



***Nucleus***

*W e a l t h*

**NUCLEUS INSIGHTS**

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# Introducing today's speakers

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Certified Financial Planner (CFP)

Years of “making the complex, simple” for clients of:

AMP Financial Planning

Mercer Financial Advice

Akambo Private Wealth



- Co-author with Ross Garnaut of The Great Crash of 2008 and editor of the Garnaut Climate Change Review
- Chief Economics editor and Founder of the Diplomat magazine
- Chief Editor of highly read MacroBusiness blog



## Nucleus Insights : Australia, Boom or Bust Commodities?

Nucleus Wealth is a Corporate Authorised Representative of Integrity Private Wealth AFSL 436298

# Agenda

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1. Commodity Prices : The three legged stool - China, US Dollar, Inventories
2. Australian Terms of Trade
3. Mining Investment Trends
4. Impacts on investment

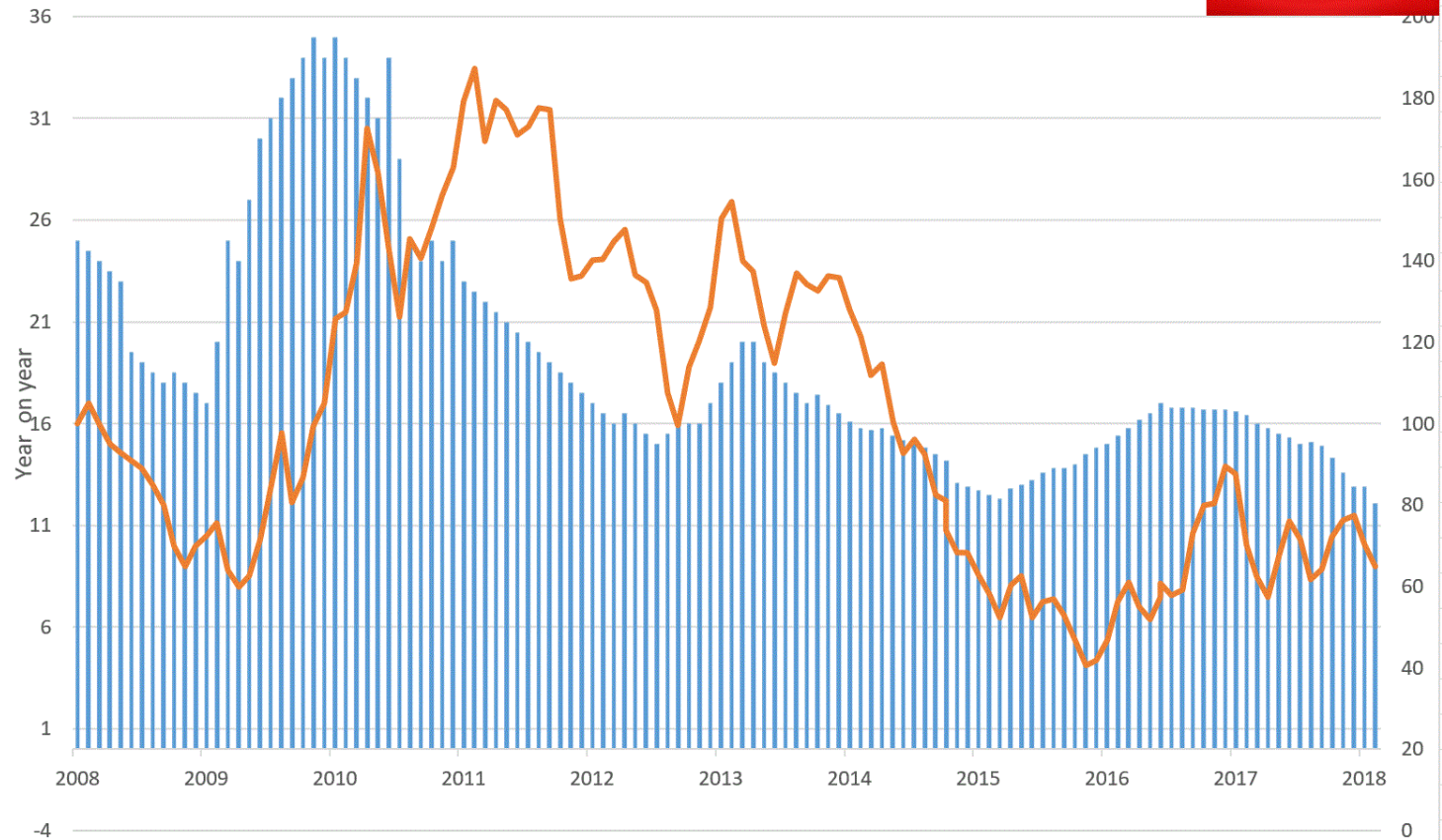
Leith Van Onselen  
David Llewellyn Smith  
Tim Fuller  
Damien Klassen



