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UNIT Monash: Week Five Newsletter

Hey <<First Name>>!

This newsletter is focused on informing you about the ins-and-outs of the Australian Stock Exchange.

We will introduce you to the relevant information on buying your first share. If you don't feel like you have the confidence yet, then we will also touch on a platform that will help you get ready in a fun and risk-free manner.

Check out the week five newsletter below for the details!

Weekly Market Wrap

A Beginners Guide to The Australian Stock Exchange

The Australia Stock Exchange

- The Australian Securities Exchange (ASX) acts as a market operator, clearinghouse and payments facilitator. It also provides educational materials to retail investors.
- The ASX is headquartered in Sydney, Australia and open 4 pm - 10 am (AEST), Monday to Friday.
- The ASX is the largest exchange in Australia and contains over 2,000 companies with a market capitalisation over \$2 trillion (AUD).

The essential information you should know:

1. The share market provides the means for the two parties to organise how many shares they want to trade and the price.
2. People invest in shares because they offer the possibility that their price will rise.
3. The more profitable a business is, the more dividends will typically be paid. Therefore, the shares of the business become more valuable.
4. The more liquid a stock, the easier it is to buy and sell quickly at a price you expect.
5. When you buy and sell shares on the market, you pay brokerage for each trade. This is the stockbroker's fee for executing your trade.
6. As a shareholder, you may need to make decisions about taking up various rights and benefits offered by the companies you have invested in.

Buying Your First Share

The ASX provides a beneficial document ("[Settling Started in Shares](#)") that outlines the key questions you need to be asking yourself; tips on what to look for and how to get set up; what issues you might face and how to overcome them; how to mitigate risks and avoid traps. We highly recommend you click on the link and go through this document.

Basic summary of what to expect:

1. Setup a trading account with an ASX stockbroker.
2. Transfer enough funds into the account to cover your share purchase and brokerage.
3. Enter an order for the number of shares you want to buy and specify a price.
4. Your stockbroker will email you a contract note after the transaction is complete.
5. Congratulations, you are now a shareholder!

Finding a Broker

Finding a broker may seem like a daunting experience for any first-time investor. However, there are simple and straightforward platforms available to compare brokers and help find the best one for you! [Click here](#) to have a look at what is currently on offer.

Online stockbrokers are the cheapest and most popular option for beginner investors with standard brokerage usually starting at between \$10 - \$20 per trade.

Online stockbrokers are considered "execution-only" and do not provide specific advice on what shares to buy or sell (although they provide access to company research and recommendations). You are required to place the trade yourself and know exactly which shares you want to buy and what price to pay.

The "Big Four" Australian banks all offer a broking service, so that's often the best place to start your research.

Practise Makes Permanent: ASX Sharemarket Game

Attention! That **fun and risk-free** way to start gaining valuable trading experience that we mentioned earlier. Too good to be true? No!

The ASX offers a simulated trading game that mimics the actual daily movements on the stock exchange. This is perfect for any cash-poor university students to play around with investing **\$50,000 in virtual currency** within the game.

Getting involved in the ASX trading game is a great way to get over that initial fear of losing money. It will allow you to begin testing investment strategies and familiarising yourself with buying and selling on the share market platform.

Now here is the real kicker, if playing for fun isn't your style and you are motivated by competition, the top investor at the end of each season takes home a cool **\$2000 cash prize**.

[Click here](#) to get registered or to get more information.



Weekly Global Breakdown

Australia

The Australian share market finished the week 0.30 per cent higher, with the IT sector posting gains of 7.00 per cent. Mayne Pharma (ASX: MYZ) was the best performing stock on Friday, increasing 10.50 per cent on the back of a 13.00 per cent rise in gross profit. However, Costa Group Holdings (ASX: CGC) shares nosedived, tumbling 16.40 per cent after reporting softer earnings. NAB is also in hot water, with ASIC suing the big bank over their home loan "introducer" scheme.

The ASX is poised to open lower on Monday with the SPI futures pointing to an 86-point loss at open, as the trade war heats up between the US and China. Right now, it is all about the ongoing trade dispute and Trump's tweets on the situation. The recent escalation will likely see a sell-off on Monday, with investors turning to bonds and gold stocks

US stocks slid on Friday, on the back of escalating trade tensions. All the major indexes were down on Friday. The Dow Jones Industrial Average, S&P 500 and Nasdaq Composite fell 2.37 per cent, 2.59 per cent and 3.00 per cent respectively.

China retaliated by slapping the US with higher tariffs. Trump responded after these retaliatory measures, instructing American companies to seek alternatives to doing business with China. On Sunday, Trump revealed that he wished he had hiked tariffs more than what he did last week. Trump's tweets have caused a stir in the market, with Trump labelling US Federal Reserve Chairman Jerome Powell as an 'enemy'. Trump is demanding further rate cuts as the Federal Reserve has kept the interest rates unchanged.

Asia

Most Asian markets closed the week marginally higher, as investors looked ahead to the speech from Jerome Powell, the US Federal Reserve Chairman to see if they could get any hints on a potential rate cut. Hong Kong's Hang and Shanghai Composite closed 0.50 per cent and 0.40 per cent respectively.

Investor sentiment remained cautious as the trade war between the US and China continues. China has responded to the US's threat by imposing tariffs on US goods totalling AUD 115 billion. The ongoing trade war has rattled markets and is leading the slowing economy into recession.

Europe

European stocks tumbled on Friday following the intensifying trade tensions, with the Pan European STOXX 600 closing 0.70 per cent lower. The worst performers on Friday were the tariff-sensitive stocks, with the auto, mining and tech stocks hit the hardest. Equities across Europe have suffered wild swings and massive sell-offs as the mounting trade tensions between the two largest economies could weaken major economies and result in a recession.

Brexit talks are set to continue next week with UK Prime Minister Boris Johnson meeting with German Chancellor Angela Merkel and French President Emmanuel Macron.

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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