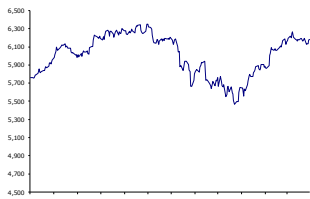


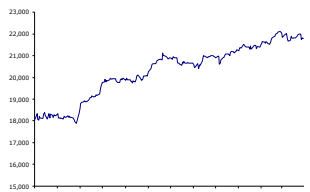
STATE ONE SPINNAKER

31 March 2019
Issue 454

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 31 March 2019

World Markets	31/03/2019	24/03/2019	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6181	6195	-0.2%	-1.0%	11.5%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2834	2801	1.2%	2.3%	26.2%
FTSE 100	7279	7208	1.0%	1.2%	5.0%
DAX30	11526	11364	1.4%	-0.5%	-7.0%
Shanghai Composite	3091	3043	1.6%	-0.5%	-3.9%
Nikkei 225	21206	20977	1.1%	-1.2%	13.0%
Hang Seng	29051	29113	-0.2%	0.0%	27.1%
Currency					
AUD/USD	0.7097	0.7112	-0.2%	-0.2%	-7.6%
Commodities					
Oil (\$/bbl)	60.1	59.1	1.8%	6.7%	-7.3%
Gas (\$/gal)	2.7	2.8	-3.4%	-5.9%	-0.6%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6485	6375	1.7%	-0.3%	11.1%
Lead (\$/t)	2022	2020	0.1%	-3.3%	-13.3%
Zinc (\$/t)	2929	2865	2.2%	4.6%	6.7%
Aluminium (\$/t)	1900	1867	1.8%	2.9%	9.7%
Nickel (\$/t)	13015	12930	0.7%	-4.4%	14.5%
Tin (\$/t)	21575	21600	-0.1%	0.0%	0.8%
Gold (\$/oz)	1299	1319	-1.5%	0.9%	10.8%
Silver (\$/oz)	15.1	15.4	-1.9%	0.1%	-11.6%
Platinum (\$/oz)	853	853	0.0%	3.0%	-9.0%
Wheat (\$/t)	458.000	466.250	-1.8%	1.8%	12.2%

Source: Iress

Global Wrap

Key points

1. **Optimism returns to US markets**
2. **Iron ore miners and lithium play up on ASX**
3. **Stock analysis: What the yield curve moves mean for investors**

US

Stocks rose on Friday amid renewed optimism on the progress of trade talks between Washington and Beijing as Wall Street wrapped up a stellar quarter, CNBC reported.

The Dow Jones Industrial Average closed 211.22 points higher at 25,928.68 as Boeing, UnitedHealth and Caterpillar outperformed on trade hopes.

The S&P 500 advanced 0.7% to 2,834.40, led by the industrials and health care sectors.

The Nasdaq Composite climbed 0.8% to 7,729.32.

Sentiment was lifted by Lyft, as the ride-sharing company surged more than 8% in its first day of trading.

In trade talks, US officials said China had made proposals on a range of issues that go further than it has before, including forced technology transfer.

Treasury Secretary Steven Mnuchin also said on Friday he had a "productive working dinner" with Chinese trade officials the previous night in Beijing, as both sides restart negotiations with the hope of bringing an end to their protracted trade dispute.

The world's two largest economies have imposed tariffs on billions of dollars' worth of one another's goods over the past year, battering financial markets and souring business and consumer sentiment.

China

Stocks closed higher on Friday to clock the third straight month of gains, as investors cheered Beijing's pledge to further liberalise financial markets, and on renewed hopes of progress in US-China trade talks, Reuters reported.

The blue-chip CSI300 index ended up 3.9% to 3,872.34 points, while the Shanghai Composite Index closed up 3.2% at 3,090.76 points.

For the week, CSI300 edged up 1%, SSEC slipped 0.4%.

For the month, CSI300 was up 5.5%, while SSEC gained 5.1%, both posting their third month of rises in a row.