# China

## Credit Tightening?

### China broad credit (TSF + bonds)



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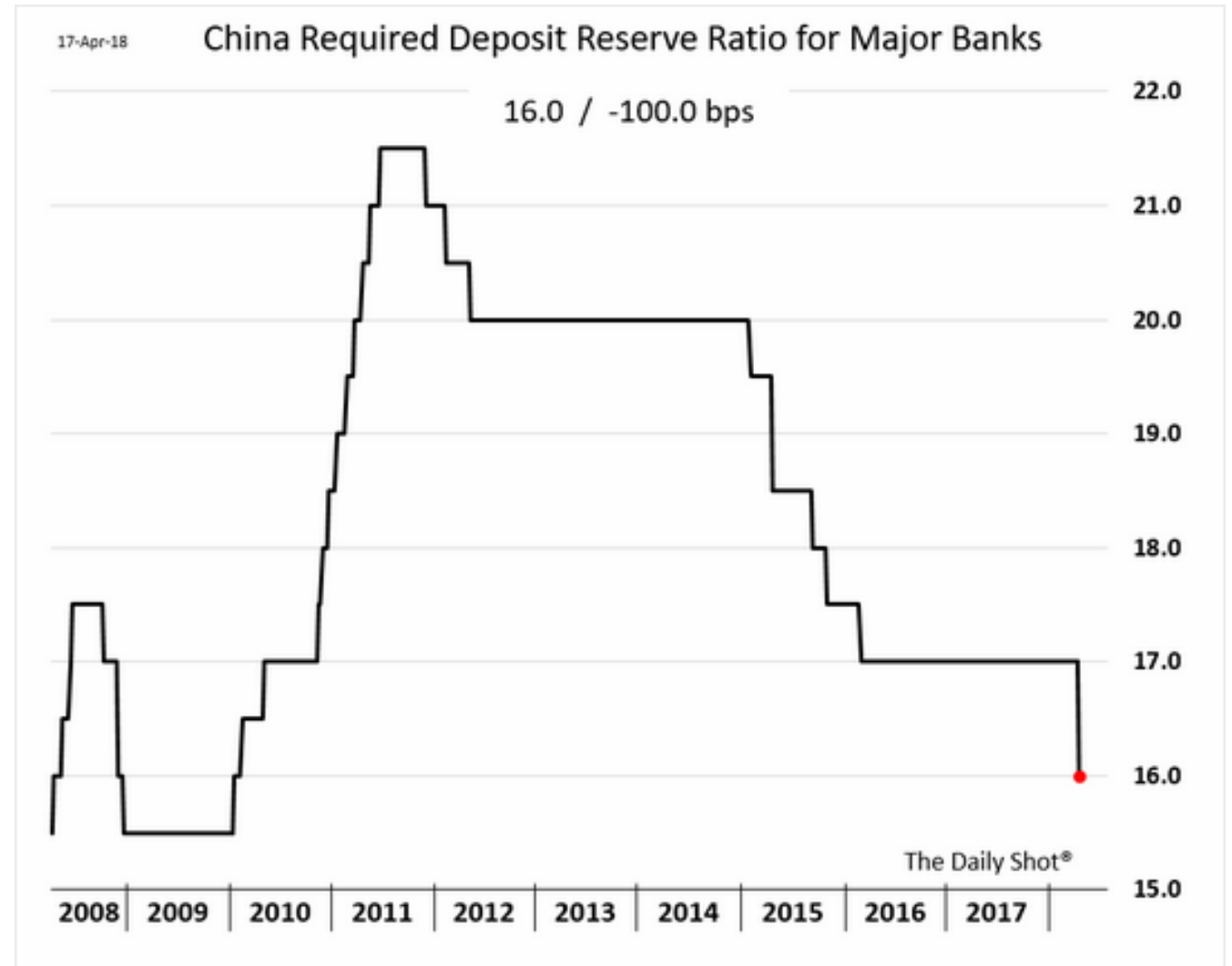


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# China

## Credit Tightening



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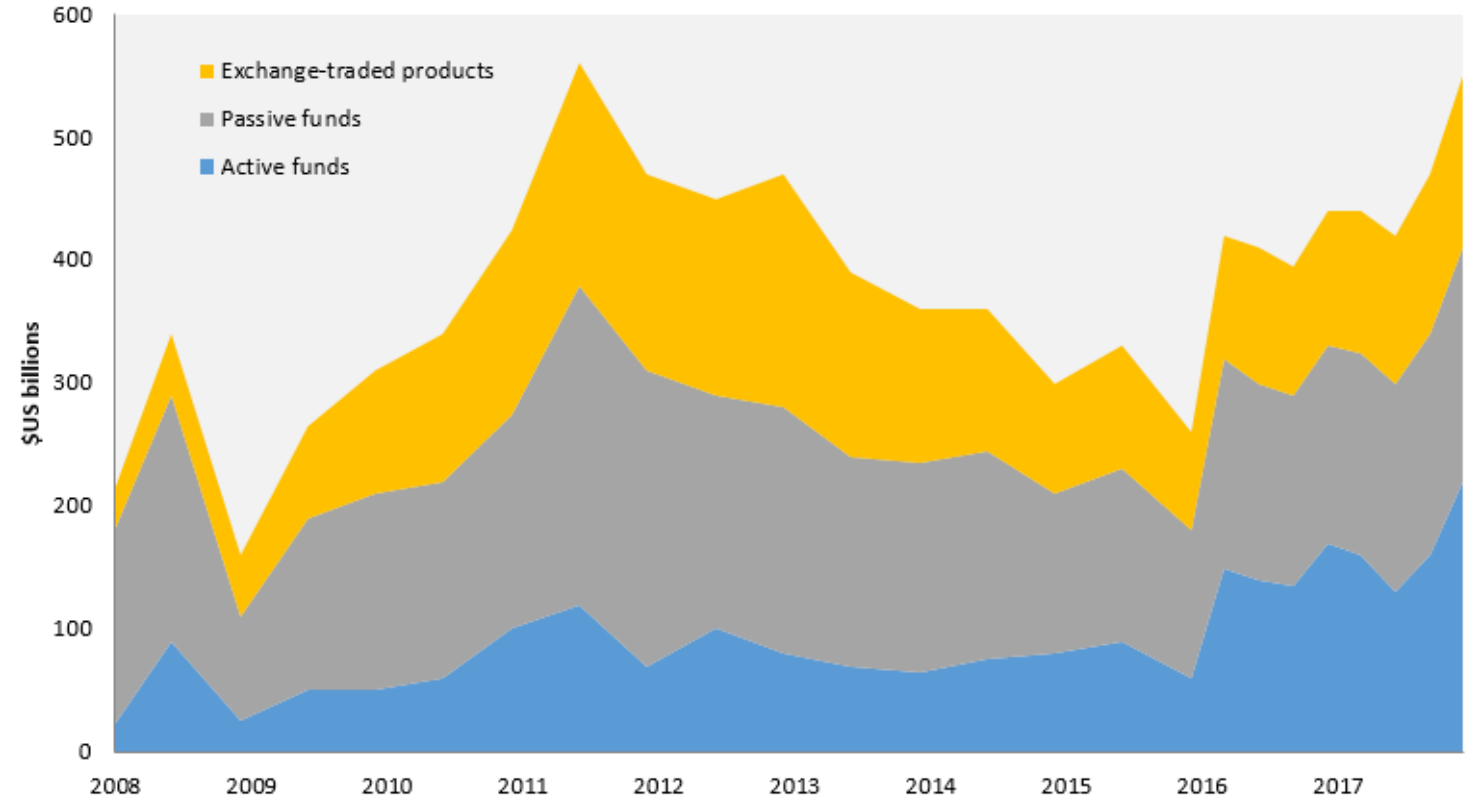
# China

