15K	
09:30 PM	CA GDP Growth Rate QoQ Q3		1.1%		0.4%	
09:30 PM	CA GDP Growth Rate Annualized Q3		4.5%	1.6%	1.9%	
09:30 PM	CA Unemployment Rate NOV		6.3%	6.2%	6.2%	
11:00 PM	US ISM Manufacturing PMI NOV		58.7	58.3	58.2	

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

## Economic Calendar 4/12/2017 – 8/12/2017

Monday December 04 2017		Actual	Previous	Consensus	Forecast	
01:00 PM	JP Consumer Confidence NOV		44.5	45.2		
Tuesday December 05 2017		Actual	Previous	Consensus	Forecast	
11:30 AM	AU RBA Interest Rate Decision		1.5%	1.5%		
09:30 PM	CA Balance of Trade OCT		C\$-3.18B			
09:30 PM	US Balance of Trade OCT		\$-43.50B	\$ -45B		
11:00 PM	US ISM Non-Manufacturing PMI NOV		60.1	59		
Wednesday December 06 2017		Actual	Previous	Consensus	Forecast	
08:30 AM	AU GDP Growth Rate QoQ Q3		0.8%	0.6%		
08:30 AM	AU GDP Growth Rate YoY Q3		1.8%	2%		
05:00 PM	IN RBI Interest Rate Decision		6%	6%		
09:15 PM	US ADP Employment Change NOV		235K	192.2K		
11:00 PM	CA BoC Interest Rate Decision		1%	1%		
	EA ECB Non-Monetary Policy Meeting					
Thursday December 07 2017		Actual	Previous	Consensus	Forecast	
08:30 AM	AU Balance of Trade OCT		A\$1745M			
08:30 AM	AU RBA Bulletin					
06:00 PM	EA GDP Growth Rate QoQ 3rd Est Q3		0.7%	0.6%	0.6%	
06:00 PM	EA GDP Growth Rate YoY 3rd Est Q3		2.3%	2.5%	2.5%	
11:00 PM	CA Ivey PMI s.a NOV		63.8	57.4		
Friday December 08 2017		Actual	Previous	Consensus	Forecast	
08:30 AM	AU NAB Business Confidence NOV		8	8		
11:30 AM	CN Balance of Trade NOV		\$38.2B	\$40B		
11:30 AM	CN Exports YoY NOV		6.9%			
11:30 AM	CN Imports YoY NOV		17.2%			
03:00 PM	DE Balance of Trade OCT		€24.1B			
05:30 PM	GB Balance of Trade OCT		£-2.75B			
09:30 PM	US Non Farm Payrolls NOV		261K	250K		
09:30 PM	US Unemployment Rate NOV		4.1%	4.2%		
11:00 PM	US Michigan Consumer Sentiment Prel DEC		98.5	96.4		

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

## All Ords Top 10 Week Ending 24 November 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
MIN	Mineral Resources.	15.6	WEB	Webjet Limited	-20.3
ACX	Aconex Limited	12.8	ALQ	ALS Ltd	-9.8
MND	Monadelphous Group	9.4	GNC	GrainCorp Limited	-8.7
SYR	Syrah Resources	8.9	NAN	Nanosonics Limited	-6.6
AHG	Automotive Holdings.	7.5	AAC	Australian Agricult.	-6.3
WSA	Western Areas Ltd	7.2	FLT	Flight Centre Travel	-5.3
ORE	Orocobre Limited	6.9	FXJ	Fairfax Media Ltd	-4.9
SVW	Seven Group Holdings	5.9	FPH	Fisher & Paykel H.	-4.9
ORG	Origin Energy	4.9	QAN	Qantas Airways	-4.6
BKL	Blackmores Limited	4.7	BTT	BT Investment Mngmnt	-4.4

Source: IRESS

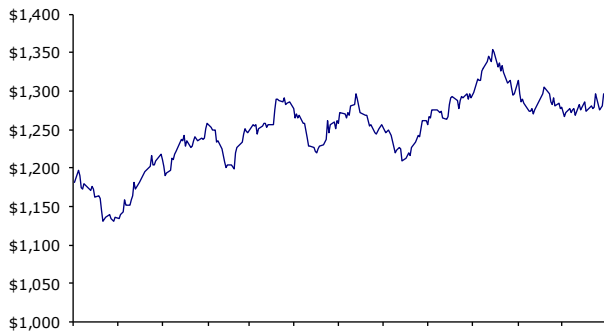
## S & P Indices Week Ending 24 November 2017

