

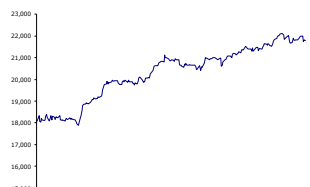
## STATE ONE SPINNAKER

**26 May 2019**  
**Issue 460**

### 12 month XJO chart



### 12 month Dow Jones chart



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## Global Wrap – 26 May 2019

World Markets	26/05/2019	19/05/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6456	6365	1.4%	1.3%	16.5%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2826	2860	-1.2%	-3.3%	25.8%
FTSE 100	7278	7349	-1.0%	-1.5%	5.0%
DAX30	12011	12239	-1.9%	-2.7%	-6.1%
Shanghai Composite	2853	2871	-0.6%	-7.3%	-11.3%
Nikkei 225	21117	21302	-0.9%	-5.1%	12.5%
Hang Seng	27354	27946	-2.1%	-7.9%	19.6%
Currency					
AUD/USD	0.6924	0.6908	0.2%	0.5%	-8.3%
Commodities					
Oil (\$/bbl)	59.0	63.1	-6.5%	-4.1%	-12.5%
Gas (\$/gal)	2.6	2.7	-2.0%	-0.1%	-11.0%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	5919	6025	-1.8%	-7.5%	1.4%
Lead (\$/t)	1817	1809	0.4%	-3.7%	-22.1%
Zinc (\$/t)	2713	2755	-1.5%	-6.6%	-1.1%
Aluminium (\$/t)	1762	1805	-2.4%	-0.8%	1.7%
Nickel (\$/t)	12155	12025	1.1%	0.2%	6.9%
Tin (\$/t)	19530	19625	-0.5%	-1.2%	-8.7%
Gold (\$/oz)	1289	1276	1.1%	0.9%	10.0%
Silver (\$/oz)	14.6	14.4	1.2%	-0.9%	-14.9%
Platinum (\$/oz)	803	820	-2.1%	-7.7%	-14.4%
Wheat (\$/t)	488.000	467.750	4.3%	11.6%	19.5%

Source: Iress

## Global Wrap

### Key points

1. **Healthcare and gold stocks up on ASX**
2. **Further trade tension weighs on indexes**
3. **Stock analysis: What the business leaders say**

### US

Stocks rose on Friday, but notched weekly losses as investors worried the US-China trade war was hurting economic growth, CNBC reported.

The Dow Jones Industrial Average ended the day up 95.22 points at 25,585.69 while the S&P 500 climbed 0.1% to 2,826.06. The Nasdaq Composite rose 0.1% at 7,637.01. The indexes rebounded slightly from sharp losses on Thursday after President Donald Trump said Thursday afternoon the ongoing trade war could be over quickly.

Chip stocks have been under pressure over the past week as the US increases pressure on Chinese telecom giant Huawei. Last week, the Trump administration made it harder for US companies to do business with Huawei, before granting a temporary 90-day reprieve for the company.

Apple shares also contributed to the tech losses as several analysts raised concern over the company's exposure to China. The stock ended the week down 5.3%.

## **China**

Hong Kong's benchmark stock index rose on Friday as investors squared off their short positions amid mixed messages from the Trump administration on trade talks with China, The South China Morning Post reported.

The Hang Seng Index rose 0.3%, or by 86.8 points to 27,353.93 at the close, while the China Enterprises Index advanced 0.4% to 10,445.54.

Stocks were mixed on the mainland Chinese stock markets, with Shanghai's Composite Index rising 0.02% to 2,852.99 while the Shenzhen Composite Index declined 0.5% to 1,496.03.

The CSI 300, which tracks blue chips listed on the Shanghai and Shenzhen bourses, rose 0.3%, or by 9.94 points, to 3,593.91.

Adding to the uncertainty was a tweet on Thursday by US President Donald Trump, which said that Huawei Technologies could be included "in some form of, or some part of" a trade deal with China. That tweet contradicted previous statements by senior members of Trump's own trade delegation, including US Trade Representative Robert Lighthizer, who has sought to keep trade and national security matters separate during the negotiations.

Against this backdrop technology companies and manufacturers on the technology-heavy Shenzhen Composite Index led declines.

