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UNIT Monash: Week Eight Newsletter

Hey <<First Name>>!

Welcome back, we hope you took the time to relax over the break. Last week was huge for earnings reports, have a read below to check out which major company's released their Q1 reports and our three main superstars among them!

Weekly Market Wrap

Twitter (NYSE: TWTR)

Twitter is definitely in the limelight after it reported Q1 earnings per share of US\$0.37 cents (adjusted), more than double that of the US\$0.15 cents per share anticipated by analysts. Twitter's revenue came in at US\$787 million for the quarter. It was not just Twitter's revenue that showed exceptional growth, the platform's 330 million monthly active users (MAUs) came in 3.64 per cent higher than the 318 million estimated by FactSet. Twitter also showed strong performance in its new metric adopted in the previous quarter, monetizable daily active users (mDAUs). Twitter has added the mDAUs indicator to its repertoire to more accurately depict its financial performance and will use it to supersede MAUs starting from the next quarter. Twitter's mDAUs has grown from 126 million in the previous quarter to 134 million to date. Twitter's investors are rejoicing following the many positives pertaining to their earnings report, enjoying a 15.6 per cent surge in share price from US\$34.39 to US\$39.77. The boost to Twitter's share price has been well received after a slow start to the year and a sluggish period in Q4 2018. The social media company's market capital currently stands at US\$30.5 billion, up US\$4.1 billion from Q4.

Coca-Cola Co (NYSE: KO)

The Coca-Cola Company has shown a promising growth streak over Q1 and appears as strong as ever despite its disappointing 2019 outlook released to investors in the previous quarter. The beverage industry giant came out with Q1 earnings that beat analyst estimations at every turn. Coca-Cola reported earnings per share of US\$0.48 cents (adjusted) compared with the US\$0.46 cents per share expected. Coca-Cola also smashed Wallstreet's US\$7.88 billion revenue estimate, reporting revenue of US\$8.02 billion, with a net income of US1.68 billion. Coca-Cola's CEO, James Quincey, hailed the company's water, sports drinks and zero sugar beverages as key contributors to the increased net sales for the quarter. Coca-Cola shares finished strong at US\$48.21, up 3 per cent from \$US47.40 the previous day.

Snap Inc (NYSE: SNAP)

Snap Inc appears to be making a comeback after an extended period of uncertainty. The social media company, which has been struggling over the past few years, rallied in Q1 to show unexpected positive growth. Snap demonstrated the possibility of improved share price, up 11 per cent, in response to lower than expected losses. Snap reported a loss per share of US\$0.10 cents against the US\$0.12 cent per share loss forecast by analysts. In conjunction, Snap reported higher than expected revenue, global daily active users (DAUs) and average revenue per user (ARPU). Snap's revenue was 4.23 per cent higher at US\$320 million, its global DAUs was 1.48 per cent higher at 190 million and its APRU came in 3.7 per cent higher at US\$1.68. Snap's revival can be attributed to its new gaming platform, new original shows and more augmented reality features. The company has also completed the roll out of its re-engineered Android app. Snap's share price ended the week at US\$11.97, more than double its US\$5.79 share price at the start of the year.

Here is a more comprehensive list of last week's earnings reports:

Monday: Kimberly-Clark, Halliburton

Tuesday: P&G, Verizon, Coca-Cola, United Technologies, eBay, Twitter, Snap

Wednesday: Microsoft, Facebook, Visa, AT&T, Boeing, Caterpillar, PayPal, Tesla, Chipotle

Thursday: Amazon, Intel, Comcast, 3M, Altria, UPS, Starbucks, Ford

Friday: Exxon Mobil, Chevron, Sony



Weekly Global Breakdown

Australia

Australian shares finished off the week in positive territory, surging to its highest level since 2007. The S&P / ASX 200 and the broader All Ordinaries climbed 2 and 1.9 per cent higher respectively.

After the Easter long weekend, strong US earnings and rising oil prices boosted investor's optimism. However, market watchers are expecting the RBA to cut the cash rate, as early as May, following the release of softer inflation numbers.

Despite strong US earnings, the ASX is expected to open the week slightly lower, with SPI futures pointing to a 2 per cent drop at open. Investors are now waiting for the release of bank earnings next week, with two of the big 4 banks scheduled to report their earnings.

US

The US earnings results were mixed. Ford and Amazon reported strong first quarter results, exceeding analyst's estimates, whilst Intel and Exxon Mobil fell below analyst expectations. Bond prices surged higher on Friday, signaling that investors were being more cautious. The yield on the 10-year Treasury slumped 0.03 per cent.

Despite the mixed earnings results and more cautious outlook of investors, the Commerce Department's economic reading revealed that the US economy expanded at 3.2 per cent annual pace in the first quarter, which boosted investor sentiment. This 3.2 per cent was well ahead of expectations and helps to ease concerns over slowing global growth.

The US earnings season is set to continue this week with Apple, General Motors and Pfizer among those due to report.

Asia

Most Asian equities fell on Friday on the back of policy support worries and investor's fearing that the stronger than expected US growth data, will result in an heavy outflow of foreign funds.

investors are concerned that China may scale back its stimulus measures.

Japan's Nikkei also tumbled on Friday after weaker earnings reports from high tech firms, with Anritsu, slumping 12.8 percent following a much weaker earnings guidance.

Asian markets are poised to open higher on Monday, with investors expecting upbeat US growth data and China industrial data.

Europe

European share markets finished higher on Friday on the back of strong US earnings growth in the first quarter, which helped to recoup earlier losses in the session. The stronger than expected US growth data came as a relief to investors, after softer data from South Korea and Germany earlier on in the week.

The pan-European STOXX 600 index rose 0.2 per cent with drug maker, Sanofi and engine maker Safran's strong earnings results weighing on the market.

Market watchers will be closely monitoring the meeting of the US Federal Reserve and Chinese factory data this week, for more insights into the policy direction of the world's largest economies.

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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