China will sharply expand market access for foreign banks and securities and insurance companies, especially in its financial services sector, Premier Li Keqiang said on Thursday, as senior US officials arrived in Beijing for more trade talks.

In line with this the Bloomberg Barclays Global Aggregate Index will start including China's onshore bonds starting next Monday, a milestone in China's capital markets opening.

Japan

Stocks turned higher on the Tokyo Stock Exchange on Friday, supported by buybacks following a plunge the previous day and an overnight rebound in US equities, The Japan Times reported.

The 225-issue Nikkei average rose 172.05 points, or 0.82%, to end at 21,205.81.

Sentiment improved after Wall Street advanced on Thursday on renewed hopes for progress in US-China trade talks, brokers said.

The yen's fall against the dollar and a rise in Shanghai stocks also gave investors a sense of relief.

Europe

The pan-European Stoxx 600 index closed 0.56% higher on the last trading session of the month.

For the week, the index of European blue chip stocks finished 0.78% higher.

On Britain's so-called "Independence Day" Prime Minister Theresa May's draft proposal to leave the EU, which has been signed off by EU officials in Brussels, was beaten by 344 votes to 286. The UK is now on track to leave the EU on April 12 without a deal.

Also dampening sentiment were results from the German monthly purchasing managers' index (PMI) survey. This showed that manufacturers expectations are at their worst level in six-and-a-half years, following a fall in new export orders due to uncertainty around global growth.

Australia

Australian shares weren't able to recover from Monday's [\\$20 billion sell-off](#), ending the week lower as the major banks weighed, The Sydney Morning Herald reported.

The S&P/ASX 200 Index closed the week 14.5 points or 0.2% lower at 6180.7. The broader All Ordinaries fell 19.2 points or 0.3% to 6261.7.

The major banks were modestly weaker this week, prompted by a record low for the Australian [10-year government bond yield](#), as investors fretted that the moves in the bond market signalled another brake on profits.

Westpac slid 2.2% per cent to \$25.92, ANZ closed at \$26.03, down 1.8% and Commonwealth Bank fell 1.1% to \$70.64.

South32 fell 3.6% to \$3.73 and Alumina slipped 7.3% to \$2.42 after Norwegian aluminium giant Norsk Hydro said it had agreed with Brazil's federal prosecutor to have a third-party technical assessment that could lead to it resuming full production at the half-shut Alunorte alumina refinery.

Energy stocks closed the week lower following a slide in the price of oil as fear of a global slowdown

peaked.

Woodside Petroleum fell 3.3% to \$34.62, Origin Energy closed 4.8% lower at \$7.20, Santos slid 5% to \$6.83 and Oil Search went down 5.1% to \$7.85.

The major iron ore miners closed the week higher with some modest gains. BHP Group rose 2.3% to \$38.49, Rio Tinto advanced 4% to \$97.91 and Fortescue Metals Group closed at \$7.11, up 7.9% for the week.

Lynas Corp rose 28.6% to \$2.09 after Wesfarmers made a \$1.5 billion takeover offer for the rare earths miner, saying it could provide the financial firepower and political savvy needed to take full advantage of its assets and solve its [crisis in Malaysia](#).

Pilbara Minerals advanced 11.3% this week to \$0.79 after declaring commercial production at its Pilgangoora project in Western Australia, moving to sell up to 49 per cent of the project and dusting off plans for a lithium chemicals plant.

Key releases investors will be watching next week:

1. Commonwealth Budget for 2019-20 on Tuesday, 2 April.

The Budget will be released by Treasurer Frydenberg in Canberra.

National Australia Bank is expecting the federal budget to show a surplus of \$1.3 billion for the current financial year, a surplus for the first time in over a decade.

2. Australian Housing Industry Association New Home Sales monthly report: Monday, 1 April.

This will provide data on the lending environment and construction industry, two major drivers of the Australian economy.

3. US monthly retail sales data: Monday, 1 April.

Monthly US retail sales data will be released providing insight into consumer sentiment and the state of the world's second largest economy.

