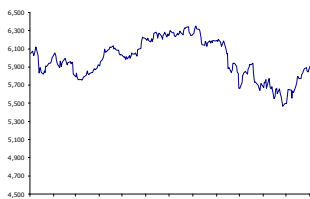


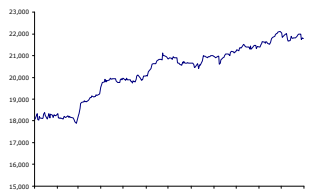
## STATE ONE SPINNAKER

27 January 2019  
Issue 445

### 12 month XJO chart



### 12 month Dow Jones chart



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**Overview**

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#### 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 – 27 January 2019

World Markets	27/01/2019	20/01/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5906	5880	0.4%	6.3%	6.5%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2665	2671	-0.2%	6.2%	18.6%
FTSE 100	6809	6968	-2.3%	1.1%	-1.8%
DAX30	11282	11206	0.7%	6.6%	-9.0%
Shanghai Composite	2602	2611	-0.3%	5.6%	-19.1%
Nikkei 225	20774	20719	0.3%	3.8%	10.7%
Hang Seng	27569	27091	1.8%	9.7%	20.6%
<b>Currency</b>					
AUD/USD	0.7180	0.7159	0.3%	-0.2%	-11.4%
<b>Commodities</b>					
Oil (\$/bbl)	53.5	53.9	-0.7%	14.3%	-19.2%
Gas (\$/gal)	3.1	3.2	-5.2%	7.9%	14.2%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	5901	6022	-2.0%	1.1%	1.1%
Lead (\$/t)	2085	1972	5.7%	5.6%	-10.6%
Zinc (\$/t)	2608	2577	1.2%	5.9%	-5.0%
Aluminium (\$/t)	1867	1851	0.8%	0.5%	7.8%
Nickel (\$/t)	11715	11610	0.9%	12.2%	3.0%
Tin (\$/t)	20750	20900	-0.7%	6.3%	-3.0%
Gold (\$/oz)	1304	1283	1.7%	1.4%	11.2%
Silver (\$/oz)	15.7	15.4	1.9%	0.8%	-8.2%
Platinum (\$/oz)	818	802	2.0%	2.3%	-12.7%
Wheat (\$/t)	521.000	519.250	0.3%	2.9%	27.6%

Source: Iress

## Global Wrap

### Key points

1. **Stocks rise on US shutdown deal**

2. **Aussie energy sector up**

3. **Stock analysis: Oil**

## US

US stocks rose on Friday as investors focused on a partial government shutdown solution, CNBC reported.

President Donald Trump announced he reached a continuing resolution deal with Congress to reopen the US government. The temporary deal will fund the government for three weeks until February 15.

The Dow Jones Industrial Average closed higher by 184 points, or 0.8%, to 24,737.20. The S&P 500 also rose nearly 1%, while the Nasdaq Composite moved higher as constituent Starbucks gained on strong earnings.

The Dow squeezed out a weekly gain of 0.1% for the week, its fifth straight positive week as investors continued to buy after the market's big December drop.

Apple, Amazon Alphabet and Facebook led the gains as investors got back into a risk-taking mood with the shutdown ending, buying their favourite technology names. Apple jumped 3.3%.

Additionally, two other themes added positive sentiment to Friday's trading: Federal Reserve monetary policy and trade negotiations with China.

The Wall Street Journal reported that the Fed is closer than expected to ending its balance sheet unwind. The Fed's decision is a key consideration for investors as they gauge the extent to which the central bank will tighten its monetary policy.

Meanwhile Treasury Secretary Steven Mnuchin projected confidence about the status trade negotiations between the US and China in comments to Reuters. Mnuchin said both sides were "making a lot of progress" in the talks.

This coming week a key confidence reading will be released on Tuesday, GDP and the Fed's rates decision will be announced on Wednesday, and employment figures on Friday.

### **China**

China stocks rose on Friday, helped by strength in banking shares, after regulators unveiled measures to help lenders replenish capital, but lingering worries over Sino-US trade talks and economic health capped gains.

The blue-chip CSI300 index rose 0.8% to 3,184.47, while the Shanghai Composite Index gained 0.4% to 2,601.72, The South China Morning Post reported.

