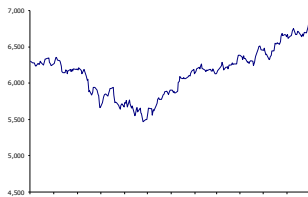


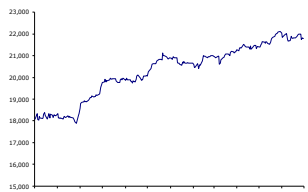
# STATE ONE SPINNAKER

**28 July 2019**  
**Issue 465**

## 12 month XJO chart



## 12 month Dow Jones chart



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## Global Wrap – 28 July 2019

World Markets	28/07/2019	21/07/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6793	6700	1.4%	1.6%	22.5%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	3026	2977	1.7%	1.0%	34.7%
FTSE 100	7549	7509	0.5%	-0.8%	8.9%
DAX30	12420	12260	1.3%	-1.6%	-1.8%
Shanghai Composite	2945	2887	2.0%	-2.0%	-8.4%
Nikkei 225	21658	21417	1.1%	-0.2%	15.4%
Hang Seng	28398	28765	-1.3%	-1.6%	24.2%
Currency					
AUD/USD	0.6911	0.7036	-1.8%	-2.3%	-6.7%
Commodities					
Oil (\$/bbl)	56.2	56.2	-0.1%	-1.1%	-18.6%
Gas (\$/gal)	2.2	2.2	-3.6%	-6.0%	-27.0%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	5945	6066	-2.0%	1.2%	1.8%
Lead (\$/t)	2075	2072	0.2%	10.7%	-11.0%
Zinc (\$/t)	2456	2427	1.2%	-2.0%	-10.5%
Aluminium (\$/t)	1778	1833	-3.0%	1.3%	2.7%
Nickel (\$/t)	14060	14425	-2.5%	15.4%	23.7%
Tin (\$/t)	17830	17780	0.3%	-1.6%	-16.7%
Gold (\$/oz)	1432	1427	0.4%	0.8%	22.2%
Silver (\$/oz)	16.4	16.2	1.0%	6.9%	-4.1%
Platinum (\$/oz)	868	850	2.1%	3.0%	-7.5%
Wheat (\$/t)	497.250	503.500	-1.2%	-3.2%	21.8%

Source: Iress

## Global Wrap

### Key points

1. **US stocks rise on positive earnings and GDP data**
2. **China up on trade and tech hopes**
3. **Stock analysis: Listening to what business leaders say**

### US

Stocks rose on Friday after strong earnings from tech giants such as Google owner Alphabet and Intel plus a better-than-expected GDP print pushed the S&P 500 to a new all-time high.

The S&P 500 gained 0.7% to close at 3,025.86, posting a record high, CNBC reported. The Nasdaq Composite also hit an all-time high, rising 1.1% to 8,330.21. The Dow Jones Industrial Average closed 51.47 points higher, or 0.2%, at 27,192.45.

Alphabet reported better-than-expected earnings on Thursday and announced a massive \$25 billion share repurchase program. The results and buyback sent the stock up 9.6%.

Twitter shares gained more than 8% on the back of second-quarter results that topped estimates.

Consumer stocks such as Starbucks and McDonald's also contributed to the gains.

More than 40% of S&P 500 companies have reported quarterly earnings for the second quarter. Of those companies, 76.4% have posted a stronger-than-forecast profit, according to FactSet.

The US economy expanded by 2.1% in the second quarter, the Commerce Department said Friday in its GDP release. The broadest measure of the US economy was expected to come in at 1.8%. Growth was driven by a 4.3% increase in consumer expenditures, which offset a 5.5% slump in business investment.

### **China**

China's major stock indexes climbed on Friday to end the week higher, Reuters reported. The gains were led by tech firms as investors cheered a revival in trade hopes and Beijing's continued tech push.

