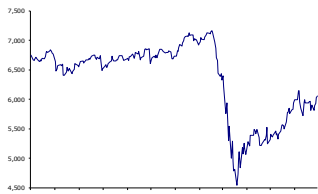


**Issue 507**
**12-month XJO chart**

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**Global Wrap – 5 July 2020**

World Markets	5/07/2020	28/06/2020	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	6058	5904	2.6%	-1.5%	9.3%
S&P 500	3130	3009	4.0%	-1.9%	39.3%
FTSE 100	6157	6159	0.0%	-2.7%	-11.2%
DAX30	12528	12089	3.6%	0.0%	0.8%
Shanghai Composite	3153	2962	6.5%	7.9%	-1.9%
Nikkei 225	22306	21995	1.4%	-0.7%	18.9%
Hang Seng	25373	24550	3.4%	1.3%	11.0%
<b>Currency</b>					
AUD/USD	0.6942	0.6867	1.1%	0.8%	-0.5%
<b>Commodities</b>					
Oil (\$/bbl)	40.2	39.6	1.6%	11.4%	-30.3%
Gas (\$/gal)	1.8	1.5	13.3%	-1.7%	-22.7%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6023	5986	0.6%	3.8%	3.2%
Lead (\$/t)	1756	1778	-1.2%	1.1%	-24.7%
Zinc (\$/t)	2008	2057	-2.4%	0.3%	-26.9%
Aluminium (\$/t)	1582	1582	0.0%	1.0%	-8.7%
Nickel (\$/t)	13040	12709	2.6%	1.2%	14.7%
Tin (\$/t)	16960	16990	-0.2%	-1.9%	-20.7%
Gold (\$/oz)	1787	1780	0.4%	3.9%	52.4%
Silver (\$/oz)	18.3	18.2	0.8%	2.9%	7.1%
Platinum (\$/oz)	826	819	0.8%	-2.4%	-11.9%
Wheat (\$/t)	492.000	475.750	3.4%	-3.1%	20.5%

Source: Iress

**Key points**

1. What happened this week
2. What happened on Friday
3. What to watch next week

**The week in review**

The dramatic 2020 financial year came to a close on Tuesday and markets sharpened their focus on the trajectory of the earnings recovery, driving major indexes higher this week.

During the June quarter, equities were fuelled by the unprecedented global fiscal and monetary stimulus and the easing of social distancing restrictions. The pan-European STOXX 600 Index rallied 12.6% in the three months to June 30, its best quarter in five years, and technology giants drove a 31.0% increase in the US NASDAQ Composite, its greatest quarterly gain since 1999.

However, the cliff-like fall from mid-February highs that pre-empted the world-wide economic contraction significantly tarnished global equities' FY2020 performance.

The MSCI World Index (AUD) closed up 19.5% for the June quarter and 4.8% for the financial year in local terms while the S&P 500 Index closed up 22.7% and 5.4% respectively.



Australia recorded its first negative financial year since 30 June 2016, as the nation's relative strength in limiting the physical spread of the coronavirus was met with relative prudence from the Reserve Bank of Australia and the Commonwealth Government in terms of monetary and fiscal stimulus. Although the economic data for the June quarter is yet to be released, it is a foregone conclusion that Australia's 29 years without a recession ended with a second consecutive gross domestic product contraction in the June quarter.

The S&P/ASX All Ordinaries Accumulation Index closed down 7.2% for the year, up 17.8% for the June quarter and up 2.7% for the week.

### Friday's markets

In the US markets were closed on Friday in observance of the 4 July Independence Day national holiday.

On Thursday it was reported that nonfarm payrolls surged by 4.8 million in June, according to the US Labor Department.

The figure smashed expectations by economists surveyed by Dow Jones of a 2.9 million increase in jobs created. The unemployment rate dropped to 11.1%, lower than the 12.4% forecast by economists surveyed by Dow Jones.

However the Labor Department also said that initial jobless claims rose by 1.427 million in the week ending June 27. Economists polled by Dow Jones expected initial US jobless claims to rise by another 1.38 million.

One analyst told CNBC that the contrasting images of the state of the US labor market reflected both the big improvement in the US labour market as well as the recent sharp acceleration in new virus cases plus the prospect of an end to unemployment benefits by the end of July.

Efforts to fully reopen the US economy are faltering as 19 states pause or reverse plans to ease restrictions on business as new cases spike across the country.

Despite the surge of infections, Vice President Mike Pence told CNBC the White House wanted to press ahead with reopening after job numbers came in better than expected.

