



# Market Watch

## September 2017

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### Editor's Note

*After being range bound and unable to break through the key US\$1,300oz level since Nov 2016, gold staged a sharp rally in late August on the back of heightened tensions on the Korean Peninsula. Early on Tuesday morning (29 August) Australian time, North Korea fired a missile that flew over Japan and landed in the Pacific waters off the northern region of Hokkaido. Unsurprisingly, the news rattled markets, and was enough to send gold above US\$1,320oz (A\$1,665oz). Silver too found a bid and rallied to US\$17.47oz (A\$22.00oz). Should the yellow metal stay above US\$1,300oz this time, investors around the world will take note, and have significantly more confidence that this new uptrend that is developing will stick, and that a new bull market is in play. Already in 2017 we have seen gold in USD clear a very important downtrend line from 2011 seen below, and this breakout north of the key US\$1,300oz handle is another important hurdle. With equity markets expensive, traditional defensive assets offering little in the way of real yields, volatility close to all-time lows, a weakening USD, and ever more question marks about the pace of US Fed rate tightening, there is no shortage of potential catalysts to push gold higher from here. As such, even if the yellow metal gives up some of its gains (which wouldn't be unexpected), risk conscious investors would do well to take a look at gold, and the role it can play in their portfolio.*



Alan Hill  
Executive Chairman, State One Stockbroking

### Gold price (US\$/oz) 2007- Present



*The gold price at +US\$1,300/oz has broken through a long-term downtrend line => global central banks are in the later stages of reliance on unconventional monetary measures and, given this year's spectacular price appreciation, cryptocurrencies are more vulnerable to unsettling air pockets.*

