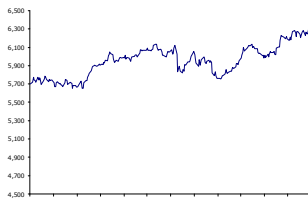


STATE ONE SPINNAKER

29 July 2018
Issue 421

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 29 July 2018

World Markets	29/07/2018	22/07/2018	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6300	6286	0.2%	1.9%	13.6%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2819	2802	0.6%	3.9%	25.5%
FTSE 100	7701	7679	0.3%	1.7%	11.1%
DAX30	12860	12561	2.4%	4.4%	4.6%
Shanghai Composite	2874	2860	0.5%	5.1%	-10.6%
Nikkei 225	22713	22397	1.4%	5.4%	21.0%
Hang Seng	28804	28224	2.1%	2.0%	26.0%
Currency					
AUD/USD	0.7402	0.7381	0.3%	0.6%	-7.3%
Commodities					
Oil (\$/bbl)	69.0	67.8	1.7%	-5.7%	38.7%
Gas (\$/gal)	2.8	2.7	2.0%	-2.1%	-7.5%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6252	6073	2.9%	-3.2%	7.1%
Lead (\$/t)	2138	2100	1.8%	-9.9%	-8.3%
Zinc (\$/t)	2655	2635	0.8%	-5.1%	-3.3%
Aluminium (\$/t)	2055	2075	-1.0%	-3.1%	18.7%
Nickel (\$/t)	13720	13425	2.2%	-2.7%	20.7%
Tin (\$/t)	19925	19475	2.3%	0.4%	-6.9%
Gold (\$/oz)	1233	1231	0.1%	-2.0%	5.1%
Silver (\$/oz)	15.5	15.5	-0.4%	-3.9%	-9.4%
Platinum (\$/oz)	832	830	0.3%	-1.7%	-11.3%
Wheat (\$/t)	529.750	516.750	2.5%	7.9%	29.8%

Source: Iress

Global Wrap

Key points

1. ASX hits fresh 10-year high
2. Poor tech earnings trump US growth figures
3. Stock analysis back: Uranium to shine again?

US

Stocks fell on Friday as poor earnings from Intel and Twitter trumped a strong growth reading for the economy,

The Nasdaq Composite dropped 1.46% to 7,737.42, its biggest drop since June 27. The S&P 500 fell 0.7% to 2,818.82 with tech dropping 2%. The Dow Jones Industrial Average declined 76.01 points to close at 25,451.06.

On Thursday, the sector dropped more than 1.5% as Facebook posted its worst day ever after announcing lower than expected sales and user growth.

The decline came after the Commerce Department said the US economy grew last quarter at its fastest rate since the third quarter of 2014.

The Commerce Department said the US economy grew by 4.1% in the second quarter, in line with official analyst expectations, but lower than the “whisper number”, according to CNBC.

Intel dropped more than 8.5% after announcing delays on its next generation chips. The company did report better-than-expected earnings, however.

Twitter, which reported earnings that matched expectations, dropped more than 20% after it said its number of monthly active users fell.

China

Hong Kong stocks ended little changed on Friday and mainland Chinese shares fell amid continuing concern over trade tensions between the US and China, though measures announced this week by Beijing to stimulate the economy offered support.

The Hang Seng Index ended up 0.08%, or 23.14 points, at 28,804.28, recovering from Thursday’s slip into negative territory, while the Hang Seng China Enterprises Index gained 0.24%, or 26.07 points, to 11,047.42. In mainland China, the Shanghai Composite finished down 0.3%, or 8.64 points, at 2,873.59.

The South China Morning Post reported that sentiment had improved a bit as the Chinese government was introducing measures to stimulate the economy by increasing infrastructure spending.

Financial shares stood out as the main gainers on Friday, with investors taking heart from a looser than expected series of new regulations on China’s wealth management industry announced earlier in the week.

Japan

Stocks gained ground thanks to buybacks on the Tokyo Stock Exchange Friday, although trading was lacklustre ahead of closely watched events next week.