China will allow insurance firms to invest in tier-2 capital bonds and perpetual bonds issued by banks, and set up a central bank bills swap to improve the liquidity of banks' perpetual bonds, policymakers said on Thursday. The move will make banking shares more attractive to investors, analysts say.

This Thursday the closely watched manufacturing PMI reading will be released on Thursday. Chinese Vice Premier Liu He is due to visit the United States at the end of this month.

### **Japan**

The Nikkei average rebounded sharply Friday after getting a lift from heavy buying of high-tech shares. The 225-issue Nikkei average soared 198.93 points, or 0.97%, to end at 20,773.56 on the Tokyo Stock Exchange. On Thursday, the key market gauge closed 19.09 points lower.

Heavy purchases were seen for Tokyo Electron and other semiconductor-related issues following their US counterparts' robust performances Thursday, market sources said.

Japanese industrial production will be released on Tuesday and the jobless rate on Thursday.

### **Europe**

European stocks traded higher on Friday, amid a rally among technology shares and as investors continued to monitor US-China trade developments, CNBC said.

The pan-European Stoxx 600 index rose 0.6% during trade, with tech stocks and trade-sensitive sectors like autos and basic resources among the top gainers.

The FTSE 100 was the only major bourse to close lower, dragged by Vodafone's disappointing earnings and a rise in the value of sterling against the dollar.

Euro zone GDP will be released on Thursday and the zone's CPI on Friday.

### **Australia**

Australian shares ended the week on an upbeat note, as gains in yield-friendly utility and real estate companies helped push the benchmark to a two-month high, the Australian Financial Review reported. The S&P/ASX 200 Index rose 39 points, or 0.7%, to 5905 on Friday, while the All Ordinaries Index rose 40 points, or 0.7%, to 5917.

The Australian dollar traded at US70.97¢.

Over the week, the benchmark index rose 26 points, or 0.4%, to 5905, while the All Ordinaries Index rose 29 points, or 0.5%, to 5917.

Energy companies had a good week, with the sector up 1.2%, thanks to the oil price being up. (See more on oil below).

Financials were broadly lower across the week.

AMP shares fell 11.7% to \$2.34 after the wealth management firm slashed its dividend by almost 70% due to a deteriorating earnings outlook.

The Australian energy index hit its highest level since November on Friday. The sector climbed after a rally in US oil prices overnight on the threat of US sanctions over Venezuela. Energy companies on the

move in Australia included Woodside, up 1.8% to \$34.28, Origin Energy, up 0.4% to \$7.24, and Santos, up 1.6% to \$6.29.

After the Australia Day holiday on Monday, the NAB business confidence reading will be released on Tuesday, then CPI on Wednesday.

**Stock analysis: Venezuela crisis could help oil prices recover further**

Venezuela is currently in the grip of a potentially explosive political standoff between two men who both claim to be the legitimate president of the country: President Nicolás Maduro, who was re-elected president in May 2018, and opposition leader Juan Guaidó.

Guaidó claims the 2018 election was rigged and that he, as the head of the National Assembly (the country's legislative body), is now the rightful president according to the country's constitution.

On Wednesday last week, US President Trump officially recognized Guaidó as Venezuela's interim president and called Maduro's claim to the presidency "illegitimate".

But Maduro has responded with defiance and has threatened to expel US diplomats, broken off diplomatic relations and closed its embassy in the US. When asked if Trump might send US troops into Venezuela to remove Maduro from power, Trump responded: "We're not considering anything, but all options are on the table."

As tensions between the US and Venezuela escalate, Venezuelan President Nicolás Maduro would appear to have an obvious tool to push back against American pressure: oil.

American oil refiners based on the Gulf Coast still rely on supplies from Venezuela to keep their operations running efficiently. As of early 2019, about 500,000 barrels per day of Venezuelan crude were being imported to the United States.

"Venezuelan oil is essential to diesel production in the US," said John Kilduff of Again Capital, an investment firm.

But Venezuela's economic collapse has made it virtually impossible for Maduro to use oil exports as a diplomatic weapon.

Though Venezuela exports considerable amounts of crude oil to major diplomatic allies like Russia and China, almost all of the profits are used to service pre-existing debts.

"They don't get cash for that, and they are desperate for cash," Modell said.