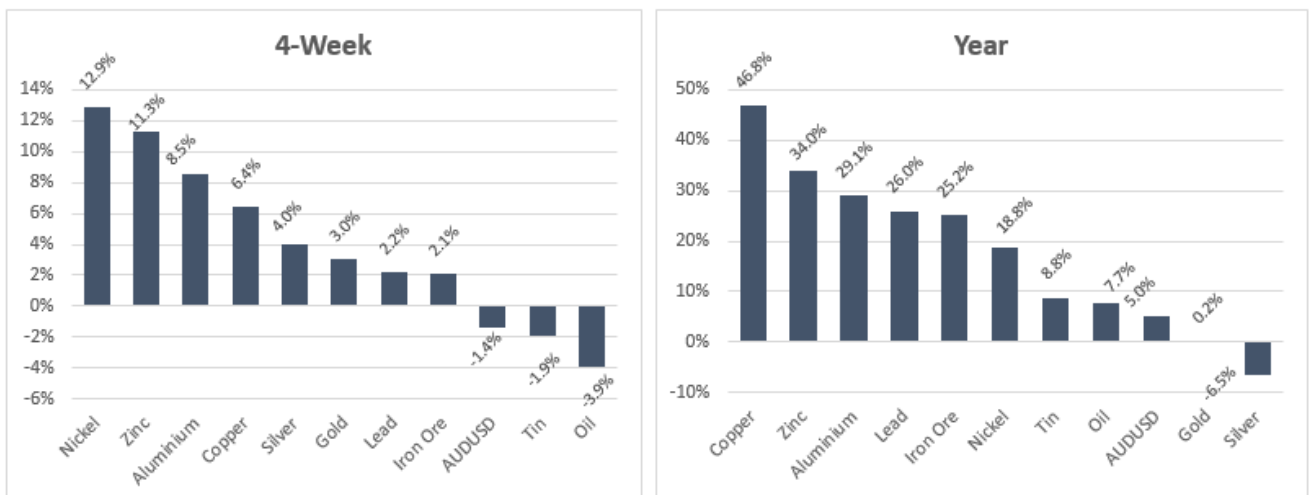
Source: IRESS, State One Stockbroking

### ASX 200: sector performance over past four weeks and year



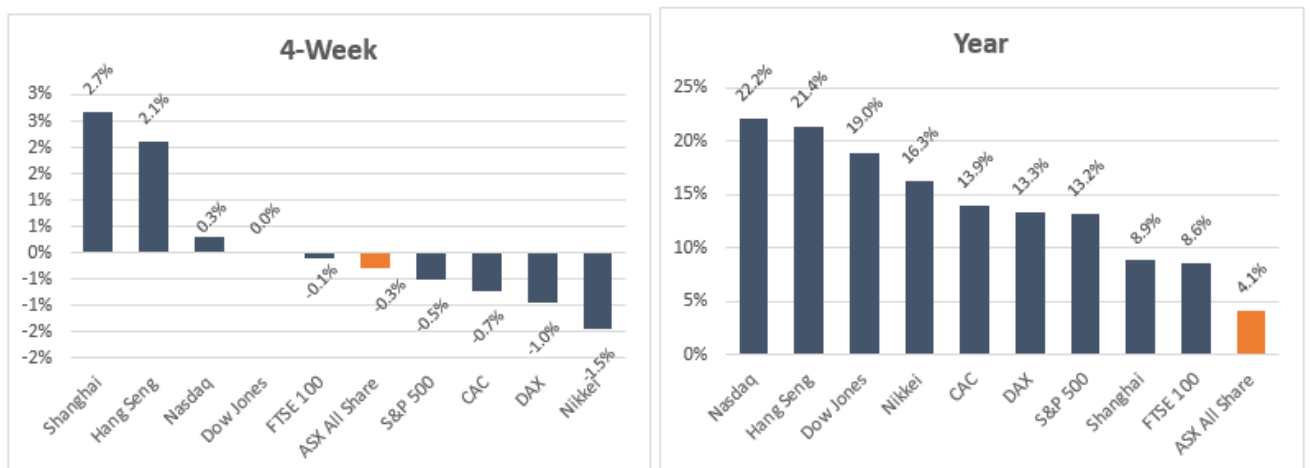
Source: IRESS, compiled by State One Stockbroking

