Subscribe | Past Issues | Translate | RSS

View this email in your browser

UNIT Monash: Week Two Newsletter

Hi <<First Name>>,
Semester one has well and truly begun, and with that we present to you the second edition of our weekly newsletter. Enjoy!

Weekly Stock Market Wrap

SONY
('Safe bets' don't always pay dividends)

In 2018, Sony Music Entertainment closed a $250 million record deal with Michael Jackson's estate to distribute his records for the coming 7 years. At the time, this was one of the most lucrative and significant deals within the music industry for some time. However, following the release of HBO's documentary *Leaving Neverland* it appears the tides have turned with many radio stations boycotting the musician and his records. With 80% of adults listening to radio at least once a week and global radio revenue estimated to be $40 billion this year, investors in Sony are on edge as the stock price has displayed a steady decrease over the course of the week, down 3.92% from US$47.84 to US$45.96.

HUAWEI
(Out of the pan, into the fire)

Last week, the Chinese Telco giant, Huawei undertook legal action against the US government. The lawsuit being on the basis of an unconstitutional product ban. In the second half of 2018, legislation was passed in both Australia and the United States banning the company from operating on their 5G networks. These legislative decisions came on the basis of rumours that espionage was occuring and as a bi-product of the US/China trade war. During this time, Huawei's stock price plummeted by 36.29% and eventually centralised around a relatively low ¥4.42. While there were fears of similar proceedings towards the Australian government, these were laid to rest with the company stating it wishes to maintain its relations with Australia and continue operating its $650 million business that employs 700 people. A smart decision for Huawei if they want to hold value in their stock, as they are likely to be unsuccessful in their court proceedings against the US government.

AMAZON
(At a crossroads, which way will they go?)

Amazon has announced that it will be discontinuing the entirety of their 87, try and buy, pop-up stores in April. However, this move has not necessarily been an indication that the campaign wasn't successful or that they are shying away from tangible retail stores. In a time where E-commerce is booming and many retailers are transitioning out of physical stores, Amazon appears to be taking advantage of the openings being left behind. The company has stated it plans to open dozens of grocery stores and potentially thousands of their new-age, cashierless Amazon Go stores by 2021. Amazon has shown astounding growth over the last three years, with it's March 2016 share price of US$593.64 having risen by 273% to its current March figure around US$1620.80. As Amazon continues its groundbreaking progress, we can only hope the narrative continues over the next three years into 2021.

Weekly Global Market Breakdown

Australia

The big 4 banks were down in the doldrums on Friday with the overall financial sector finishing 1.6% lower. It was a similar finish to week for the big miners, each suffering percentage-plus losses. Despite the banks and big miners being down, the ASX ended the week higher. The weaker AUD and decline in interest rate expectations buoyed the ASX with the utilities and telecommunications sectors leading the market to a strong finish to the week.
The Australian share markets are expected to open lower on Monday following a weaker than expected US jobs report with SPI futures pointing to a 14-point loss at open.

US

US stocks have tumbled after reporting softer job growth than expected. The S&P index closed marginally lower and Treasury yields fell, amid worries over a weakening labour market. The weaker US jobs report has raised heightened concerns about the state of the global economy. Wall Street has slid for the past four-straight days, as it extends it's losing run after the European Central Bank (ECB) President would defer from raising interest rates, sparking concerns over a downturn in global economic growth.

Asia

Asian markets finished off the week lower with China falling the hardest. The Shanghai Composite fell 4.40 per cent while Japan's Nikkei 225 down 2.01 per cent and Hong Kong's Hang Seng also dropped by 1.91 per cent.
The mounting geopolitical tensions in China are adding another danger to the markets and the economy, as the Chinese electronics giant, Huawei, sets to sue the US government over a bill that was passed restricting its business into the US. Chinese stocks slumped following the announcement of Huawei proceeding to sue the US government, with Huawei shares taken a battering, falling 9.43 per cent.

Europe

European stocks have extended their run of losses, recording their largest weekly fall since December, as weak China data and poor US job numbers weighed on the market.
The ECB has slashed its growth forecasts and pushed out an interest rate hike. ECB President Mario Draghi has voiced his concerns that there are darker clouds looming, as Europe is faced with times of "pervasive uncertainty". He has promised to keep interest rates at historically record lows until 2020, which has sent global shockwaves through the market.

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. While we're in our preliminary stages of planning and organising these weekly casual meetings - we are taking expressions of interest for those that want to participate. There's a lot of value in sharing experiences, having opinions and shedding light on new ideas. Feel free to ask us any questions on Facebook and let us know what you're interested in!

Regards,
UNIT Monash

Disclaimer

The authors of this publication are not qualified to provide financial or investment advice and as such the content provided should not be construed in this manner. All information provided is purely for educational purposes and for the personal interest of UNIT members. The opinions expressed within the weekly newsletter do not reflect those of UNIT as an organisation.