## Inventories

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### Commodity financial products AUM

Source: Citibank



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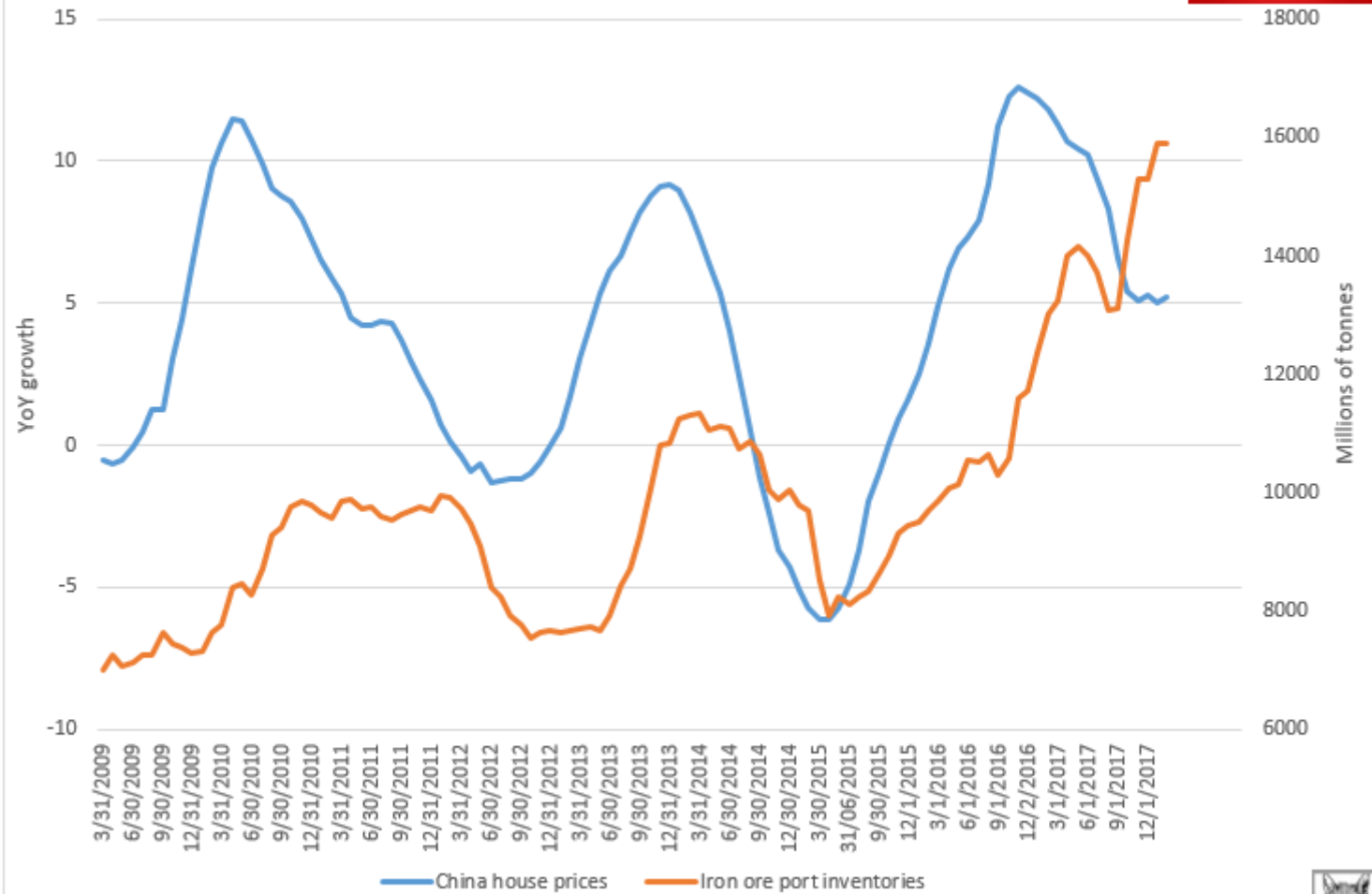


