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UNIT Monash: Week One Newsletter

Welcome back <<First Name>>!

We hope that you enjoyed a relaxing winter vacation or summer if you jumped on the Europe bandwagon.

PSA: We sent out an email earlier this week looking to recruit some of our loyal readers to join our team!

If you enjoy the weekly newsletters and believe you have what it takes to help produce content, [click here](#) and apply today!

Applications close: 11:59 pm Sunday 11th of August (End of week 2)

Without further adieu, we would like to present you with the first edition of our weekly newsletter for semester 2!

Weekly Market Wrap

Snap Inc (NASDAQ: SNAP) (Bringing the little ghost back to life)

After what has been a tremulous 2017 and 2018, social media company Snap Inc has shown its first signs of what could be a promising recovery in Q3 of 2019. Over the last week, Snap's share price jumped an impressive 27.6 per cent from US\$14.04 to US\$17.89. The US\$17.89 closing price on Friday marks the first time Snap has successfully breached the US\$17 IPO price set back in 2017, providing undoubted relief to its early investors. Several factors contributed to the increase in share price, most notably the strong daily user base growth of 7 per cent to 190 million and a 48 per cent increase in revenue to US\$320.4 million throughout Q2. Snap has claimed its better than expected performance can be attributed to its captive hold on 90 per cent of the 13-24-year-olds in the U.S, releasing an Android version of Snapchat and a new self serve ad platform for advertisers. Snap has proved that it has maintained a loyal fan base amidst the competition of Facebook, Instagram and Whatsapp stories (Fun fact: The longest Snapchat streak was 1457 as of May 2019). However, it is essential to keep in mind that a significant, one-quarter improvement is not a trend, and now the social media specialist needs to prove this was more than just a fluke.

Apple Inc (NASDAQ: AAPL) (An act of independence)

Apple Inc undertook a major step last week by purchasing the majority of Intel's modem business in a bid to take more responsibility for its smartphone supply chain. The modem chips are a significant component for Apple as they connect devices like the iPhone to wireless data networks. The Intel deal, valued at US\$1 billion, is the second-largest acquisition that Apple has ever made. The sale will involve Apple onboarding as many as 2200 of Intel's employees while also taking ownership of approximately 17,000 articles of intellectual property as well as equipment and leases. The acquisition has come as no surprise with Intel reporting losses close to US\$1 billion annually from its smartphone business. Intel had been standing in as the sole source of iPhone modem chips for Apple during the prolonged litigation between Apple and its previous supplier Qualcomm Inc. However, Apple has now rekindled its business relationship with Qualcomm and will continue this relationship for at least six years until it can fully integrate Intel's modem manufacturing into its business model. In the markets, there has been a favourable outcome for both Apple and Intel with an increase in the share price by 0.1 per cent to US\$207.29 and 5.7 per cent to US\$55.05, respectively.

Ford Motor Company (NYSE: F) (Ford moving forward)

Last week Ford demonstrated that it is serious about transitioning into the electric vehicle (EV) market. In particular, Ford has a significant investment riding on the electric F-150, which Ford has scheduled for release in conjunction with its forthcoming Mustang-inspired EV. Ford showcased its F-150 prototype in a stunt towing ten double-decker rail cars loaded with 42 regular F-150s over 1,000 feet, the entire load weighing approximately 567 tonnes. Previously, Tesla held the record for pulling the heaviest load, when a Model X towed a 130 tonne Boeing 787-9 Dreamliner close to 1,000 feet in Australia last year. Ford has expressed that it plans to invest US\$11.5 billion to produce over a dozen new-age models (which includes EVs and hybrids) by 2022. Ford has also disclosed plans to invest an additional US\$500 million in EV startup Rivian, utilising Rivian's technology to produce an electric skateboard. However, this new project will not affect the electric F-150 and Mustang-inspired crossover. Ford's share price experienced a slight 3 per cent increase to US\$10.33 in the initial days of the week surrounding the showcase before dipping back down to rest at US\$9.57 to close out the week



Weekly Global Breakdown

Australia

The Australian share market closed the week marginally lower, with the benchmark S&P/ASX200 index and broader All Ordinaries falling 0.36 per cent and 0.33 per cent respectively. Despite the weaker finish on Friday, the ASX closed 1.4 per cent higher for the week. Both Telecom and Tech stocks suffered the most significant losses on Friday with Telstra and Bravura Solutions front lining the losses with a 1.00 per cent and 2.80 per cent loss respectively. However, the mining sector was up on Friday, with BHP Billiton and Rio Tinto leading the way with a 0.60 per cent and 2.10 per cent increase respectively.

The ASX is poised to open higher with the SPI futures pointing to a 19-point gain; After markets reached new heights throughout the week. Investors will be waiting to see the stance the US Federal Reserve will take later on this week, with many believing interest rates will be cut.

US

Wall Street hit record levels on Friday, as the reported GDP data was better than expected, along with upbeat earnings coming from Alphabet and Starbucks. The Dow Jones Industrial Average, S&P 500 and Nasdaq Composite increased by 0.19 per cent, 0.74 per cent and 1.11 per cent respectively.

Alphabet rose 9.60 per cent after it surpassed Wall Street's expectations on ad sales and growth at its cloud unit while Starbucks was up 8.90 per cent after it posted its best sales growth over the past three years.

The US economic growth has slowed less than expected, which further supports the

Shanghai.

Asia

Chinese shares closed the week in positive territory, following renewed trade optimism and Beijing's decision to move towards a less-regulated market for initial public offerings and stock trading. The blue-chip CSI300 Index and the Shanghai Composite Index both climbed 0.20 per cent higher.

However, Hong Kong stocks have tumbled after Wall Street shares slid and the European Central Bank's (ECB) unexpected decision to leave interest rates unchanged. Hong Kong's Hang Seng index decreased by 0.70 per cent.

Investors are remaining doubtful that the US and Chinese negotiators meeting in Shanghai will help bring them closer to a trade resolution, with trade talks appearing to have stalled.

Europe

An explosion in Vodafone's share price and robust earning results coming from Nestle and media businesses has pushed European shares higher on Friday. Vodafone's shares were soaring on Friday, on the back of its ploy to separate its towers unit into a new company. The pan-European benchmark index was up 0.30 per cent following the strong finish to the week. European shares were able to bounce back from earlier losses, after the ECB chief's decision to keep interest rates unchanged disappointed investors.

Investors will be watching to see what the US Federal Reserve announces on Wednesday with investors expecting a rate cut.

New to markets? Got Questions?



As we mentioned in previous emails - we started UNIT Monash with the vision of educating the student community in investing and trading to one day strive for financial independence.

We want to create a new concept of peer-to-peer communications about investing and trading. There's a lot of value in sharing experiences, having opinions and shedding light on new ideas. Feel free to get in contact with us via Facebook if you have any enquiries about investment, trading or our upcoming events or if you would like to provide any feedback.

Regards,
UNIT Monash

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