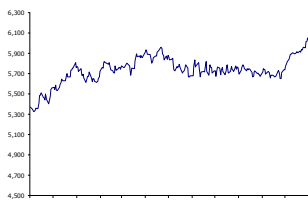


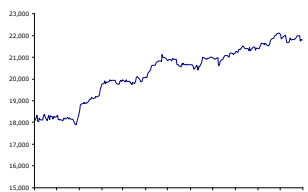
STATE ONE SPINNAKER

12 November 2017
Issue 390

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 12 November 2017

World Markets	12/11/2017	5/11/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6029	5960	1.2%	2.4%	15.4%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2582	2588	-0.2%	0.8%	23.6%
FTSE 100	7433	7560	-1.7%	-1.5%	9.5%
DAX30	13127	13479	-2.6%	0.6%	22.5%
Shanghai Composite	3433	3388	1.3%	1.9%	9.7%
Nikkei 225	22681	22548	0.6%	5.7%	32.4%
Hang Seng	29121	28604	1.8%	1.4%	28.4%
Currency					
AUD/USD	0.7660	0.7691	-0.4%	-0.7%	1.5%
Commodities					
Oil (\$/bbl)	56.9	57.2	-0.6%	10.3%	31.9%
Gas (\$/gal)	3.3	3.0	10.8%	7.4%	4.7%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6797	6915	-1.7%	-2.5%	38.2%
Lead (\$/t)	2547	2475	2.9%	2.2%	23.6%
Zinc (\$/t)	3236	3266	-0.9%	1.6%	32.5%
Aluminium (\$/t)	2090	2165	-3.5%	-0.8%	21.1%
Nickel (\$/t)	12285	12560	-2.2%	4.6%	17.7%
Tin (\$/t)	19700	19700	0.0%	-1.7%	-7.2%
Gold (\$/oz)	1274	1269	0.4%	-0.7%	-2.3%
Silver (\$/oz)	16.9	16.8	0.2%	-0.8%	-8.1%
Platinum (\$/oz)	932	922	1.1%	1.0%	-6.6%
Wheat (\$/t)	433.250	425.000	1.9%	0.8%	5.2%

Source: Iress

Global Wrap

Key points

1. Tax cut delay weighs on markets
2. RBA revises down inflation forecast
3. Oil price resilient
4. Iron ore drifts
5. Stock picks for next week

US

The major US stock indexes closed mostly lower on Friday as they snapped multi-week winning streaks while some of the largest tech stocks pulled back, CNBC reported.

Some of the largest tech stocks closed lower for the week, including Facebook, Netflix and Alphabet amid analyst reports of some profit taking in the best-performing sector this year. Stocks have also been pressured by fears that a corporate tax cut could be delayed.

On Thursday, the three major indexes fell more than 1 % before closing well off their session lows as details of a Senate tax plan emerged. The plan would push back a corporate tax cut until 2019. Worries about a pullback in high-yield bonds also pressured stocks this week. High-yield bonds have served as a leading indicator for risk appetite in the past.

Chip maker stocks bucked the trend, however. Nvidia posted earnings per share and revenue that easily beat analyst expectations.

Other chip makers, including Micron and Advanced Micro Devices, also saw their shares rise in a sector that's been soaring this year: The iShares PHLX Semiconductor exchange-traded fund (SOXX) is up more than 40% in 2017.

This week the Monthly Budget Statement is released by the Financial Management Service on Monday. This summarizes the financial activities of federal entities, disbursing officers, and Federal Reserve banks. PPI is released on Tuesday. The CPI and retail sales figures are released on Wednesday.

China

Hong Kong stocks were little changed on Friday, but posted the biggest weekly gain in five weeks, as Chinese banks fell and insurers rose after China said it would substantially ease foreign access to its financial industry, The South China Morning Post reported.

China's deputy finance minister Zhu Guangyao said on Friday that foreign companies would be allowed to own a majority stake in joint ventures with mainland Chinese securities firms and life insurance companies.

The country would open the country's financial services sector to foreign players almost entirely in the next five years, Mr Zhu said.

