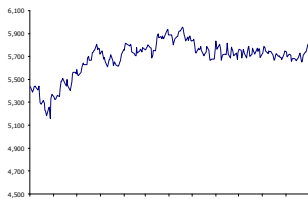


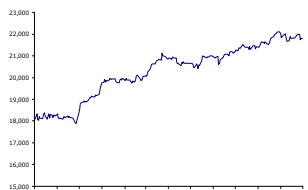
STATE ONE SPINNAKER

15 October 2017
Issue 386

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 15 October 2017

World Markets	14/10/2017	7/10/2017	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5814	5711	1.8%	1.8%	7.0%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2553	2549	0.2%	1.8%	19.7%
FTSE 100	7535	7523	0.2%	3.6%	8.0%
DAX30	12992	12956	0.3%	3.4%	20.8%
Shanghai Composite	3391	3374	0.5%	1.0%	10.8%
Nikkei 225	21155	20691	2.2%	4.0%	26.1%
Hang Seng	28476	28458	0.1%	1.2%	23.6%
Currency					
AUD/USD	0.7887	0.7754	1.7%	1.2%	3.6%
Commodities					
Oil (\$/bbl)	51.4	49.2	4.5%	1.4%	1.8%
Gas (\$/gal)	3.2	2.9	10.4%	0.6%	-2.5%
Iron Ore (\$/t)	53.9	53.9	0.0%	6.9%	7.8%
Copper (\$/t)	6858	6639	3.3%	5.2%	44.2%
Lead (\$/t)	2542	2540	0.1%	3.8%	26.3%
Zinc (\$/t)	3306	3336	-0.9%	4.3%	48.3%
Aluminium (\$/t)	2140	2122	0.9%	-1.1%	27.3%
Nickel (\$/t)	11605	10500	10.5%	2.0%	11.4%
Tin (\$/t)	20925	21085	-0.8%	0.3%	6.2%
Gold (\$/oz)	1305	1275	2.3%	0.0%	3.6%
Silver (\$/oz)	17.4	16.8	3.7%	1.1%	-0.6%
Platinum (\$/oz)	948	917	3.4%	0.2%	0.9%
Wheat (\$/t)	439.250	442.500	-0.7%	-2.1%	5.6%

Source: Iress

Global Wrap

Key points

1. US earnings season confidence lifts indexes to more records.
2. American inflation could complicate Fed's rate plans
3. Chinese imports beat expectations ahead of Party Congress
4. Kobe Steel tanks after fake data scandal
5. Iron ore volumes up, prices down

US

US stocks reached record highs on Friday as investors counted on a strong earnings season, CNBC reported.

The Nasdaq composite notched intraday and closing records, while the S&P 500 hit an all-time intraday high, with information technology and materials leading advancers.

The 30-stock Dow Jones industrial average also hit an intraday record.

Bank of America jumped 1.5% on better-than-expected earnings. Netflix added 1.9%, crossing above \$200 for the first time as investors bought the stock ahead of its earnings next week.

The American earnings season has started well, with 87% of the companies that have reported topping bottom-line expectations.

Corporate earnings for the S&P 500 grew by 6.1%, 15.5% and 10.8% in the fourth quarter of last year and the first and second quarters of 2017, respectively. Earnings are expected to grow by 4% for the third quarter, according to S&P Capital IQ.

Meanwhile the hurricane-driven boost to the US cost of living in September fell short of projections, with a measure of underlying inflation missing estimates for a sixth time in seven months. This will potentially complicate the Federal Reserve's debate over whether to raise interest rates once more this year, Bloomberg said.

Highlights of Friday's data:

- September CPI rose 0.5% m/m (est. 0.6% rise); so-called core CPI rose 0.1% m/m (est. 0.2% rise), following 0.2% gain; up 1.7% y/y (est. 1.8%).
- September retail sales surged 1.6% m/m (est. 1.7% gain), the most since March 2015, on autos and gasoline.
- October preliminary Michigan consumer sentiment rose to 101.1 (est. 95), highest since Jan. 2004, from 95.1 in September.