The 225-issue Nikkei average advanced 125.88 points, or 0.56%, to end at 22,712.75. On Thursday, the key market gauge dropped 27.38 points.

The Topix index of all first-section issues closed up 9.98 points, or 0.57%, at 1,775.76, after rising 12.30 points the previous day.

The Tokyo market was bolstered by some relief stemming from easing of concerns over a possible escalation of the US-Europe trade dispute, The Japan Times said.

Investors were also taking a wait-and-see attitude ahead of loads of key events next week.

The coming events include the Bank of Japan’s two-day policy-setting meeting from Monday. A host of earnings reports and some major economic data releases are also scheduled, including industrial production and employment figures on Monday, then housing and consumer confidence on Tuesday.

Europe

European stocks closed higher Friday, tracking their fourth straight week of gains, as investors digested fresh earnings and growth data from the US, CNBC said.

The pan-European Stoxx 600 closed 0.4% higher.

Basic resources jumped as trade concerns eased and corporates brought positive news to the market. Oil and gas stocks were also higher, after BP agreed to buy US shale oil and gas assets from global miner BHP Billiton.

On the economic data front, gross domestic product figures for France were released before the bell — which came in below market forecasts. According to INSEE stats group, France’s economy grew by 0.2% in the second quarter as the European nation was hit by strikes and a drop in consumer spending.

Key euro zone confidence readings will be released on Monday, followed by the zone’s GDP, CPI and employment figures on Tuesday.

Australia

The Australian sharemarket has closed the week higher, hitting a fresh 10-year high on the back of improved market sentiment and commodity prices, Fairfax reported.

The S&P/ASX 200 index rose 14.3 points, or 0.2%, this week to 6300.2, beating the previous 10-year high by 14 points.

Improving trade relations supported base metal prices this week as they recovered from almost two months worth of losses.

The Bloomberg Commodity Index rose 2% this week, its best weekly performance since October 2017. BHP Billiton lifted 4.5% to \$34.40 this week as the company announced the sale of its US shale assets for \$US10.5 billion.

Rio Tinto shares also rose 1.6% to \$81.38, while South32 shares closed the week 2.5% higher at \$3.63.

Newcrest Mining shares also rose this week after the company announced record gold production at its Lihir project in Papua New Guinea. Its shares rose 5.9% to \$21.28.

Domain and Fairfax Media shares both rose on the back of the announced merger in which Fairfax and Nine Entertainment will form a new company called Nine.

Fairfax shares closed the week flat at 80.5¢, while Domain shares were 8.1% higher at \$3.35. Nine Entertainment shares fell 13.1% to \$2.19.

AMP announced on Friday that the cost of its governance scandal would hit about \$500 million over the next few years. It said it was putting aside \$290 million to compensate customers who received poor or no advice, going back 10 years. It also flagged a fall in first-half underlying profits worth up to \$63 million. Its shares fell 9.1% to \$3.30 this week.

The main Australian data on investors' watch list next week is the trade balance on Thursday and retail sales on Friday.

Commodities

Precious metals prices slipped on the strengthening relationship between the US and European Union as safe haven demand softens.

The US announced that it would not impose new tariffs on automotive imports from the European Union and both sides remain in talks as they work towards lowering current tariffs as well.

Pressure from a stronger US dollar has been pushing the price of gold lower. It is currently sitting about 10% below its April high and is currently trading at its lowest price in more than 12 months.

On Friday gold fell within \$6 of last week's one-year low at \$1211.89 then bounced above \$1224 after the US reported annual GDP growth of 4.1% for April to June.

It was mostly a quiet week for **oil** prices, rising on the back of geopolitical tensions at the start of the week before losing those gains on Friday as the oil rig count increased, oilprice.com reported.

Earnings reports started trickling in this week, with strong performances across the board. The recovery of oil markets in the last year is starting to be reflected in earnings, although some share prices were battered as Wall Street had expected more.

STOCK ANALYSIS

Uranium – time to shine after a 7-year slump?