**Stocks in Asia** rose on Friday as positive economic data raised optimism over the prospects of an economic recovery from the coronavirus pandemic.

Mainland Chinese stocks were among the region's biggest gainers on the day, with the **Shanghai composite** surging 2.01% to around 3,152.81 while the **Shenzhen component** added 1.335% to about 12,433.26.

Hong Kong's **Hang Seng** index was around 1.1% higher, as of its final hour of trading.

In Japan, the **Nikkei 225** added 0.72% to close at 22,306.48 while the Topix index ended its trading day 0.62% higher at 1,552.33.

**South Korea's Kospi** advanced 0.8% to close at 2,152.41. Shares of SK Biopharmaceuticals skyrocketed 29.92% to see gains for a second day following its blockbuster IPO on Thursday.

A private survey released on Friday showed that **China's services sector** grew at its fastest pace in over a decade in June, according to Reuters. The Caixin/Markit services Purchasing Manager's Index (PMI) came in at 58.4 for the month. That was the highest print since April 2010 and significantly higher than May's 55.0 reading. The 50 level in PMI readings separates growth from contraction on a monthly basis.

**European stocks** closed lower on Friday as concern over a spike in US coronavirus infections tempered the optimism arising from upbeat economic data out of the US, China and the euro zone.

The **pan-European Stoxx 600** provisionally closed down around 0.9%, with basic resources falling 1.7% to lead losses while travel and leisure shares bucked the downward trend with a 0.1% rise.

Market focus remained attuned to news of a resurgence in coronavirus cases stateside, with a Reuters tally showing that the US reported more than 55,000 new cases on Thursday, a global daily record.

**German car sales** plunged 40% in June to a 30-year low, according to German newspaper Tagesspiegel.



Meanwhile, **British factories** are increasingly expecting to lay off workers, a survey from sector group Make UK showed Friday, with 46% of manufacturers expecting to make redundancies within the next six months, rising from 25% in May.

However final **IHS Markit services and composite PMI** (purchasing managers' index) readings Friday confirmed that the slump in business activity caused by the coronavirus pandemic eased in June as countries began to reopen their economies. The composite reading came in at 48.5 in June, a sharp rise from May's 31.9 and close to the 50 mark, which separates expansion from contraction.

In terms of individual share price action, **Rolls-Royce** fell more than 9% after Fitch downgraded its corporate debt to "negative."

At the other end of the European blue chip index, Germany's **Delivery Hero** climbed nearly 5%, hitting a record high after the firm reported a near-doubling of orders in the second quarter thanks to demand from coronavirus lockdowns.

In Australia, health and telco stocks helped the market add 0.4% in a subdued final session that brought the week's gains to 2.6%.

The benchmark **S&P/ASX200** rose by 25.2 points to finish at 6057.9 in a session of low volume and value due to the US Independence Day holiday.

ASX 200 health stocks were among the best performers on Friday, with the sector up 2.3% for the session, The Sydney Morning Herald reported.

Plasma giant **CSL** rose 2.7% to \$297.46 - its highest since May - while **ResMed, Fisher and Paykel, Sonic Healthcare** each added 1.6%.

**Cochlear** soared by 5.9% to \$204 after announcing it had gained Food and Drug Administration clearance for a range of new products.

The heavyweight financial and material sectors were flat while property, energy and industrials all finished in the red.

Telcos added 2.6%. That was largely thanks to a 4% rise for **Telstra** to \$3.36 on analysts' upbeat assessment on recent pricing changes.

Other blue-chip winners included **Wesfarmers**, up 1.7% to \$46.11, and **Woolworths**, up 1.6% to \$37.77. **Bega Cheese** and **a2 Milk** also lifted consumer staples, up 5.1% and 2.6% respectively.

The tech sector followed the NASDAQ higher with a 0.7% rise. **Afterpay** touched a new record high \$70 before shedding 1% to close at \$67.50.

**Xero** also reached a new peak of \$93.26, but it too ended the day lower at \$91.17.

ASX tech sector was by far the best performer of the week with a 7.3% rise.

**Adbri Limited** shares were smashed after **Alcoa** ended a 50-year supply relationship with subsidiary **Cockburn Cement**, a contract worth about \$70 million in annual revenue for the group.

Shares in Adbri fell by as much as 28% on the news, and were still down 25.4% at \$2.35.

**This coming week** the Reserve Bank of Australia will announce its interest rate decision, with no change from the 0.25% cash rate expected.

On Monday US time, the US non-manufacturing PMI will be announced. China's Consumer Price Index (CPI) will be released on Thursday and the American Producer Price Index (PPI).