## **Japan**

The benchmark Nikkei average lost further ground on the Tokyo Stock Exchange on Friday, with investor sentiment dampened by a continued fall in US shares overnight on Thursday amid growing concerns over the global economy and the US-China trade war, The Japan Times said.

The key 225-issue Nikkei average dropped 33.92 points, or 0.16%, to end at 21,117.22, after tumbling 132.23 points on Thursday.

## **Europe**

The pan-European Stoxx 600 closed provisionally down by 1.4% with almost every sector in the red. All major bourses were in negative territory, with Britain's FTSE 100 down 1.4%, while Germany's DAX and France's CAC both fell around 1.8%, CNBC. reported.

Autos were among the worst-performing sectors in Europe, down by nearly 3%, amid the trade concerns.

Britain's Royal Mail tanked to the bottom of the Stoxx 600 and hit a record low. This arose from fears the privatized postal service could be renationalized amid turmoil surrounding the government of outgoing Prime Minister Theresa May, who announced on Saturday her resignation from June 7.

## **Australia**

Australian shares slipped on Friday, dragged down by financials and energy stocks as more investors price in the possibility of a protracted China-US trade war.

Despite Friday's losses, the S&P/ASX 200 index was on track for a weekly gain of about 1.3%, its best performance in four weeks.

Analysts told Reuters the weekly gain is rooted largely from optimism after results in Australia's general election on May 18

On Friday the S&P/ASX 200 index ended down 35.80 points or 0.55% at 6,456.00.

Australian financials weighed most heavily on the benchmark. Commonwealth Bank of Australia slipped 1.1% while National Australia Bank lost 1.2%.

However financial stocks had a weekly gain of about 5.5%.

Energy stocks plunged nearly 3% after oil prices gave up about 5% as trade tensions hit the demand outlook.

Woodside Petroleum dropped 3.3% while Santos lost 4%.

Miners also edged down and was headed for a weekly loss of over 2%, despite record high iron ore prices.

Bucking Friday's trend, the defensive healthcare stocks which tend to perform well during times of market volatility, were slightly higher.

Index heavyweight CSL added as much as 0.7%, while Cochlear rose 0.6%.

Also benefiting from increasing tensions were gold stocks which surged 1.5%. Newcrest Mining rose 1.3%.

**On investors watch list for the week ahead**

**Australian Housing Industry Association (AHIA) new home sales monthly report:** Wednesday, 29 May

After falling by 8.5% in 2018, new home sales appear to have stabilised in the first quarter of 2019 according to data from the AHIA. This upcoming release will provide information on the lending environment and construction industry, two major drivers of the Australian economy.

**US gross domestic product (GDP) growth rate:** Thursday, 30 May

The US Bureau of Economic Analysis will release its second estimate of the US quarter-on-quarter (QoQ) GDP growth rate next week. The US economy grew by an annualised 3.2% in the first quarter of 2019, easily beating market expectations of 2.0%. The current consensus estimate for the upcoming release is 3.1%.

**Watching brief on the Reserve Bank of Australia (RBA) until its monetary policy**

**decision:** Tuesday, 4 June

In his speech in Brisbane on Tuesday, Governor Philip Lowe indicated he will consider easing monetary policy at next month's board meeting to drive faster hiring, saying unemployment needs to fall below 5.0% to help return inflation (recently at 1.3%) to the target rate of 2.0-3.0%. As a result, we will be looking for further commentary from the RBA over the course of the week. The market is pricing in an 88% chance of a cut in June.

**Stock analysis: What the business leaders say**

CEO and business leader comments help in understanding the current investment environment and can aid in identifying important emerging trends. Below are quotes from last week, which in our view, touch on important industry trends and economic factors.

"Even in challenging economic environments, advertising spend across Sport remains robust."  
Barclay Nettlefold, CEO, QMS Media

**Agriculture**

"April and May have been trading quite strongly, although follow-up rain is required through the Wheatbelt. But our sense, all things being equal, given the significant drought in eastern Australia, is that things are moving along okay."