ASX small cap uranium players made strong gains late in the week after Canadian uranium heavyweight Cameco (NYSE:CCJ) announced it was extending the six-month suspension of production indefinitely at the group's McArthur River and Key Lake mines, laying off 550 site employees and 150 corporate staff. The operations are among the world's largest and highest-grade uranium mines, having a combined production capacity of 18 million pounds of U₃O₈ per annum or 11% of annual global primary uranium production of 160Mlb.

In the oil market, this would be equivalent to Saudi Arabia effectively shutting up shop!

The uranium price reacted positively to the news, spiking up 6.2% (US\$1.25/lb) on Thursday to US\$25.65 – the biggest intraday move in the past two years.

However, prices are still well below the US\$70/lb level that producers enjoyed prior to the March 2011 Fukushima Daiichi nuclear disaster that forced Japan to shut down its entire reactor fleet.

Most market commentators believe that at current price levels, even the lowest cost uranium mining operations in the world are struggling to break even on an estimated "all-in" cost/lb basis.

As higher priced supply contracts expire, we believe more and more producers may be forced to curtail

production – unless we see a significant upward shift in the spot price. In addition, current prices are a long way off the US\$60/lb trigger price needed for new mines to come into production.

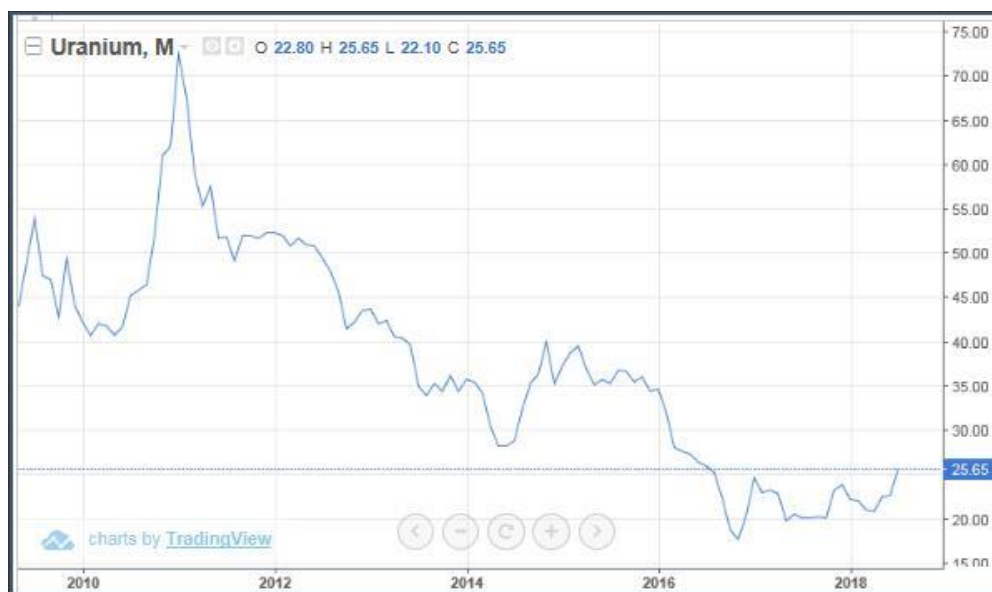
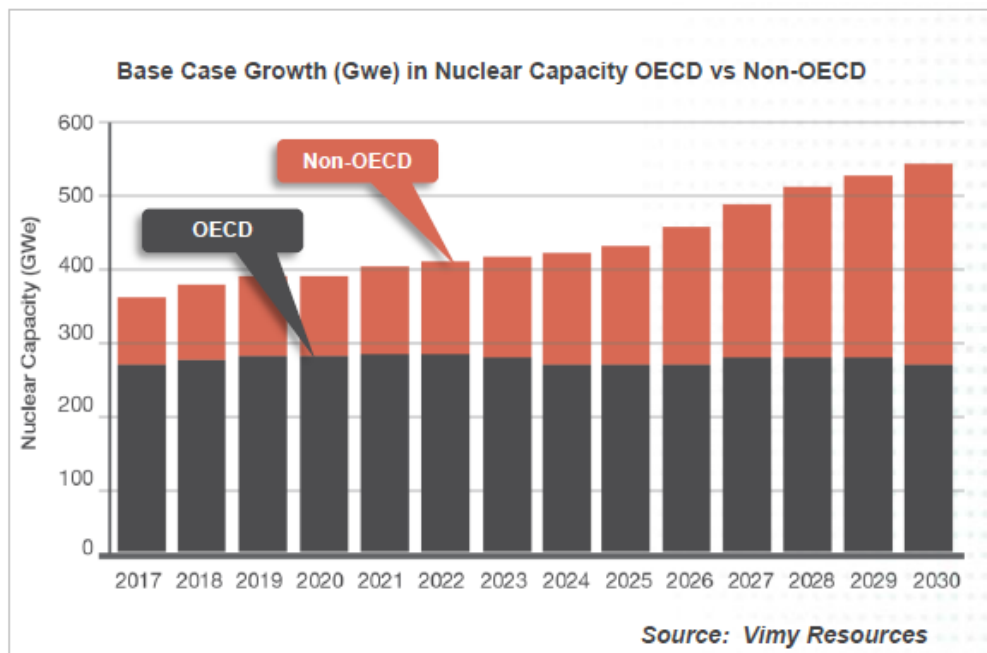
On the demand side, uranium demand is growing with 59 nuclear reactors under construction and Japan potentially restarting an additional 25 reactors (on top of nine that have restarted since 2011).

