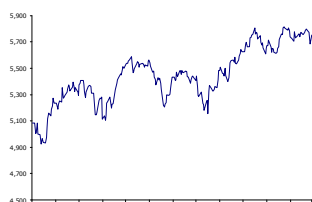


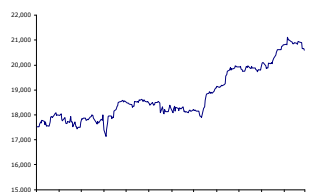
STATE ONE SPINNAKER

26 March 2017
Issue 361

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 26 March 2017

World Markets	26/03/2017	19/03/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5754	5800	-0.8%	0.9%	9.3%
Dow Jones	20597	20915	-1.5%	-2.5%	17.8%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2344	2378	-1.4%	-2.2%	14.2%
FTSE 100	7337	7425	-1.2%	-0.6%	15.1%
DAX30	12064	12095	-0.3%	0.0%	26.2%
Shanghai Composite	3269	3251	0.6%	1.2%	-2.9%
Nikkei 225	19263	19522	-1.3%	-1.5%	4.5%
Hang Seng	24358	24310	0.2%	2.4%	6.6%
Currency					
AUD/USD	0.7623	0.7730	-1.4%	-0.7%	1.6%
Commodities					
Oil (\$/bbl)	48.1	48.2	-0.1%	-8.4%	21.7%
Gas (\$/gal)	3.2	3.0	4.5%	12.7%	56.1%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	5783	5889	-1.8%	-4.3%	9.6%
Lead (\$/t)	2346	2260	3.8%	2.6%	35.2%
Zinc (\$/t)	2818	2847	-1.0%	-1.9%	64.3%
Aluminium (\$/t)	1918	1901	0.9%	-0.9%	29.6%
Nickel (\$/t)	9920	10200	-2.7%	-9.8%	-4.7%
Tin (\$/t)	20100	20450	-1.7%	3.7%	25.8%
Gold (\$/oz)	1246	1229	1.4%	-0.3%	6.9%
Silver (\$/oz)	17.8	17.4	2.1%	-3.7%	12.2%
Platinum (\$/oz)	968	966	0.2%	-5.0%	-4.3%
Wheat (\$/t)	424.750	436.250	-2.6%	-7.1%	-13.4%

Source: Iress

Global Wrap

US

The week just gone began with German economists playing tit for tat with the US regarding current account surpluses and deficits.

The US administration had continued to lambast Germany for its surplus, but the numbers people on the other side were quick to point out a run of US deficits, including the \$US112.4B reported early-week for the December quarter 2016.

Free trade was debated into the week, following the weekend G20 economic minister and central banker meetings in Germany, the communique from which had dumped the usual commitment against protectionism, in an apparent deference to the position of the new US administration.

Bank of England chief economist Andy Haldane emphasised one of the pillars needed to improve UK productivity was inarguably free trade.

Dismay at the US position and/or calls to manage around this, also came from Indonesia, China and Japan.

Germany's chancellor Angela Merkel, fresh from an official US visit late the previous week, called for 'open markets, free trade, no barriers'.

In the meantime, equities markets demonstrated the degree to which US domestic policy plans being brought into question (this past week via pre-vote disagreement on the potential replacement of the previous administration's health care act) could unsettle investors.

US Federal Reserve public speeches appeared to have less influence.

Chair Janet Yellen speaks publicly again this week (Tuesday), this time on workforce development in low-income communities.

A plethora of public commentary came from Federal Reserve officials this past week, including a suggestion from the Chicago branch president that four rate rises this year could not be ruled out.

The Cleveland, Kansas City and Minneapolis branch presidents promoted winding down asset purchases, or at least achieving a new balance sheet plan in the near-term, given the bank's \$US4.5 trillion portfolio.

The next monetary policy meeting is not until the first week in May but data releases this coming week, including February personal consumption and expenditure, wholesale inventories and a final (and third) December quarter GDP reading, will not go unnoticed by FOMC members..

Europe

UK PM Theresa May has nominated Wednesday this coming week as the start date for negotiations to separate from the European Union (EU).