Shares of mainland Chinese banks and insurers diverged on the back of the news. Industrial and Commercial Bank of China declined 1.1%, China Construction Bank dropped 0.7%, and Bank of China fell 0.8%.

"The news was used as an excuse for investors to sell Chinese bank shares," said Castor Pang Wai-sun, head of research at Core Pacific-Yamaichi. "Because it will be hard for foreign banks to outperform in the market anyway. HSBC, Citi and Bank of East Asia already have a presence in China, but they are not doing well in the market."

Mainland Chinese insurers surged, also aided by the strong recent performance of mainland stock markets, Mr Pang said.

A frenzy for new listings of so-called new economy shares on the city's bourse continued on Friday, after e-book publisher China Literature surged almost 90% during its debut on Wednesday.

Razer, a gaming device maker backed by Intel and Hong Kong billionaire Li Ka-shing, saw its initial public offering (IPO) tranche 290 times oversubscribed, making it another red-hot new listing after China Literature.

This coming week retail sales, industrial production and urban investment will be released on Tuesday. The house price index comes out on Saturday.

Japan

Japan's Nikkei share average fell on Friday, with tech shares hurt after a drop by their US counterparts, while Toshiba Corp stumbled on dilution fears after reports it will issue new shares to raise funds, Reuters reported.

Toshiba Corp, desperate for cash to avoid a possible delisting, lost 5.1% after media reports that it was considering raising about 600 billion yen (US\$5.3 billion) by offering new shares in a third-party allotment.

Tyre maker Bridgestone Corp tumbled 7.7% after the company cut its operating profit forecast for the full year ending December to 430 billion yen (US\$3.79 billion), a 4.3% drop on the year.

This week investors will be watching the GDP figures released on Tuesday and industrial production data on Wednesday.

Europe

European shares suffered their worst week in three months on Friday, as a slowdown in earnings growth and jitters in bond markets spurred profit-taking in a market that remains close to two-year highs, Reuters reported.

The pan-European index ended the week down 1.9%, its biggest weekly loss since mid-August, but remains up 7.5% for the year to date.

Anthilia fund manager Giuseppe Sersale said some investors may be seeking to lock in profits before the year-end.

"There is nothing fundamentally catastrophic behind the apparent correction. Economic growth is strong and earnings are good even though not exceptional," he said.

But Mediolanum head of investments Gautam Batra said he was cautious on the outlook for stocks because of an unsettled bond market.

Meanwhile Deutsche Bank estimates earnings per share growth for the STOXX 600 has slowed to 7.6%, after reaching double digits in the previous two quarters.

Euro zone investors have a full watch list this week: German CPI and GCP is released on Tuesday, as will British CPI, PPI and the key DCLG House Price Index, and euro zone GDP and industrial production data. The euro zone trade balance comes out on Wednesday and CPI on Thursday.

Australia

News of a potentially lengthy delay to US tax cuts took the wind out of Wall Street on Thursday night and made for a poor lead on the ASX, while profit-taking in resources also weighed on the index, Fairfax Media reported.

But the benchmark S&P/ASX 200 still ended the week up 69 points or 1.2%, while the All Ordinaries added 73 points or 1.2%.

Rio Tinto lost 0.2% but energy shares performed well over the week as oil prices pushed firmly higher. Woodside Petroleum climbed 2.4% and Origin Energy was up 2.7%.

NAB and Macquarie traded ex-dividend during the week, with the bluechips weighing as a result.

After an uneventful Melbourne Cup day RBA monetary policy meeting – at which rates were held steady at 1.5% – was followed on Friday by sharp reductions in the RBA's inflation estimates.

Updated forecasts in the Statement on Monetary Policy showed the central bank now expects inflation will only reach 2%, the bottom of the RBA's target range, in 2019. This is seen as a significant departure from the forecasts made in August.

Next week the NAB Business Confidence Survey is released on Tuesday.

The Westpac Consumer Confidence reading, new vehicle sales and the Q3 wage price index will be released on Wednesday.