# China

## Inventories

### China house price versus iron ore port inventories

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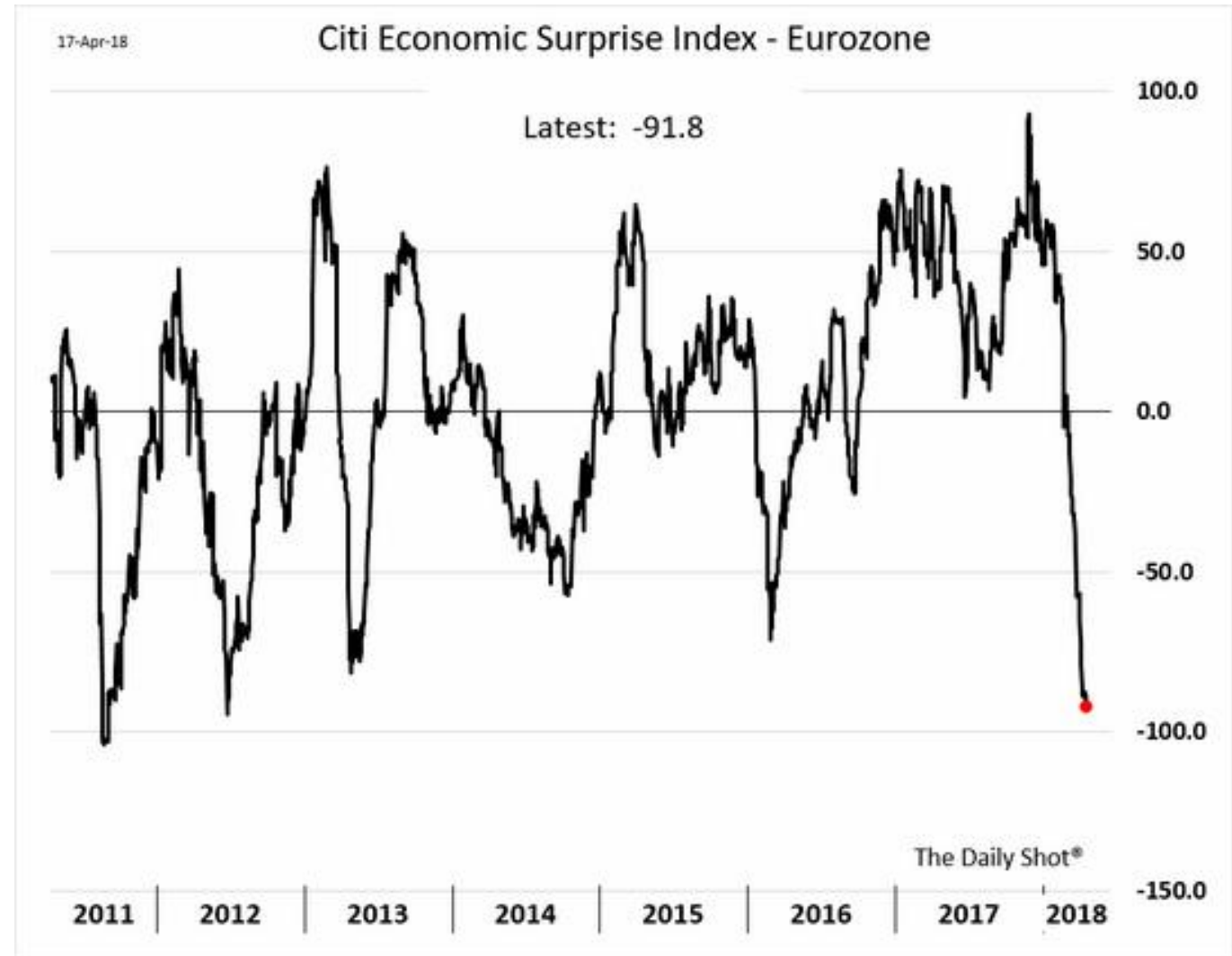
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# China

## Inventories



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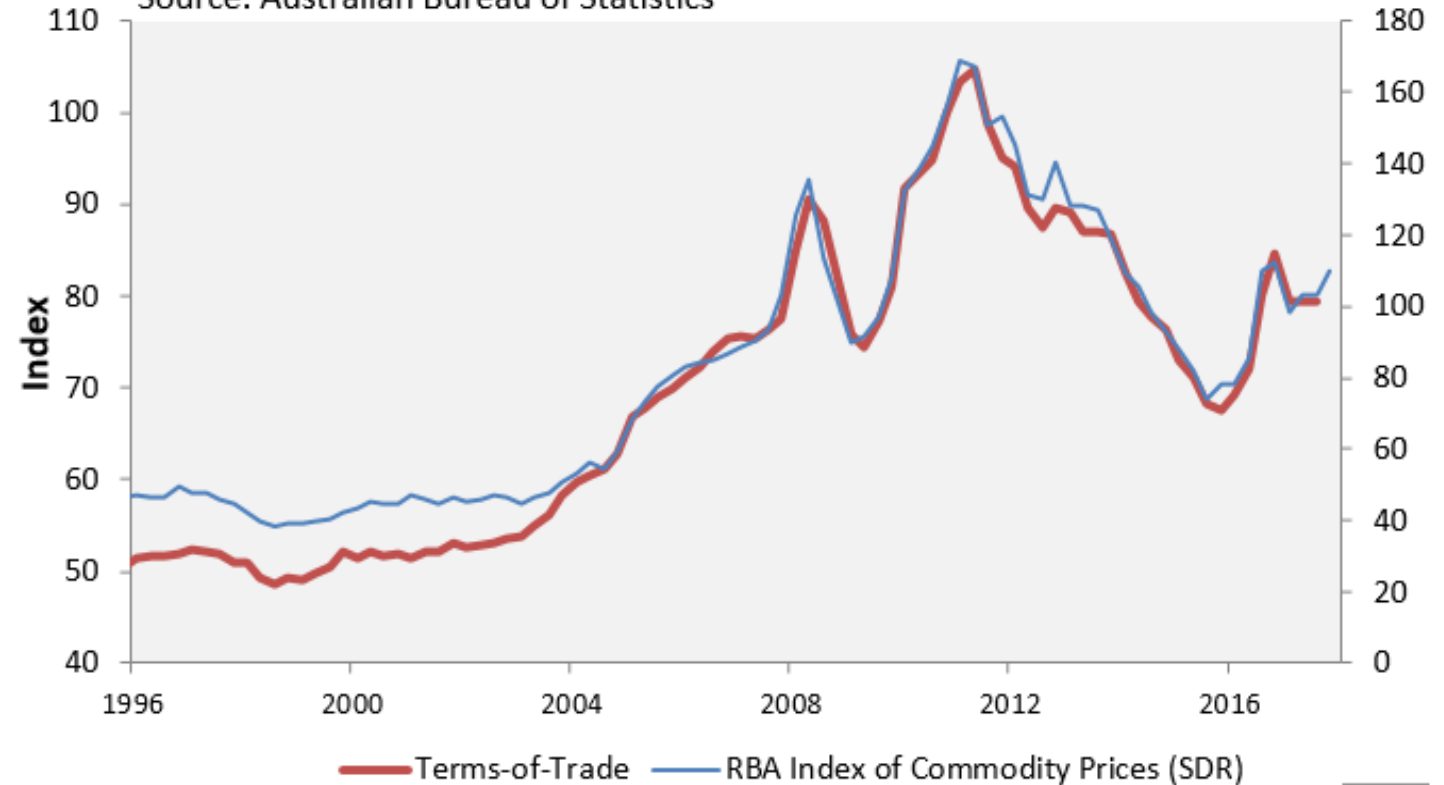
# Australian Terms of Trade

Rebound?