This will be effected by the delivery of a formal letter to the EU. Ms May has also promised a statement to the UK parliament's House of Commons that day.

2.3% year-on-year February UK CPI growth surprised some this week, but not the Bank of England (BoE), which has forewarned over several months of beyond-target growth at times over the near future.

The BoE had most recently opted for 1.7% at the end of 2017, and potentially a 2.8% peak during 2018.

UK CPI rose 1.8% in January, and while February's result, a 3.5-year high, continued to be boosted in general by fuel costs, year-on-year food prices rose for the first time in ~2.5 years, at 0.3%.

BoE deputy governor (monetary policy) Ben Broadbent this week warned UK interest rates could rise, while attempting to explain British pound moves and the range of implications for the UK as it negotiated extrication from the EU.

Another monetary policy committee member also noted early UK-EU transitional phenomena this week. Gertjan Vlieghe ventured that even though the (British) pound's weakness had meant higher inflation earlier-than-anticipated, and that in his opinion, inflation growth could temporarily fly as high as 3% - 3.5% late this year, he did not currently think this would necessitate a rate rise.

Germany's finance ministry this week revealed it expected domestic demand to increase sufficiently to notably reduce the nation's current account surplus. Officials pointed out Germany was the world's third largest importer, as well as the third largest exporter.

In regional data releases scheduled for the coming week, the euro zone's March CPI and the UK's final December quarter GDP reading are among the most keenly anticipated.

European Central Bank (ECB) activity and pronouncements almost went unnoticed during the week just gone.

An ECB bulletin revealed regional March quarter economic growth surveying was indicating 'robust growth momentum'.

In addition, the ECB raised the maximum emergency funding to be made available to the Greek banking sector to €46.6B.

Regional political developments appeared to again swing some equities trade.

France's presidential election remains scheduled for 23 April and 7 May (run-off), and parliamentary elections for 11 and 18 June.

Following an initial televised candidate debate this past week, centre-aligned nominee Emmanuel Macron was considered a firmer chance to be installed as the next French president.

A State election in Germany this weekend, while involving a relatively small population, will likely be viewed as an indicator of party fortunes heading towards the national election in September.

China

China's premier Li Keqiang has not held back on national views while on an official visit to Australia this week.

The premier also ensured trade relationships remained supported.

In regulatory news earlier in the week, the Ministry of Commerce revelation that e-commerce imports will be considered 'personal articles' commencing January 2018 was welcomed by ASX-listed companies such as Blackmores (BKL) and Bellamy's (BAL).

In effect, current rules will largely prevail, rather than largely-anticipated more onerous registration requirements.

Some proffered the announcement was a result of lobbying from the likes of Alibaba, and others that it was a sweetener ahead of the premier's visit.

Early-week, after attending the weekend G20 finance minister and central banker meetings, China's finance minister Xiao Jie warned the global economy is at risk from increased protectionism and policy uncertainty.

In terms of domestic economic data releases this coming week, China's official March PMI readings are keenly anticipated Friday.

February industrial profits are due to be published Monday.

Among reports from the National Bureau of Statistics this past week, 19.4% year-on-year February rail cargo growth delivered a seventh consecutive month of higher haulage figures.

The People's Bank of China noted that it needed to manage more closely risks associated with Beijing residential property lending.

Japan

Japan's February CPI reading, due Friday, is the most anticipated domestic data release of the week, but there will be plenty of other figures for Bank of Japan officials and economists to consider.

Retail sales, industrial production and household spending reports are also scheduled for publication.

Bank of Japan (BoJ) governor Haruhiko Kuroda this week noted economic risk persisted and that stimulus measures remained appropriate.

BoJ 30-31 January policy meeting minutes revealed board members agreed the 2% national inflation target remained a challenge.

In the meantime, an initial March manufacturing PMI estimate came in at 52.6, 0.7 below the February reading.

Australia

Trade was on the agenda this week as China's premier Li Keqiang commenced an official visit.

China offered to improve market access for Australia's chilled meat exporters, lifting by 36 the current cap of 11 on the number of companies permitted to supply product to China.

Tension regarding key shipping routes through the South China Sea was also addressed, China maintaining any military presence and equipment was strategically placed to ensure passage.