Most stocks on the newly launched tech-focused STAR Market dropped on Friday, though they managed to post huge gains for the first week of trading. Investors were encouraged by Beijing's boldest move yet towards a less-regulated market for initial public offerings (IPOs) and stock trading. The blue-chip CSI300 index ended up 0.2% at 3,858.57 points, while the Shanghai Composite Index added 0.2% to 2,944.54 points, both up for a fourth consecutive session. For the week, CSI300 gained 1.3%, while SSEC climbed 0.7%, Reuters reported.

Investor focus was also on the development in Sino-US trade negotiations. Lead negotiators for China and the US will meet in Shanghai on Tuesday for two days in the next round of trade talks, China's commerce ministry confirmed.

### **Japan**

Stocks turned lower Friday after being hurt by profit-taking and position-squaring selling ahead of the weekend, The Japan Times reported. The 225-issue Nikkei average lost 98.40 points, or 0.45 percent, to end at 21,658.15 on the Tokyo Stock Exchange, following a rise of 46.98 points on Thursday.

The losses reflected an overnight drop on Wall Street as well as lower Chinese equities, brokers said. Technology names including semiconductor-related issues, which had led the market's rally in recent sessions, became top-heavy following a drop in their US counterparts on Thursday, they said.

### **Europe**

European stocks closed higher Friday, after the European Central Bank suggested it could lower borrowing costs to tackle a slowdown in the euro zone.

The pan-European Stoxx 600 closed provisionally almost 0.4% higher, with most sectors in positive territory. Telecoms stocks were the biggest gainers, rising over 2%.

The ECB held interest rates steady on Thursday, but outgoing President Mario Draghi all but pledged to ease monetary policy further as the growth outlook deteriorates. Speaking to reporters at a press conference Draghi said the economic outlook was "getting worse and worse," citing a weak manufacturing sector as well as uncertainty over trade and Brexit.

Policymakers at the central bank are also considering other measures to support the euro zone over the coming months, including resuming quantitative easing.

European reporting season was also underway and has so far shown mixed results given the more export-orientated nature of many European businesses.

### **Australia**

Australian shares fell on Friday after three straight sessions of gains, Reuters reported. Declines were led by tech stocks and financials as investors registered disappointment with European Central Bank putting off an interest rate cut until probably September.

The S&P/ASX 200 index fell 0.4% or 23.9 points to 6,794.10 by 0155 GMT. The benchmark rose 0.6% on Thursday and was set to gain 1.2% for the week.

The S&P/ASX All Ordinaries Accumulation Index reached an 11-and-a-half year record high on Wednesday and the Index closed up 1.4% this week. At the time of the previous record, in November 2007, the Australian 10-year Treasury Bond yielded approximately 6.4% – now it is yielding 1.2%.

**In the week ahead** all eyes will be on what the US Federal Reserve does at the Federal Open Market Committee meeting next Tuesday and Wednesday, with expectations of a minimum 25 basis-points rate cut.

The Fed's focus appears to be increasingly international and we have seen global growth expectations consistently revised down since early 2018.

This continued on Tuesday, when the International Monetary Fund (IMF) further reduced its global growth forecast for 2019, following downgrades in January and April.

The IMF said the issues facing the global economy included trade tensions, the mispricing of risk and constraints on central banks' ability to further employ expansionary monetary policy.

### **Listening to 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.

#### **Global Aviation**

"In 2018, we saw the ninth straight year of above-trend growth for passenger traffic. So far in 2019 passenger traffic has grown at a solid 4.6% through May. On the air cargo market, we saw a contraction in the year-to-date traffic.

"Our view of the demand fundamentals remains robust. We are highly confident in our industry outlook which now forecasts the demand for approximately 44,000 new airplanes over the next 20 years. That's up from approximately 43,000 in our previous forecast, doubling the size of the global fleet."

*Dennis Muilenburg, CEO, The Boeing Company*

#### **Global Auto**

"We have seen enduring weakness in the UK and US markets ... We anticipate that this softness will continue for the rest of the year and are planning prudently for 2020."

*Andy Palmer, CEO, Aston Martin*

"We are also seeing discrete signs of stability in our business in China, even as the economy in vehicle market there remains under recent and persistent stress."