## Australian Terms-of-Trade

Source: Australian Bureau of Statistics

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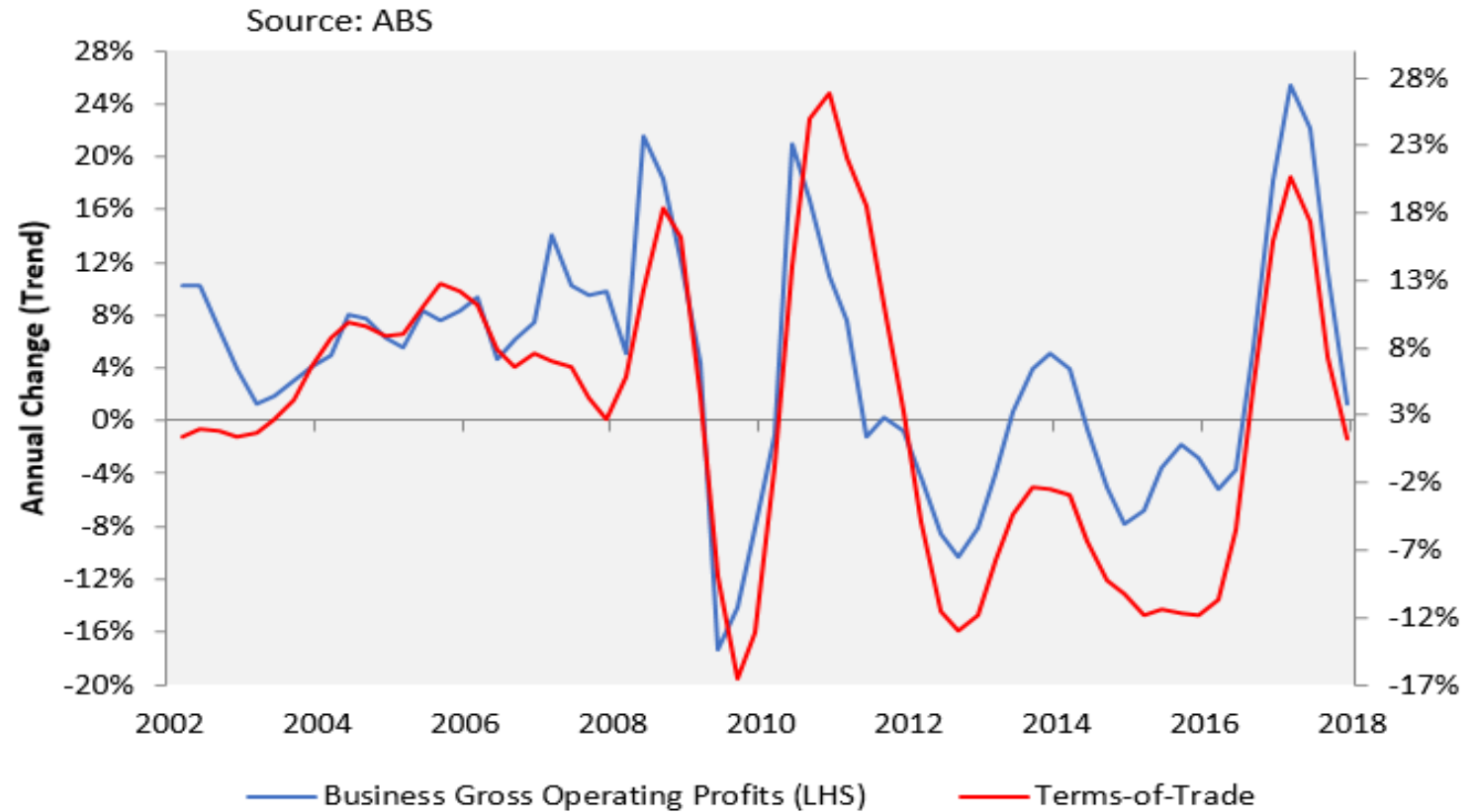


# Australian Terms of Trade

Positively correlated  
with profits

## Real Business Profits vs Terms-of-Trade

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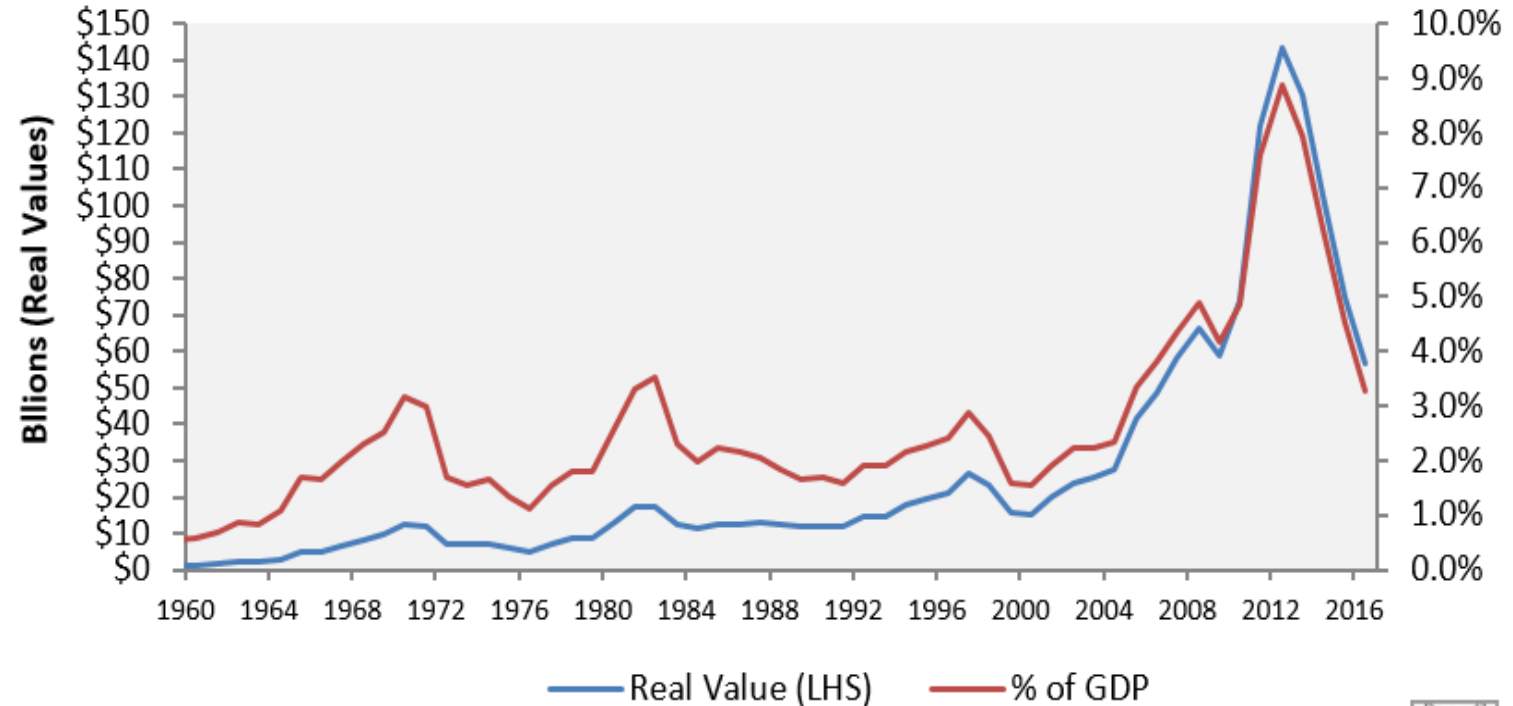
# Mining Investment