4. US monthly PMI manufacturing data Tuesday, 2 April

Expectations are that the US PMI Index will decrease from February to March due to reduced factory activity amid softer new orders and output.

Stock analysis: What the yield curve moves mean for investors

Australian short-term rates are currently higher than long-term rates, pointing to likely interest rate cuts and AUD weakness

The yield on Australian three-month bank bills is now higher than those for Australian 10-year government bonds.

The Australian curve has inverted on several occasions over the past decade, yet Australia hasn't recorded a recession — defined as two consecutive quarters of negative real economic growth — since the early 1990s.

However, while that suggests the recession signals from the recent Australian curve inversion should be treated with plenty of caution, it still has plenty of information for investors on the outlook for the RBA cash rate.

As Richard Grace, Chief Currency Strategist at the Commonwealth Bank explains, whenever three-month Australian yields have been higher than 10-year yields, the RBA has almost always cut rates since 1990.

"The Australian yield curve inversion has, in the past, signalled RBA rate cuts in six out of the last seven yield curve inversions," Grace said in a note released today.

"The one exception was during the 2003-2008 mining investment boom, but this inversion eventually ended with the RBA cutting interest rates when the 2008-09 global financial crisis hit."

It's also a pretty good indicator on where the Australian dollar will move next, at least against the greenback.

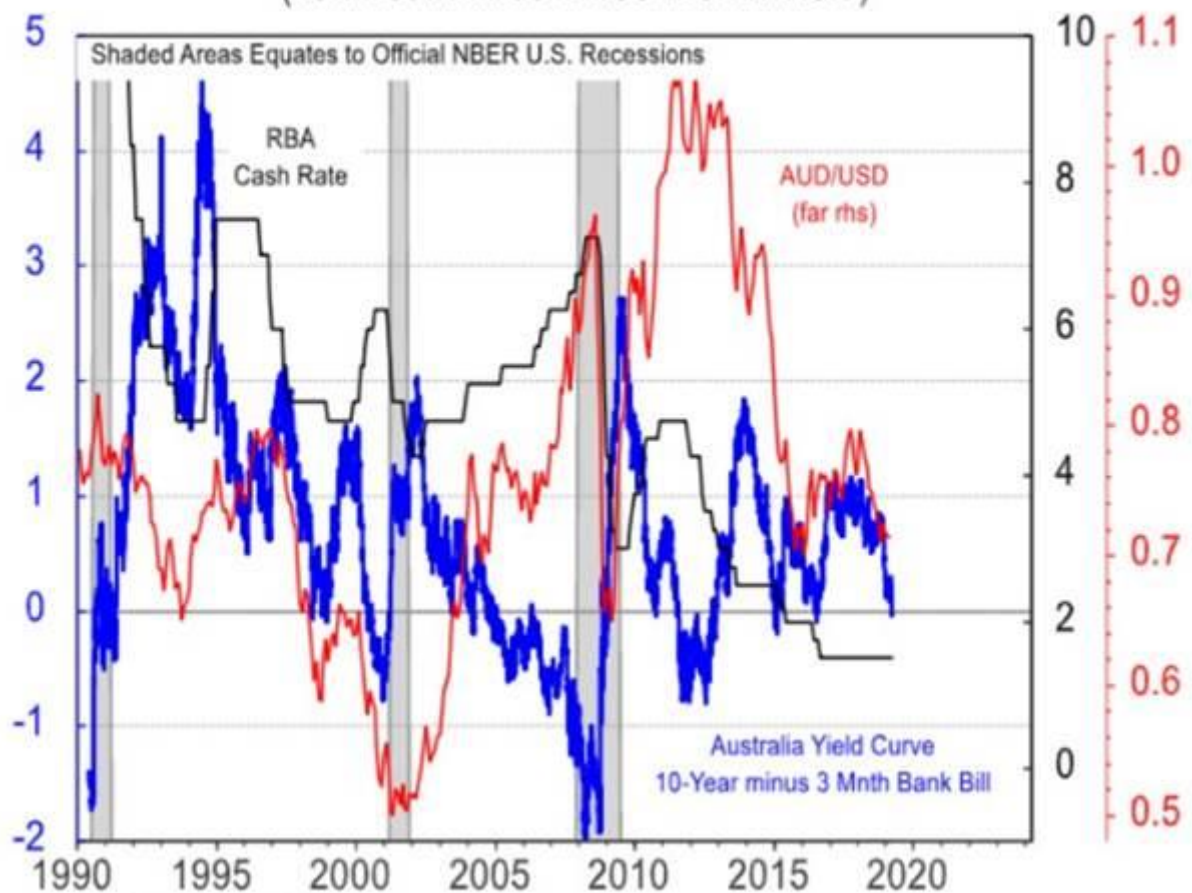
"The AUD/USD has typically declined when the Australian yield curve has inverted," Grace said. "Again, the exception was during the 2003-2008 mining investment boom."