*James Hackett, CEO, Ford*

#### **Domestic Retail**

"Demand in Australia remained weak, due to the slower housing market and also the weaker Australian dollar. Sales volumes in Australia declined as a result of the slow Australian market and the price increases we implemented to mitigate increased costs related to the currency headwinds."

*Jonas Samuelson, CEO, Electrolux*

#### **Agriculture**

"In the next couple of months, at least, we are not expecting supply to suddenly increase, so there will be continued pressure on price. Mutton has just cracked \$6/kg so you are currently paying more for mutton than you are for grain fed beef at the moment which is pretty crazy."

*Scott Tolmie, Manager, Meat & Livestock Australia*

"African swine flu hitting them [China] recently lit a fire under demand [for Australian meat]."

*Scott Tolmie, Manager, Meat & Livestock Australia*

### **Health**

"Since 2015, we have seen a 20% fall in the number of applications for GP (General Practitioner) training, and a 6% drop in the number of first year GP training posts filled."

*Dr Tony Bartone, President, Australian Medical Association*

### **Technology**

"In a world where every company is a software company, developers will play an increasingly vital role in value creation across every organization."

*Satya Nadella, CEO, Microsoft Corp*

"When I look at the kinds of private interactions we can make easier, payments may be the most important for the long term.

"So even if it [virtual reality] has taken longer than we expected to deliver this at scale, I continue to believe that this will be one of the most important contributions we make to the way we all use technology over the long term."

*Mark Zuckerberg, CEO, Facebook Inc*

"I believe this WiFi 6 (next generation WiFi) upgrade is significantly more appealing than the previous upgrades. This is akin to replacing a 2-lane freeway with an 8-lane freeway."

*Patrick Lo, CEO, Netgear Inc (multinational manufacturer of network hardware)*

### **Domestic Economy**

"If demand growth is not sufficient, the board is prepared to provide additional support by easing monetary policy further, however, as I have discussed on other occasions, other arms of public policy could also play a role in this scenario."

*Philip Lowe, Governor, Reserve Bank of Australia*

### **Global Economy**

"The current economic backdrop is the most puzzling I have experienced in my career."

*James Foote, CEO, CSX Corporation [rail & property conglomerate]*

"The consumer in the United States is doing fine."

*Jamie Dimon, CEO, JP Morgan*

"We're working to offset the impact of interest rates, especially now if we and the industry face a period of lower-for-longer rates."

*James von Moltke, CFO, Deutsche Bank AG*

"[Commenting on their recent global redundancy measures] our businesses were not immune to industry-wide lower levels of client activity."

*James von Moltke, CFO, Deutsche Bank AG*

### **Environmental, Social and Governance**

"We're seeing greater demand for ESG and for sustainable investments."

*Laurence Fink, CEO, BlackRock Inc*

### **Oil**

"On the [oil] supply side, we continue to see US shale oil as the only near to medium-term source of global production growth."

*Paal Kibsgaard, CEO, Schlumberger Ltd (world's largest oilfield services company)*