Premier Li pointed out, as the world's largest trading nation, it was in China's interests to keep the routes open.

However, territorial rights to resources such as marine produce and petroleum deposits are also at stake, in particular for the other nations bordering the South China Sea.

A speech by Reserve Bank of Australia (RBA) assistant governor Guy Debelle this coming Tuesday will be Mr Debelle's second in a week addressing foreign exchange. This past week, Mr Debelle spoke at a Singapore conference about a global foreign exchange code due to be released 25 May.

RBA 7 March policy meeting minutes in the meantime confirmed board members are of the view risks have increased for property investors, in particular in Melbourne and Sydney.

Employment market trends, soft wages growth, falling household savings and rising property investment borrowing were cited as factors, and consumption figures as an indicator. Incomes had not kept pace with household debt, the RBA noted.

\$A appreciation was also singled out in the minutes, as a risk to national economic restructuring following the most recent collapse in mining investment.

Notably, second-half 2016 commodity price appreciation appeared of comparative less import among the mix of RBA considerations.

Timely with regards to last weekend's G20 economic talks, RBA minutes also listed protected trade, favoured by the new US administration, as a potential global economic risk.

Overall, the minutes were viewed as less 'Pollyanna' than RBA governor Philip Lowe's post-policy meeting statement.

In the meantime, Australian Securities & Investments Commission (ASIC) chairman Greg Medcraft maintained Melbourne and Sydney prices had created a 'bubble'.

The market was 'bubbly' and residential affordability 'stretched', he claimed, while admonishing 'responsible lending'.

December quarter house prices rose by 4.1%, according to a report released during the week by the Australian Bureau of Statistics.

Commodities

Oil futures were trading at four-month lows by Tuesday and Brent under \$US50/bbl for the first time this year by Wednesday.

Hedge funds, reported to have recently slashed long positions, were said to be favouring sub-\$US50/bbl prices.

JP Morgan in the meantime lowered Brent crude price forecasts to \$US55.75/bbl and \$US55.50/bbl for this year and next, respectively. The bank's WTI forecasts were also lowered, to \$US53.75/bbl and \$US53.50/bbl.

Commerzbank estimated the 1.8MMbbl/d OPEC-led production curb agreement would need to carry through to almost year's end in order to peg crude stockpiles back to a five-year average.

OPEC members were again reported to be interested in extending the six-month agreement past mid-year, but only on condition OPEC non-members also sign on again.

US stored crude rose to another record-high, a US government agency reported in a weekly bulletin.

In addition, exports had increased, and domestic production had been boosted for a fourth consecutive week.

Petrol and distillate stocks were estimated lower however, and refinery activity indicated crude input demand was returning as maintenance season came to an end.

In other production and export news, activity at two Libyan ports resumed following factional attacks earlier in the month. By mid-week, National Oil Corporation (NOC) announced that NOC production had accordingly reached a daily 700,000bbl and that the corporation was aiming for 800,000bbl by 30 April.

Saudi Arabia, for so long dependent on oil exports, meanwhile suffered a credit downgrade from Fitch Ratings.

Trading group Vitol reported 2016 statistics, including having traded 44% more petrol and 26% more gas oil compared with 2015. Daily overall trade for oil and refined product pushed 16% higher, past 7MMbbl.

Vitol said increased demand came from Africa, the US, and also, but by a lesser amount, from Australia.

Meanwhile the competition to secure petroleum leases in the Gulf of Mexico suggested the larger explorers and producers believe profits still lie in deep water. Shell, Chevron and ExxonMobil were each reported as keen participants in the lease sale.

In other energy news, Korea Gas Corporation (KOGAS), JERA (Tokyo Electric Power and Chubu Electric Power JV) and China National Offshore Oil Corp (CNOOC) have reportedly signed an MoU towards a co-operative approach in securing the best possible LNG (purchase) prices.

June quarter coal contract price announcements are in the meantime keenly awaited. Australian coking coal was mostly trading at \$US150/t - \$US160/t early week.

Australian thermal coal prices are likely to fall from \$US80/t to \$US70/t by year's end, according to Capital Economics, which cites China's slower economic growth and renewables demand.