Given interest rate differentials are a major factor that help determine currency valuations, the link between rate cuts and Australian dollar weakness are not all that surprising. As things currently stand, financial markets are now fully priced for two 25 basis point rate cuts from the RBA by August next year. The first of those is fully priced to occur in August this year. The Commonwealth Bank, unlike several other forecasters who have recently changed their RBA calls, still sees the next move in Australia's cash rate as higher, albeit not until late 2020 at the earliest.

Investment takeaway: Pivot towards stocks which are leveraged towards a weaker AUD:USD exchange rate

AUD/USD and AUSTRALIA YIELD CURVE

(Ten-Year minus Three-Month Yield)



Economic Calendar 1/04/2019 – 5/04/2019

Monday April 01 2019			Actual	Previous	Consensus
07:50 AM	JP	Tankan Large Manufacturers Index Q1		19	14
08:30 AM	AU	NAB Business Confidence MAR		2	4
09:45 AM	CN	Caixin Manufacturing PMI MAR		49.9	49.9
03:55 PM	DE	Markit Manufacturing PMI Final MAR		47.6	44.7
08:30 PM	US	Retail Sales MoM FEB		0.2%	0.3%
10:00 PM	US	ISM Manufacturing PMI MAR		54.2	54.5
Tuesday April 02 2019			Actual	Previous	Consensus
08:30 PM	US	Durable Goods Orders MoM FEB		0.4%	-1.2%
Wednesday April 03 2019			Actual	Previous	Consensus
08:30 AM	AU	Balance of Trade FEB		A\$4.549B	A\$3.8B
10:00 PM	US	ISM Non-Manufacturing PMI MAR		59.7	58.7
Thursday April 04 2019			Actual	Previous	Consensus
07:30 PM	EA	ECB Monetary Policy Meeting Accounts			
10:00 PM	CA	Ivey PMI s.a MAR		50.6	
Friday April 05 2019			Actual	Previous	Consensus
08:30 PM	US	Non Farm Payrolls MAR		20K	170K

Source: www.tradingeconomics.com

Economic Calendar 8/04/2019 – 12/04/2019

Monday April 08 2019			Actual	Previous	Consensus
01:00 PM	JP	Consumer Confidence MAR		41.5	
02:00 PM	DE	Balance of Trade FEB		€14.5B	
Wednesday April 10 2019			Actual	Previous	Consensus
08:30 AM	AU	Westpac Consumer Confidence Index APR		98.8	
08:30 AM	AU	Westpac Consumer Confidence Change APR		-4.8%	
04:30 PM	GB	Balance of Trade FEB		£-3.825B	
08:30 PM	EA	ECB Press Conference			
08:30 PM	US	Core Inflation Rate YoY MAR		2.1%	2.1%
08:30 PM	US	Inflation Rate YoY MAR		1.5%	1.8%
	EU	European Council Meeting			
Thursday April 11 2019			Actual	Previous	Consensus
02:00 AM	US	FOMC Minutes			
09:30 AM	CN	Inflation Rate YoY MAR		1.5%	1.5%
02:00 PM	DE	Inflation Rate YoY Final MAR		1.5%	1.3%
	IN	India General Election Voting Starts			
Friday April 12 2019			Actual	Previous	Consensus
09:30 AM	AU	RBA Financial Stability Review			
11:00 AM	CN	Balance of Trade MAR		\$4.08B	\$26.38B
11:00 AM	CN	Exports YoY MAR		-20.7%	-4.8%
11:00 AM	CN	Imports YoY MAR		-5.2%	-1.4%
10:00 PM	US	Michigan Consumer Sentiment Prel APR		98.4	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 29 March 2019