## Economic Calendar 6/07/2020 – 10/07/2020

Tuesday July 07 2020		Actual	Previous	Consensus	Forecast	
12:30 PM	AU RBA Interest Rate Decision		0.25%	0.25%	0.25%	
10:00 PM	CA Ivey PMI s.a JUN		39.1		43	
Thursday July 09 2020		Actual	Previous	Consensus	Forecast	
09:30 AM	CN Inflation Rate YoY JUN		2.4%		2.2%	
02:00 PM	DE Balance of Trade MAY		€3.5B		€21.1B	
	EA Eurogroup Meeting					

Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

## Economic Calendar 13/07/2020 – 17/07/2020

Tuesday July 14 2020		Actual	Previous	Consensus	Forecast	
09:30 AM	AU NAB Business Confidence JUN		-20		-15	
02:00 PM	GB Balance of Trade MAY		£0.31B		£4.6B	
05:00 PM	DE ZEW Economic Sentiment Index JUL		63.4			
08:30 PM	US Core Inflation Rate YoY JUN		1.2%		1.1%	
08:30 PM	US Inflation Rate YoY JUN		0.1%		0.5%	
Wednesday July 15 2020		Actual	Previous	Consensus	Forecast	
08:30 AM	AU Westpac Consumer Confidence Index JUL		93.7			
08:30 AM	AU Westpac Consumer Confidence Change JUL		6.3%			
02:00 PM	GB Inflation Rate YoY JUN		0.5%		0.4%	
10:00 PM	CA BoC Interest Rate Decision		0.25%		0.25%	
Thursday July 16 2020		Actual	Previous	Consensus	Forecast	
10:00 AM	CN GDP Growth Rate YoY Q2		-6.8%		1%	
02:00 PM	GB Claimant Count Change JUN		528.9K		190K	
08:30 PM	US Retail Sales MoM JUN		17.7%		-0.2%	

Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

**All Ords Top 10 Week Ending 3 July 2020**

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
APT	Afterpay Limited	18.4	ABC	Adbri Limited	-26.1
NEA	Nearmap Ltd	17.5	PRN	Perenti Global Ltd	-7.9
NXT	Nextdc Limited	14.6	SXL	Sthn Cross Media	-7.9
DHG	Domain Holdings Aus	14.3	RWC	Reliance Worldwide	-6.2
CKF	Collins Foods Ltd	13.1	NWH	NRW Holdings Limited	-6.1
BGA	Bega Cheese Ltd	12.4	GEM	G8 Education Limited	-5.9
EVN	Evolution Mining Ltd	12.1	BIN	Bingo Industries Ltd	-5.4
FPH	Fisher & Paykel H.	11.1	WTC	Wisetech Global Ltd	-5.1
AVH	Avita Therapeutics	11.0	PME	Pro Medicus Limited	-4.5
MP1	Megaport Limited	10.8	IFL	IOOF Holdings Ltd	-4.3

Source: IRESS

**S & P Indices Week Ending 3 July 2020**

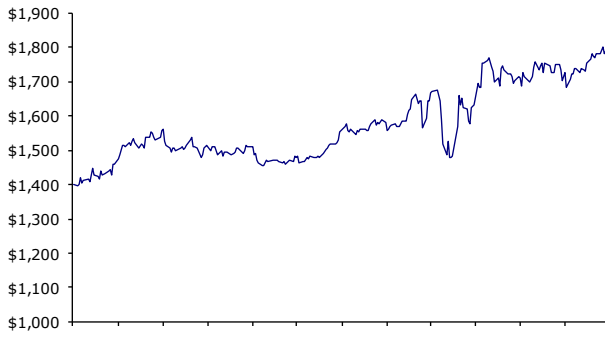
S&P Indices	5/07/2020	28/06/2020	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	7557	7423	1.8%	-8.4%	-15.0%
S&P 200 Materials	13501	13279	1.7%	-1.0%	36.4%
S&P 200 Industrials	5796	5737	1.0%	-6.3%	13.6%
S&P 200 Consumer Disc.	2503	2409	3.9%	-0.8%	19.5%
S&P 200 Consumer Staples	12816	12291	4.3%	1.3%	49.8%
S&P 200 Healthcare	43632	42550	2.5%	5.0%	126.3%
S&P 200 Financials	4935	4818	2.4%	-3.8%	-22.5%
S&P 200 Info Technology	1665	1552	7.3%	7.9%	114.2%
S&P 200 Telecommunicatic	1237	1168	6.0%	2.5%	-29.5%
S&P 200 Utilities	7797	7703	1.2%	-2.2%	3.4%
S&P 200 Property Trusts	1265	1251	1.1%	-4.0%	-5.7%
S&P 200 Financials ex PT	5504	5374	2.4%	-3.8%	-22.5%