Finance ministers and central bankers from around the globe are in Washington next week for meetings of the International Monetary Fund and World Bank. A Group of 20 meeting takes place on the sidelines.

Also next week US industrial production, and import and export price indexes, will be released on Tuesday, and building starts data will be out on Wednesday.

The Beige Book report comes out on Wednesday. This reports on the current US economic situation through interviews with key business contacts, economists, market experts, and other sources gathered by each of the 12 Federal Reserve Districts.

Investors will be listening for further rate rise hints as Federal Reserve chair Janet Yellen will deliver a speech on Friday.

China

China stocks edged up on Friday, and the blue-chip index posted its best week since late June, helped by the central bank's targeted reserve requirement rate cut, The Economic Times reported.

For the week, the SSEC gained 1.2%, while the CSI300 advanced 2.2%. Most of the gains were achieved on Monday, when the Chinese market played catch-up with bullish global equities following a week-long holiday.

Friday's trading was generally thin as investors anticipated stability in the market ahead of a key party congress next week.

With trade volume dwindling, investors gave a muted response to generally upbeat September trade data, as well as central bank moves to inject nearly 500 billion yuan (\$75.96 billion) into the financial system via one-year loans.

Most analysts expect Chinese stocks to sail smoothly through the five-yearly National Congress of the Communist Party, which starts on Wednesday. Regulators have said that maintaining market stability is a major political task, however there's concern a sell-off could begin after the congress.

Over the past week, consumer plays far outperformed the broader market with a 4.9% jump. Healthcare stocks also made robust gains after the country vowed to deepen medical reforms.

Resources firms languished amid weakness in commodities markets, in particular energy stocks, as Beijing talked up efforts to clean the air in the winter.

Data released on Friday showed that in September Chinese exports rose 8.1%—in dollar terms—compared to a year ago, while imports rose 18.7%, according to Reuters. The imports figure beat economists' estimates.

Next week, China's PPI and CPI will be released on Monday. Retail sales, industrial production, urban investment and GDP will be out on Thursday.

Japan

The Nikkei 225 added 0.96% to hit a new five-year high, at the close in Tokyo investing.com said. Communication, financial services and transport sectors led shares higher.

The biggest loser however was Kobe Steel. The major Japanese steel maker sank more than 40% this week as its fake data scandal spread to its core business. The company said there had been "inappropriate actions" related to its steel wire produced overseas, Fairfax Media reported. Kobe Steel falsified quality certification data for steel wire used to support engine drives in cars and to strengthen tyres, the Nikkei newspaper reported Friday.

The scandal is reverberating around the world as Kobe Steel customers from Toyota Motor to General Motors scramble to determine if they used the suspect materials and whether safety was compromised in their cars, trains and planes.

Ford said it used aluminium from the company in its Mondeo car hoods in China though it hasn't confirmed whether the parts were compromised.

The affair has wiped \$1.8 billion off the company's market value and led to speculation it may be broken up.

Next week industrial production data on Monday and the trade balance on Wednesday.

Europe

European stocks finished Friday's session mostly higher, with a strong uptick in commodities helping prop up sentiment on the final trading day of the week.

On the major bourses, the UK's FTSE 100 slipped 0.28%, while France's CAC 40 ended down 0.17%. Germany's DAX rose 0.07% to a new high.

Europe's basic resources index shot up 2.68%, on the back of strong imports data in China and a price rise in nickel.

Next week UK investors will be monitoring the ongoing stalemate between British officials and their European counterparts after the fifth round of Brexit talks finished this week.

Speaking on Thursday, the European Union's chief negotiator Michel Barnier said there is a "disturbing deadlock" over the amount the Britain should pay before it leaves the bloc.

The lack of progress means that discussion over a future trade agreement has been postponed, likely until the European Council meets in December.

The Euro zone trade balance will be released on Monday, while euro zone and UK PPI and CPI are out on Tuesday. Euro zone construction output also released Wednesday.

The ZEW Survey will also be released on Tuesday. The Economic Sentiment published by the Zentrum für Europäische Wirtschaftsforschung measures the institutional investor sentiment.

