



SUPER NETWORK

TAILORED INVESTMENT ADVICE

# MONTHLY REPORT

AUGUST



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## Monthly Report

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

# +2.24%

ASX performance

# +7.57%

US markets were stronger in the month, with the Dow Jones up +7.57% and S&P500 up +7.01%, on back of vaccine progress with Russia giving regulatory approval for the world's first Covid-19 vaccine for use with mass inoculation to start soon and Pfizer Inc. announcing its Covid-19 vaccine is on track to seeking regulatory review in October.



- Long-dated US treasury yields were higher, with the 2-Yr yield at 0.13% and 10-Yr yield at 0.70%.
- European markets. European markets were higher with the Stoxx Europe 600 Index up +2.86%, UK FTSE up +1.12% and German DAX up +5.13%.
- Asian markets. Asian markets were higher over the month, with the Nikkei up +6.59%, KOSPI up +3.41%, and the Shanghai Composite rising +2.59%.
- Commodities. Over the month, WTI oil price gained +5.03% to US\$42.61/bbl, iron ore prices increased +15.19% to US\$125.84 per tonne, whilst spot gold declined -0.41% to US\$1,968 per ounce.

**IN POLITICAL NEWS:**

- U.S. and China reaffirmed their commitment to the phase-one trade deal, however, tensions between the two countries continued to escalate with the Commerce Department announcing further restrictions on Huawei Technologies Co. aimed at cutting the Company's access to commercially available chips. Tensions between the two countries over the South China Sea also escalated with Beijing firing two missiles into the disputed waterway and the Trump administration strengthening action against companies that helped set up outposts in the region.
- Japan's Prime Minister Shinzo Abe resigned, citing health reasons.
- Germany extended its jobs support program, allocating additional 10bn euros.

**IN ECONOMIC NEWS:**

- Australian RBA decision. RBA left its cash rate and three-year government bond yield targets unchanged at 0.25% each, as expected, and kept its guidance about maintaining those levels until progress is made toward the central bank's employment and inflation goals. RBA announced the resumption of bond buying and highlighted that the pace of recovery of the Australian economy is expected to be slower than previously forecast. The Bank projected a jobless rate of 10% for later this year, before gradually declining to about 7% over coming years and output falling 6% over 2020 before growing 5% in the following year.
- US. The Fed minutes signalled tempered optimism about growth in 2H20 and Internal Revenue Service's forecast that lower levels of employment in the U.S. could persist for years.
- US consumer confidence data for August dropped to the lowest since 2014, however, consumer sentiment increased slightly in late August on an improving economic outlook, while remaining well below pre-pandemic levels. Jobs report for July beat estimates, with the economy adding 1.763m jobs in the month and seeing unemployment rate fall to 10.2% from 11.1% in prior month.
- China. Manufacturing activity in the country expanded in August with PMI coming in at 51.
- Europe. Euro zone economy slumped into the deepest recession on record in 2Q20, with GDP contracting by -14.7% yoy and -11.8% qoq. Consumer prices slid in Europe in the wake of the coronavirus lockdowns, with Germany, Italy and Spain all reporting negative inflation rates in August.
- UK. GDP plunged -20.4% in 2Q20, the most since records began in 1955, pushing Britain into its first recession since 2009.
- Japan. Japan posted a record economic contraction in 2Q20, with GDP falling an annualized -28.1% in the quarter, the most in data going back to 1955.
- Germany. Economy shrank - 9.7% qoq in 2Q20, with consumer spending shrinking by -10.9% on the quarter, capital investments by -19.6% and exports by -20.3%.

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

- AGL Energy Ltd (AGL) - declined -9.6%, after disappointing on FY21 outlook.
- AMP Ltd (AMP) - surged +10.9%, after announcing it expect to pay special cash dividend of 10cps (fully franked) and plan up to \$200m of share buyback during next 12 months.
- Appen Ltd (APX) - slumped -11.1%, after 1H20 results highlighted weakness in Speech and Image.
- Bingo Industries Ltd (BIN) - surged +13.5%, after reporting FY20 underlying EBITDA of \$152.1m, up +40.8% y/y with margins up +440bps.
- Cleanaway Waste Management Ltd (CWY) - gained +8.5%, after FY20 underlying NPAT beat estimates and the Company declared final dividend per share of 21cps.
- Cochlear Ltd (COH) - gained +9.8%, after reporting FY20 revenue of \$1.132bn, down -7.4% over pcg and ahead of estimates at \$1.26bn.
- IDP Education Ltd (IEL) - surged +28.5%, after reporting FY20 revenue of A\$587.1m, down -1.8% y/y, vs estimate of A\$549.6, and net income of A\$67.8m, up +1.8% y/y.
- Mesoblast Ltd (MSB) - surged +39.1% after winning FDA panel backing for its graft-vs-host disease drug.
- Nearmap Ltd (NEA) - slumped -11.6%, after reporting FY20 net loss of A\$36.7m and scrapping its final dividend.
- Orocobre Ltd (ORE) - slumped -10.3%, after reporting FY20 net loss of US\$67.1m vs net profit of US\$65.4m in pcg and announcing an equity raise of A\$126m at -13.1% discount.
- Treasury Wine Estate Ltd (TWE) - slumped -14.3%, after the Chinese Ministry of Commerce announced it had initiated an anti-dumping investigation into Australian wine exports into China.
- Whitehaven Coal Ltd (WHC) - slumped -18.1%, after reporting earnings impacted by lower coal demand on coronavirus-related lockdown measures.
- WiseTech Global Ltd (WTC) - surged +33.9%, after the Company forecast FY21 EBITDA of A\$155-180m vs consensus estimate of A\$156.3m.

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