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
LYC	Lynas Corporation	28.6	ECX	Eclipx Group Ltd	-14.1
PLS	Pilbara Min Ltd	11.3	ALG	Ardentleisuregrpltd	-13.4
CGF	Challenger Limited	10.7	SOL	Soul Pattinson (W.H)	-9.1
FMG	Fortescue Metals Grp	7.9	ALU	Altium Limited	-7.7
SUL	Super Ret Rep Ltd	7.8	NHC	New Hope Corporation	-7.4
HVN	Harvey Norman	5.5	AWC	Alumina Limited	-7.3
DMP	Domino Pizza Enterpr	5.4	MMS	McMillan Shakespeare	-6.8
CHC	Charter Hall Group	5.2	EHL	Emeco Holdings	-6.3
SAR	Saracen Mineral	5.1	SWM	Seven West Media Ltd	-5.8
PDL	Pendal Group Ltd	5.0	HLS	Healius	-5.7

Source: IRESS

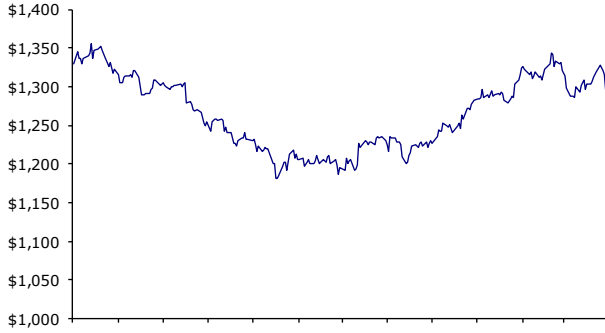
S & P Indices Week Ending 29 March 2019

S&P Indices	31/03/2019	24/03/2019	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	10988	11455	-4.1%	-4.4%	23.6%
S&P 200 Materials	13100	12909	1.5%	1.2%	32.3%
S&P 200 Industrials	6281	6252	0.5%	0.9%	23.1%
S&P 200 Consumer Disc.	2325	2340	-0.6%	-0.4%	11.1%
S&P 200 Consumer Staples	10764	10767	0.0%	0.2%	25.8%
S&P 200 Healthcare	30358	30696	-1.1%	-1.1%	57.5%
S&P 200 Financials	5831	5868	-0.6%	-3.8%	-8.5%
S&P 200 Info Technology	1281	1316	-2.7%	-0.6%	64.7%
S&P 200 Telecommunicatic	1177	1162	1.3%	2.4%	-32.9%
S&P 200 Utilities	8143	8196	-0.6%	0.8%	8.0%
S&P 200 Property Trusts	1567	1557	0.6%	2.9%	16.8%
S&P 200 Financials ex PT	6504	6545	-0.6%	-3.8%	-8.5%