Mark Allison, CEO, Elders

**Domestic Housing Market**

"With interest rates at record lows, and likely to remain at historically low levels for some time, the gap between the 7% floor and actual rates paid on mortgages has become quite wide in some cases – possibly unnecessarily so."

Wayne Byres, Chairman, APRA [Australian Prudential Regulation Authority]

"Since the election, we have seen an increased level of inquiry for our residential projects, particularly in Sydney and Melbourne."

Stuart Penklis, Head of Residential, Mirvac

**Trade & Economy**

"This significant tax increase, in the form of tariffs, would impact every type of shoe and every single segment of our society."

Letter to US President from 173 global footwear companies inc Nike & Adidas

"Although the Chinese government has announced many economic policies to bolster the economy, given the current macro conditions, tighter government scrutiny on content, cut backs from the VC community and so forth, we are taking a cautious view that online marketing in the near term will face a more challenging environment."

Robin Li, CEO, Baidu (Chinese Tech Conglomerate)

"We have contributed to China's dairy industry by developing high-quality model farms and showing there is a valuable opportunity for fresh milk in China's consumer market, and this continues to be an attractive prospect."

Miles Hurrell, CEO, Fonterra

**Resources**

"While demand for batteries will drive lithium and, to a lesser extent, cobalt demand, we also believe that abundant supply of the former, and substitution of the latter, reduces the attractiveness of these commodities for us. We are interested in adding more nickel sulphide resource to our portfolio."  
Peter Beaven, CFO, BHP Ltd

**Domestic Economy**

"Everyone wants everything now and they don't want to pay for it. Over the past 10 years, labour rates have gone up 30%, but a lot of charges to customers have gone down 25%. We have put \$130-\$160 million a year of costs out of our business just to stand still."  
Michael Byrne, CEO, Toll Holdings

"The reduced earnings guidance reflects a tough trading environment in the retail sector which has continued to be impacted by low consumer confidence, flat wages, increases in the cost of living and a rapidly falling housing sector."  
The Reject Shop Market Statement

**Asset Management**

"Increasingly, from an asset diversification point of view, everyone wants all of their assets on the one platform and bank legacy platforms can't do that."  
Will Davidson, CEO, Powerwrap Ltd

**Retail**

"We're in a very competitive environment and so we just can't go on arbitrarily raise prices."  
Marvin Ellison, CEO, Lowe's Companies

"After many quarters of strong growth, business in Europe was difficult in Q1. This isn't surprising given the current political and economic uncertainty. "  
Richard Jayne, CEO, Urban Outfitters

"Beyond short term weather fluctuations, we continue to see a healthy economic backdrop for our business which is evident across multiple metrics, including employment, wage growth, consumer spending and overall sentiment."  
Brian Cornell, CEO, Target Corporation

"We've seen to date landlords be more and more and more cooperative [of the retail slowdown] to the point that more recently we're starting to see percentage [of sales] rent deals."  
Richard Hayne, CEO, Urban Outfitters Inc

"9 out of 10 (millennials) are most likely to shop with a brand that presents an affiliation to a social issue that's important to them...The circular economy, provenance and sustainability are on everyone's agendas."  
Michelle Grujin, MD, Accenture Australia

**Childcare**

"The exuberance experienced in the market from 2014-2017 has abated."  
Peter Fanous, Principal, Peritus Childcare Sales (for childcare centres)

**The Election**

"There is still a lot of uncertainty in the business environment, as we have seen from the prospect of Reserve Bank cuts and the proposed APRA changes, but the election has taken away one of the negative wildcard events and given people more confidence."  
Darren Steinberg, CEO, Dexus

"In the space of a week the environment has changed very dramatically, so there is still housing demand but these changes are going to help a lot of young people get a home. APRA had achieved their desired result and stopped the runaway price growth. They pulled it back and bought it back into the right sort of ratio and I think it's now ready to go for a while again."  
Lindsay Partridge, CEO, Brickworks

**Health**

"Across the portfolio, occupancy has been impacted by continuing adverse publicity in the sector and

influenza in South Australia."  
Estia Health ASX Announcement

**Travel**

"We saw strong (incoming passenger) growth in 2018 from emerging markets. Vietnam grew by 18%, India grew by close to 14%, and the Philippines grew by over 8%. These are all big markets with large populations and are easily reachable from Sydney in a single flight."


