What is clear however is that interruptions to the supply of oil from Venezuela will have a positive impact on oil prices. Venezuela is the 12<sup>th</sup> biggest oil producer in the world accounting from around 2 million barrels per day out of global oil production of ~92.6Mbpd (or around 2.2%).

At current price levels of US\$53/bbl, crude oil prices have recovered from December 2018 lows of US\$43/bbl. Geopolitical concerns in Venezuela may help support prices further in the March 2019 quarter.

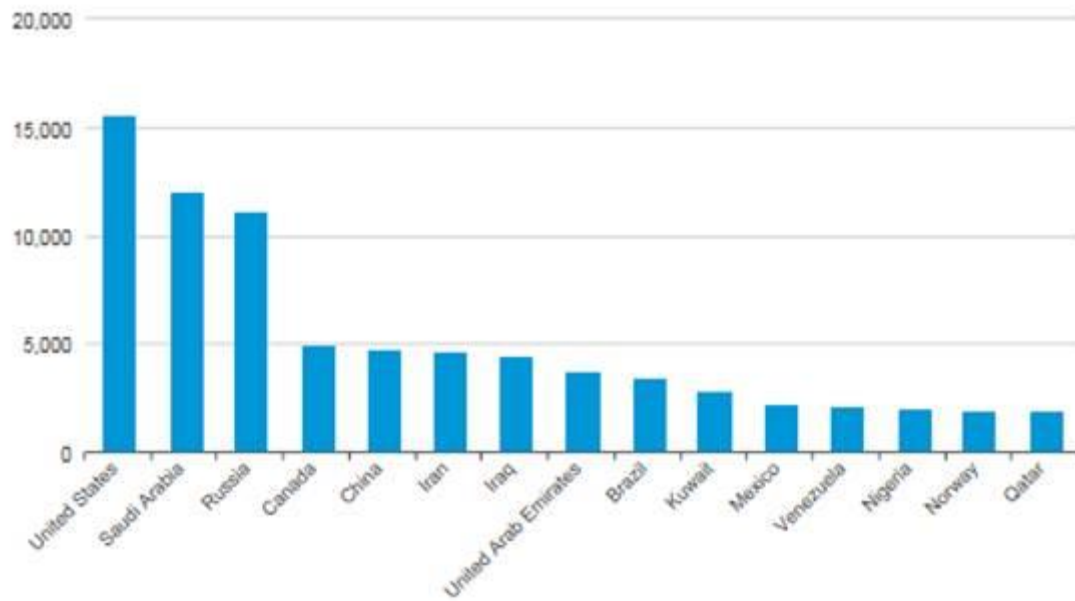
At current price levels of A\$6.28, Santos (ASX:STO) offers some 14% upside potential to its IRESS-consensus target price of A\$7.15ps.

At current price levels of A\$7.78, Woodside Petroleum (ASX:WPL) offers some 11% upside potential to its IRESS-consensus target price of A\$8.62ps.

At current price levels of A\$34.31, Oil Search (ASX:OSH) offers some 10% upside potential to its IRESS-consensus target price of A\$37.85ps.