*Source: Naos Asset Management*

**Economic Calendar 29/07/2019 – 2/08/2019**

Tuesday July 30 2019			Actual	Previous	Consensus	Forecast	
01:30 PM	FR	GDP Growth Rate QoQ Prel Q2		0.3%	0.3%	0.3%	
02:00 PM	DE	GfK Consumer Confidence AUG		9.8	9.7	9.9	
05:00 PM	EA	Business Confidence JUL		0.17	0.1	0.08	
08:00 PM	DE	Inflation Rate YoY Prel JUL		1.6%	1.5%	1.5%	
08:30 PM	US	Personal Spending MoM JUN		0.4%	0.3%	0.3%	
08:30 PM	US	Personal Income MoM JUN		0.5%	0.4%	0.3%	
	CN	US-China Trade Talks					
Wednesday July 31 2019			Actual	Previous	Consensus	Forecast	
07:01 AM	GB	GfK Consumer Confidence JUL		-13	-13	-14	
09:00 AM	CN	NBS Manufacturing PMI JUL		49.4	49.6	49.3	
01:00 PM	JP	Consumer Confidence JUL		38.7		41	
03:00 PM	ES	GDP Growth Rate YoY Flash Q2		2.4%	2.4%	2.2%	
03:00 PM	ES	GDP Growth Rate QoQ Flash Q2		0.7%	0.6%	0.6%	
05:00 PM	EA	GDP Growth Rate QoQ Flash Q2		0.4%	0.2%	0.2%	
06:00 PM	IT	GDP Growth Rate QoQ Adv Q2		0.1%	-0.1%	0.2%	
07:00 PM	MX	GDP Growth Rate YoY Prel Q2		1.2%		0.8%	
	CN	US-China Trade Talks					
Thursday August 01 2019			Actual	Previous	Consensus	Forecast	
02:00 AM	US	Fed Interest Rate Decision		2.5%	2.25%	2.25%	
05:00 AM	BR	Interest Rate Decision		6.5%		6.5%	
09:45 AM	CN	Caixin Manufacturing PMI JUL		49.4	49.6	49.2	
03:55 PM	DE	Markit Manufacturing PMI Final JUL		45	43.1	43.1	
07:00 PM	GB	BoE Interest Rate Decision		0.75%	0.75%	0.75%	
07:00 PM	GB	BoE Quantitative Easing		£435B	£435B	£435B	
07:00 PM	GB	MPC Meeting Minutes					
10:00 PM	US	ISM Manufacturing PMI JUL		51.7	52	51.1	
Friday August 02 2019			Actual	Previous	Consensus	Forecast	
08:30 PM	CA	Balance of Trade JUN		C\$0.76B	C\$-0.4B	C\$0.3B	
08:30 PM	US	Balance of Trade JUN		\$-55.5B	\$-54.6B	\$-54.7B	
08:30 PM	US	Non Farm Payrolls JUL		224K	165K	160K	

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

**Economic Calendar 5/08/2019 – 9/08/2019**

Monday August 05 2019		Actual	Previous	Consensus	Forecast	
<b>10:00 PM</b>	US ISM Non-Manufacturing PMI JUL		55.1	55.5	54.5	
Tuesday August 06 2019		Actual	Previous	Consensus	Forecast	
<b>09:30 AM</b>	AU Balance of Trade JUN		A\$5.745B	A\$5.25B	A\$ 3.1B	
Wednesday August 07 2019		Actual	Previous	Consensus	Forecast	
<b>02:15 PM</b>	IN RBI Interest Rate Decision		5.75%	5.5%	5.5%	
<b>10:00 PM</b>	CA Ivey PMI s.a JUL		52.4	55.0	51.8	
Thursday August 08 2019		Actual	Previous	Consensus	Forecast	
<b>11:00 AM</b>	CN Balance of Trade JUL		\$50.98B		\$21B	
<b>11:00 AM</b>	CN Exports YoY JUL		-1.3%			
<b>11:00 AM</b>	CN Imports YoY JUL		-7.3%			
Friday August 09 2019		Actual	Previous	Consensus	Forecast	
<b>09:30 AM</b>	AU RBA Statement on Monetary Policy					
<b>09:30 AM</b>	CN Inflation Rate YoY JUL		2.7%		1.7%	
<b>02:00 PM</b>	DE Balance of Trade JUN		€20.6B		€ 16.6B	
<b>04:30 PM</b>	GB Balance of Trade JUN		£-2.324B		£-2.9B	
<b>04:30 PM</b>	GB GDP Growth Rate YoY Prel Q2		1.8%	1.8%	1.1%	
<b>04:30 PM</b>	GB GDP Growth Rate QoQ Prel Q2		0.5%		-0.1%	
<b>08:30 PM</b>	CA Employment Change JUL		-2.2K	10K		
<b>09:00 PM</b>	RU GDP Growth Rate YoY Prel Q2		0.5%		0.9%	