Geoff Culbert, CEO, Sydney Airports

"It is likely that 2019 will see more subdued growth in passengers across the board - we have seen that in the first 4 months of this year - but to a certain extent this was to be expected when we have just come off a number of years of extraordinary growth."

Geoff Culbert, CEO, Sydney Airports












































*Source: Naos Asset Management  
Media & Advertising*

## Economic Calendar 27/05/2019 – 31/05/2019

Tuesday May 28 2019		Actual	Previous	Consensus	Forecast	
02:00 PM	DE GfK Consumer Confidence JUN		10.4	10.4	10.5	
05:00 PM	EA Business Confidence MAY		0.42	0.4	0.36	
Wednesday May 29 2019		Actual	Previous	Consensus	Forecast	
02:45 PM	FR GDP Growth Rate QoQ Final Q1		0.3%	0.3%	0.3%	
Thursday May 30 2019		Actual	Previous	Consensus	Forecast	
08:00 PM	BR GDP Growth Rate YoY Q1		1.1%	1.3%	0.8%	
08:30 PM	US GDP Growth Rate QoQ 2nd Est Q1		2.2%	3.1%	3.2%	
Friday May 31 2019		Actual	Previous	Consensus	Forecast	
07:01 AM	GB GfK Consumer Confidence MAY	-13	-12	-12	-12	
09:00 AM	CN NBS Manufacturing PMI MAY	50.1	49.9	50.2	50.2	
01:00 PM	JP Consumer Confidence MAY	40.4		40.5	40.5	
03:00 PM	TR GDP Growth Rate YoY Q1	-3%	-2.5%	-3.2%	-3.2%	
04:00 PM	IT GDP Growth Rate QoQ Final Q1	-0.1%	0.2%	0.2%	0.2%	
04:00 PM	IT GDP Growth Rate YoY Final Q1	0%	0.1%	0.1%	0.1%	
08:00 PM	DE Inflation Rate YoY Prel MAY	2%	1.6%	1.5%	1.5%	
08:00 PM	IN GDP Growth Rate YoY Q1	6.6%		6.1%	6.1%	
08:30 PM	CA GDP Growth Rate QoQ Q1	0.1%		0.5%	0.5%	
08:30 PM	CA GDP Growth Rate Annualized Q1	0.4%	1.2%	0.6%	0.6%	
08:30 PM	US Personal Spending MoM APR	0.9%	0.2%	0.1%	0.1%	
08:30 PM	US Personal Income MoM APR	0.1%	0.3%	0.2%	0.2%	

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

## Economic Calendar 3/06/2019 – 7/06/2019

Monday June 03 2019			Actual	Previous	Consensus	Forecast	
09:45 AM	 CN	Caixin Manufacturing PMI MAY		50.2	50	50.4	 
03:55 PM	 DE	Markit Manufacturing PMI Final MAY		44.4	44.3	44.3	 
10:00 PM	 US	ISM Manufacturing PMI MAY		52.8	53.5	51.5	 
Wednesday June 05 2019			Actual	Previous	Consensus	Forecast	
09:30 AM	 AU	GDP Growth Rate YoY Q1		2.3%	2.5%	2.7%	 
09:30 AM	 AU	GDP Growth Rate QoQ Q1		0.2%	0.3%	0.5%	 
10:00 PM	 US	ISM Non-Manufacturing PMI MAY		55.5	55.9	52.5	 
Thursday June 06 2019			Actual	Previous	Consensus	Forecast	
09:30 AM	 AU	Balance of Trade APR		A\$4.949B			 
05:00 PM	 EA	GDP Growth Rate YoY 3rd Est Q1		1.2%	1.2%	1.2%	 
05:00 PM	 EA	GDP Growth Rate QoQ 3rd Est Q1		0.2%	0.4%	0.4%	 
08:30 PM	 CA	Balance of Trade APR		C\$-3.21B	C\$-2.45B		 
08:30 PM	 EA	ECB Press Conference					
08:30 PM	 US	Balance of Trade APR		\$-50B	\$-50.1B	\$-51.2B	 
10:00 PM	 CA	Ivey PMI s.a MAY		55.9	53.0	54.7	 
Friday June 07 2019			Actual	Previous	Consensus	Forecast	
02:00 PM	 DE	Balance of Trade APR		€22.7B		€17.2B	 
08:30 PM	 US	Non Farm Payrolls MAY		263K	190K	190K	 

