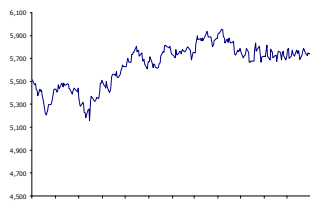


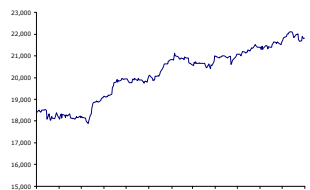
## STATE ONE SPINNAKER

**26 August 2017**  
**Issue 380**

### 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](http://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](mailto:broker@stateone.com.au)

Web: [www.stateone.com.au](http://www.stateone.com.au)

## Global Wrap – 26 August 2017

World Markets	26/08/2017	19/08/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5744	5747	-0.1%	0.0%	3.6%
Dow Jones	21814	21675	0.6%	-0.9%	18.2%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2443	2426	0.7%	-1.4%	12.5%
FTSE 100	7401	7324	1.1%	-0.1%	8.6%
DAX30	12168	12165	0.0%	-0.1%	13.9%
Shanghai Composite	3332	3287	1.4%	1.8%	8.6%
Nikkei 225	19453	19393	0.3%	-2.9%	17.5%
Hang Seng	27848	27048	3.0%	0.9%	22.0%
Currency					
AUD/USD	0.7929	0.7940	-0.1%	0.6%	4.9%
Commodities					
Oil (\$/bbl)	47.8	48.7	-1.7%	-3.5%	1.0%
Gas (\$/gal)	2.9	2.9	-0.2%	3.9%	0.5%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	6714	6453	4.0%	6.6%	44.7%
Lead (\$/t)	2342	2389	-2.0%	1.2%	27.3%
Zinc (\$/t)	3114	3117	-0.1%	13.1%	36.2%
Aluminium (\$/t)	2097	2105	-0.4%	10.1%	29.1%
Nickel (\$/t)	11610	10730	8.2%	13.8%	18.5%
Tin (\$/t)	20675	20375	1.5%	0.2%	9.4%
Gold (\$/oz)	1298	1292	0.5%	2.0%	-2.1%
Silver (\$/oz)	17.1	17.0	0.8%	3.4%	-8.0%
Platinum (\$/oz)	979	982	-0.3%	3.1%	-9.1%
Wheat (\$/t)	435.000	441.250	-1.4%	-5.6%	2.7%

Source: Iress

## RIU Resources Investor Roadshow 2017

State One Stockbroking Ltd is proud to be joint sponsor

**Sydney – Tuesday 26 September – Intercontinental Hotel Sydney**  
**Melbourne – Thursday 28 September – Grand Hyatt Hotel Melbourne**

State One invites you to attend the upcoming RIU Resources Investor Roadshow 2017. Registration is Free. Companies presenting offer insights into a broad range of commodities including coal, bauxite, cobalt, copper, gold, graphite, iron ore, lithium, nickel, silver, zinc, potash and phosphate. For more information and registration please [click here](#).

## Global Wrap

### Key points

1. Energy prices up as Harvey bears down on Texas
2. Yellen warns against erasing post-GFC banking regulations
3. Iron ore, base metals, continue gains
4. Resources companies star in Aussie reporting season
5. Picks and analysis for trading week ahead

## US

Wall Street had a moderately positive session following the long-awaited speeches from Federal Reserve Chair Janet Yellen and European Central Bank president Mario Draghi at the Fed's annual conference in Jackson Hole, the Financial Times reported.

Further support came from some optimism that President Donald Trump would soon refocus his attention on trying to deliver his promised tax cuts.

Yellen defended US bank regulations, while Draghi warned against protectionism at the Wyoming meeting, CNBC said.

The Fed boss, looking back over a decade since the onset of the GFC, said the financial system was safer now than it was then, though some adjustments to regulations might be needed.

She rejected arguments that regulation had stifled banking activity, insisting higher capital requirements actually promoted loan growth, distancing herself from Trump.