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

## All Ords Top 10 Week Ending 26 July 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
IFL	IOOF Holdings Ltd	12.0	ILU	Iluka Resources	-14.7
BAL	Bellamy's Australia	11.9	RRL	Regis Resources	-13.5
WOR	WorleyParsons Ltd	11.0	LYC	Lynas Corporation	-5.7
MIN	Mineral Resources.	10.9	FMG	Fortescue Metals Grp	-4.7
WTC	Wisetech Global Ltd	9.1	IPH	IPH Limited	-4.5
APT	Afterpay Touch	8.8	WSA	Western Areas Ltd	-4.1
BPT	Beach Energy Limited	8.7	SFR	Sandfire Resources	-4.0
COE	Cooper Energy Ltd	8.4	RIO	Rio Tinto Limited	-4.0
AOG	Aveo Group	8.1	MTS	Metcash Limited	-3.8
BIN	Bingo Industries Ltd	8.0	CPU	Computershare Ltd	-3.7

Source: IRESS

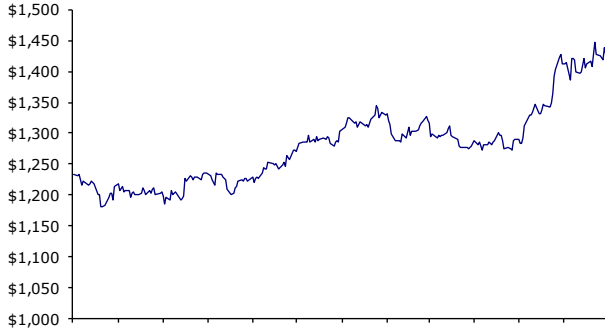
## S & P Indices Week Ending 26 July 2019

S&P Indices	28/07/2019	21/07/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	11007	10586	4.0%	1.2%	23.8%
S&P 200 Materials	14148	14198	-0.4%	-1.4%	42.9%
S&P 200 Industrials	6958	6798	2.4%	1.3%	36.4%
S&P 200 Consumer Disc.	2590	2527	2.5%	5.4%	23.7%
S&P 200 Consumer Staples	12381	12081	2.5%	6.2%	44.7%
S&P 200 Healthcare	35170	34855	0.9%	3.4%	82.4%
S&P 200 Financials	6460	6344	1.8%	2.3%	1.4%
S&P 200 Info Technology	1396	1359	2.7%	1.0%	79.6%
S&P 200 Telecommunicatic	1330	1318	0.9%	0.0%	-24.2%
S&P 200 Utilities	8340	8326	0.2%	-1.7%	10.6%
S&P 200 Property Trusts	1658	1658	0.0%	-0.2%	23.6%
S&P 200 Financials ex PT	7205	7076	1.8%	2.3%	1.4%