Thus, it looks like over the next two years, the uranium supply/demand balance is going to become increasingly tight.

For investors with this sort of time horizon, uranium-exposed stocks – which have been heavily sold-off in recent years - could provide attractive returns.

Stocks to consider:

- Producer: Paladin Energy (ASX:PDN)
- Near-term Producer: Boss Resources (ASX:BOE)
- Leverage play: Bannerman Resources (ASX:BMN)



Economic Calendar 30/07/2018 – 3/08/2018

Monday July 30 2018				Actual	Previous	Consensus	Forecast	
05:00 PM	EA	Business Confidence JUL		1.39	1.35	1.29		
08:00 PM	DE	Inflation Rate YoY Prel JUL		2.1%	2.1%	2%		
Tuesday July 31 2018				Actual	Previous	Consensus	Forecast	
07:01 AM	GB	Gfk Consumer Confidence JUL		-9	-9	-10		
07:30 AM	JP	Unemployment Rate JUN		2.2%	2.3%	2.2%		
09:00 AM	CN	NBS Manufacturing PMI JUL		51.5	51.3	51.2		
11:00 AM	JP	BoJ Interest Rate Decision		-0.1%	-0.1%	-0.1%		
01:00 PM	JP	BoJ Quarterly Outlook Report			+			
01:00 PM	JP	Consumer Confidence JUL		43.7	44.0	43.8		
03:00 PM	ES	GDP Growth Rate YoY Flash Q2		3%	2.8%	2.9%		
03:00 PM	ES	GDP Growth Rate QoQ Flash Q2		0.7%	0.7%	0.6%		
03:55 PM	DE	Unemployment Change JUL		-15K	-10K	-17K		
03:55 PM	DE	Unemployment Rate JUL		5.2%	5.2%	5.2%		
05:00 PM	EA	GDP Growth Rate YoY Flash Q2		2.5%	2.2%	2.5%		
05:00 PM	EA	GDP Growth Rate QoQ Flash Q2		0.4%	0.4%	0.5%		
05:00 PM	EA	Unemployment Rate JUN		8.4%	8.3%	8.4%		
06:00 PM	IT	GDP Growth Rate YoY Adv Q2		1.4%	1.2%	1.4%		
06:00 PM	IT	GDP Growth Rate QoQ Adv Q2		0.3%	0.2%	0.3%		
08:30 PM	US	Personal Income MoM JUN		0.4%	0.4%	0.3%		
08:30 PM	US	Personal Spending MoM JUN		0.2%	0.4%	0.4%		
Wednesday August 01 2018				Actual	Previous	Consensus	Forecast	
09:45 AM	CN	Caixin Manufacturing PMI JUL		51.0	50.8	50.9		
05:00 PM	IN	RBI Interest Rate Decision		6.25%	6.5%	6.5%		
08:15 PM	US	ADP Employment Change JUL		177K	185K	174K		
10:00 PM	US	ISM Manufacturing PMI JUL		60.2	59.5	59.5		
Thursday August 02 2018				Actual	Previous	Consensus	Forecast	
02:00 AM	US	Fed Interest Rate Decision		2%	2%	2%		
09:30 AM	AU	Balance of Trade JUN		A\$0.83B	A\$0.9B	A\$ 0.3B		
07:00 PM	GB	BoE Interest Rate Decision		0.5%	0.75%	0.75%		
07:00 PM	GB	BoE Quantitative Easing		£435B	£435B	£435B		
Friday August 03 2018				Actual	Previous	Consensus	Forecast	
07:50 AM	JP	BoJ Monetary Policy Meeting Minutes						
08:30 PM	CA	Balance of Trade JUN		C\$-2.77B	C\$-2.3B	C\$ -2.9B		
08:30 PM	US	Non Farm Payrolls JUL		213K	190K	191K		
08:30 PM	US	Balance of Trade JUN		\$-43.1B	\$-46.2B	\$ -41B		
08:30 PM	US	Unemployment Rate JUL		4%	3.9%	4%		
10:00 PM	US	ISM Non-Manufacturing PMI JUL		59.1	58.7	58.4		