S&P Indices	25/11/2017	18/11/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	10275	10046	2.3%	3.2%	15.6%
S&P 200 Materials	11099	10876	2.0%	2.8%	13.5%
S&P 200 Industrials	6017	6001	0.3%	1.5%	17.2%
S&P 200 Consumer Disc.	2272	2286	-0.6%	0.8%	10.7%
S&P 200 Consumer Staples	9937	9807	1.3%	1.2%	13.2%
S&P 200 Healthcare	24824	24315	2.1%	3.3%	25.4%
S&P 200 Financials	6534	6590	-0.9%	-1.5%	5.0%
S&P 200 Info Technology	989	984	0.5%	3.7%	26.1%
S&P 200 Telecommunicatic	1251	1242	0.8%	-1.4%	-29.5%
S&P 200 Utilities	8367	8569	-2.4%	-1.4%	16.0%
S&P 200 Property Trusts	1399	1386	0.9%	3.2%	7.0%
S&P 200 Financials ex PT	7288	7350	-0.9%	-1.5%	5.0%

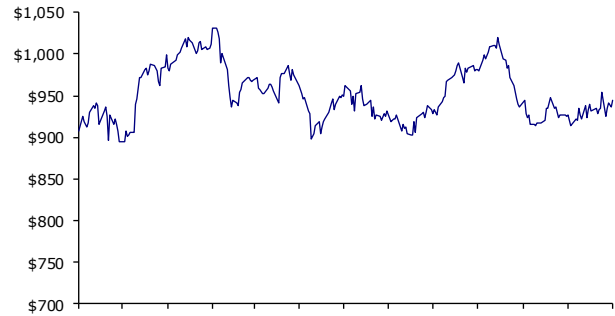
Source: IRESS

## 1 Year Commodity Price Charts

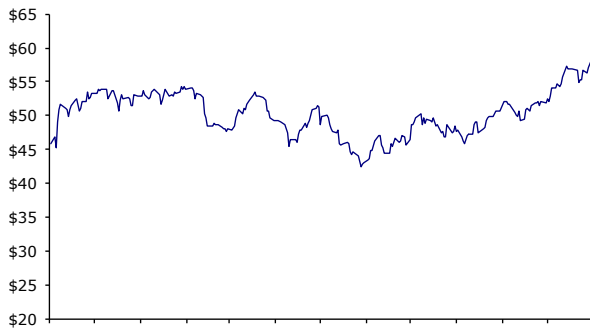
**1 Year Gold**



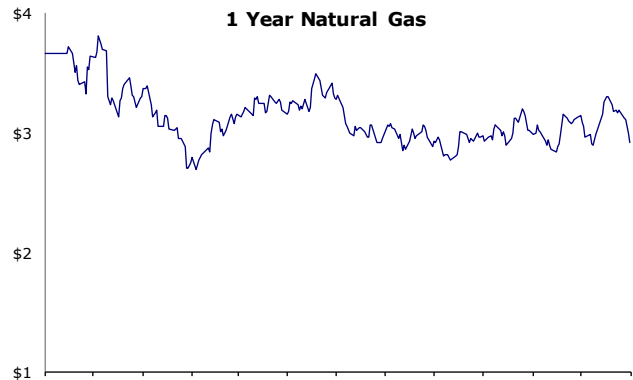