Iron ore (China port, 62% Fe) prices traded lower much of the week, but picked up Thursday.

Speculation that China's steel demand had not resumed as expected after Lunar New Year was offered as one reason for the steeper pullback below \$US90/t Tuesday.

Confusion reigned as reports emerged some steel mills had raised long product prices.

For its part, Macquarie believes iron ore restocking could slow due to trader sentiment, which was revealed as weaker than steelmaker sentiment in a recent survey.

Rio Tinto CEO Jean-Sebastian Jacques is watching China's domestic iron ore output. Should it pick up from going into summer, prices could be adversely impacted, he proclaimed this week.

Plenty more of the same type of commentary is to be heard in Perth, Western Australia this coming Wednesday-Thursday during the annual Global Iron Ore & Steel Forecast conference.

This past week, China's National Bureau of Statistics revealed a 13% year-on-year increase for January-February iron ore imports, to 175.5Mt.

83.5Mt were imported during February, up 14% for the year.

For March, shipping and port records indicate China will import ~100Mt.

China port iron ore stockpiles were estimated at 131Mt as at 17 March, 113.9Mt more than at the beginning of the year.

In other China iron-ore related news, during the Chinese premier's visit to Australia this week, an MoU was secured covering new WA Pilbara port and rail infrastructure supporting the proposed Balla Balla iron ore operation.

Last weekend, China vice commerce minister Wang Shouwen lamented the finger-pointing regarding steel capacity, claiming excess capacity was a global cyclical issue and that China, albeit the world's largest consumer and producer, ought not be singled out.

Comex gold futures rose to three-week highs early-week, supported by a \$US index at six-week lows and a decline in US equities sentiment.

Market watchers called equities overvalued, one estimating US companies in general were trading at their most 'expensive' in more than 10 years.

By mid-week, safe-haven demand was also supporting gold gains, together with speculation regarding policy change delivery promised by the new US administration. Some profit-taking also became noticeable, however.

In other precious metals news, platinum volumes traded via the Shanghai Gold Exchange during the first 60 days of 2017 dropped 40% year-on-year to their least in 10 years, according to ICBC Standard Bank.

In addition, China's January-February platinum imports tumbled 30% year-on-year.

ETFs exposed to platinum appeared in favour, however.

Compared with recent weeks, \$US weakness was expected to bolster commodities trade, but plenty of other factors complicated trade, including for London Metals Exchange (LME) base metals.

Copper prices pulled back over two consecutive sessions, with reports the Grasberg operation in Papua had resumed copper concentrate production, and that Chile Escondida copper project operator BHP Billiton (ASX: BHP) was preparing to resume talks with unions following weeks of industrial action.

Flooding in Peru, and ongoing industrial strife at Peru's major Cerro Verde project, helped constrain falls. The Cerro Verde workers were ordered to return to work Thursday, but threatened to recommence action Friday.

This indeed happened, and in addition, the Escondida workers were recommencing Saturday, but on their previous agreement, under laws that will allow this to continue for 18 months.

BHP, which owns 58% of Escondida, has talked of consequential 'adjustments' to project plans. Rio Tinto (ASX: RIO) and Mitsubishi Corp are BHP's project partners. Watch this space.

In the meantime, some market watchers pointed out that concerns at how quickly, and to what extent, the new US administration would be able to deliver significantly boosted infrastructure spending, could keep copper prices lower for longer.

Among the forecasters, the Commonwealth Bank of Australia increased its 2017 copper price prediction 14% to \$US2.46/lb. The bank's 2018 and 2019 forecasts rose 18% and 13% respectively.

Macquarie was not about to lift its copper outlook last weekend, estimating that, of the ~1Mt of production that it had estimated could be lost by the major mine disruptions, the projects had come up short by just 256,000t to date.

Morningstar warned an average \$US350/t for alumina for January-February would mean increased China production and hence the risk of a price fall.

This followed Rusal's predictions late the previous week of 5% more alumina demand for 2017 and a deficit of up to 1.1Mt.

Nickel miner DMCI Holdings in the meantime announced it was recommencing Indonesian production while awaiting the outcome of an appeal against the government's early-February suspension order for one mine and shut down directive for another.