Source: www.tradingeconomics.com

Economic Calendar 6/08/2018 – 10/08/2018

Monday August 06 2018		Actual	Previous	Consensus	Forecast	
12:00 PM	ID GDP Growth Rate YoY Q2		5.06%	5.18%	5.2%	
Tuesday August 07 2018		Actual	Previous	Consensus	Forecast	
12:30 PM	AU RBA Interest Rate Decision		1.5%	1.5%	1.5%	
02:00 PM	DE Balance of Trade JUN	€19.7B		+	€ 24.5B	
10:00 PM	CA Ivey PMI s.a JUL		63.1	+	63.01	
Wednesday August 08 2018		Actual	Previous	Consensus	Forecast	
09:30 AM	AU NAB Business Confidence JUL		6	+	7	
11:00 AM	CN Balance of Trade JUL	\$41.61B		\$27.61B	\$26B	
11:00 AM	CN Exports YoY JUL		11.3%	10%		
11:00 AM	CN Imports YoY JUL		14.1%	20.8%		
Thursday August 09 2018		Actual	Previous	Consensus	Forecast	
09:30 AM	CN Inflation Rate YoY JUL		1.9%	+	2.1%	
Friday August 10 2018		Actual	Previous	Consensus	Forecast	
07:50 AM	JP GDP Growth Annualized Prel Q2		-0.6%	-0.2%	0.9%	
07:50 AM	JP GDP Growth Rate QoQ Prel Q2		-0.2%	+	0.20%	
09:30 AM	AU RBA Statement on Monetary Policy			+		
04:30 PM	GB Balance of Trade JUN	£-2.79B		+	£ -3B	
04:30 PM	GB GDP Growth Rate YoY Prel Q2		1.2%	+	1.4%	
04:30 PM	GB GDP Growth Rate QoQ Prel Q2		0.2%	+	0.4%	
04:30 PM	GB Monthly GDP 3-Month Avg JUN		0.2%	+	0.3%	
08:30 PM	CA Employment Change JUL	31.8K		24K	-11K	
08:30 PM	CA Unemployment Rate JUL		6%	5.8%	5.9%	
08:30 PM	US Core Inflation Rate YoY JUL		2.3%	2.3%	2.3%	
08:30 PM	US Inflation Rate YoY JUL		2.9%	2.9%	2.9%	
09:00 PM	RU GDP Growth Rate YoY Prel Q2		1.3%	+	1.2%	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 27 July 2018