Commodities

Oil prices showed some weakness mid-week on news that US oil production jumped, but benchmark prices firmed up on Thursday, putting WTI and Brent on track for their fifth consecutive weekly advance, oilprice.com reported. While the Friday rig count build knocked oil prices down, prices are still closing in on the longest streak of weekly gains in more than a year.

In its annual World Oil Outlook released this week, OPEC dramatically upgraded its expectations for US shale. OPEC sees US shale output ballooning from 5.1 million barrels per day (mb/d) this year to 7.5 mb/d by 2021. That is an upward revision of more than 50%. Last year OPEC predicted US shale output would erode under the weight of low oil prices, dipping to just 4.8 mb/d by 2021.

In other words, OPEC has essentially acknowledged that it won't be able to kill off US shale by flooding the market.

Also in the report, OPEC estimated that oil demand will rise by more than 15 mb/d through 2040, dismissing the growing number of predictions regarding peak demand in the next decade or two.

The political upheaval in Riyadh has given a jolt to oil prices this week, with crown prince Mohammed bin Salman purging his rivals and consolidating power. Oil analysts see this as increasing the odds of an extension of OPEC's production cuts. Saudi Arabia also said this week it would slash oil exports from November to December by 120,000 bpd.

Chinese *iron ore* futures drifted down for a third day in a row on Friday amid concerns that consumption of the steelmaking commodity in the world's top user would be reduced as steel producers slash production over winter, Kitco reported.

The mills across northern China, along with other industrial plants, had been ordered to curb output for four months from mid-November to limit smog during the cold season.

BMI Research, a unit of Fitch Group, sees iron ore averaging at \$50 in 2018 and slipping to \$48 in 2019, saying slower economic growth in China could weaken steel demand.

By contrast, *base metal* prices on Shanghai Futures Exchange were all higher during Asian morning trading on Friday November 10, with lead the outperformer as it finds support from expectations of increased demand, while environmental crackdowns in China have tightened supply of the metal.

Additionally the winter season in China, from mid-November to mid-March, is traditionally a time of high lead consumption.

The most-traded January copper contract rose 190 yuan or 0.4% to 53,420 yuan per tonne on Friday.

Market sentiment picked up after the People's Bank of China (PBOC) injected a net 50 billion yuan into the country's financial institutions on Thursday.

Although gold finished the week in positive territory - ending a three-week losing streak - the market is mired in a narrow trading channel and needs something big to break out, Kitco said.

Stock picks for trading week ahead

FAR Ltd (ASX:FAR): Speculative Buy. FAR's share price - like most stocks in the oil & gas space – have benefitted in recent weeks from a strengthening oil price environment (largely due to political changes in Saudi Arabia). However, at current share price levels of A\$0.08, the share still offers significant upside potential relative to its IRESS consensus target price of A\$0.14. In the September quarter, FAR reported continued success in its drilling programme in offshore Senegal. Funds raised in the June quarter leave the group in a well –funded position for 2018 and into 2019.

Oil Search (ASX:OSH): Hold. A formal co-operation agreement between the PNG government and the OSH JVs in PNG is targeted for Dec/Jan. We believe this could be a significant de-risking event and could remove the discount that consensus is applying to the value of OSH's interest in PNG expansion. At current share price levels, OSH is trading on a dividend yield of 1.6% and looks fully valued relative to its (current) IRESS consensus target price of \$7.41.

Santos (ASX:STO): Buy. At current share price levels of A\$4.50, STO's share price has appreciated by 55% from mid-year lows of A\$2.90. However, cost-cutting at the group's GLNG gas-export operation and increased drilling at Cooper Basin, point to the potential for exciting gains in 2018. A major investment bank recently indicated that Santos could potentially hit its debt cutting target by the end of 2018, almost a full year early.

Woodside Petroleum (ASX:WPL): Sell. At current share price levels of A\$32.57, WPL's share price is some 5% above its IRESS consensus target price of A\$30.96. While the FY18E dividend yield of 3.9% is attractive, and WPL has the strongest balance sheet amongst the large cap energy plays, we believe the stock is in overbought territory see better investment opportunities elsewhere in the oil & gas space.