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



## All Ords Top 10 Week Ending 24 May 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
CSR	CSR Limited	20.0	TNE	Technology One	-22.9
LYC	Lynas Corporation	18.0	NEA	Nearmap Ltd	-13.3
GWA	GWA Group Ltd	15.8	ALQ	ALS Ltd	-12.0
NHF	NIB Holdings Limited	14.1	WEB	Webjet Limited	-10.7
ABC	Adelaide Brighton	13.4	CNU	Chorus Limited	-9.4
SGP	Stockland	13.2	ALU	Altium Limited	-9.2
SUL	Super Ret Rep Ltd	13.0	BSL	BlueScope Steel Ltd	-9.2
MPL	Medibank Private Ltd	12.2	CTD	Corp Travel Limited	-9.0
BLD	Boral Limited	11.5	BPT	Beach Energy Limited	-7.9
WBC	Westpac Banking Corp	10.7	NAN	Nanosonics Limited	-7.7

Source: IRESS

## S & P Indices Week Ending 24 May 2019

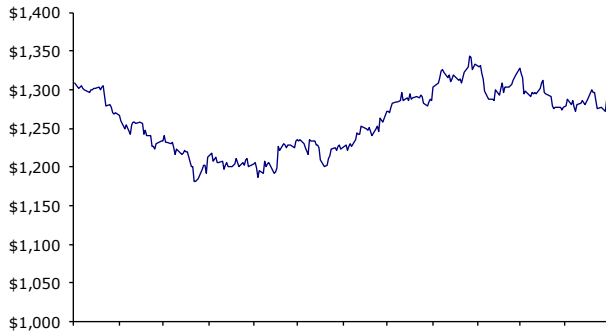
S&P Indices	26/05/2019	19/05/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	10977	11468	-4.3%	-2.4%	23.4%
S&P 200 Materials	13221	13387	-1.2%	2.8%	33.5%
S&P 200 Industrials	6517	6587	-1.1%	-0.1%	27.7%
S&P 200 Consumer Disc.	2510	2434	3.1%	3.2%	19.9%
S&P 200 Consumer Staples	11402	11760	-3.0%	-1.4%	33.3%
S&P 200 Healthcare	32426	32308	0.4%	3.3%	68.2%
S&P 200 Financials	6179	5824	6.1%	0.0%	-3.0%
S&P 200 Info Technology	1336	1407	-5.0%	-5.0%	71.8%
S&P 200 Telecommunicatic	1277	1258	1.4%	5.0%	-27.3%
S&P 200 Utilities	8240	8441	-2.4%	1.8%	9.3%
S&P 200 Property Trusts	1610	1567	2.8%	5.3%	20.0%
S&P 200 Financials ex PT	6891	6496	6.1%	0.0%	-3.0%