In other commodity news this week, blond hair dye demand almost outstripped supply in Puerto Rico.

Fans bleached locks and beards to demonstrate support as their national team headed towards the World Baseball Classic final. All shades were reportedly in demand – burnt orange, copper blond, golden blond and platinum blond.

Outlets in the Dominican Republic also suffered, as Puerto Rico's Caribbean mates, once defeated, opted for regional solidarity.

Economic Calendar 27/03/2017 – 31/03/2017

Monday March 27 2017		Actual	Previous	Consensus	Forecast	
04:00 PM	DE Ifo Business Climate MAR		111	111	110.7	
Wednesday March 29 2017		Actual	Previous	Consensus	Forecast	
	GB Article 50 Brexit Process Starts					
Thursday March 30 2017		Actual	Previous	Consensus	Forecast	
07:05 AM	GB Gfk Consumer Confidence MAR		-6	-7	-7	
03:00 PM	CH KOF Leading Indicators MAR		107.2	106	107	
05:00 PM	EA Business Confidence MAR		0.82	0.84	0.73	
08:00 PM	DE Inflation Rate YoY Prel MAR		2.2%	1.8%	2.4%	
08:30 PM	US GDP Growth Rate QoQ Final Q4		3.5%	2%	2%	
Friday March 31 2017		Actual	Previous	Consensus	Forecast	
07:30 AM	JP Inflation Rate YoY FEB		0.4%		0.2%	
07:30 AM	JP Unemployment Rate FEB		3%	3%	3%	
09:00 AM	CN NBS Manufacturing PMI MAR		51.6		51.6	
03:00 PM	TR GDP Growth Rate QoQ Q4		-2.7%		-0.8%	
03:00 PM	TR GDP Growth Rate YoY Q4		-1.8%		-0.3%	
03:55 PM	DE Unemployment Change MAR		-14K	-10K	5K	
03:55 PM	DE Unemployment Rate MAR		5.9%	5.9%	5.9%	
04:30 PM	GB GDP Growth Rate QoQ Final Q4		0.6%	0.7%	0.7%	
04:30 PM	GB GDP Growth Rate YoY Final Q4		2.2%	2%	2%	

Source: www.tradingeconomics.com

Economic Calendar 3/04/2017 – 7/04/2017

Monday April 03 2017		Actual	Previous	Consensus	Forecast	
07:50 AM	JP Tankan Large Manufacturing Index Q1		10	11.80		
05:00 PM	EA Unemployment Rate FEB		9.6%	9.5%		
09:00 PM	RU GDP Growth Rate YoY Q4		-0.4%	-0.6%	-0.3%	
10:00 PM	US ISM Manufacturing PMI MAR		57.7	53		
10:00 PM	US ISM Manufacturing New Orders MAR		65.1			
Tuesday April 04 2017		Actual	Previous	Consensus	Forecast	
09:30 AM	AU Balance of Trade FEB		A\$1.30B			
12:30 PM	AU RBA Interest Rate Decision		1.5%	1.5%		
08:30 PM	CA Balance of Trade FEB		C\$0.81B			
08:30 PM	US Balance of Trade FEB		\$-48.5B	\$-49B		
Wednesday April 05 2017		Actual	Previous	Consensus	Forecast	
08:15 PM	US Adp Employment Change MAR		298K	272.7K		
10:00 PM	US ISM Non-Manufacturing PMI MAR		57.6	57.09		
	EA ECB Non-Monetary Policy Meeting					
Thursday April 06 2017		Actual	Previous	Consensus	Forecast	
02:00 AM	US FOMC Minutes					
01:00 PM	JP Consumer Confidence MAR		43.1	44.02		
05:00 PM	IN RBI Interest Rate Decision		6.25%	6.25%		
Friday April 07 2017		Actual	Previous	Consensus	Forecast	
02:00 PM	DE Balance of Trade FEB		€14.8B			
04:30 PM	GB Balance of Trade FEB					
08:30 PM	CA Employment Change MAR		15.3K	26.9K		
08:30 PM	CA Unemployment Rate MAR		6.6%	6.6%		
08:30 PM	US Non Farm Payrolls MAR		235K	180K		
08:30 PM	US Unemployment Rate MAR		4.7%	4.7%		
10:00 PM	CA Ivey PMI s.a MAR		55.0	56.15		

