

MONTHLY REPORT

Monthly Report

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

+0.51%

ASX performance

+2.38%

US markets were stronger in the month, with the Dow Jones up +2.38% and S&P500 up +5.51%, boosted by coronavirus vaccine hopes after AstraZeneca and Oxford University reported their drug showed promising results in early human testing and Pfizer, BioNTech and Moderna announced late-stage human trial for the vaccine.



- Long-dated US treasury yields were lower, with the 2-Yr yield at 0.11% and 10-Yr yield at 0.53%.
- European markets. European markets mostly slumped in the month with Stoxx Europe 600 Index down -1.11%, UK FTSE down -4.41% and German DAX up +0.02%.
- Asian markets. Asian markets were mostly higher, with the Nikkei down -2.59%, KOSPI up +6.69% and the Shanghai Composite rising +10.90%.
- Commodities. Over the month, WTI oil price increased +2.36% to US\$40.27/bbl, iron ore prices increased +10.46% to US\$108.26 per tonne and spot gold gained +10.94% to US\$1,976 per ounce.
- ASX performance. The ASX200 gained +0.51%.

IN POLITICAL NEWS:

- U.S.-China relations further soured, with the Trump administration rejecting China's expansive claims in the South China Sea, reversing a previous policy of not taking sides in territorial disputes in the region and forcing the closure of China's consulate in Houston and China ordering the U.S. to shut its consulate in Chengdu, as a retaliation.
- European Union leaders came to an agreement on a 750bn euros stimulus package which would give out 390bn euros of grants and 360bn euros of low-interest loans. European governments also approved the most ambitious climate change plan to date, agreeing to pour more than 500bn euros into everything from electric cars to renewable energy and agriculture.
- U.K. suspended its extradition treaty with Hong Kong.

IN ECONOMIC NEWS:

- Australian RBA decision. RBA kept interest rate steady at 0.25% and its yield target unchanged as expected, but also said that fiscal and monetary support will be needed for some time and pledged to scale up its bond buying program if needed. On the global outlook the RBA said conditions may be past the worst but it's likely going to be a bumpy recovery and dependent on containment of the coronavirus.
- US. Economy in 2Q20 suffered its sharpest downturn since at least the 1940s, with soaring jobless claims and an annualized 32.9% qoq contraction in GDP. Personal consumption, which makes up about two-thirds of GDP, slumped at an annualized 34.6% in the quarter, also the most on record.
- For the month of June CPI increased +0.6% month-on-month, industrial production increased +5.4% month-on-month and retail sales increased +7.5% month-on-month.
- Australia. CPI for 2Q20 declined -1.9% qoq, the largest quarterly fall in 72 years and unemployment rate for June surged to 7.4% from 7.1% in May, the highest level since 1998.
- China. Economy returned to growth in 2Q with GDP increasing +3.2% yoy. In June, retail sales declined by -1.8% yoy, industrial profit soared +11.5% yoy, PPI declined -3% yoy, imports increased +2.7% yoy and imports rose +0.5% yoy.
- Europe. Euro-area economy slumped into the deepest recession on record in 2Q20, with GDP falling -12.1% qoq and European Commission forecast a deeper contraction than previously estimated for the EU economy this year, revising its prediction to a contraction of 8.3% in 2020 (vs previous forecast of 7.4%), followed by a rebound of 5.8% in 2021 (vs previous forecast of 6.1%).
- South Korea. GDP for 2Q20 declined -3.3% qoq (-2.9% yoy), the sharpest contraction since 1Q 1998, with exports which account for ~40% of the economy being the biggest drag on the growth, declining -16.6% qoq to mark the worst reading since 1963.

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

- Adbri Ltd (ABC) - slumped -25.4%, after announcing that its subsidiary, Cockburn Cement, has been informed by Alcoa of Australia that its current lime supply contract constituting ~A\$70m in annual revenue for the group isn't renewed, and would expire on June 30, 2021.
- AMP Ltd (AMP) - slumped -12.8%, after announcing it expects 1H20 underlying profit for retained business of A\$140-150m, negatively impacted by the Covid-19 pandemic.
- AP Eagers Ltd (APE) - surged +13.3%, after reporting it has A\$633.9m of available liquidity, which provides a buffer to withstand long-term impacts of Covid-19.
- Cochlear Ltd (COH) - gained +5.9%, after announcing that it has obtained FDA approval for the Nucleus Kanso 2 Sound Processor, Nucleus 7 Sound Processor, Custom Sound Pro fitting software and the Nucleus SmartNav system.
- 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.
- Credit Corp Group Ltd (CCP) - gained +8.8%, after the Company's FY20 net income of A\$15.5m came in above consensus estimate of A\$12.7m and management forecast net income for FY21 of A\$60-75m.
- Insurance Australia Group Ltd (IAG) - slumped -7.8%, after announcing it expects its full-year underlying insurance margin to soften and be ~10% vs prior guidance of 12.5-14.5%.
- NextDC Ltd (NXT) - gained +8.1%, after announcing contracted commitments at its NSW data centre facilities have increased by ~4MW, to more than 36MW.
- Resolute Mining Ltd (RSG) - surged +12.9%, after the Company forecast gold production for the full year of 430,000 oz, maintaining its previous forecast.
- St Barbara Ltd (SBM) - gained +10.3%, after reporting gold production for 4Q20 and FY20 of 108,612 oz and 381,887 on, respectively.
- Super Retail Group Ltd (SUL) - gained +9.5%, after announcing it expects FY20 proforma normalized NPAT of A\$153-154m vs A\$153m yoy.

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