Yellen warned that future crises were inevitable but said the housing meltdown had taught valuable lessons.

She offered no clues about the future of monetary policy, which hurt the dollar and sent gold higher.

Her review came less than six months before her term ends in February. Trump has been circumspect about whether he will reappoint her and Yellen has refused to speculate about her future.

As Hurricane Harvey bore down on Texas, energy companies were among the winners on Wall Street on Friday. ExxonMobil increased 0.5%, while Chevron shares climbed 0.74%. (See more on oil in the Commodities section below).

Meanwhile Amazon announced it would slash prices at Whole Foods in first salvo in the grocery wars affecting the wider retail sector. See stock picks below.

On Thursday night investors were rattled after the Twitter president lashed out at Republican congressional leaders, blaming them for the "mess" over raising the US debt ceiling in tweets, Fairfax reported.

US Treasury Secretary Steven Mnuchin has warned Congress must raise the near \$US20 trillion debt ceiling before the end of September.

If Congress fails to lift the ceiling to allow new borrowing, the US could default on its debt or miss payments of benefits and salaries.

To protect themselves against possible market turmoil, some investors are seeking refuge in gold, pushing the price of the precious metal close above \$US1290 an ounce last week after it broke through the US\$1300 barrier the previous week.

Investors are also showing an increased interest in the virtual currency, bitcoin, which is trading at around the \$US4290 level, slightly below the record high of \$US4500 it hit earlier this month.

An attraction, for some, of the virtual currency is that is free from the control of governments and central banks. Bitcoins are instead generated by a computer program at a predetermined rate, but the cryptocurrency's value is subject to wild fluctuations.

Long-term US bonds are another traditional safe haven benefiting from the increasingly pugilistic White House rhetoric.

Stronger demand has pushed the yield on benchmark 10-year bonds down to 2.2%, down from 2.6% in March. (Yields fall as bond prices rise).

But there's also concern that bond prices could come under pressure in coming months as the US Federal Reserve presses ahead with plans to start shrinking the massive \$US4.5 trillion bond portfolio it built up in the wake of the GFC.

Apart from how these issues will play out next week, on Tuesday the August Redbook index, a measure of retail sales, and the S&P/Case-Shiller Home Price indices will be released.

Q2 GDP and personal consumption expenditures will be flashed on Wednesday, and personal income and spending data will be released on Thursday.

PMI and bank stress test data is out Friday.

## **China**

Hong Kong and mainland stocks advanced yesterday, with the benchmark Shanghai Index closing above 3,300 points for the first time since January 2016, the South China Morning Post reported.

The market was supported by major companies including PetroChina and Bank of Communications reporting earnings that exceeded estimates.

The Shanghai Composite broke through the major technical resistance level as signs of stabilisation in China's economy bolstered corporate earnings.

About half the 1279 companies on the index have released first-half results, reporting an average 24% earnings increase compared with 19% average growth for the previous six-month period, according to data compiled by Bloomberg.

Gains in Industrial and Commercial Bank of China, China Life and PetroChina contributed to more than a fifth of the advance on the Shanghai Composite.

China's PMI figures will be released on Thursday.

## **Japan**

Stocks were higher after the close on Friday, as gains in the chemical, petroleum and plastic, mining and transportation equipment sectors led shares higher, investing.com reported.

Data released on Thursday showed Japan's key measure of consumer price changes rose only a tepid 0.5% in July, lagging well behind gains in economic growth as the central bank struggles to spur significant improvement in inflation. It was a long way from the Bank of Japan's 2% target. This likely means the BoJ will continue with its extraordinary monetary stimulus as counterparts in the US and Europe look to wind back their programs.

Next week overall household spending (YoY) will be released on Monday followed by retail sales data on Tuesday.

Industrial production data will be flashed and foreign investment figures released on Wednesday. Vehicle production and housing construction figures will be released on Thursday.

## **Europe**

The euro breached \$1.19 to hit its highest level against the dollar since January 2015 as ECB chief Mario Draghi backed Fed boss Janet Yellen's warning against rowing back on financial regulation and said free trade was needed to boost growth and deal with the fallout of ageing societies, the Financial Times reported.