Economic Calendar 13/11/2017 – 17/11/2017

Monday November 13 2017		Actual	Previous	Consensus Forecast		
09:00 PM	RU GDP Growth Rate YoY Prel Q3		2.5%	2.2%		
Tuesday November 14 2017		Actual	Previous	Consensus Forecast		
08:30 AM	AU NAB Business Confidence OCT		7	7		
03:00 PM	DE GDP Growth Rate QoQ Flash Q3		0.6%	0.6%	0.5%	
03:00 PM	DE GDP Growth Rate YoY Flash Q3		2.1%	2.2%		
05:00 PM	IT GDP Growth Rate QoQ Adv Q3		0.3%	0.4%	0.4%	
05:00 PM	IT GDP Growth Rate YoY Adv Q3		1.5%	1.6%	1.7%	
05:30 PM	GB Inflation Rate YoY OCT		3%	3.1%	3.2%	
06:00 PM	EA GDP Growth Rate QoQ 2nd Est Q3		0.7%	0.6%	0.6%	
06:00 PM	EA GDP Growth Rate YoY 2nd Est Q3		2.3%	2.5%	2.5%	
06:00 PM	DE ZEW Economic Sentiment Index NOV		17.6	20.0	19.5	
Wednesday November 15 2017		Actual	Previous	Consensus Forecast		
07:30 AM	AU Westpac Consumer Confidence Index NOV		101.35	97.2		
07:30 AM	AU Westpac Consumer Confidence Change NOV		3.6%			
07:50 AM	JP GDP Growth Rate QoQ Prel Q3		0.6%	0.3%	0.3%	
07:50 AM	JP GDP Growth Annualized Prel Q3		2.5%	1.3%	1.4%	
05:30 PM	GB Claimant Count Change OCT		1.7K	2.0K	8.9K	
05:30 PM	GB Unemployment Rate SEP		4.3%	4.3%	4.3%	
09:30 PM	US Core Inflation Rate YoY OCT		1.7%	1.7%	1.7%	
09:30 PM	US Inflation Rate YoY OCT		2.2%	2.0%	2%	
09:30 PM	US Retail Sales MoM OCT		1.6%	0.1%	0.1%	
Thursday November 16 2017		Actual	Previous	Consensus Forecast		
08:30 AM	AU Employment Change OCT		19.8K	15K	14K	
08:30 AM	AU Unemployment Rate OCT		5.5%	5.6%	5.6%	
02:30 PM	FR Unemployment Rate Q3		9.5%	9.4%		
Friday November 17 2017		Actual	Previous	Consensus Forecast		
09:30 PM	CA Inflation Rate YoY OCT		1.6%	1.4%	1.6%	

Source: www.tradingeconomics.com

Economic Calendar 20/11/2017 – 24/11/2017

Monday November 20 2017		Actual	Previous	Consensus	Forecast	
07:50 AM	JP Balance of Trade OCT		¥670B		¥450B	
Tuesday November 21 2017		Actual	Previous	Consensus	Forecast	
08:30 AM	AU RBA Meeting Minutes					
11:00 PM	US Existing Home Sales OCT		5.39M	5.44M	5.36M	
Wednesday November 22 2017		Actual	Previous	Consensus	Forecast	
09:30 PM	US Durable Goods Orders MoM OCT		2.2%	0.8%	-0.22%	
11:00 PM	EA Consumer Confidence Flash NOV		-1		-0.8	
	EA ECB Non-Monetary Policy Meeting					
Thursday November 23 2017		Actual	Previous	Consensus	Forecast	
03:00 AM	US FOMC Minutes					
04:30 PM	DE Markit Manufacturing PMI Flash NOV		60.6	60.2	60.2	
05:30 PM	GB GDP Growth Rate QoQ 2nd Est Q3		0.3%	0.4%	0.4%	
05:30 PM	GB GDP Growth Rate YoY 2nd Est Q3		1.5%	1.5%	1.5%	
Friday November 24 2017		Actual	Previous	Consensus	Forecast	
05:00 PM	DE IFO Business Climate NOV		116.7		116.9	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 10 November 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
GMA	Genworth Mortgage	9.6	ORI	Orica Limited	-13.2
ORE	Orocobre Limited	9.3	AWC	Alumina Limited	-8.2
SYR	Syrah Resources	9.2	A2M	The A2 Milk Company	-8.0
WFD	Westfield Corp	8.5	S32	South32 Limited	-6.9
NWS	News Corp..	7.7	CSR	CSR Limited	-5.2
JHX	James Hardie Indust	7.3	SAR	Saracen Mineral	-5.0
GWA	GWA Group Ltd	7.3	QAN	Qantas Airways	-4.8
TPM	TPG Telecom Limited	7.2	AAD	Ardent Leisure Group	-4.5
FXL	FlexiGroup Limited	7.2	WHC	Whitehaven Coal	-4.4
NVT	Navitas Limited	6.8	NAB	National Aust. Bank	-4.2

