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UNIT Monash: Week Four Newsletter

G'day <<First Name>>,

Glad to see your investment in us and yourself has survived to week four!

We have touched on a variety of international companies in our previous editions and while we hope you have enjoyed this worldly approach, we would like to introduce this week's 'Down Under' themed newsletter!

Weekly Stock Market Wrap

AIRWALLEX (UNLISTED)

(Where's Wallex?)

Have you heard of Airwallex? If you haven't then let us educate you on Australia's newest unicorn*. Airwallex is a Melbourne-born fintech company that specialises in global payments, expecting to facilitate the transfer of close to \$10 billion this year alone. Led by DTS Global, Airwallex's highly successful Series C fundraising round raised AU\$141.3m last week and pushed them into the US\$1 billion club. What makes this effort so extraordinary is that Airwallex was only started back in 2015. As it currently stands this Australian unicorn will remain elusive to us investors, indicating no intent on going public (at least for the next three years).

*In the venture capital world, a **unicorn** refers to any tech **startup** that reaches a market value of US\$1 billion.

WESTPAC (ASX:WBC)

(West-packing its bags)

Westpac has experienced financial turmoil that can be attributed to decreased revenue and increased expenses. In light of the financial services Royal Commission, Westpac will endure another year of extensive remuneration payments to customers, expecting to reduce 2019 earnings by as much as \$290 million. Having incurred pay-outs of \$118 million and \$281 million at the end of 2017 and 2018 respectively, Westpac shares have decreased at a marginal rate over this period. Week to date, Westpac are currently down 1.51 per cent to \$26.11 per share. On the expense side, Westpac expects to sustain a one-off cost of between \$250-300 million in order to wind up its financial advice business and restructure its wealth and insurance sectors. In an effort to reduce the impact, Westpac will be making 900 employees redundant while redirecting customers to Viridian Advisory for a yet to be disclosed sum.

COLES (ASX:COL)

(Just waiting for the right mate)

Coles' week to date share price has risen by 4.7 per cent to AU\$11.96 following stronger consumer sentiment resulting from several successful philanthropic ventures. In particular, Coles raised the price of its Coles Brand milk by \$0.10 and passed on the margin to dairy suppliers to alleviate the public scrutiny and put an end to the milk price war. In conjunction with these efforts, Coles also raised \$4 million and \$7 million for drought affected farmers through the Coles Dairy Drought Relief Fund and the Country Women's Association's Drought Appeal respectively.

In October of last year, Coles made its return to the ASX as a standalone public company. Coles had previously been delisted in 2007 due to a merger with Wesfarmers. However, it appears Coles has found itself in a new, highly beneficial, partnership. Coles has joined forces with UK's online supermarket Ocado in a \$150 million deal. The agreement aims to incorporate Ocado's dominant online grocery platform, automated single pick fulfilment technology and home delivery solution to Australia by 2023. The roll out of the technology will come in the form of automated customer fulfilment centres (CFCs) in Sydney and Melbourne, each with an estimated annual sales capacity of between \$500 million and \$750 million.



Weekly Global Market Breakdown

Australia

Australia finished the week on a positive note with the big banks and health care sectors leading the way. The big 4 banks edged higher during the middle of the week but showed slowing growth towards week end. Health care stocks were also up 1.21 per cent with CSL weighing on the market with a 1.52 per cent upswing.

US stocks have tumbled after softer manufacturing data dipped to a 21-month low and an inverted yield curve has ignited fresh concerns over a downturn in global growth. These recession fears have rattled the market, which has prompted a global-sell off.

Due to the growing fears of a recession, the ASX is set to dive on Monday, with SPI futures pointing to a 50-point loss at open.

US

Wall Street stocks have suffered a big slide, with all three major indexes tumbling, as weak factory data from both US and Europe led to an inverted yield curve. US Treasury 10-year note yields fell below three-month US Treasury bill yields for the first time in just over a decade. eeding into escalating concerns over global growth, with an inverted yield curve historically a precursor of a recession.

The worries that a recession may be on the horizon have resulted in the Dow Jones Industrial Average falling 1.8 per cent and the Nasdaq composite slumping 2.5 per cent.

Asia

Chinese stocks posted a 2.5 per cent weekly gain on expectations of more stimulus measures to fuel growth but finished off the week flat following ongoing trade discussions. Trade talks between US-China are expected to continue on Thursday in Beijing. However, Hong Kong stocks clawed back its earlier losses with Tencent Holdings weighing the heaviest. The Shanghai Stock Exchange has made a giant leap forward in launching its Nasdaq-style technology board, with nine companies listing applications being accepted.

Europe

European markets have extended their run of losses on Friday, as fears of a

coming out of Europe, particularly Germany, who has been the Eurozone's growth engine and softer data in the US has heightened the concerns over a global growth slowdown.

The IHS Markit's euro zone composite Purchasing Manager's Index (PMI) fell to 51.3, which is below what analysts were expecting. This weaker manufacturing PMI data, coupled with the Federal Reserve's cautious outlook of the US economy, are weighing on investor sentiment.

New to markets? Got Questions?

{ Get in touch via our social links below }



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 ask us any questions on Facebook and let us know what you're interested in!

Regards,
UNIT Monash

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