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
LYC	Lynas Corporation	15.3	AMP	AMP Limited	-9.1
MYX	Mayne Pharma Ltd	14.5	APX	Appen Limited	-8.0
DHG	Domain Holdings Aus	8.1	BSL	BlueScope Steel Ltd	-4.4
SGM	Sims Metal Mgmt Ltd	7.2	GNC	GrainCorp Limited	-4.2
GEM	G8 Education Limited	6.9	ECX	Eclixp Group Ltd	-3.4
BKL	Blackmores Limited	6.1	EVN	Evolution Mining Ltd	-3.0
SYR	Syrah Resources	6.1	FMG	Fortescue Metals Grp	-2.7
AZJ	Aurizon Holdings Ltd	6.0	BLD	Boral Limited	-2.5
NCM	Newcrest Mining	5.9	AAD	Ardent Leisure Group	-2.0
NST	Northern Star	5.5	CSL	CSL Limited	-1.9

Source: IRESS

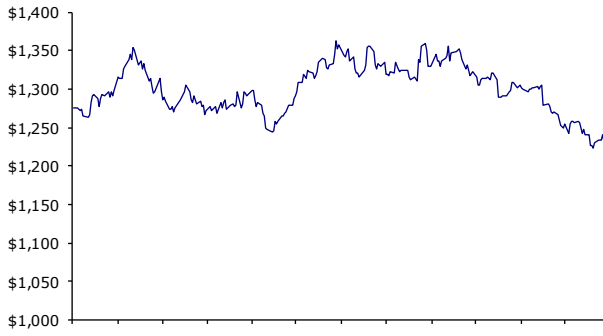
S & P Indices Week Ending 27 July 2018

S&P Indices	29/07/2018	22/07/2018	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	12014	11677	2.9%	0.1%	35.1%
S&P 200 Materials	12258	12017	2.0%	2.1%	23.8%
S&P 200 Industrials	6141	6107	0.6%	3.6%	20.4%
S&P 200 Consumer Disc.	2539	2517	0.9%	3.2%	21.3%
S&P 200 Consumer Staples	11266	11413	-1.3%	-0.2%	31.7%
S&P 200 Healthcare	31379	31753	-1.2%	2.6%	62.8%
S&P 200 Financials	6368	6388	-0.3%	2.6%	-0.1%
S&P 200 Info Technology	1150	1153	-0.3%	2.0%	47.8%
S&P 200 Telecommunicatic	1034	1045	-1.1%	2.2%	-41.1%
S&P 200 Utilities	8046	7998	0.6%	-3.2%	6.7%
S&P 200 Property Trusts	1422	1430	-0.6%	0.1%	6.0%
S&P 200 Financials ex PT	7102	7125	-0.3%	2.6%	-0.1%