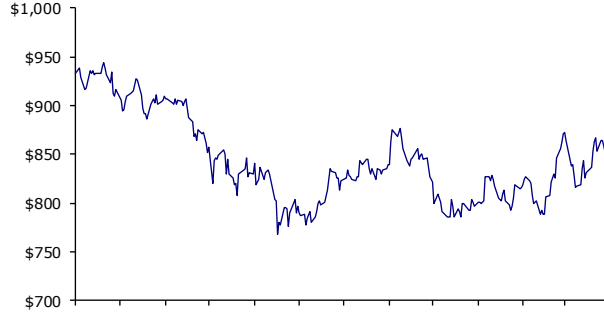
Source: IRESS

1 Year Commodity Price Charts

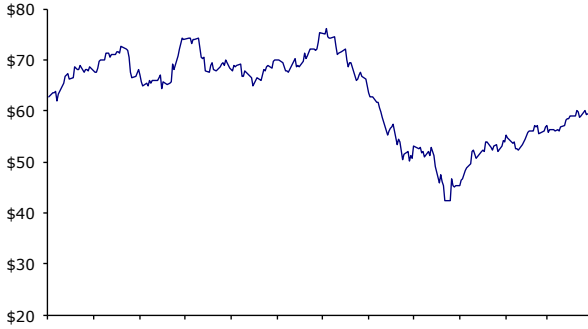
1 Year Gold



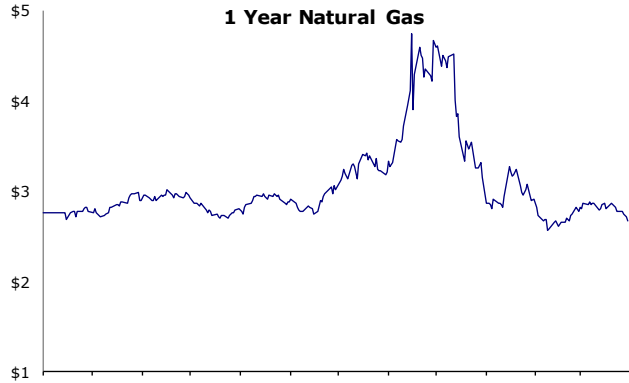
1 Year Platinum



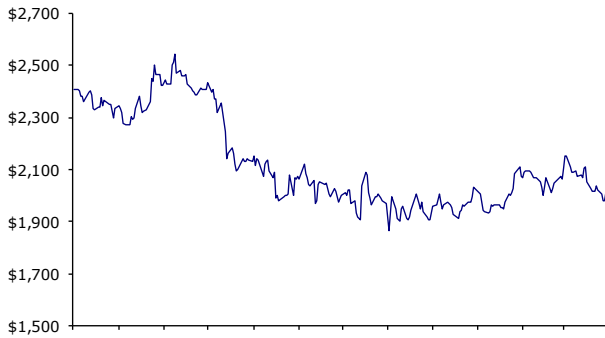
1 Year Oil



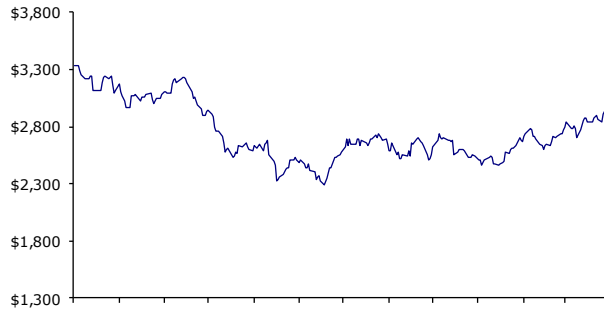
1 Year Natural Gas



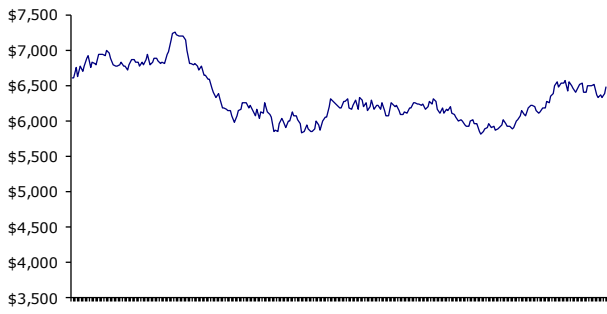
1 Year Lead



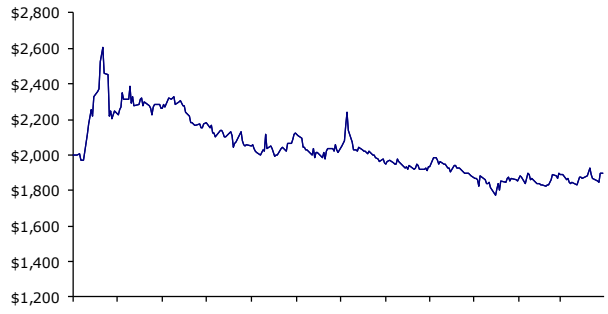
1 Year Zinc



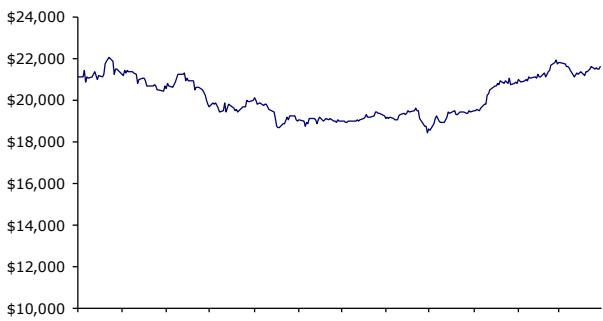