Capex looking bleak

## Australian Mining Investment

Source: Australian Bureau of Statistics

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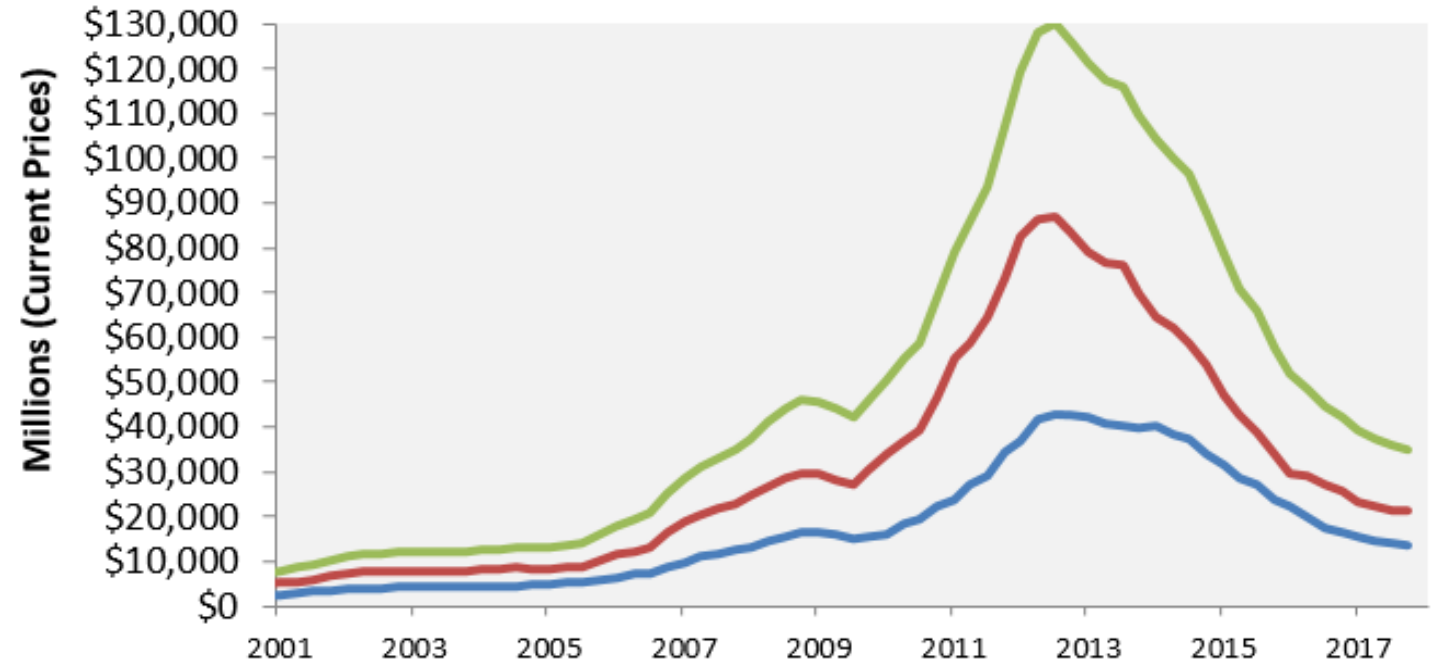