**1 Year Platinum**



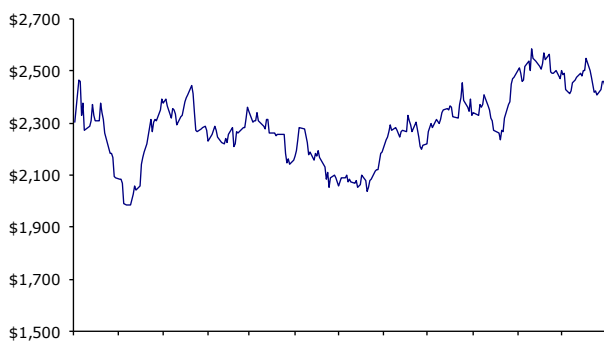
**1 Year Oil**



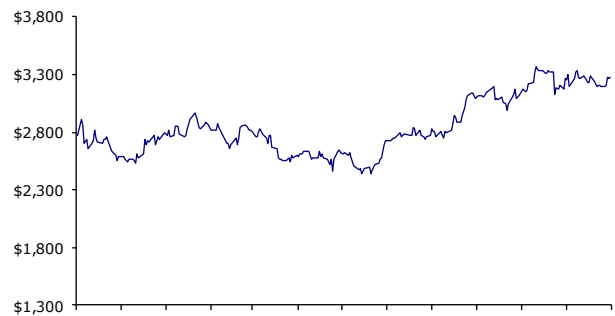
**1 Year Natural Gas**



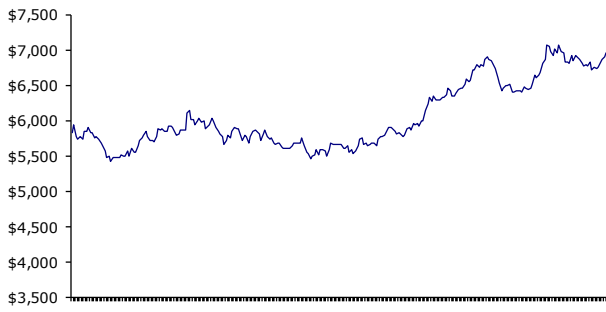
**1 Year Lead**



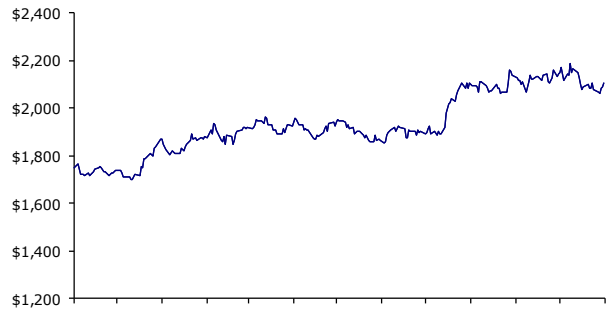
**1 Year Zinc**



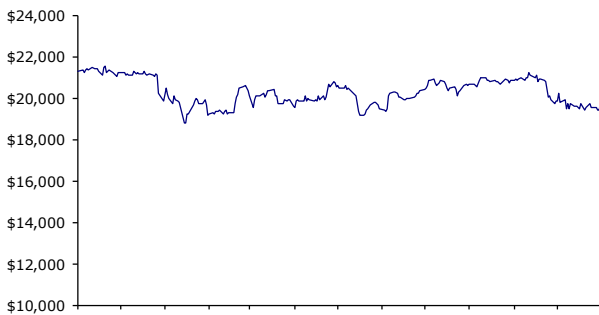
**1 Year Copper**



**1 Year Aluminium**

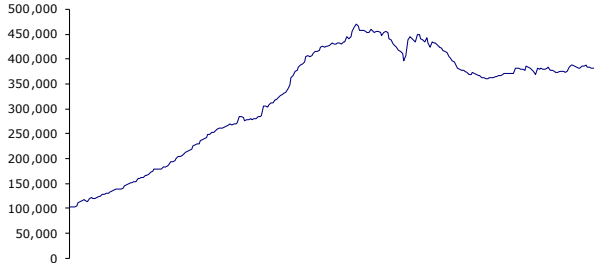


**1 Year Tin**

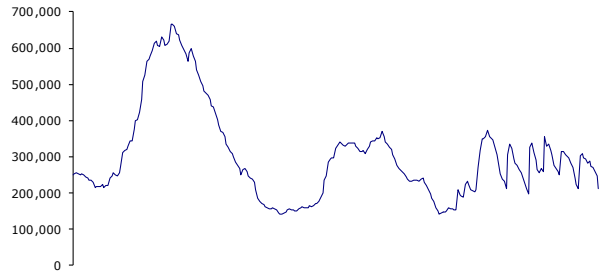


## 5 Year Metals Stockpiles

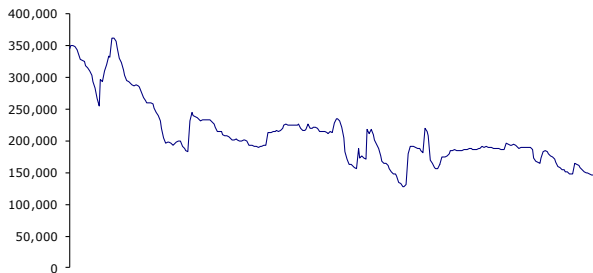
**Nickel LME Stockpiles - 5 Year**



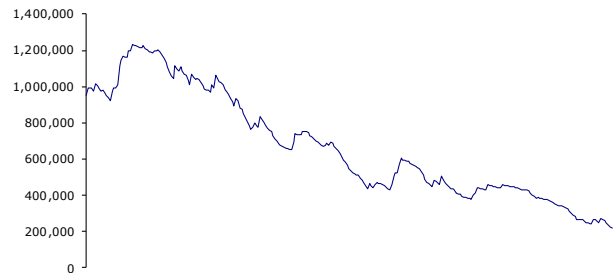
**Copper LME Stockpiles - 5 Year**



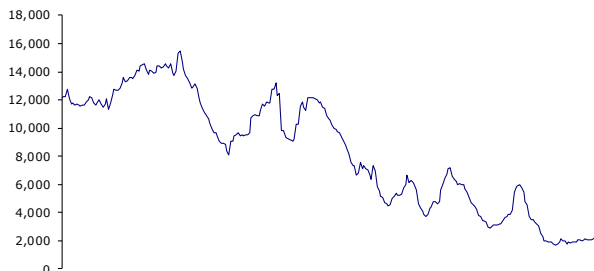
**Lead LME Stockpiles - 5 Year**



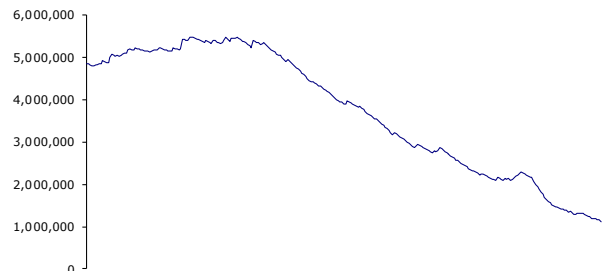
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**



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