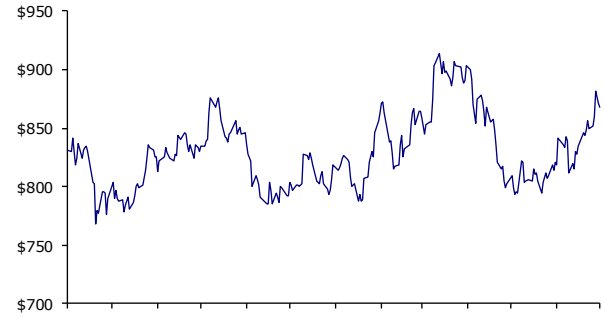
Source: IRESS

### 1 Year Commodity Price Charts

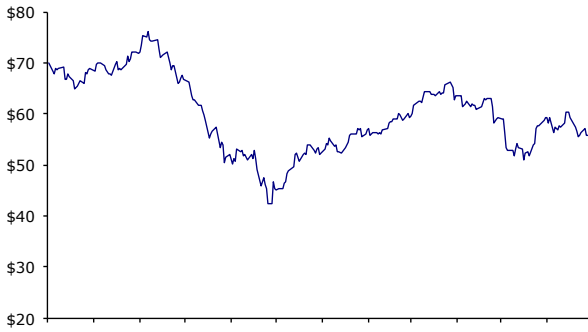
**1 Year Gold**



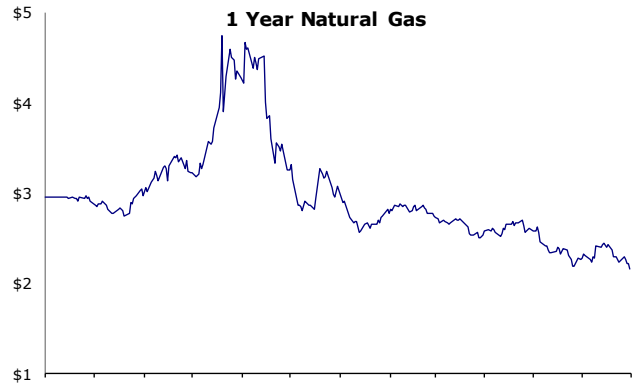
**1 Year Platinum**



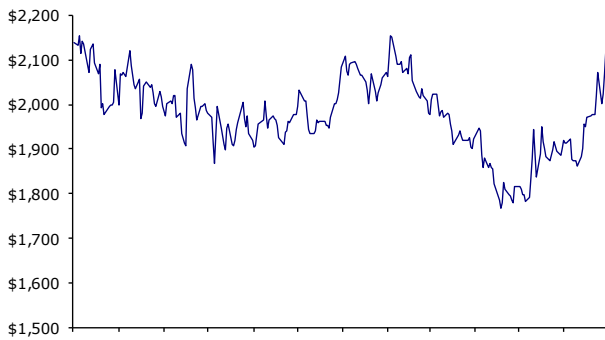
**1 Year Oil**



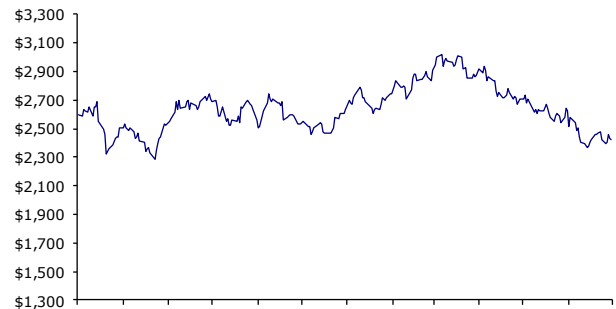
**1 Year Natural Gas**



**1 Year Lead**

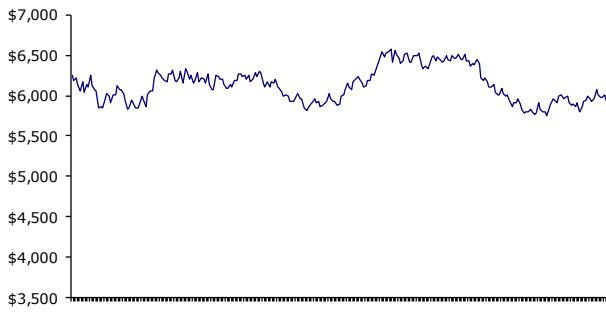


**1 Year Zinc**

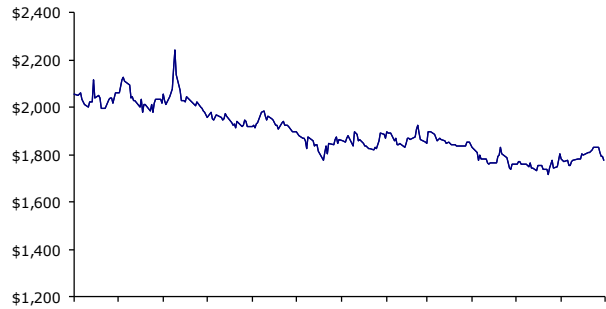




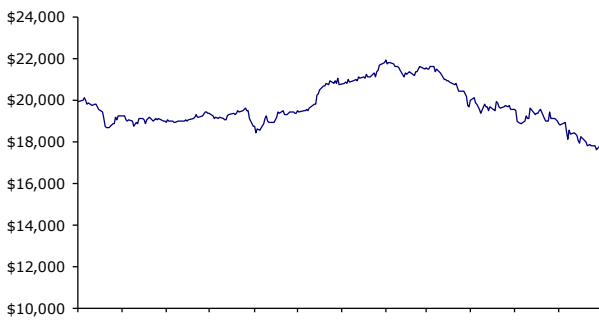
