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UNIT Monash: Week Two Newsletter

Hey <<First Name>>!

A friendly reminder that the deadline for applications to join our publication team is this Sunday 11th at 11:59 pm!

If you are interested in joining our growing team and have not already done so, [click here](#) to apply.

We are looking forward to providing the opportunity to gain relevant and useful experience to our successful applicants.

Please enjoy your week two newsletter!

Weekly Market Wrap

Kellogg's (NYSE: K) (Stranger things have happened)

Kellogg Company, the multinational food-manufacturer, released Q2 figures which exceed earnings estimates. The company's reported earnings were \$421.63 million and adjusted earnings per share of \$1.46, coming in close to 8.60 per cent higher than the \$1.34 analyst-estimated earnings per share. The driving force behind the 1 per cent growth in net sales, the most significant increase since 2013, came from two winning brands, Morningstar and Eggo. In line with the many other companies taking advantage of the increased popularity of a vegetarian/vegan diet, Morningstar's plant-based meat alternatives provided a steady revenue source for the company. However, the most substantial contributor was Eggo's new high-protein waffles, as seen on the widely-popular tv show 'Stranger Things.' Kellogg's CEO, Steve Cahillane, commented that the company is currently "selling every Eggo that [Kellogg] can make."

Following their earnings release, Kellogg's share price jumped an impressive 8.50 per cent from \$86.13 to \$93.47.

Amazon (NASDAQ: AMZN) (The new fuel for rocket ships? ... Cold, hard cash)

Over the last two weeks, Amazon's share price has been on a steady decline in response to an influx of Amazon equity hitting the market. The rapid increase in the availability of Amazon stock has resulted from a mass sell-off by Amazon founder, Jeff Bezos, in two separate sales. Bezos sold a total of 530,000 of his 57 million Amazon shares at an average price of \$2727.35 totalling a cool \$4.11 billion. Bezos has stated that he plans to sell an additional \$1.5 billion in Amazon stock each subsequent year. The reason behind the world's richest man offloading the stock is the redirection of his fortune towards funding space travel company, Blue Origin. Bezos also deployed a proportion of the capital raised to the 'Day One Fund', facilitated by Bezos and his ex-wife, to support the homeless and to build preschools. Amazon stock is currently trading down 4.7 per cent from \$2819.42 to \$2687.90.

*All currency values have been adjusted to the Australian Dollar.



Weekly Global Breakdown

Australia

The Australian share market finished the week lower, with the S&P/ASX200 index and the broader All Ordinaries falling 0.30 per cent and 0.38 per cent respectively. Trump's latest tweet has reignited the trade war between China and the US, with Trump threatening to add another 10 per cent of tariffs on Chinese imports. The tweets have sent bond yields, oil prices and iron ore prices plunging, sparking worries over a downturn in global growth.

The mining sector was down 1.30 per cent on Friday, with BHP Billiton and Rio Tinto falling 3.70 per cent and 3.10 per cent respectively. The big banks reported mixed results, with Westpac and CBA ending the week in positive territory, while NAB and ANZ closed the week marginally lower.

The ASX is poised to open flat following Trump's latest tweet, which has escalated trade tensions and rattled the markets. Investors will be nervously waiting for China's response to Trump's threat. Investors will also be turning their attention to the release of company earnings this week.

US

Wall Street stocks have suffered a big slide following a reignited trade feud with China, with major indexes hitting their lowest levels since December. The Dow Jones Industrial Average and Nasdaq Composite fell 0.37 per cent and 0.73 per cent respectively. The technology sector was hit the hardest on Friday, sinking 1.70 per cent, with Apple and chipmakers hugely reliant on China for revenue.

The sell-off on Friday capped off a stressful week for markets, with the US Federal Reserve slashing interest rates for the first time since 2008 and Trump announcing to hike tariffs. However, there was some light at the end of the market tunnel, with data released from the labour department regarding nonfarm payrolls being consistent with expectations.

Investors are startled about the possibility of a recession with the rising trade tensions expected to hit global growth further.

Asia

Asian equities have tumbled on the back of worrying signs over fear of worsening trade tensions. Chinese shares dove with the Shanghai Composite index sliding 1.40 per cent, while the Hong Kong Hang Seng index also closed 2.40 per cent lower

China's Yuan continues to weaken with the US dollar, which may further exacerbate trade tensions. A weakened Yuan leads to cheaper Chinese exports and harms competition.

Investors are concerned over intensifying trade tensions, and a trade deal looks a long way off, with Asian markets set to drop on Monday morning when the markets open. Protestors in Hong Kong have called for a strike, with many strikes expected to hit several districts in Hong Kong on Monday.

Europe

On Friday, European shares reached their most significant losses in over six months on the back of Trump threatening to increase tariffs on Chinese imports. The pan-European STOXX 600 index dipped 2.50 per cent. Investors remain fearful that the rising trade tensions will further result in a slowdown in global growth.

Trade disputes between the US and China have battered markets, with the technology index falling 3.70 per cent. The technology index is mainly comprised of chipmakers, which are primarily dependent on revenue coming out of China.

How to market? 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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