1 Year Copper



1 Year Aluminium

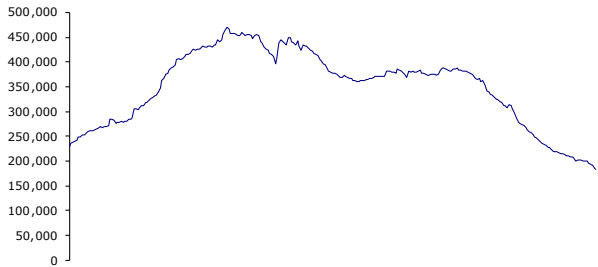


1 Year Tin

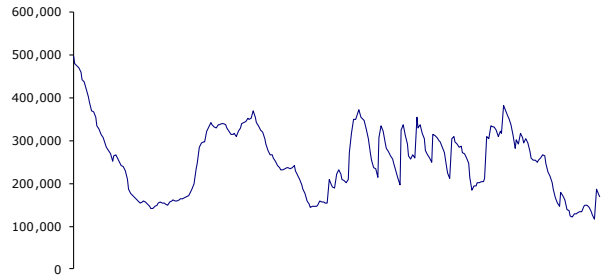


5 Year Metals Stockpiles

Nickel LME Stockpiles - 5 Year



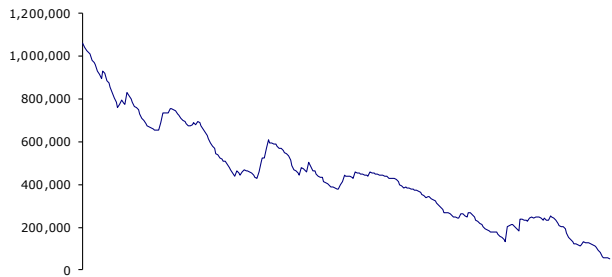
Copper LME Stockpiles - 5 Year



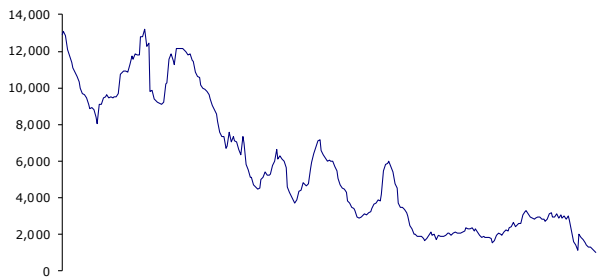
Lead LME Stockpiles - 5 Year



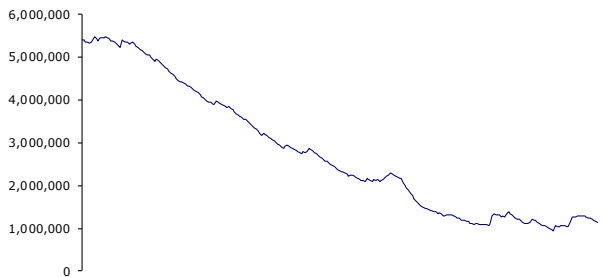
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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