UK retail sales data comes out Thursday and the euro zone current account on Friday.

Australia

Australian shares rallied to their best week since March, in a broad advance led by consumer discretionary and utility companies, Fairfax Media reported.

For the week, the S&P/ASX 200 rose 1.8%, its best week in percentage terms since the last week of March.

This came on data that was more upbeat over the last week with continuing strength in business conditions, a slight rise in business confidence and an improvement in consumer confidence, albeit only back to long term average levels.

Next week the Westpac Leading Index will be released by the Melbourne Institute on Tuesday. This tracks nine gauges of economic activity, including share prices and telephone installations, to provide an indication of how the economy will perform. RBA minutes will also be released on Tuesday.

Commodities

Oil prices jumped upwards on Friday morning as Trump confirmed his plan to decertify the Iranian nuclear deal, while both Iraqi and Kurdish soldiers mobilized near the Kirkuk oil region. The military movements raised concerns of a possible clash between the central government in Baghdad and Kurdish forces, a development that some fear could lead to civil war.

These higher oil prices were further supported by bullish noises from both OPEC and the US shale community.

OPEC increased its demand forecast for its oil in 2018, and also said that the oil market could flip into deficit next year. The group said that the world would need 33.06 million barrels per day (mb/d) from OPEC, an upward revision of 230,000 bpd from its last forecast. Separately, a top OPEC official estimated that the crude inventory surplus would be eliminated next year. However a Deloitte survey of 250 oil executives found that the industry does not see oil rising above \$60 per barrel next year and most see oil remaining below \$70 per barrel through the end of the decade.

Iron ore imports by China surged above 100 million metric tons to a record, smashing the previous high set in 2015. This is seen as a result of the country's concerted push to clean up the environment stoking demand for higher-grade material from overseas while hurting local mine supplies, Fairfax Media said. Purchases of iron ore expanded to 102.8 million tons in September from 93 million tons a year ago, surpassing the previous record of 96.3 million tons in December 2015, according to customs data out Friday.

China has been pulling in ever-greater volumes from miners in Australia and Brazil to meet resilient demand from steelmakers, who've benefited from rising profit margins. As Asia's top economy presses home a drive to clean up the air, mills are seeking out higher-grade material. At the same time, local mines have been restricted, with Macquarie Group saying Chinese iron ore output has collapsed.

This was reflected in iron ore prices, which continued to fall over the week as investors digested the Chinese government's directive to close large swathes of steel capacity during the winter months, which will depress iron ore demand.

Base metals prices were higher across the board on Friday.

Copper experienced sustained buying after Chinese investors returned from Golden Week. This was supported by Chinese market participants' growing optimism ahead of the upcoming 13th Five-Year Plan meeting at the 19th Party Congress in Beijing next week, Metal Bulletin reported.

Nickel prices climbed a further 1.9% this morning as an ongoing curb in Chinese output continues to support prices, while demand from steel producers remains strong.

The complex was also supported by a weaker dollar, which fell after less-hawkish-than-expected comments came from the Federal Open Market Committee (FOMC) minutes on Wednesday.

Zinc prices also remained strong, with spreads remaining in high backwardation, which is when the price of a commodities' forward or futures contract is trading below the expected spot price at contract maturity.

A doubling in zinc prices since late 2015 and strong outlook for the commodity has fuelled a flurry of zinc miner listings on the Toronto Stock Exchange as companies cash in on investor demand for producers of the metal, Reuters said.

Gold prices rose back above \$1300 for the first time in two weeks on Friday after the tepid US CPI reading, which increased doubts about the Federal Reserve's interest rate plans.

Stock picks for the trading week ahead

National Stock Exchange of Australia (ASX:NSX): Long-term Buy. NSX has been active in pulling together a string of small new listings in the Tech, Agribusiness and resources. With Australian small caps now very much in the public eye, both locally and offshore, we expect a lot more activity on this front. The number of NSX listings is forecast to grow from 10 in FY16, and 14 in FY17, and to 22 in the current year.

