



# MONTHLY REPORT

## Monthly Report

Our June monthly report is out now. See the global and Australian updates and trends.

# +2.47%

ASX performance

# +1.69%

US markets were stronger in the month, with the Dow Jones up +1.69% and S&P500 up +1.84%, as investors looked past concerns over a second coronavirus wave and focused on reopening of economies, better-than-expected economic data and potential new stimulus measures.



- Long-dated US treasury yields were mixed, with the 2-Yr yield higher at 0.15% and 10-Yr yield steady at 0.66%.
- European markets. European markets were stronger with the Stoxx Europe 600 Index up +2.85%, UK FTSE up +1.53% and German DAX up +6.25%.
- Asian markets. Asian markets were higher over the month, with the Nikkei up +1.88%, KOSPI up +3.88%, and the Shanghai Composite rising +4.64%.
- Commodities. Over the month, WTI oil price gained +9.57% to US\$39.27/bbl, iron ore prices increased +3.65% to US\$98.01 per tonne and spot gold gained +2.93% to US\$1,781 per ounce.

**IN POLITICAL NEWS:**

- Over 60 countries including the U.S. saw a series of protests and unrest as a response to the killing of George Floyd, an African American man who died during an arrest.
- China's top legislative body unanimously voted to pass Hong Kong's national security legislation and the Trump administration suspended some trade benefits for the city over the new national security law.
- ECB expanded its Pandemic Emergency Purchase Program by a bigger-than-expected 600bn euros to 1.35 trillion euros and extended it at least until the end of June 2021.
- OPEC and its allies agreed to extend historic oil output curbs by an extra month, however, Saudi Arabia denied to continue its additional, deeper output curbs after June.

**IN ECONOMIC NEWS:**

- Australian RBA decision. RBA kept its cash rate unchanged at 0.25%, with RBA's Governor Philip Lowe noting that it's possible the depth of the downturn will be less than previously expected.
- Global growth outlook. IMF downgraded its outlook for the coronavirus-ravaged world economy, projecting a significantly deeper recession and slower recovery than it anticipated just two months ago (IMF now expects global GDP to shrink 4.9% this year, more than the 3% predicted in April and is forecasting growth of 5.4% in 2021, down from 5.8% previously). World Bank warned the global economy will contract -5.2% this year, the most since World War II, before rebounding in 2021 with per-capita output expected to contract in more than 90% of countries this year, the biggest share since 1870. Organization for Economic Cooperation and Development (OECD) expects the global economy to slump 6% this year (based on a scenario of the virus continuing to recede) and anticipates that a second wave of infections could cause the global economy to contract by 7.6% in 2020.
- U.S. The Fed kept interest rates unchanged at 0-0.25%, projected interest rates will remain near zero through 2022 and pledged to maintain at least the current pace of asset purchases. Fed expects the U.S. economy to contract by 6.5% in 2020 before expanding by 5% in 2021.
- US manufacturing PMI for June increased to 49.6 from 39.8 in May, consumer confidence rose to 98.1 in June from 85.9 in prior month and jobless claims for the week ending June 20 came in at 1.48m, topping economists' expectation of 1.32m.
- Australia. Economy contracted in the first three months of the year, with GDP falling 0.3% qoq, the first quarterly drop since 2011 and unemployment in May rose to 7.1%, the highest since October 2001.
- China. The country posted a record trade surplus of \$62.93bn in May. China's official manufacturing PMI for June came in at 50.9.
- Europe. Euro zone PMI increased to 47.5 in June from 31.9 in May and economic sentiment improved to 75.7 in June from 67.5 in May.
- U.K. BOE held interest rates steady at 0.1% and added another GBP 100bn to its quantitative easing program, taking the total value of its Asset Purchase Facility to GBP 745bn.
- Japan. Exports plunged -28.3% in May and BOJ raised the estimated size of its special lending program to about 110 trillion yen from 75 trillion yen.

## **ON STOCK SPECIFIC NEWS (WHICH CAUSED SIGNIFICANT INTRADAY MOVES DURING THE MONTH):**

- AMP Ltd (AMP) - gained +7.9%, after reporting that it has received all the required regulatory approvals for the sale of AMP Life to Resolution life and expects the transaction to complete on 30 June.
- Austal Ltd (ASB) - gained +9.5%, after winning a \$50m Defence Production Act Title III Agreement from the U.S. Department of Defence.
- Carsales.com Ltd (CAR) - gained +6.2%, after reporting preliminary adjusted FY20 NPAT of A\$134-138m.
- Challenger Ltd (CGF) - declined -9.8%, following a discounted \$270m capital raise.
- Collins Foods Ltd (CKF) - surged +12.7%, after reporting FY20 revenue of A\$981.7m, up +8.9% yoy and underlying profit of A\$47.3m, up +5.1% yoy.
- Cromwell Property Group (CMW) - gained +8.0%, after Singapore's ARA Asset Management launched a \$520m proportional takeover bid for the Company.
- Fisher & Paykel Healthcare Corp Ltd (FPH) - gained +6.9%, after reporting a +37% yoy increase in FY20 profit to \$NZ287.30m.
- Harvey Norman Holdings Ltd (HVN) - gained +7.3%, after reporting strong YTD growth of +7.4% in its Australian operations and declaring a special dividend of 6cps.
- Healius Ltd (HLS) - surged +19.0%, after getting into a binding agreement to sell the Healius Primary Care business to PE firm BGH Capital for an enterprise value of A\$500m on a cash and debt free basis.
- James Hardie Industries (JHX) - gained +7.3%, after increasing guidance range for 1Q North America Adjusted EBIT margin to 27-29% from 22-27%.
- Qantas Airways Ltd (QAN) - slumped -9.1%, after undertaking a dilutive capital raise, raising A\$1.36bn at A\$3.65 per share.
- Viva Energy Group Ltd (VEA) - surged +15.5%, after forecasting 1H20 group underlying EBITDA of ~A\$257.5-287.5m and underlying NPAT of ~A\$20.0-50.0m and announcing commencement of share buyback from June.

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