His failure to talk down the euro — despite the ECB's well-documented concerns about its strength — added to the bullish mood surrounding the currency.

Against the backdrop of a rising euro, European stocks struggled to hold Friday's early gains. The Stoxx 600 — up 0.5% at one stage, ended the session 0.1% lower. The pan-regional index was fractionally

lower for the week.

This coming Monday is a bank holiday in the UK and London markets will be closed. On Tuesday French Q2 GDP and consumer spending data, and a German consumer confidence index will be released.

Eurozone consumer and business sentiment indices will be released on Wednesday while German CPI will be flashed, followed by the release of Eurozone CPI on Thursday.

Eurozone - as well as the key German, French and UK PMIs - are released on Friday.

### **Australia**

Shares ended the week little changed but there were some dramatic underlying price moves as the busiest week of earnings season produced some big individual winners and losers, Fairfax reported.

BHP added 5.1%, Rio Tinto 6.5% and Fortescue Metals 9.2%. Santos soared 11% and Oil Search 8.6% per cent. Woodside Petroleum, which didn't report this week, lifted 3.2%.

The iron ore miners continue to be the stars of the season, with BHP's underlying profit enjoying a fivefold gain and FMG's doubling amid the recovery in the iron ore price and rigorous cost cutting.

Biggest losers for the week included BlueScope Steel (20%) Healthscope (17%) and telco Vocus (23%).

Results and guidance have been "underwhelming" in a reporting season that's now around 80 per cent complete, particularly in the ex-resources and ex-bank sectors, UBS equity strategist David Cassidy told Fairfax.

AMP Capital head of investment strategy Shane Oliver said profit growth of 5% for Australian-listed companies outside the mining sector "is all right" but "well below" other regions.

In the US, annual earnings growth is coming in at around 11%, Mr Oliver said, while European and Japanese listed companies are growing profits at about 30% lately.

On investors' watch list this coming week is construction and building approvals data on Wednesday.

The RBA Commodity Price SDR (YoY) will be released on Friday. It is seen as an early indicator of export price changes, which can affect exchange rates.

### **Commodities**

*Energy* prices were on their way up as a major hurricane was set to hit the US on the weekend, oilprice.com reported.

At the time of writing, the storm was heading directly for the coast of Texas between Houston and Corpus Christi, where many oil refineries are located.

The Gulf Coast is home to 45% of the US's refining capacity and nearly 20% of the nation's oil production. Corpus Christi is also a major port for oil and refined products coming in and out of the country.

Gasoline prices spiked more than 4% to their highest levels in weeks as roughly 1 million barrels of refining capacity was shut down on Friday. Crude oil prices did not receive the same attention because only a few offshore platforms were affected and the expected outage of refineries means demand for crude will dip as downstream operations pause.

Interest for seaborne cargoes of iron ore remained steady on Friday even as trading activity at Chinese ports became lacklustre amid rangebound prices, MetalBulletin reported.

Key drivers China's ferrous futures prices surged during the night session on Thursday, the gains of

which were carried over to Friday, though they largely trickled downwards for most of the day.

The retreating futures hindered spot buying activity for iron ore at Chinese ports, though they did not appear to have affected the seaborne market too much.

Base metals including copper and aluminium headed for the longest run of weekly gains in more than a decade on investor optimism driven by China, Policy makers are pressing on with reforms that should curb supply. Fairfax reported. They received an additional lift on Friday from the weak dollar.























After being pushed and pulled during the week, gold prices lingered just above \$1,290 on Friday as markets digested Federal Reserve Chair Janet Yellen's speech at Jackson Hole.

There was a consensus among analysts that prices are likely to increase next week amid uncertainty over the US debt ceiling, but will have a tough time breaking the heavy resistance wall that has built up at US\$1,300, they told Kitco.