Source: IRESS

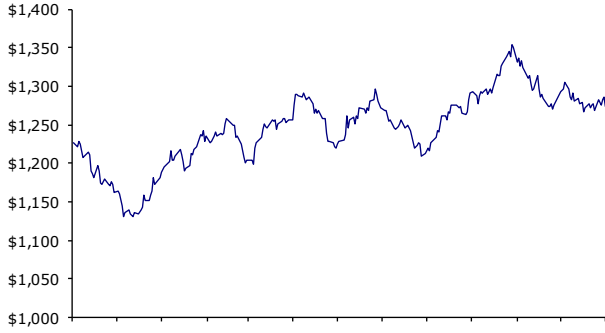
S & P Indices Week Ending 10 November 2017

S&P Indices	12/11/2017	5/11/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	10257	10110	1.4%	8.1%	26.8%
S&P 200 Materials	11037	11032	0.0%	2.4%	21.1%
S&P 200 Industrials	6085	5995	1.5%	3.2%	23.3%
S&P 200 Consumer Disc.	2282	2256	1.2%	3.5%	13.5%
S&P 200 Consumer Staples	9933	9808	1.3%	2.8%	16.4%
S&P 200 Healthcare	24520	24113	1.7%	2.5%	26.0%
S&P 200 Financials	6671	6609	0.9%	0.6%	14.4%
S&P 200 Info Technology	965	951	1.5%	6.0%	28.9%
S&P 200 Telecommunicatic	1245	1252	-0.6%	0.6%	-28.7%
S&P 200 Utilities	8695	8522	2.0%	5.4%	22.4%
S&P 200 Property Trusts	1413	1355	4.3%	5.1%	8.3%
S&P 200 Financials ex PT	7441	7372	0.9%	0.6%	14.4%