# Mining Investment

Expectations not great either

## Total Expected Mining Capex

Source: Australian Bureau of Statistics



Short-Term Long-Term Total

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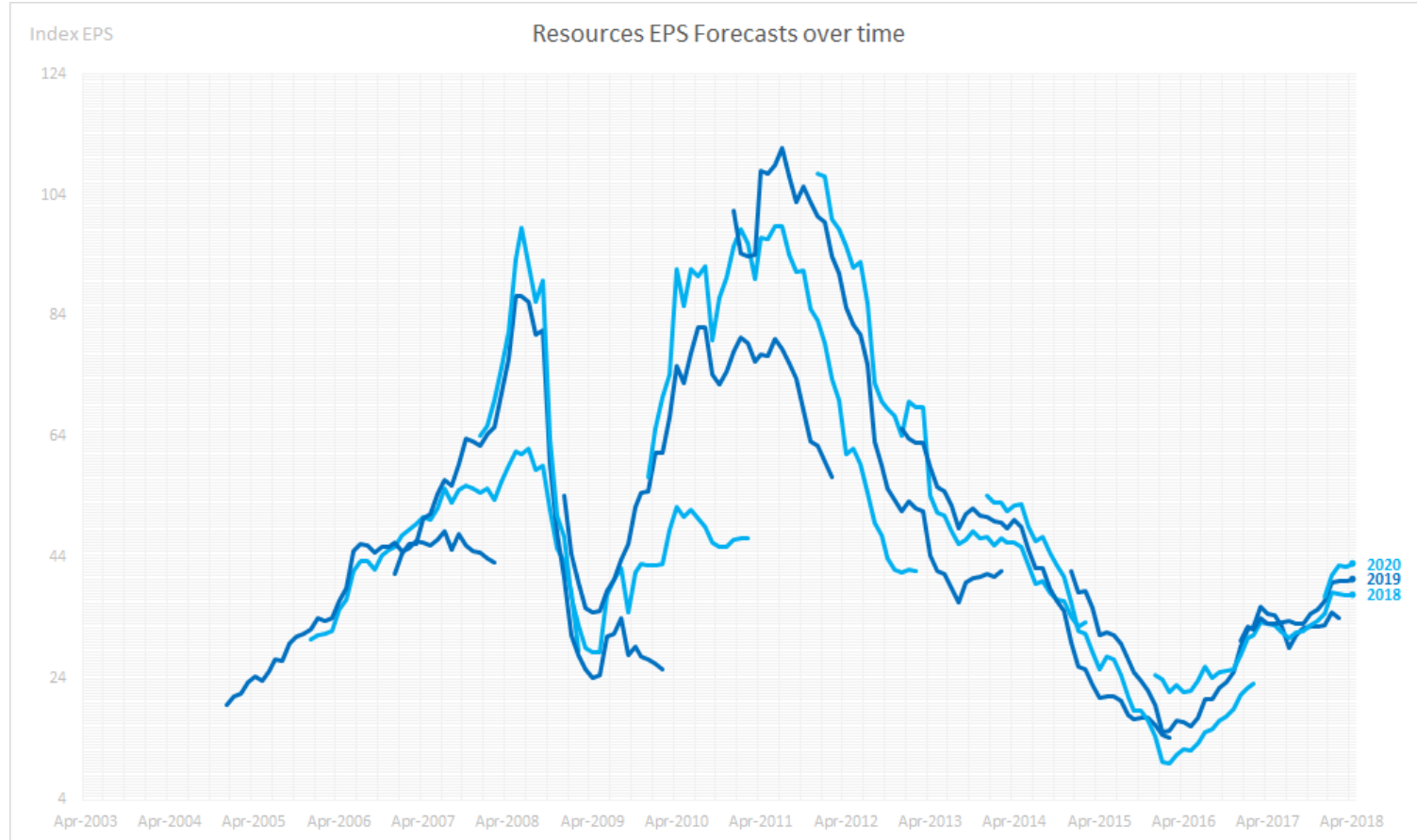


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# Investment Impacts

Earnings per Share :  
Resources.



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# Investment Impacts

## Earnings Margins

EBIT Margin (%)

Resources EBIT Margin over time



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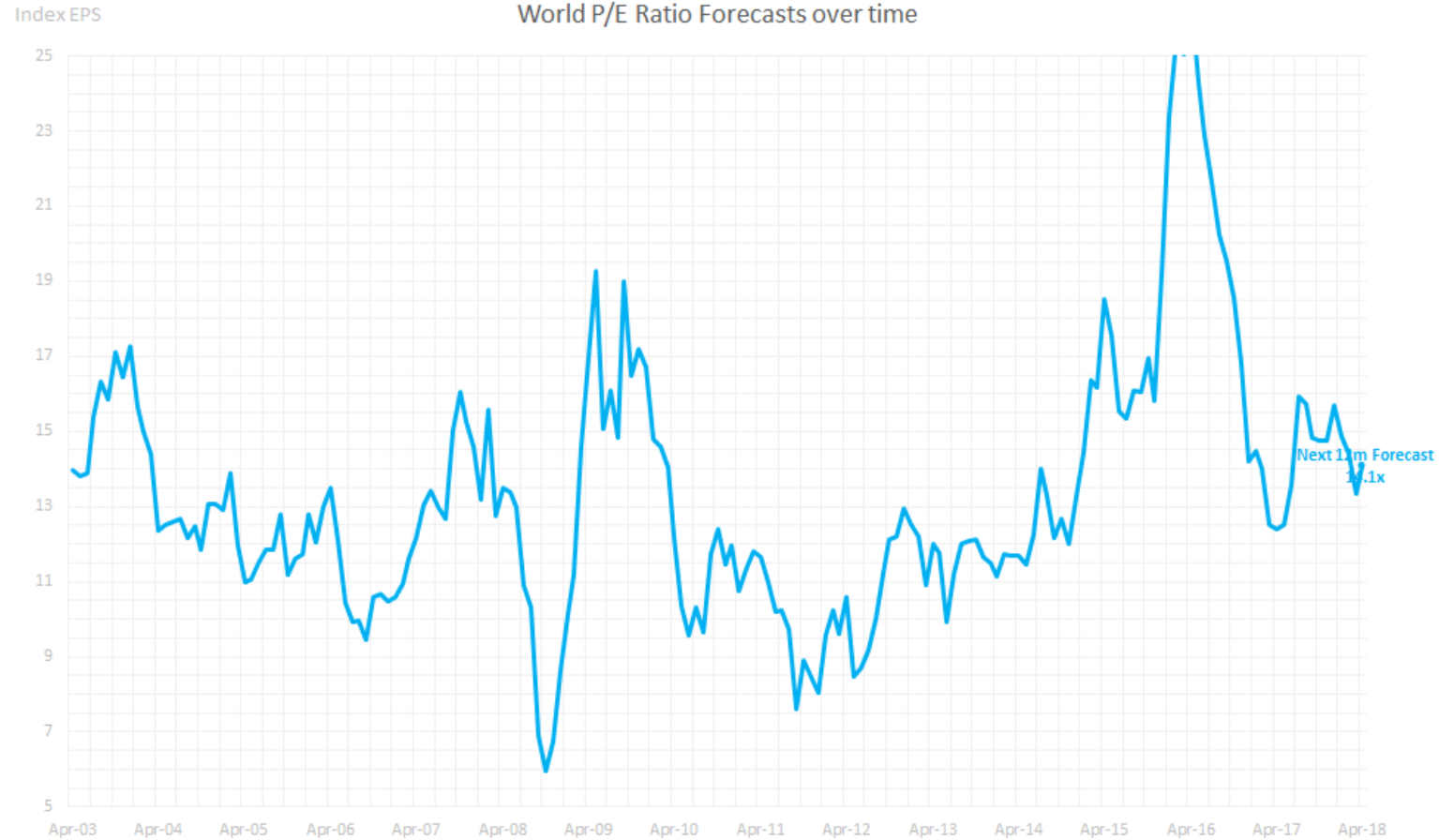