Source: IRESS

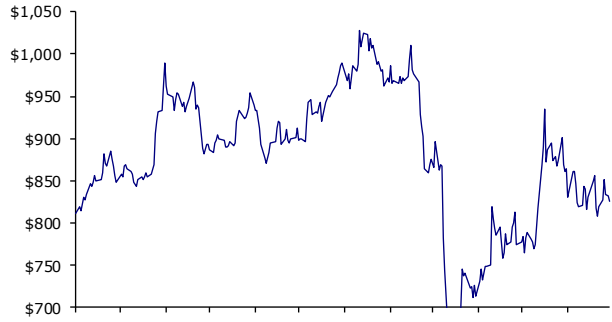


### 1 Year Commodity Price Charts

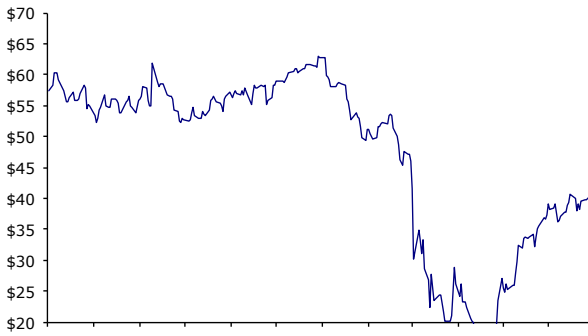
**1 Year Gold**



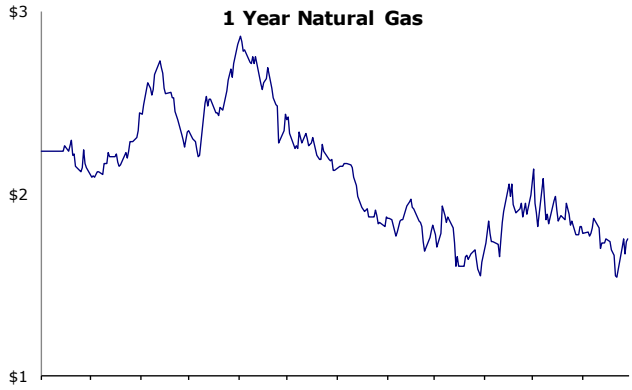
**1 Year Platinum**



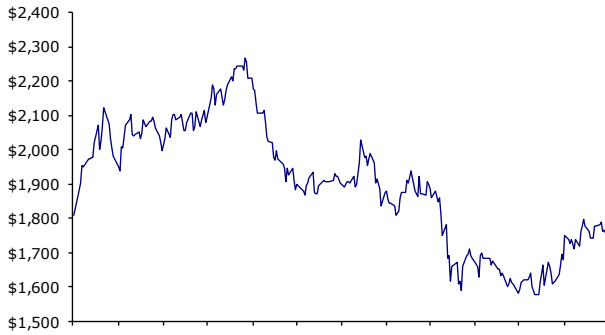
**1 Year Oil**



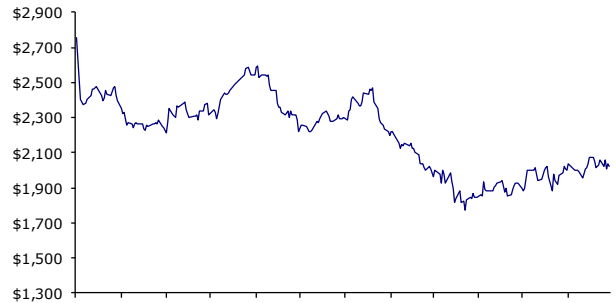
**1 Year Natural Gas**



**1 Year Lead**

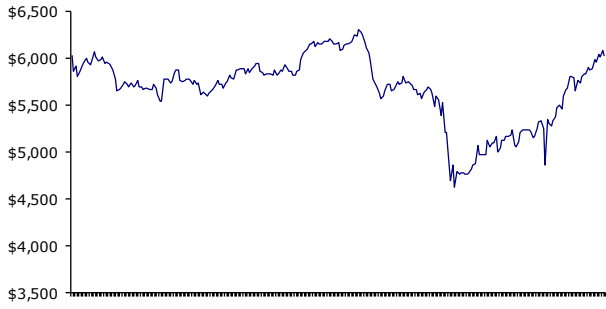


**1 Year Zinc**

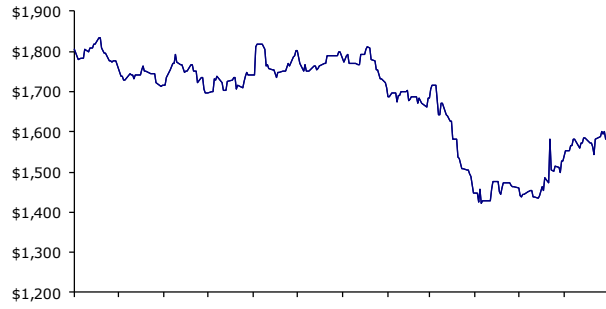