Vonex Limited (NSX:VON): Speculative Buy. One of the stocks expected to list on the NSX next month is telcom play Vonex Limited. Vonex is already generating revenue of A\$7m and is now operating close to cash positive. The acceleration in businesses transitioning from copper (fixed-line) to optic fibre as the NBN rollout progresses is expected to open up significant new business opportunities for the group's core HPBX business.
















Suncorp Group (ASX:SUN): Buy. A management shakeup including a reduction in the executive team from 12 to 10, a strategic review of its life insurance arm (partnership or sale), plus an aggressive cost-cutting programme (\$329m in net benefits) indicates that SUN's performance could surprise on the upside over the mid-term. At current share price levels, SUN is trading on an attractive dividend yield of 5.7% and offers some 4.5% upside potential to its IRESS consensus target price of \$13.94

Economic Calendar 16/10/2017 – 20/10/2017

Monday October 16 2017		Actual	Previous	Consensus Forecast		
09:30 AM	CN Inflation Rate YoY SEP		1.8%	1.6%	1.7%	
Tuesday October 17 2017		Actual	Previous	Consensus Forecast		
08:30 AM	AU RBA Meeting Minutes					
04:30 PM	GB Inflation Rate YoY SEP		2.9%	3.0%	3.1%	
05:00 PM	DE ZEW Economic Sentiment Index OCT		17	20	21.5	
Wednesday October 18 2017		Actual	Previous	Consensus Forecast		
04:30 PM	GB Claimant Count Change SEP		-2.8K	1.0K	8.5K	
04:30 PM	GB Unemployment Rate AUG		4.3%	4.3%	4.3%	
CN 19th National Congress of the Communist Party of China						
Thursday October 19 2017		Actual	Previous	Consensus Forecast		
07:50 AM	JP Balance of Trade SEP		¥113.6B	¥560B	¥525B	
08:30 AM	AU Employment Change SEP		54.2K		23.8K	
08:30 AM	AU Unemployment Rate SEP		5.6%	5.6%	5.5%	
10:00 AM	CN GDP Growth Rate QoQ Q3		1.7%	1.7%	1.5%	
10:00 AM	CN GDP Growth Rate YoY Q3		6.9%	6.8%	6.8%	
Friday October 20 2017		Actual	Previous	Consensus Forecast		
08:30 PM	CA Inflation Rate YoY SEP		1.4%	1.6%	1.6%	
10:00 PM	US Existing Home Sales SEP		5.35M	5.30M	5.29M	

Source: www.tradingeconomics.com

Economic Calendar 23/10/2017 – 27/10/2017

Monday October 23 2017		Actual	Previous	Consensus	Forecast	
10:00 PM	EA Consumer Confidence Flash OCT		-1.2		-1.4	
Tuesday October 24 2017		Actual	Previous	Consensus	Forecast	
03:30 PM	DE Markit Manufacturing PMI Flash OCT		60.6		59.66	
Wednesday October 25 2017		Actual	Previous	Consensus	Forecast	
04:00 PM	DE IFO Business Climate OCT		115.2		116.34	
04:30 PM	GB GDP Growth Rate QoQ Prel Q3		0.3%		0.3%	
04:30 PM	GB GDP Growth Rate YoY Prel Q3		1.5%		1.8%	
08:30 PM	US Durable Goods Orders MoM SEP		1.7%		0.3%	
10:00 PM	CA BoC Interest Rate Decision		1.00%		1%	
10:00 PM	US New Home Sales SEP		560K		550K	
Thursday October 26 2017		Actual	Previous	Consensus	Forecast	
07:00 AM	KR GDP Growth Rate QoQ Adv Q3		0.6%		0.5%	
07:00 AM	KR GDP Growth Rate YoY Adv Q3		2.7%		2.5%	
02:00 PM	DE GfK Consumer Confidence NOV		10.8		10.9	
07:45 PM	EA ECB Interest Rate Decision		0%		0%	
08:30 PM	EA ECB Press Conference					
Friday October 27 2017		Actual	Previous	Consensus	Forecast	
07:30 AM	JP Inflation Rate YoY SEP		0.7%		0.7%	
08:30 PM	US GDP Growth Rate QoQ Adv Q3		3.1%		2.0%	