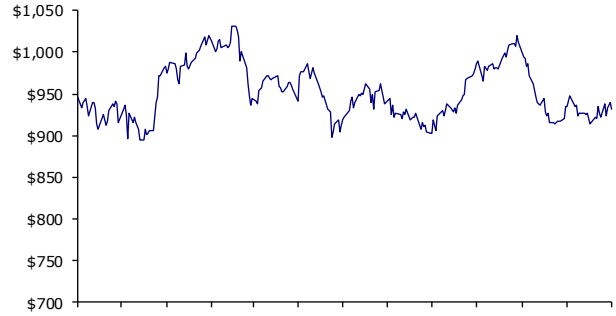
Source: IRESS

1 Year Commodity Price Charts

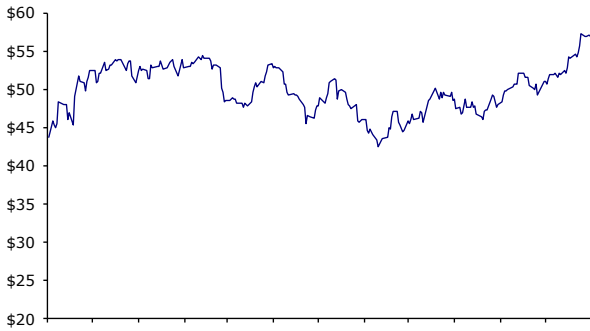
1 Year Gold



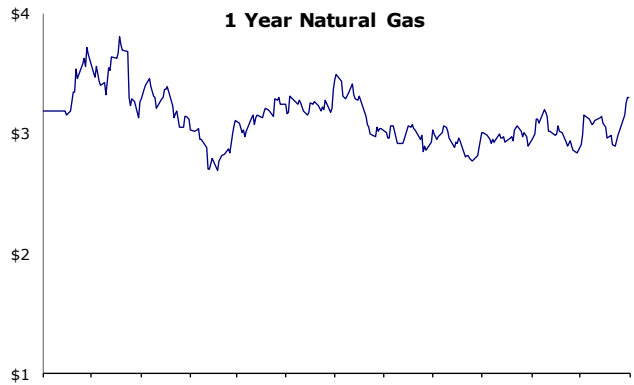
1 Year Platinum



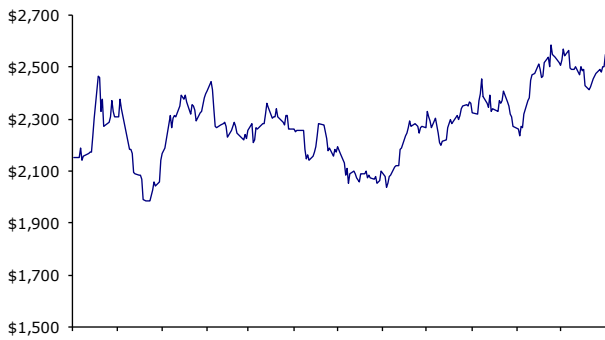
1 Year Oil



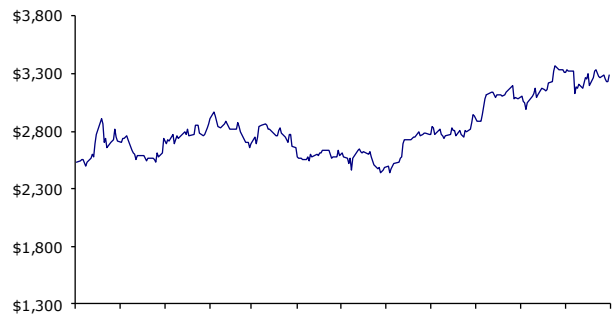
1 Year Natural Gas



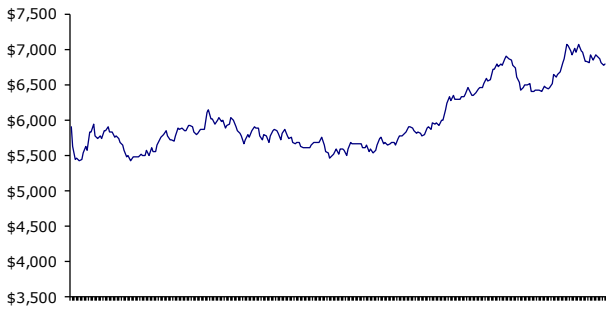
1 Year Lead



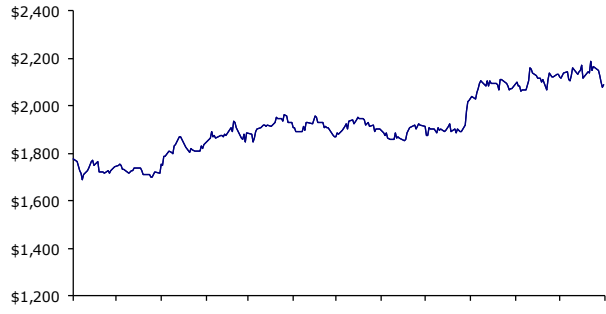
1 Year Zinc



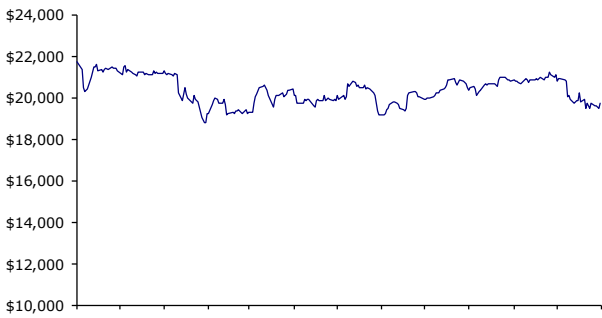
1 Year Copper



1 Year Aluminium