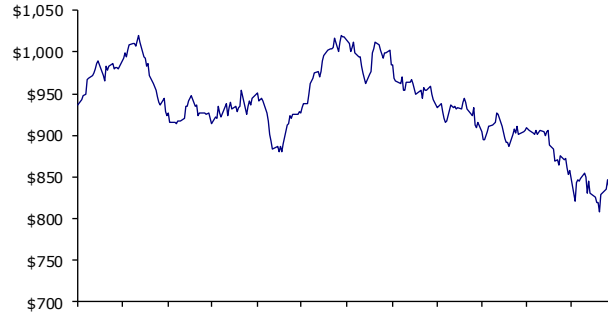
Source: IRESS

1 Year Commodity Price Charts

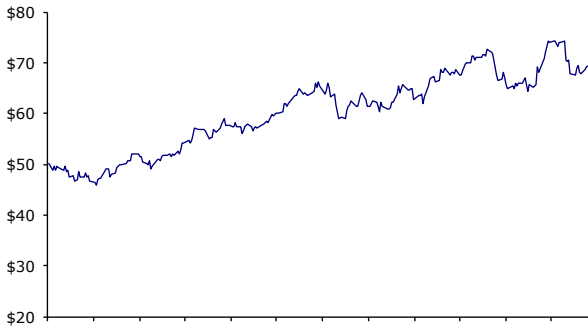
1 Year Gold



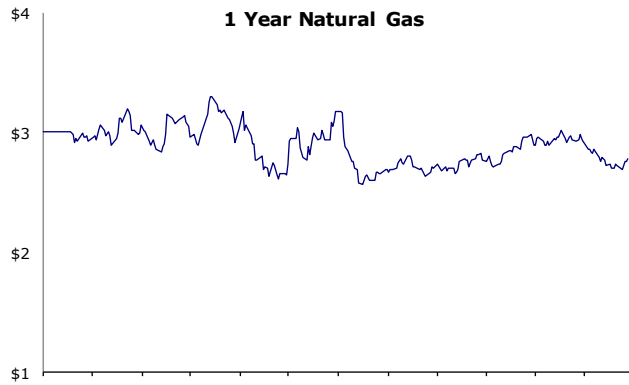
1 Year Platinum



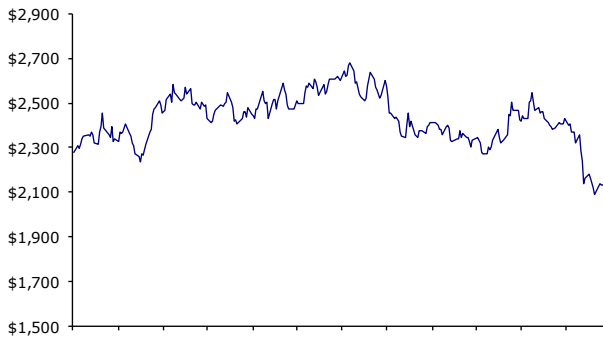
1 Year Oil



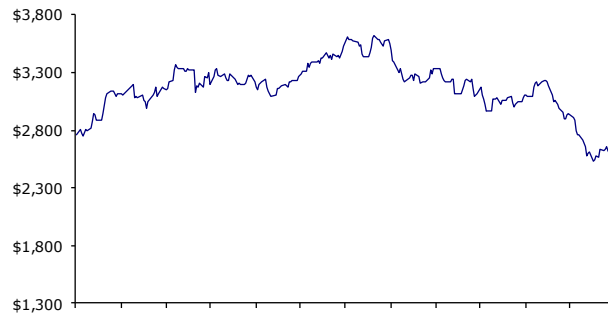
1 Year Natural Gas



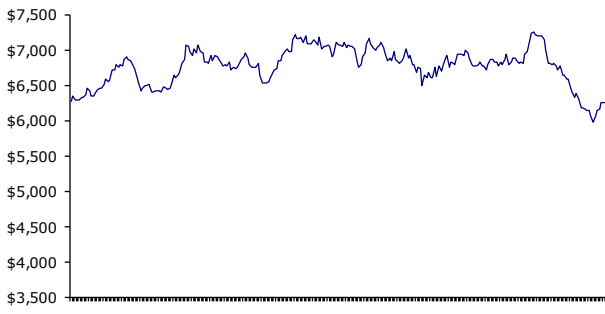
1 Year Lead



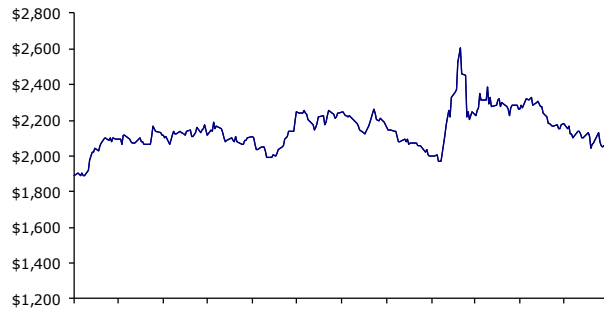
1 Year Zinc



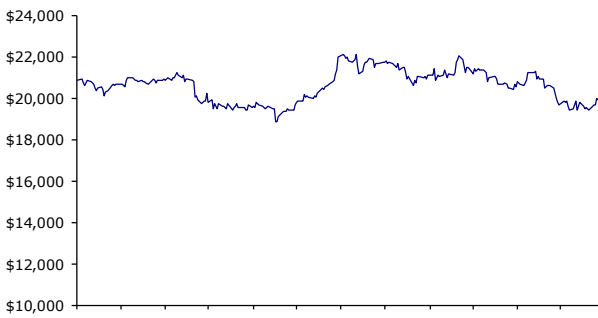
1 Year Copper



1 Year Aluminium