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 13 October 2017

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
MTR	Mantra Group Ltd	20.1	FMG	Fortescue Metals Grp	FMG
IPH	IPH Limited	15.2	WHC	Whitehaven Coal	WHC
NEC	Nine Entertainment	14.9	BPT	Beach Energy Limited	BPT
BKL	Blackmores Limited	13.8	ORE	Orocobre Limited	ORE
PTM	Platinum Asset	10.1	S32	South32 Limited	S32
MYX	Mayne Pharma Ltd	9.9	VOC	Vocus Group Ltd	VOC
ACX	Aconex Limited	8.9	AHG	Automotive Holdings.	AHG
DMP	Domino Pizza Enterpr	8.6	RIO	Rio Tinto Limited	RIO
NVT	Navitas Limited	8.5	FBU	Fletcher Building	FBU
CGC	COSTA GROUP HOLDINGS	7.5	SGM	Sims Metal Mgmt Ltd	SGM

Source: IRESS

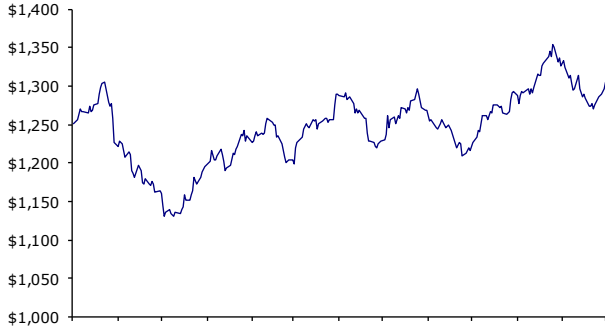
S & P Indices Week Ending 13 October 2017

S&P Indices	14/10/2017	7/10/2017	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	9334	9235	1.1%	2.5%	7.6%
S&P 200 Materials	10503	10497	0.1%	0.8%	16.2%
S&P 200 Industrials	5854	5679	3.1%	1.9%	13.8%
S&P 200 Consumer Disc.	2209	2116	4.4%	3.5%	1.4%
S&P 200 Consumer Staples	9556	9289	2.9%	2.2%	3.2%
S&P 200 Healthcare	23546	22920	2.7%	3.8%	10.7%
S&P 200 Financials	6549	6437	1.7%	2.3%	8.7%
S&P 200 Info Technology	904	876	3.2%	1.2%	12.0%
S&P 200 Telecommunicatic	1241	1216	2.0%	-2.1%	-31.4%
S&P 200 Utilities	8130	7858	3.5%	1.1%	14.9%
S&P 200 Property Trusts	1324	1309	1.1%	-0.1%	-3.6%
S&P 200 Financials ex PT	7304	7180	1.7%	2.3%	8.7%