**1 Year Copper**



**1 Year Aluminium**

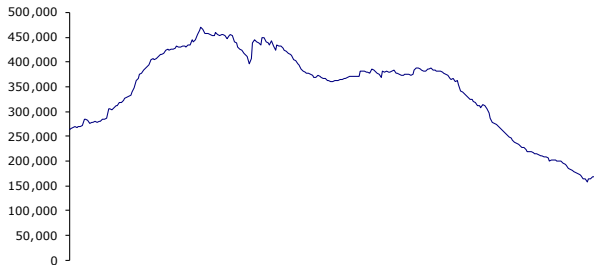


**1 Year Tin**

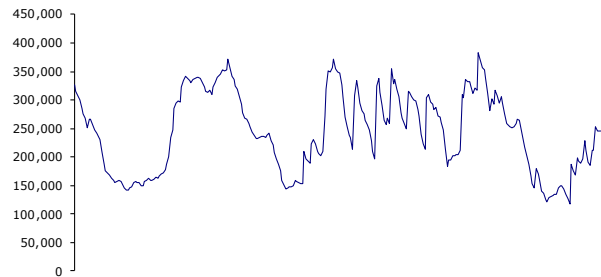


**5 Year Metals Stockpiles**

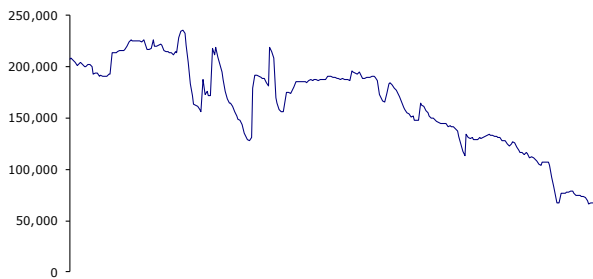
**Nickel LME Stockpiles - 5 Year**



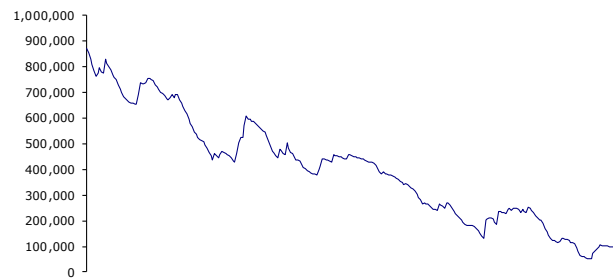
**Copper LME Stockpiles - 5 Year**



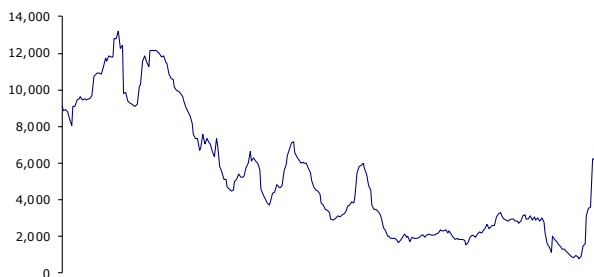
**Lead LME Stockpiles - 5 Year**



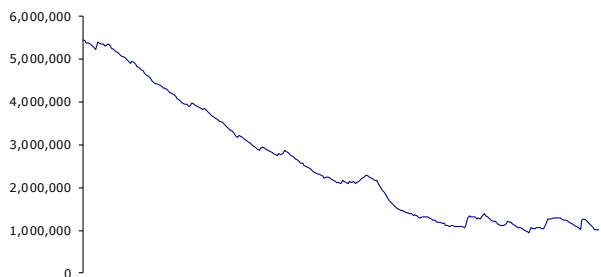
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**



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