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 24 March 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
SPO	Spotless Grp Hld Ltd	46.2	DOW	Downer EDI Limited	-21.1
BAL	Bellamy'S Australia	21.0	FBU	Fletcher Building	-11.8
BKL	Blackmores Limited	19.4	EVN	Evolution Mining Ltd	-8.9
AAC	Australian Agricult.	9.9	BSL	BlueScope Steel Ltd	-7.8
SYR	Syrah Resources	8.7	HVN	Harvey Norman	-7.8
SKT	Sky Network	7.8	RSG	Resolute Mining	-6.6
A2M	The A2 Milk Company	7.4	FMG	Fortescue Metals Grp	-6.6
VRT	Virtus Health Ltd	7.0	ISD	ISENTIA Group Ltd	-6.3
SEK	Seek Limited	6.2	MYR	Myer Holdings Ltd	-6.2
JHC	Japara Healthcare Lt	6.0	GXY	Galaxy Resources	-5.7

Source: IRESS

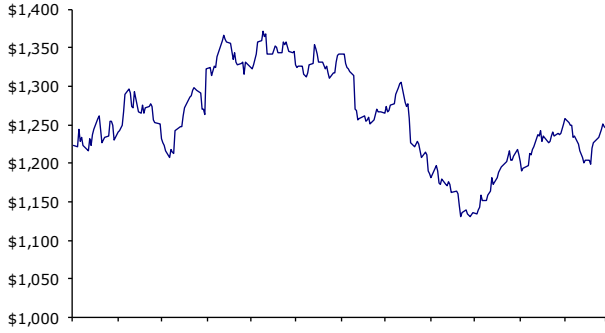
S & P Indices Week Ending 24 March 2017

S&P Indices	26/03/2017	19/03/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8908	8912	0.0%	1.3%	-1.6%
S&P 200 Materials	9798	10008	-2.1%	-0.3%	19.5%
S&P 200 Industrials	5192	5154	0.7%	1.8%	9.3%
S&P 200 Consumer Disc.	2117	2113	0.2%	2.1%	15.5%
S&P 200 Consumer Staples	9442	9378	0.7%	2.8%	7.7%
S&P 200 Healthcare	22140	21940	0.9%	2.9%	22.5%
S&P 200 Financials	6693	6779	-1.3%	0.5%	10.1%
S&P 200 Info Technology	813	828	-1.8%	1.1%	13.1%
S&P 200 Telecommunicatic	1623	1677	-3.2%	-0.9%	-17.9%
S&P 200 Utilities	8566	8426	1.7%	4.4%	27.3%
S&P 200 Property Trusts	1362	1363	-0.1%	-0.6%	7.5%
S&P 200 Financials ex PT	7465	7561	-1.3%	0.5%	7.3%