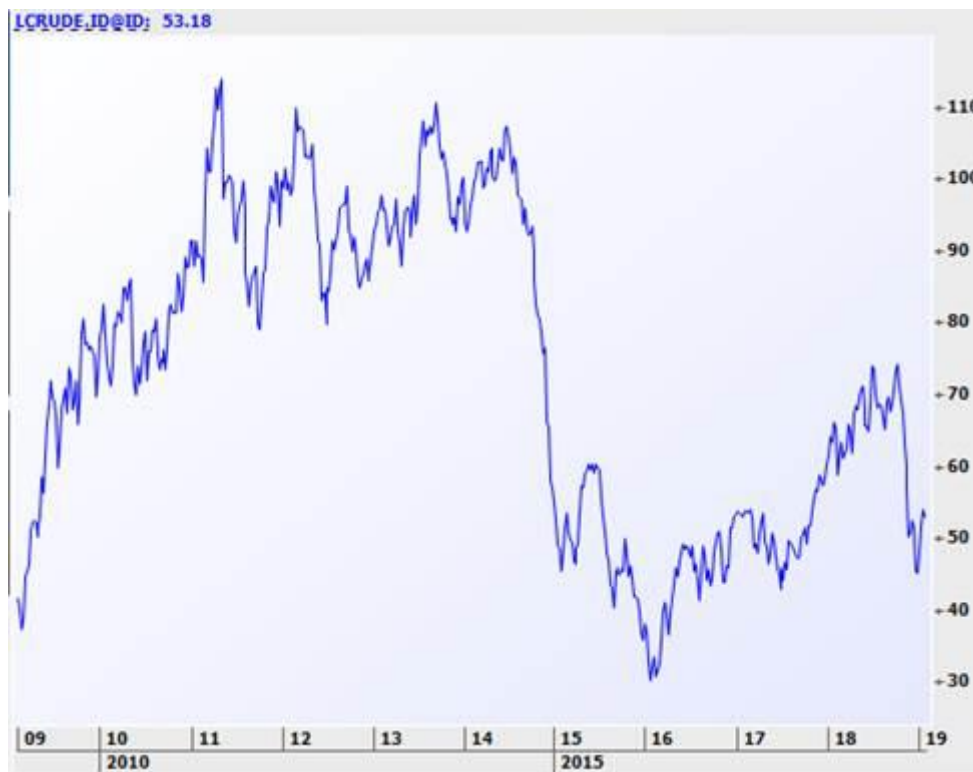
Top 15 oil producing countries ('000bpd petroleum)

Source: IRESS



WTI crude oil price (10-year history 2009-present) (US\$/bbl)

Source: EIA

















## Economic Calendar 28/01/2019 – 1/02/2019

Tuesday January 29 2019			Actual	Previous	Consensus
12:30 AM	AU	NAB Business Confidence DEC		3	
07:00 PM	GB	Parliamentary Vote on Brexit Deal			
Wednesday January 30 2019			Actual	Previous	Consensus
05:00 AM	JP	Consumer Confidence JAN		42.7	
07:00 AM	DE	GfK Consumer Confidence FEB		10.4	10.3
10:00 AM	EA	Business Confidence JAN		0.82	0.73
01:00 PM	DE	Inflation Rate YoY Prel JAN		1.7%	1.6%
07:00 PM	US	Fed Interest Rate Decision		2.5%	2.5%
	US	US-China Trade Talks			
Thursday January 31 2019			Actual	Previous	Consensus
12:01 AM	GB	GfK Consumer Confidence JAN		-14	-13
01:00 AM	CN	NBS Manufacturing PMI JAN		49.4	49.3
	US	US-China Trade Talks			
Friday February 01 2019			Actual	Previous	Consensus
01:45 AM	CN	Caixin Manufacturing PMI JAN		49.7	49.5
08:55 AM	DE	Markit Manufacturing PMI Final JAN		51.5	49.9
01:30 PM	US	Non Farm Payrolls JAN		312K	160K
03:00 PM	US	ISM Manufacturing PMI JAN		54.1	54.1

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

**Economic Calendar 4/02/2019 – 8/02/2019**

<b>Monday February 04 2019</b>			Actual	Previous	Consensus
<b>09:30 PM</b>	 US	<b>Durable Goods Orders MoM DEC</b>		0.8%	1.8%
<b>09:30 PM</b>	 US	<b>Retail Sales MoM DEC</b>		0.2%	0.2%
<b>Tuesday February 05 2019</b>			Actual	Previous	Consensus
<b>09:30 PM</b>	 CA	<b>Balance of Trade DEC</b>		C\$-2.06B	
<b>09:30 PM</b>	 US	<b>Balance of Trade NOV</b>		\$-55.5B	\$-54B
<b>09:30 PM</b>	 US	<b>Balance of Trade DEC</b>			
<b>11:00 PM</b>	 US	<b>ISM Non-Manufacturing PMI JAN</b>		57.6	57.5
<b>Wednesday February 06 2019</b>			Actual	Previous	Consensus
<b>11:00 PM</b>	 CA	<b>Ivey PMI s.a JAN</b>		59.7	
<b>Thursday February 07 2019</b>			Actual	Previous	Consensus
<b>08:00 PM</b>	 GB	<b>BoE Interest Rate Decision</b>		0.75%	0.75%
<b>08:00 PM</b>	 GB	<b>MPC Meeting Minutes</b>			
<b>08:00 PM</b>	 GB	<b>BoE Quantitative Easing</b>		£435B	£435B
<b>09:30 PM</b>	 US	<b>Personal Income MoM DEC</b>		0.2%	0.4%
<b>09:30 PM</b>	 US	<b>Personal Spending MoM DEC</b>		0.4%	0.3%
<b>Friday February 08 2019</b>			Actual	Previous	Consensus
<b>08:30 AM</b>	 AU	<b>RBA Statement on Monetary Policy</b>			
<b>03:00 PM</b>	 DE	<b>Balance of Trade DEC</b>		€20.5B	