Source: IRESS

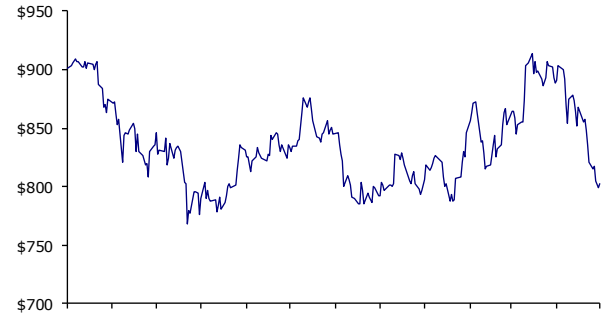


## 1 Year Commodity Price Charts

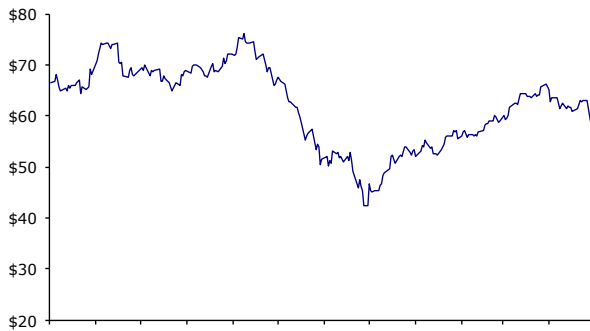
**1 Year Gold**



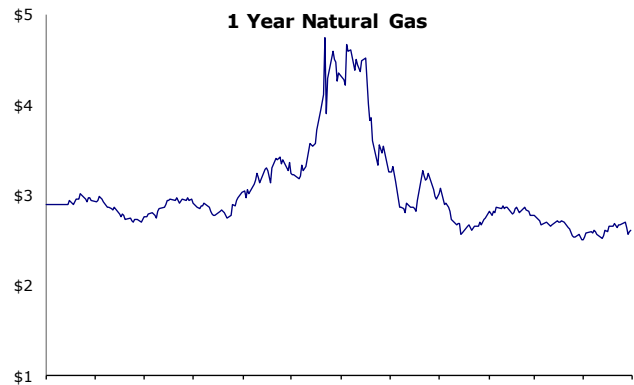
**1 Year Platinum**



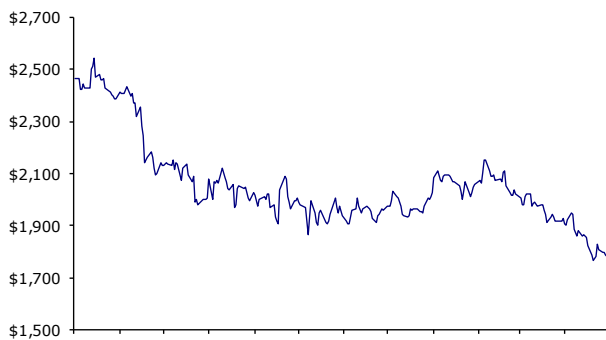
**1 Year Oil**



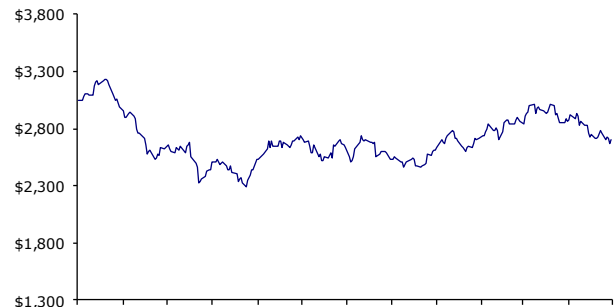
**1 Year Natural Gas**



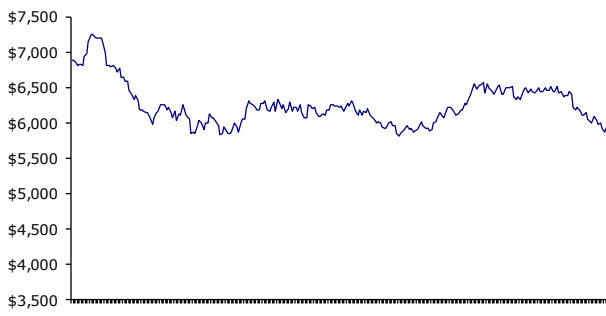
**1 Year Lead**



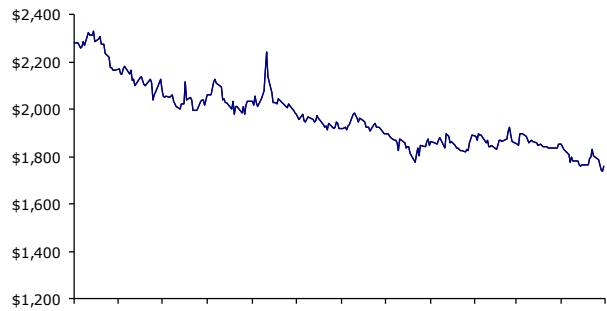
**1 Year Zinc**



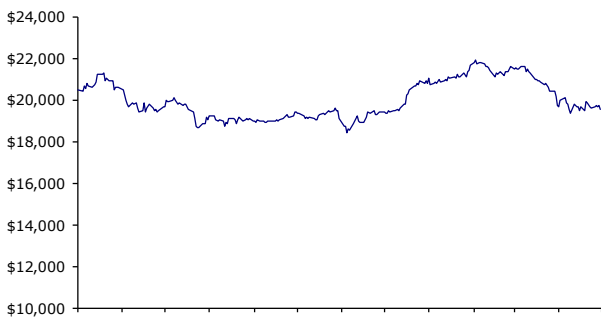