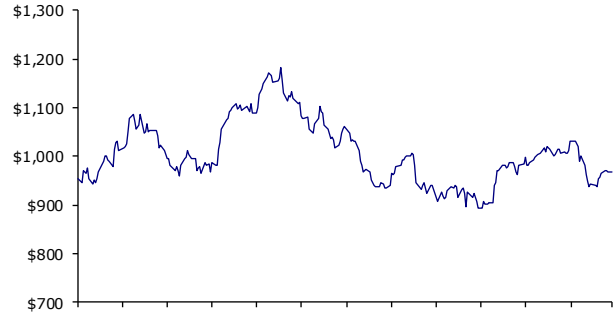
Source: IRESS

1 Year Commodity Price Charts

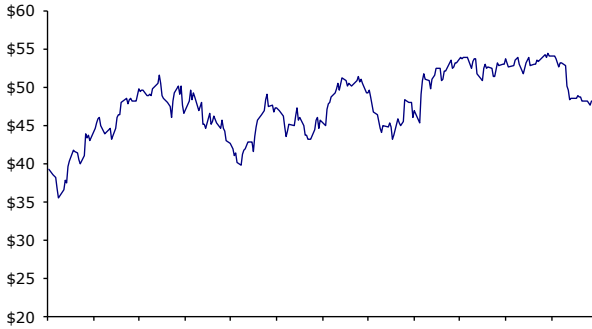
1 Year Gold



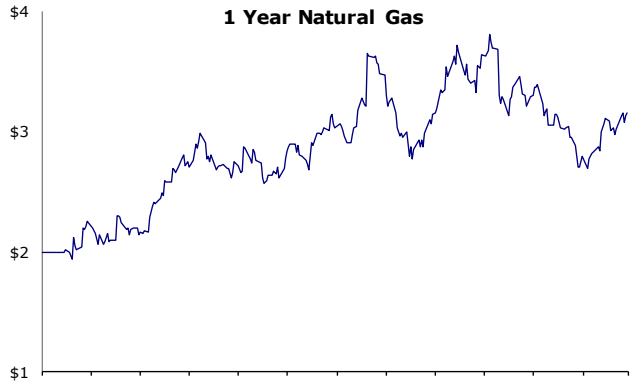
1 Year Platinum



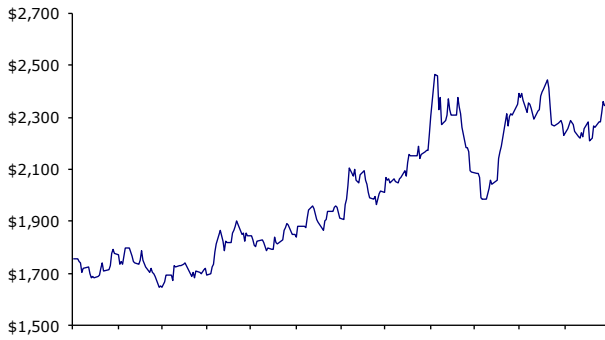
1 Year Oil



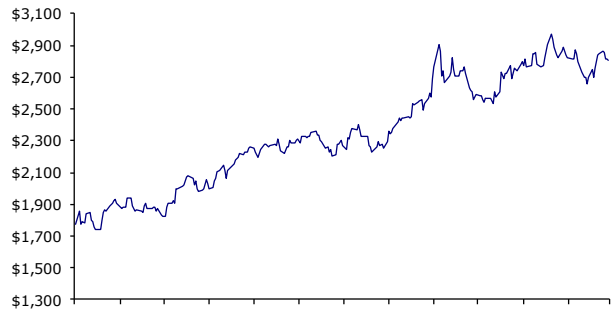
1 Year Natural Gas



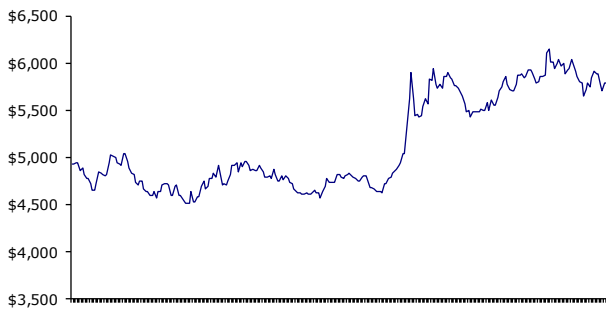
1 Year Lead



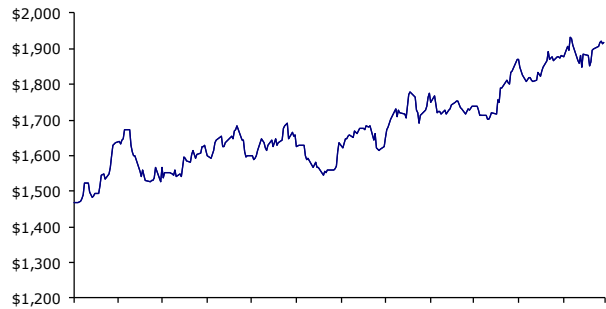
1 Year Zinc



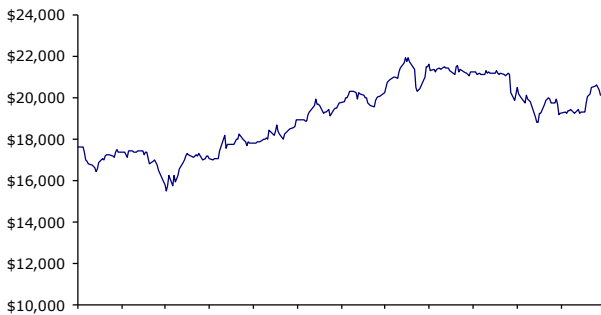
1 Year Copper



1 Year Aluminium