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

## All Ords Top 10 Week Ending 25 January 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
HVN	Harvey Norman	11.7	CGF	Challenger Limited	-18.9
SUL	Super Ret Rep Ltd	11.6	NST	Northern Star	-15.0
CGC	COSTA GROUP HOLDINGS	11.3	AMP	AMP Limited	-12.0
EHE	Estia Health Ltd	8.9	RMD	ResMed Inc.	-11.4
HLS	Healius	8.9	SGM	Sims Metal Mgmt Ltd	-8.9
ING	Inghams Group	8.5	GXY	Galaxy Resources	-7.6
NAN	Nanosonics Limited	8.3	SBM	St Barbara Limited	-6.7
MYX	Mayne Pharma Ltd	8.1	PLS	Pilbara Min Ltd	-6.3
CHC	Charter Hall Group	7.1	BLD	Boral Limited	-6.0
ECX	Eclixp Group Ltd	6.8	API	Australian Pharm.	-4.5

Source: IRESS

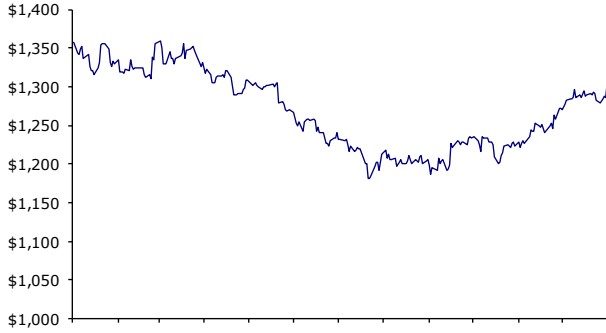
## S & P Indices Week Ending 25 January 2019

S&P Indices	27/01/2019	20/01/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	10785	10641	1.4%	13.8%	21.3%
S&P 200 Materials	11565	11673	-0.9%	3.8%	16.8%
S&P 200 Industrials	5926	5829	1.7%	5.8%	16.1%
S&P 200 Consumer Disc.	2231	2173	2.7%	8.1%	6.5%
S&P 200 Consumer Staples	10835	10605	2.2%	5.4%	26.6%
S&P 200 Healthcare	30614	30337	0.9%	6.4%	58.8%
S&P 200 Financials	5747	5790	-0.7%	5.4%	-9.8%
S&P 200 Info Technology	1167	1155	1.1%	10.4%	50.1%
S&P 200 Telecommunicatic	1078	1064	1.3%	7.5%	-38.6%
S&P 200 Utilities	7895	7677	2.8%	7.5%	4.7%
S&P 200 Property Trusts	1466	1434	2.2%	7.7%	9.3%
S&P 200 Financials ex PT	6409	6457	-0.7%	5.4%	-9.8%