**1 Year Copper**



**1 Year Aluminium**

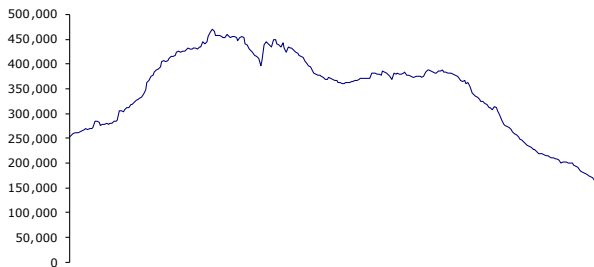


**1 Year Tin**

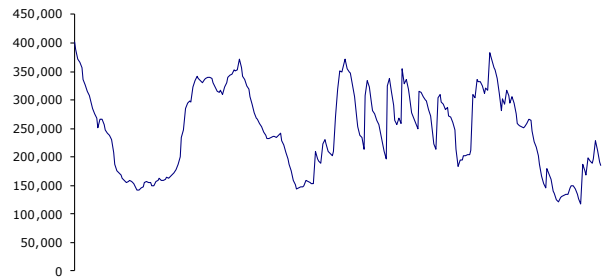


## 5 Year Metals Stockpiles

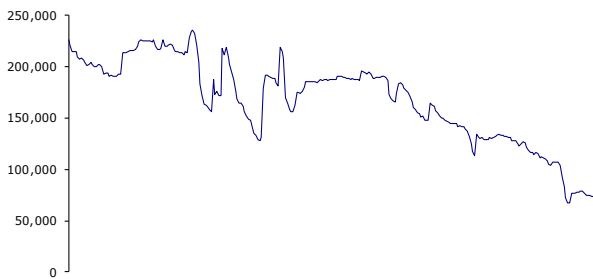
**Nickel LME Stockpiles - 5 Year**



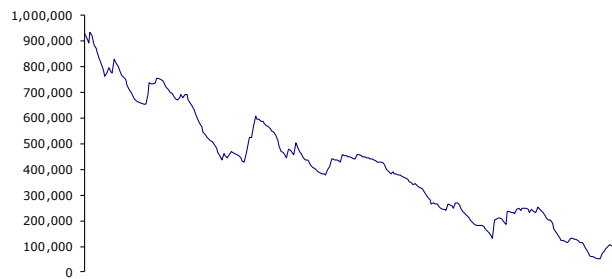
**Copper LME Stockpiles - 5 Year**



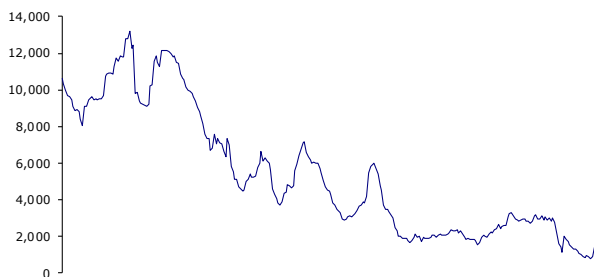
**Lead LME Stockpiles - 5 Year**



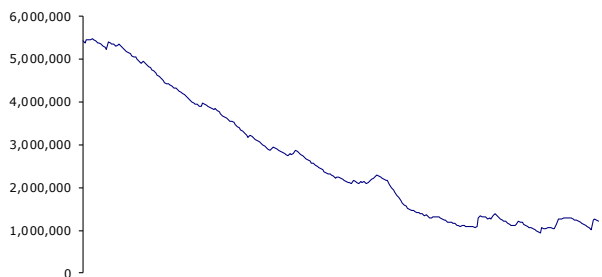
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**



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