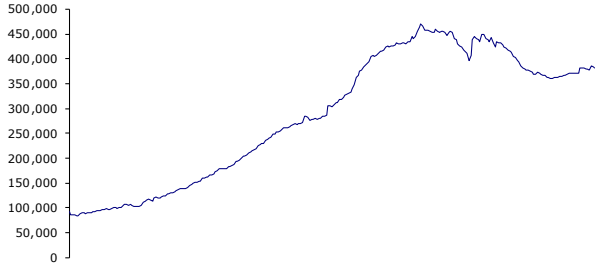


1 Year Tin

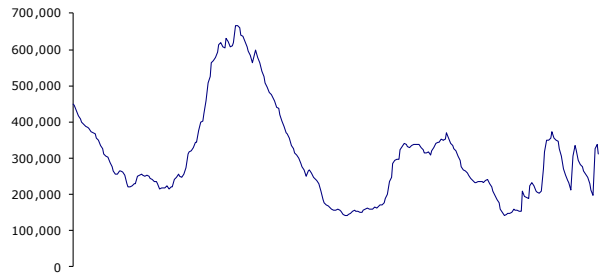


5 Year Metals Stockpiles

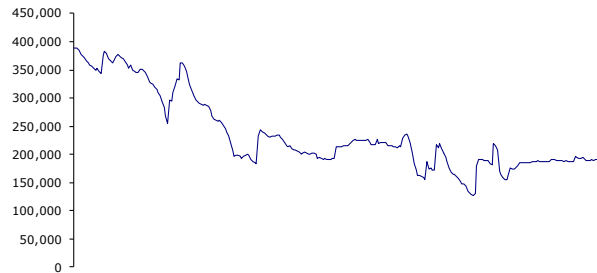
Nickel LME Stockpiles - 5 Year



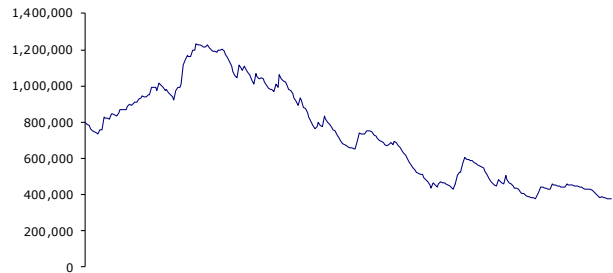
Copper LME Stockpiles - 5 Year



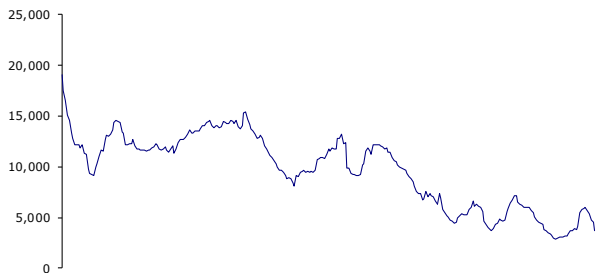
Lead LME Stockpiles - 5 Year



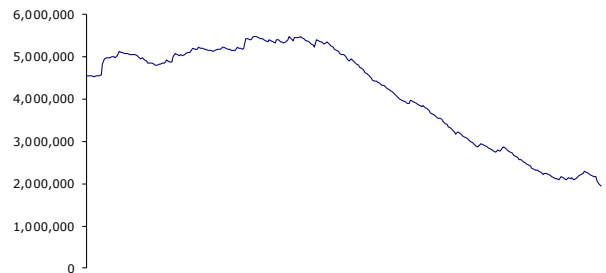
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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