### **Stock picks for trading week ahead**

We note that on Thursday last week, once high-flying Surfstitch Ltd (ASX:SRF) and Bubs Baby Shops had been placed into administration. These are just two names joining the long list of stores - Topshop, Payless Shoes, Dick Smith, Marcs, Pumpkin Patch and David Lawrence - closing down in Australia. Clearly, the retailing sector is doing it tough - and this is before Amazon sets up shop! Looking at the big names in the ASX Retail Sector, Retail Food Group (ASX:RFG), Webjet (ASX:WEB), and Super Retail Group (ASX:SUL) offer the most upside potential.

**Economic Calendar 28/08/2017 – 1/09/2017**

Tuesday August 29 2017			Actual	Previous	Consensus
<b>07:30 AM</b>	 JP	Unemployment Rate JUL		2.8%	2.8%
<b>02:00 PM</b>	 DE	GfK Consumer Confidence SEP		10.8	10.8
Wednesday August 30 2017			Actual	Previous	Consensus
<b>03:00 PM</b>	 CH	KOF Leading Indicators AUG		106.8	107
<b>05:00 PM</b>	 EA	Business Confidence AUG		1.05	1.05
<b>08:00 PM</b>	 DE	Inflation Rate YoY Prel AUG		1.7%	1.8%
<b>08:15 PM</b>	 US	ADP Employment Change AUG		178K	183K
<b>08:30 PM</b>	 US	GDP Growth Rate QoQ 2nd Est Q2		1.2%	2.7%
Thursday August 31 2017			Actual	Previous	Consensus
<b>07:05 AM</b>	 GB	Gfk Consumer Confidence AUG		-12	-13
<b>09:00 AM</b>	 CN	NBS Manufacturing PMI AUG		51.4	
<b>03:55 PM</b>	 DE	Unemployment Change AUG		-9K	-5K
<b>03:55 PM</b>	 DE	Unemployment Rate AUG		5.7%	5.7%
<b>05:00 PM</b>	 EA	Unemployment Rate JUL		9.1%	9.1%
<b>08:00 PM</b>	 IN	GDP Growth Rate YoY Q2		6.1%	6.6%
<b>08:30 PM</b>	 CA	GDP Growth Rate QoQ Q2		0.9%	
<b>08:30 PM</b>	 CA	GDP Growth Rate Annualized Q2		3.7%	3.6%
Friday September 01 2017			Actual	Previous	Consensus
<b>09:45 AM</b>	 CN	Caixin Manufacturing PMI AUG		51.1	
<b>01:00 PM</b>	 JP	Consumer Confidence AUG		43.8	
<b>08:00 PM</b>	 BR	GDP Growth Rate QoQ Q2		1%	
<b>08:00 PM</b>	 BR	GDP Growth Rate YoY Q2		-0.4%	
<b>08:30 PM</b>	 US	Non Farm Payrolls AUG		209K	184K
<b>08:30 PM</b>	 US	Unemployment Rate AUG		4.3%	4.3%
<b>10:00 PM</b>	 US	ISM Manufacturing PMI AUG		56.3	56.5

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

## Economic Calendar 4/09/2017 – 8/09/2017

Tuesday September 05 2017			Actual	Previous	Consensus
12:30 PM	AU	RBA Interest Rate Decision		1.5%	
01:45 PM	CH	GDP Growth Rate QoQ Q2		0.3%	
01:45 PM	CH	GDP Growth Rate YoY Q2		0.7%	
Wednesday September 06 2017			Actual	Previous	Consensus
09:30 AM	AU	GDP Growth Rate QoQ Q2		0.3%	
09:30 AM	AU	GDP Growth Rate YoY Q2		1.7%	
08:30 PM	CA	Balance of Trade JUL		C\$-3.60B	
08:30 PM	US	Balance of Trade JUL		\$-43.6B	
10:00 PM	CA	BoC Interest Rate Decision		0.75%	
10:00 PM	US	ISM Non-Manufacturing PMI AUG		53.9	
Thursday September 07 2017			Actual	Previous	Consensus
09:30 AM	AU	Balance of Trade JUL		A\$0.86B	
05:00 PM	EA	GDP Growth Rate QoQ 3rd Est Q2		0.5%	0.6%
05:00 PM	EA	GDP Growth Rate YoY 3rd Est Q2		1.9%	2.2%
07:45 PM	EA	ECB Interest Rate Decision		0%	
08:30 PM	EA	ECB Press Conference			
10:00 PM	CA	Ivey PMI s.a AUG		60	
Friday September 08 2017			Actual	Previous	Consensus
10:00 AM	CN	Balance of Trade AUG		\$46.74B	
10:00 AM	CN	Exports YoY AUG		7.2%	
10:00 AM	CN	Imports YoY AUG		11.0%	
02:00 PM	DE	Balance of Trade JUL		€22.3B	
03:00 PM	TR	GDP Growth Rate QoQ Q2		1.4%	
03:00 PM	TR	GDP Growth Rate YoY Q2		5%	
04:30 PM	GB	Balance of Trade JUL		£-4.56B	
08:30 PM	CA	Employment Change AUG		10.9K	
08:30 PM	CA	Unemployment Rate AUG		6.3%	