### Commodities and AUDUSD: performance over past four weeks and year



Source: IRESS, compiled by State One Stockbroking

### World Indices: performance over past four weeks and year (local currency)

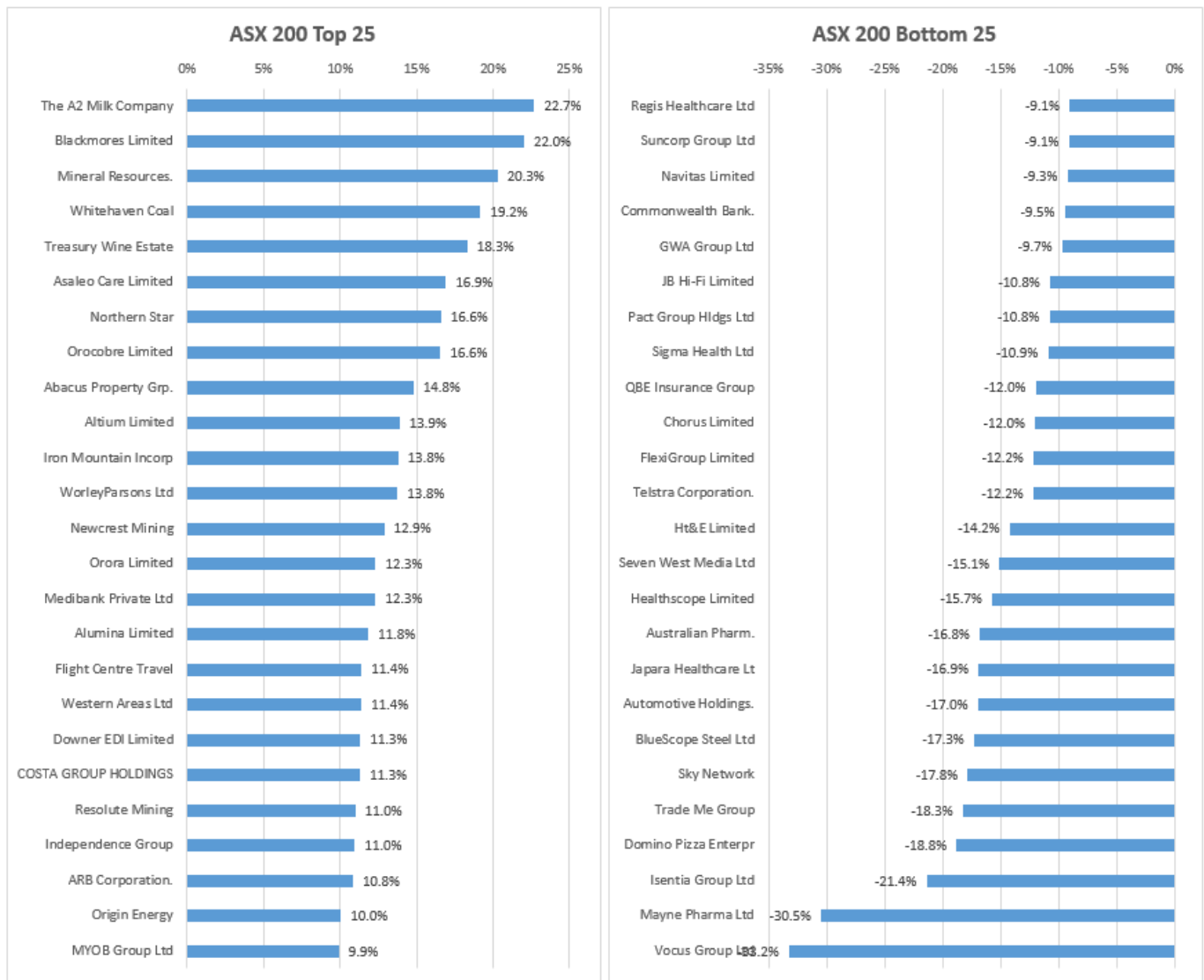


Source: IRESS, compiled by State One Stockbroking

## Commentary

- The FTSE/ASX 200 Index fell -0.4% in August; the standout sectors were Energy (+4.9%) and Materials (+3.9%), with the Telco Sector collapsing by 12.3% on a selloff in Telco heavyweights Telstra and Vocus.
- Base metals had a stellar month with long-suffering nickel posting a 12.9% gain (zinc also performed well, gaining 11.3%). The strength in iron ore prices continues to surprise the market, and at US\$76/t, the steel input has gained 25% over the past year.

### ASX 200: top 25 and bottom 25 performing stocks over the past four weeks (% gain/loss)



Source: IRESS, compiled by State One Stockbroking

- **Top performer:** The A2 milk Company (ASX: A2M) +23% as the group reported stellar FY17 results with a2 Platinum infant formula revenue +84% and China revenue doubling.
- **Worst performer:** Vocus Group (ASX: VOC) -33% as market reacts with disappointment to dividend payout halt announced as part of the FY17 report.

## Month in review - events that caught our eye in August



The nation's bill for house borrowing hit a record \$1.69trillion, bigger than Australia's GDP and nearly equal to superannuation savings.



The CBA has been accused of "serious and systemic" breaches of anti-money laundering by The Australian Transactions Reports & Analysis Centre (AUSTRAC).



The Australian Bureau of Statistics (ABS) to carry out a countrywide postal vote on same sex marriage. Ballot papers will be sent from September, returned by November 7 with a result expected on November 25.



US Secretary of State looks to allay fears of a military confrontation with North Korea with US President Donald Trump warned he would unleash "fire and fury" on the pariah state.



14 people killed and 120 injured in an Islamist van attack in Barcelona's Las Ramblas boulevard on 17 August. A separate attack at the nearby town of Cambrils kicked one.



North Korea launches a ballistic missile designed to carry a nuclear payload over Japan in a clear message of defiance to Washington.



American broadcaster CBS to purchase Ten Network – owner of Australia's third-biggest free-to-air channel Ten. The move blocks the ambitions of billionaires Lachlan Murdoch and Bruce Gordon to take control of Ten and take it private.



Boral chief executive expects Australia's infrastructure boom to last up to 10 years and deliver bigger profit momentum than the housing boom. BLD targeting 15% growth in FY18E as the government signs off on big-ticket projects



At least 28 deaths related to Hurricane Harvey and its aftermath have been reported in Texas. About 22% of US refining capacity is offline and could, in a worst case scenario, lead to a serious macro-economic problem.

## amscot's Competitive Edge

Established in 2002, we have been working towards our goals; to provide **Value, Service and Performance**. After 15 years, we still believe this is exactly what our customers want from us. We are client centric in our business approach and our client's best interest is always our top priority.

We have kept our rates lower than our competitors till date and it has been raved widely by our existing clients. Why do we charge as low as we do? We know that trading is not as easy as it seems and nobody and I mean no one, wants to be paying hundreds of dollars on brokerage. We believe in being reasonable in our brokerage so we can keep your pockets brimming with profits. How about that?

With our unbeatable value in brokerage, we are not coming up short in our services. We believe that whether you are a causal trader, aspiring trader or sophisticated trader, the service support line has to be first class. Reason being that trading in the equities market, it can be active and volatile at times and with a great team of Australians always ready to assist you with your query over the phones, could just make that difference in your trading. **We strive towards a 100% call pick-up with customer enquiries resolved within the first call.** For customers who are using our phone broking service, you would be exhilarated to know that our team of traders are precise and accurate when placing the orders into the markets. They have been equipped with adequate knowledge to accurately execute your orders as instructed by our customers. When you are not confident in placing trades into a live platform system, you know that we are here for you.



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