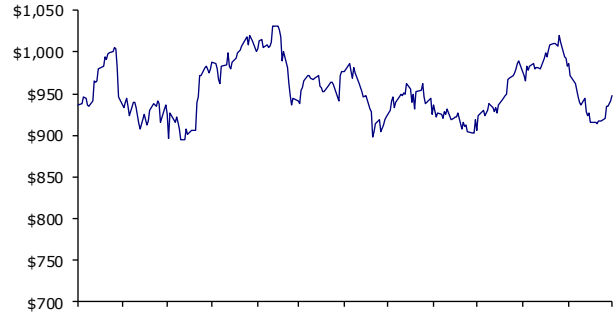
Source: IRESS

1 Year Commodity Price Charts

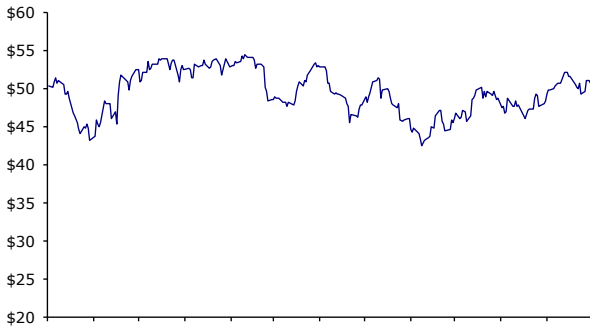
1 Year Gold



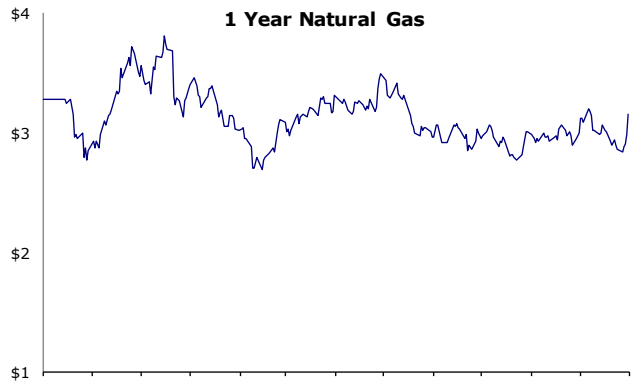
1 Year Platinum



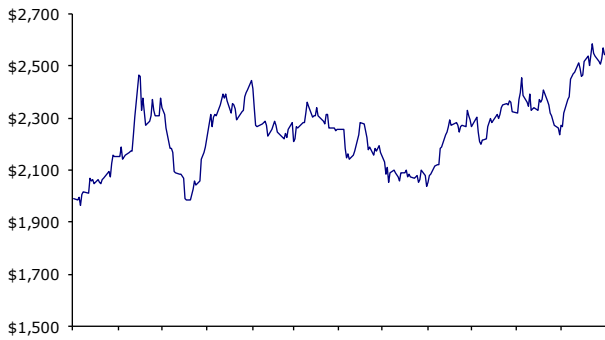
1 Year Oil



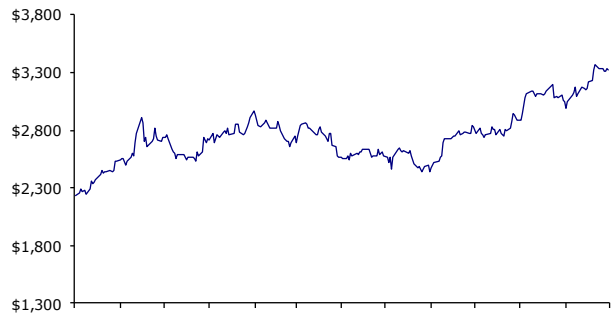
1 Year Natural Gas



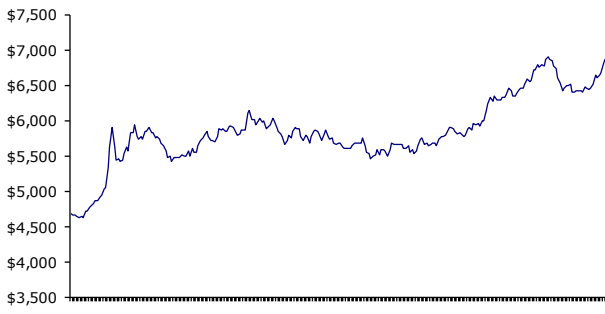
1 Year Lead



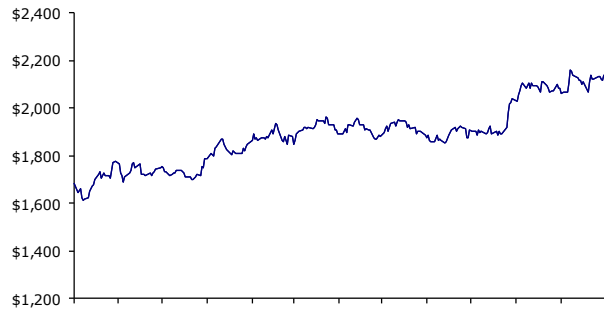
1 Year Zinc



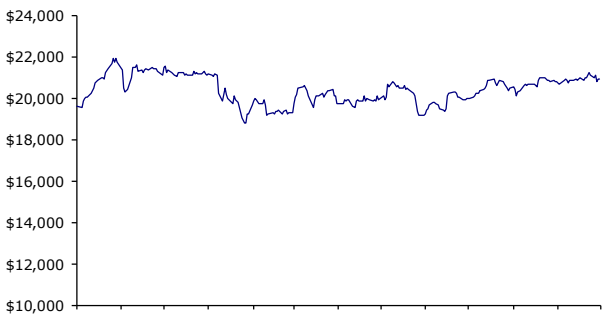
1 Year Copper



1 Year Aluminium