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



## All Ords Top 10 Week Ending 25 August 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
A2M	The A2 Milk Company	14.3	VOC	Vocus Group Ltd	-23.6
BPT	Beach Energy Limited	13.7	BSL	BlueScope Steel Ltd	-20.1
WOR	WorleyParsons Ltd	12.7	HSO	Healthscope Limited	-17.1
PTM	Platinum Asset	12.2	SKT	Sky Network	-15.4
STO	Santos Ltd	11.2	HT1	Ht&E Limited	-12.1
PPT	Perpetual Limited	10.6	ACX	Aconex Limited	-10.7
CGC	COSTA GROUP HOLDINGS	10.4	CTD	Corp Travel Limited	-10.6
FMG	Fortescue Metals Grp	9.1	AHG	Automotive Holdings.	-9.3
MND	Monadelphous Group	9.1	SRX	Sirtex Medical	-8.9
OSH	Oil Search Ltd	8.6	GXL	Greencross Limited	-8.9

Source: IRESS

## S & P Indices Week Ending 25 August 2017

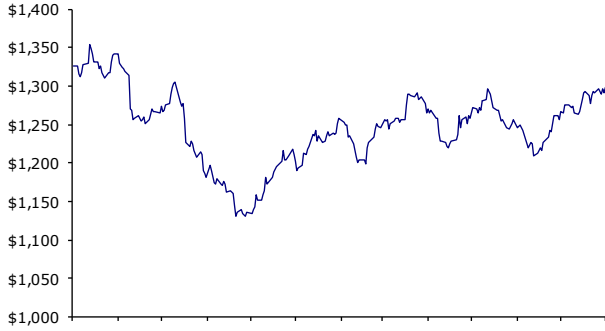
S&P Indices	26/08/2017	19/08/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	9222	8882	3.8%	4.0%	6.3%
S&P 200 Materials	10462	10223	2.3%	3.1%	17.6%
S&P 200 Industrials	5777	5717	1.0%	3.1%	5.7%
S&P 200 Consumer Disc.	2173	2202	-1.3%	-1.3%	-3.6%
S&P 200 Consumer Staples	9465	9504	-0.4%	2.4%	2.6%
S&P 200 Healthcare	22546	22831	-1.2%	0.6%	2.1%
S&P 200 Financials	6438	6487	-0.8%	-2.0%	5.9%
S&P 200 Info Technology	861	870	-1.1%	0.0%	4.1%
S&P 200 Telecommunicatic	1374	1381	-0.5%	-5.2%	-29.5%
S&P 200 Utilities	8167	8174	-0.1%	-2.5%	5.6%
S&P 200 Property Trusts	1306	1338	-2.4%	-0.8%	-14.4%
S&P 200 Financials ex PT	7180	7235	-0.8%	-2.0%	7.3%