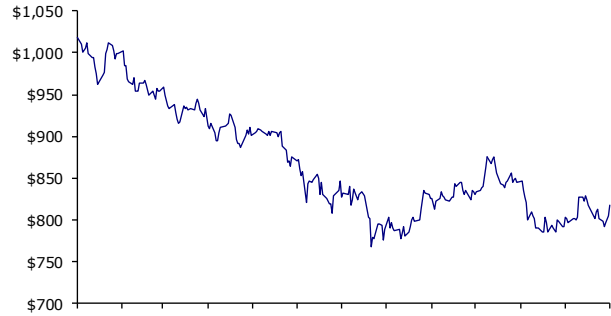
Source: IRESS

### 1 Year Commodity Price Charts

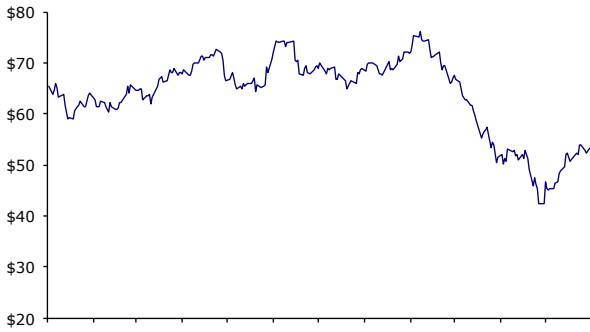
**1 Year Gold**



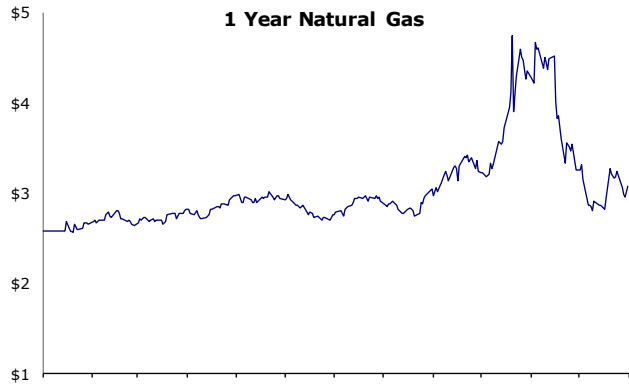
**1 Year Platinum**



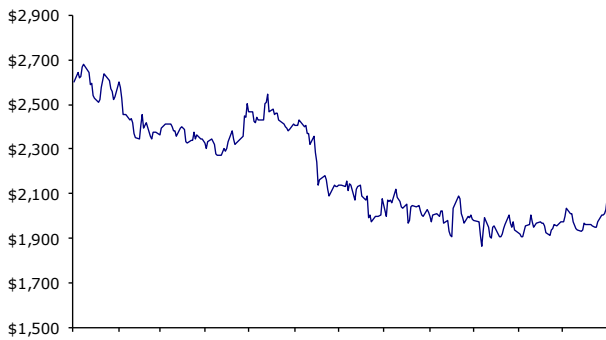
**1 Year Oil**



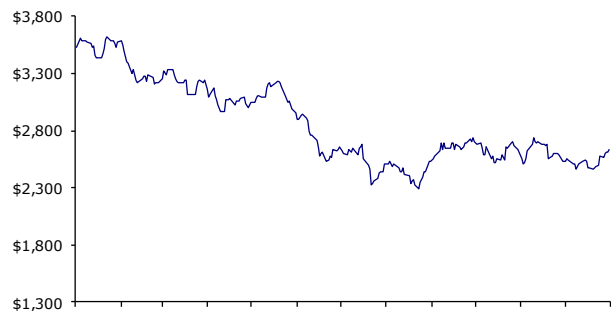
**1 Year Natural Gas**



**1 Year Lead**

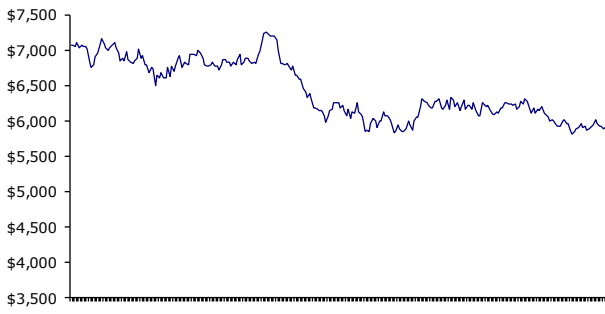


**1 Year Zinc**

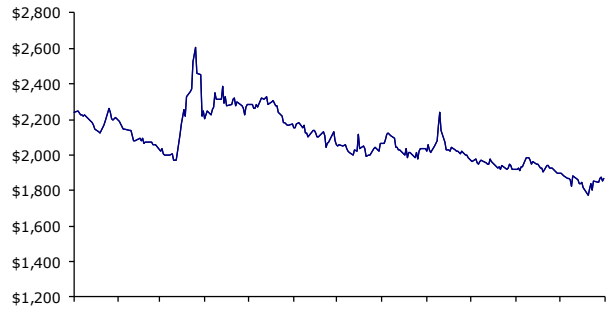




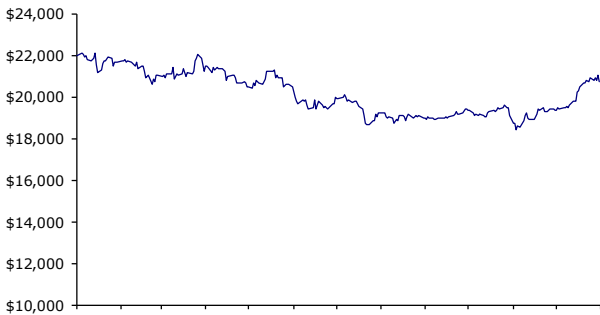
**1 Year Copper**



**1 Year Aluminium**

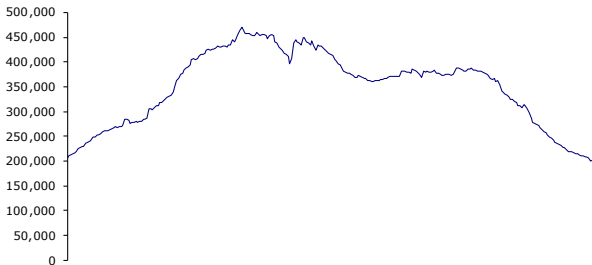