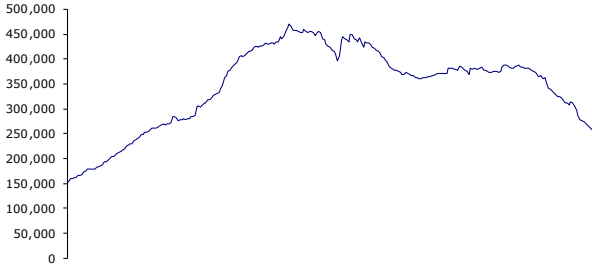


1 Year Tin

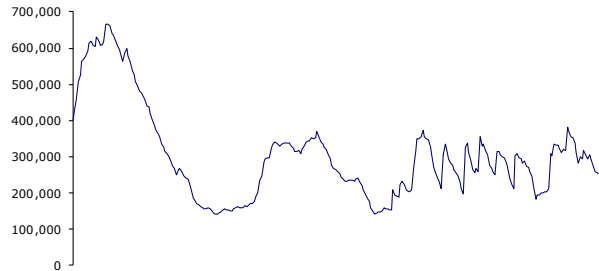


5 Year Metals Stockpiles

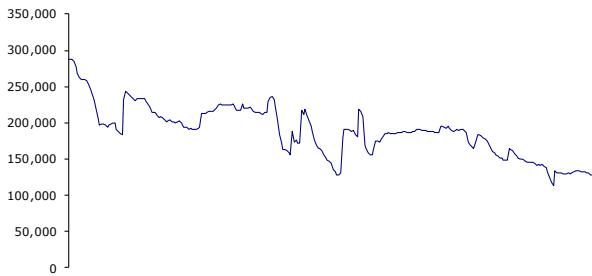
Nickel LME Stockpiles - 5 Year



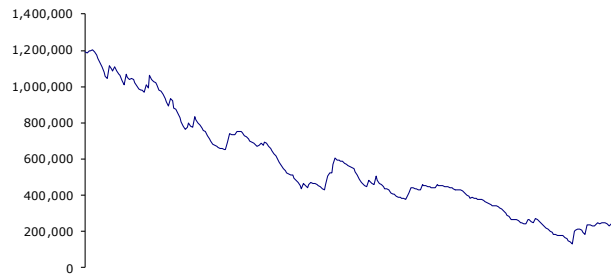
Copper LME Stockpiles - 5 Year



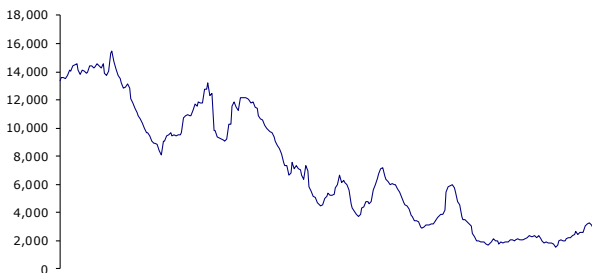
Lead LME Stockpiles - 5 Year



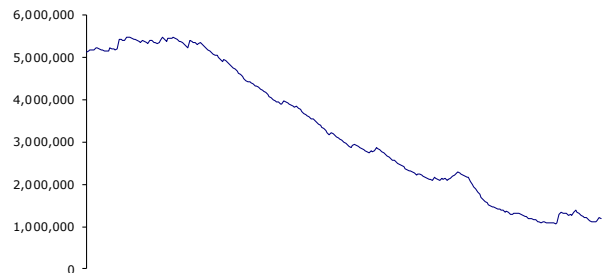
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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