Source: IRESS

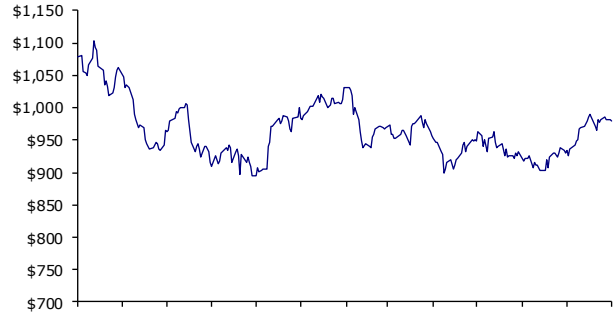


### 1 Year Commodity Price Charts

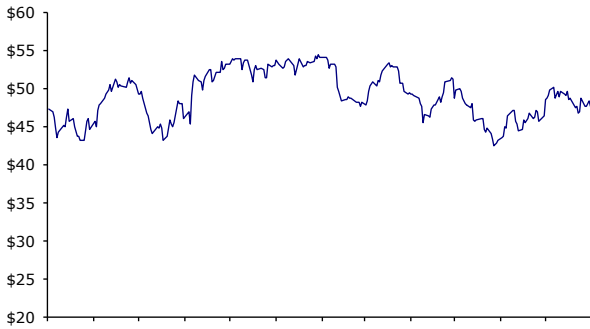
**1 Year Gold**



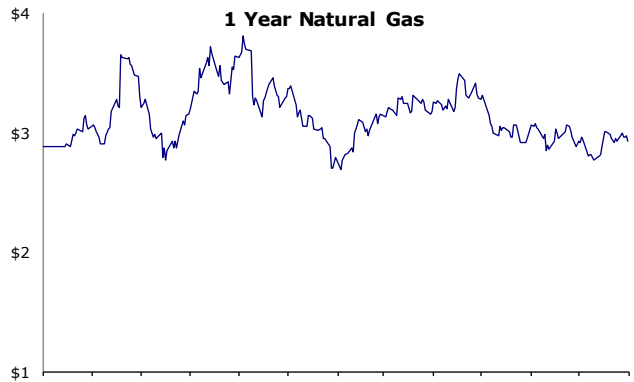
**1 Year Platinum**



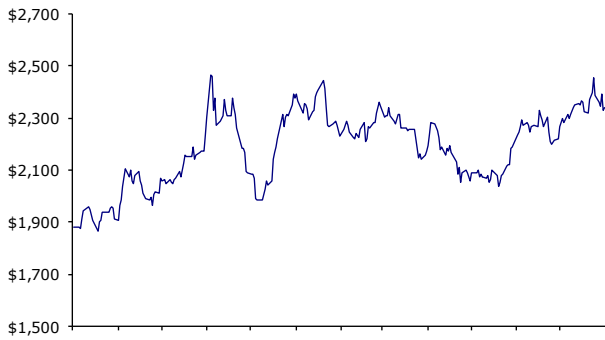
**1 Year Oil**



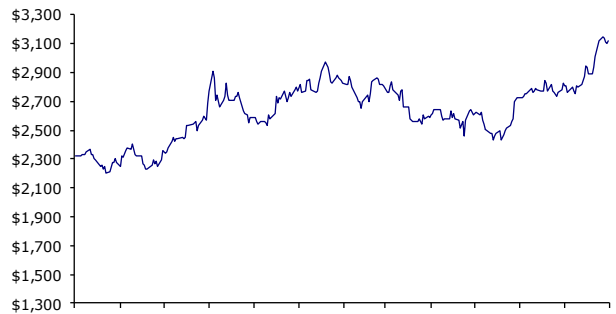
**1 Year Natural Gas**



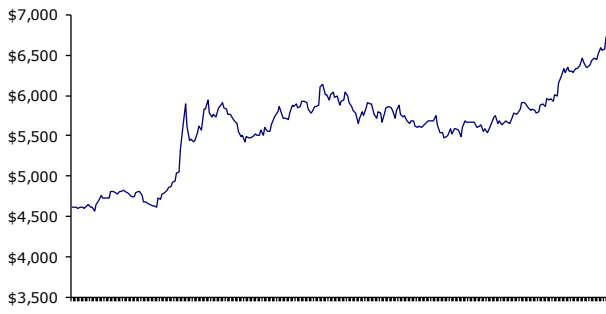
**1 Year Lead**



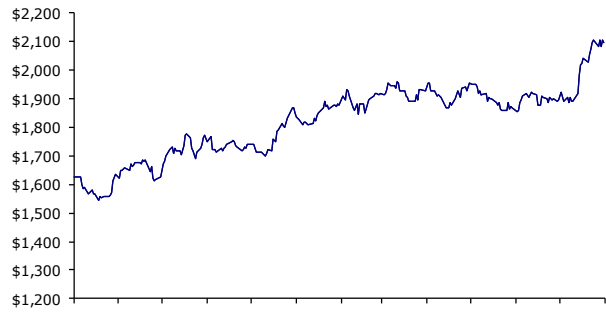
**1 Year Zinc**



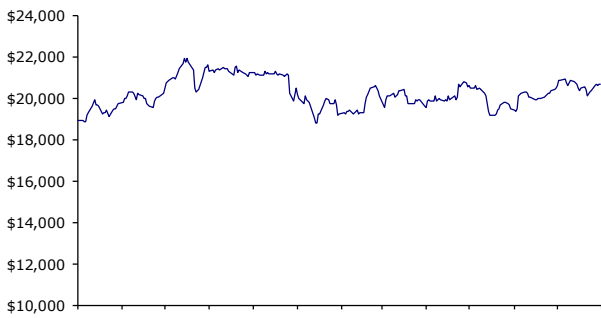
**1 Year Copper**



**1 Year Aluminium**

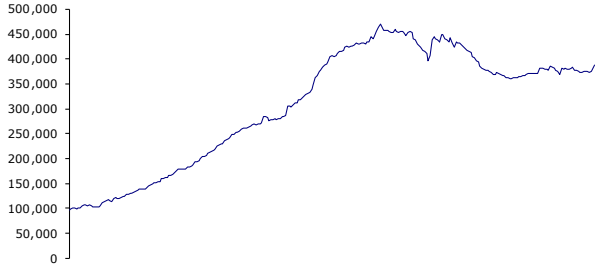


**1 Year Tin**

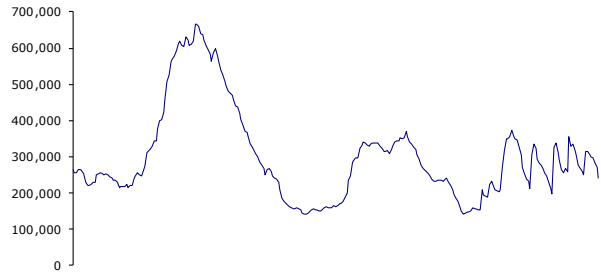


**5 Year Metals Stockpiles**

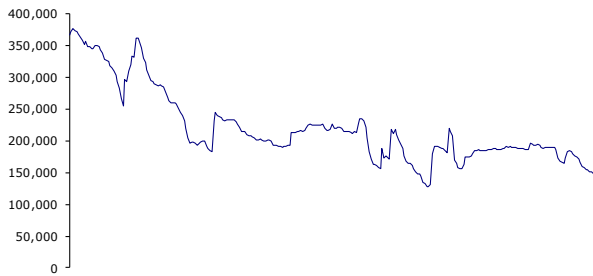
**Nickel LME Stockpiles - 5 Year**



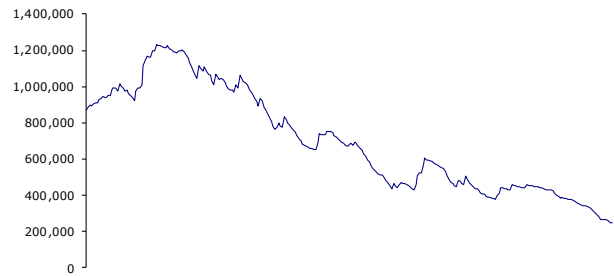
**Copper LME Stockpiles - 5 Year**



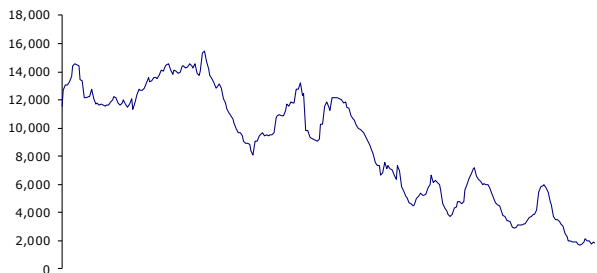
**Lead LME Stockpiles - 5 Year**



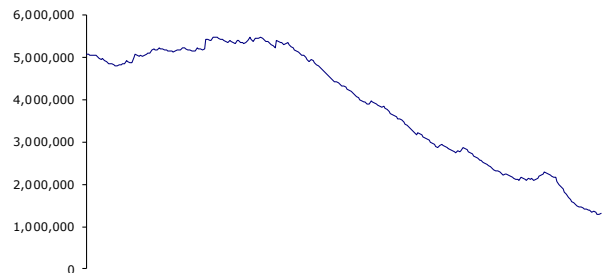
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**



Alan Hill  
Executive Chairman  
Phone: +61 8 9288 3388  
[ahill@stateone.com.au](mailto:ahill@stateone.com.au)

Mark Sullivan  
Institutional Dealer  
Phone: +61 2 9024 9134  
[msullivan@stateone.com.au](mailto:msullivan@stateone.com.au)

Yitz Barber  