**1 Year Tin**

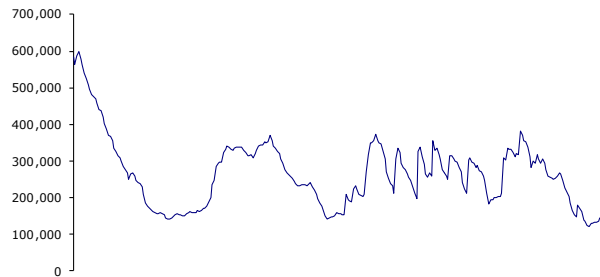


**5 Year Metals Stockpiles**

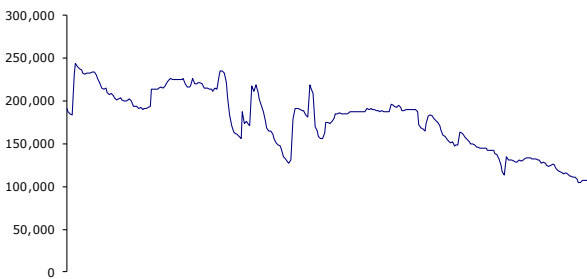
**Nickel LME Stockpiles - 5 Year**



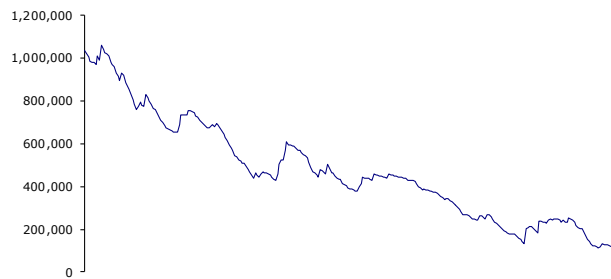
**Copper LME Stockpiles - 5 Year**



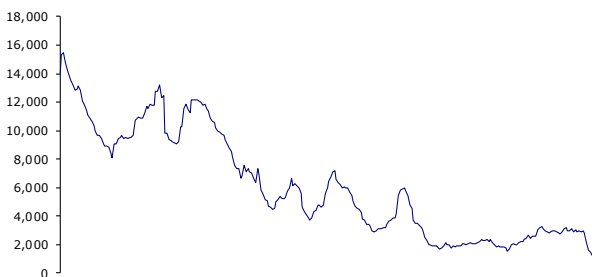
**Lead LME Stockpiles - 5 Year**



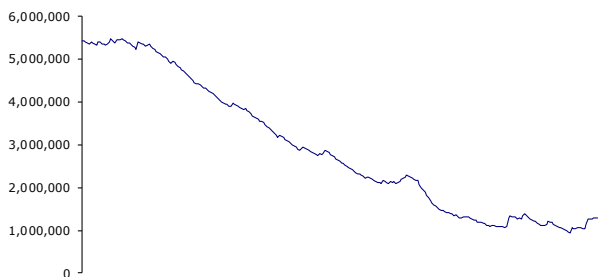
**Zinc LME Stockpiles - 5 Year**



**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)

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