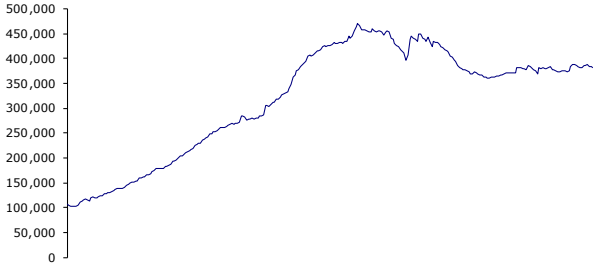


1 Year Tin

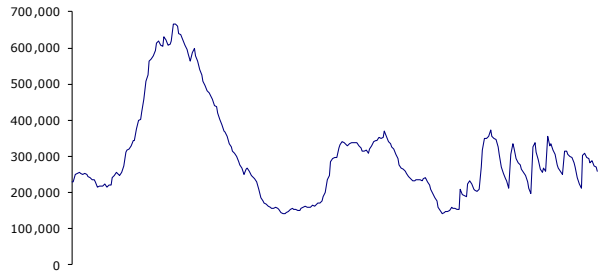


5 Year Metals Stockpiles

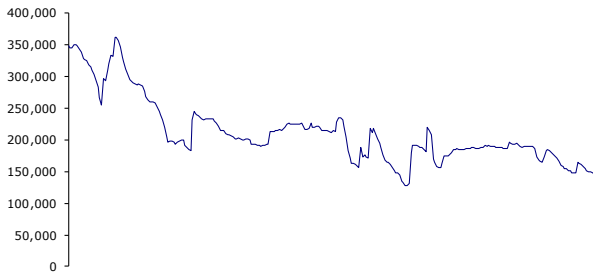
Nickel LME Stockpiles - 5 Year



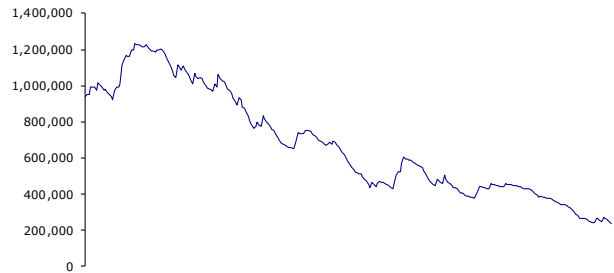
Copper LME Stockpiles - 5 Year



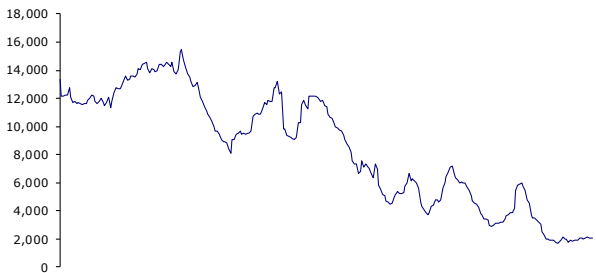
Lead LME Stockpiles - 5 Year



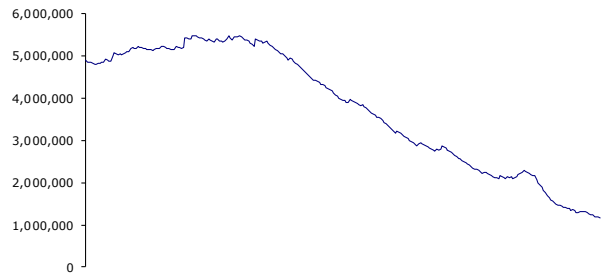
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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