Equities Advisor  
Phone: +61 2 9024 9107  
[ybarber@stateone.com.au](mailto:ybarber@stateone.com.au)

Graeme Johnson  
Equities & Derivatives Advisor  
Phone: +61 8 9288 3316  
[gjohnson@stateone.com.au](mailto:gjohnson@stateone.com.au)

Karen Tan  
Equities Advisor  
Phone: +61 8 9288 3303  
[ktan@stateone.com.au](mailto:ktan@stateone.com.au)

David Zhang  
Equities Advisor  
Phone: +61 2 9024 9130  
[dzhang@stateone.com.au](mailto:dzhang@stateone.com.au)

David Brennan  
Senior Investment Analyst  
Phone: +61 2 9024 9142  
[DBrennan@stateone.com.au](mailto:DBrennan@stateone.com.au)

Tammie Wong  
Equities Advisor  
Phone: +61 2 9024 9133  
[twong@stateone.com.au](mailto:twong@stateone.com.au)

Ric Heydon  
Equities & Derivatives Advisor  
Phone: +61 8 9288 3307  
[rheydon@stateone.com.au](mailto:rheydon@stateone.com.au)

Robert Chen  
Equities Advisor  
Phone: +61 2 9024 9132  
[rchen@stateone.com.au](mailto:rchen@stateone.com.au)

Morris Levitzke  
Equities Advisor  
Phone: +61 8 9288 3315  
[mlevitzke@stateone.com.au](mailto: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) from research provided by Morningstar Australasia Pty Ltd ABN 95 090 665 544; AFSL 240 892 ("Morningstar") 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 and Morningstar 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, Morningstar 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.

Please refer to the State One Stockbroking Ltd Financial Services Guide (FSG) at [http://www.stateone.com.au/downloads/financial\\_services\\_guide.pdf](http://www.stateone.com.au/downloads/financial_services_guide.pdf) and the Morningstar FSG at [www.morningstar.com.au/fsq](http://www.morningstar.com.au/fsq) for more information.

#### **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. Morningstar, its officers, employees, consultants or its related bodies corporate may hold positions in any financial products included in this document and may buy or sell such securities or engage in other transactions involving such financial products. Morningstar declares that from time to time they may earn fees or other benefits from financial products mentioned in this document.

This research at all times remains the property of State One Stockbroking Ltd and Morningstar 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.

The information contained in this publication must be read in conjunction with Morningstar's Legal Notice contained in their Terms and Conditions which can be located at <http://www.morningstar.com.au/About/Terms>