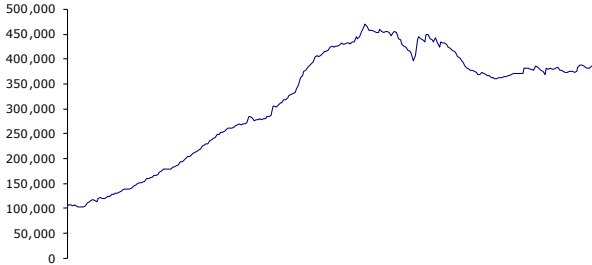


1 Year Tin

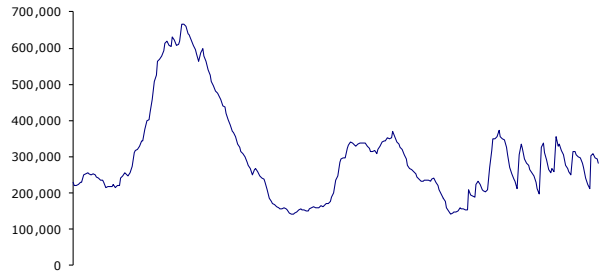


5 Year Metals Stockpiles

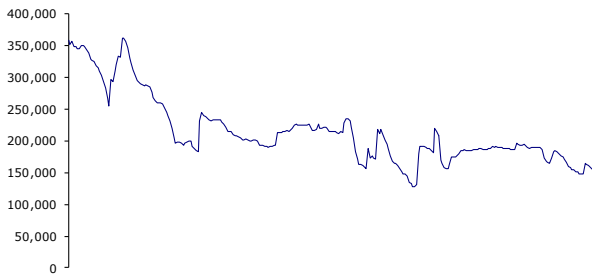
Nickel LME Stockpiles - 5 Year



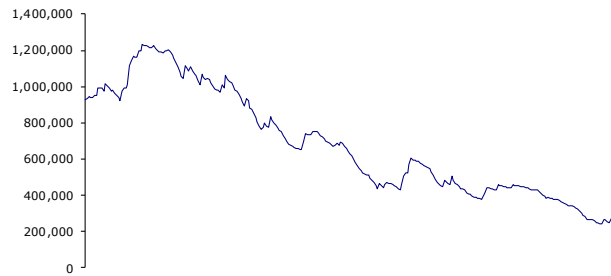
Copper LME Stockpiles - 5 Year



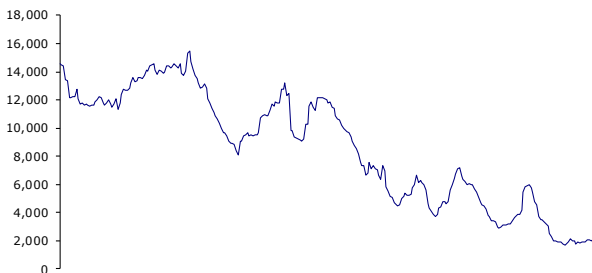
Lead LME Stockpiles - 5 Year



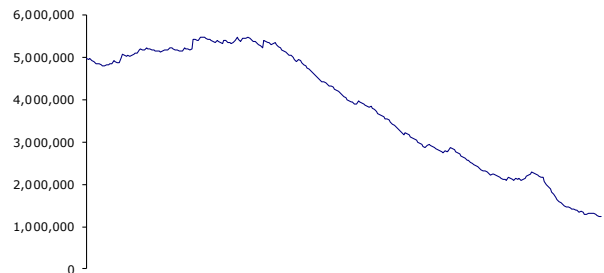
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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