# Investment Impacts

## World Price Earnings Forecasts

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# Investment Impacts

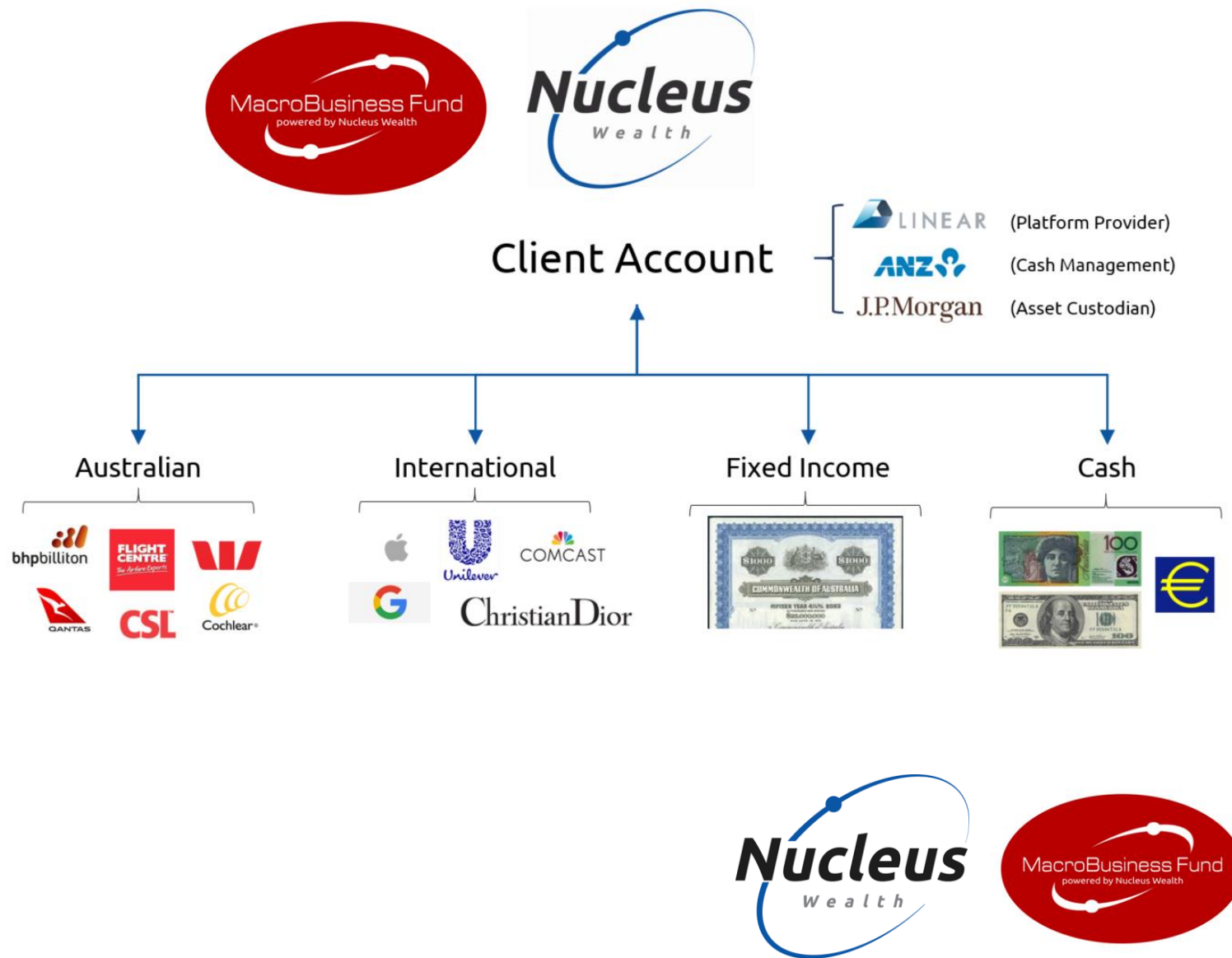
Where we look

- Historical valuations are less important for resources
- Earnings are at mid cycle
- Will commodity prices fall faster than the AUD?

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# Investing with Nucleus Wealth



# Investing with Nucleus Wealth

## HEALTH



- No Fast Food
- No GMO Foods

## VICES



- No Gambling
- No Alcohol
- No Pornography
- No Tobacco

## ANIMAL RIGHTS



- No Animal Testing (Broad)
- No Animal Testing (High Impact)

## RELIGION



- No Contraception
- Only Sharia / Islamic

## CLIMATE CHANGE



- No Fossil Fuels (High Impact)
- No Fossil Fuels (Broad)
- No Fossil Fuels (CSG)
- No Nuclear
- No Loggers - OGF

## WAR



- No Arms (High Impact)
- No Arms (Broad)

## HUMAN RIGHTS



- No Immigration Detention
- No Jails



# Investing with Nucleus Wealth

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- Complete investment solution
- 19 individual ethical screens
- Experienced investment managers
- Completely transparent
  
- Lower fees as we get rid of the multiple layers of middle-men between you and your money
- Tax effective



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**Keep your investments in focus.**

Let us help you get started  
1300 623 863