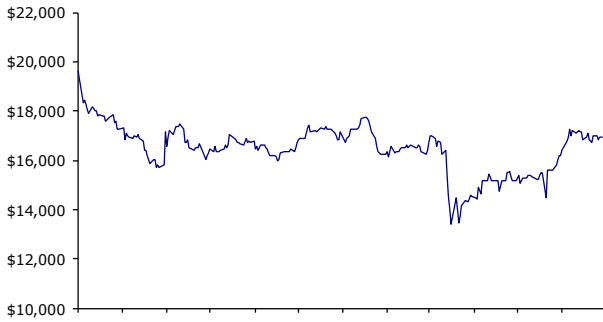
**1 Year Copper**



**1 Year Aluminium**

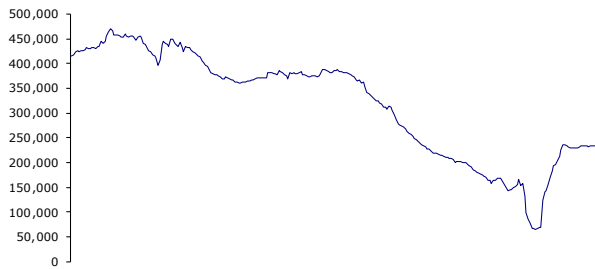


**1 Year Tin**

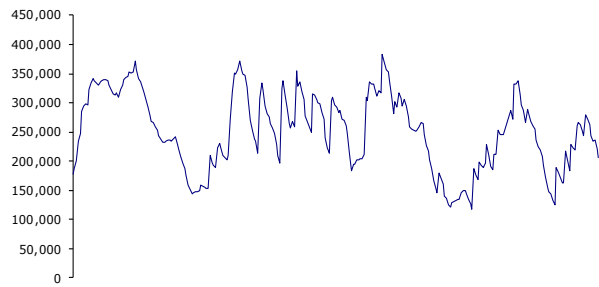


**5 Year Metals Stockpiles**

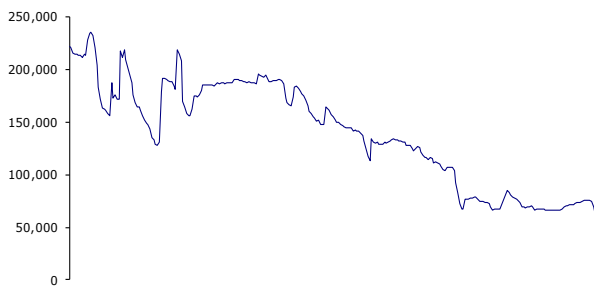
**Nickel LME Stockpiles - 5 Year**



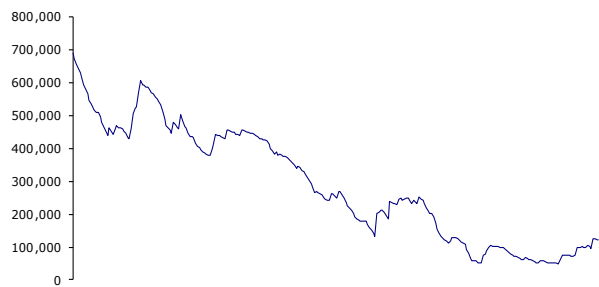
**Copper LME Stockpiles - 5 Year**



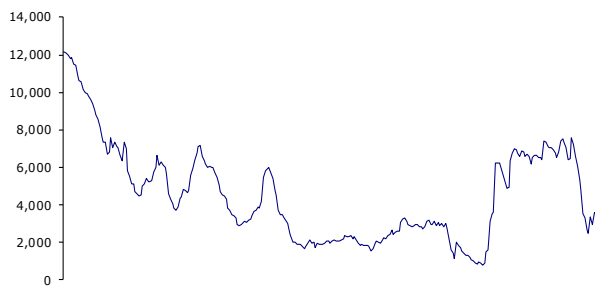
**Lead LME Stockpiles - 5 Year**



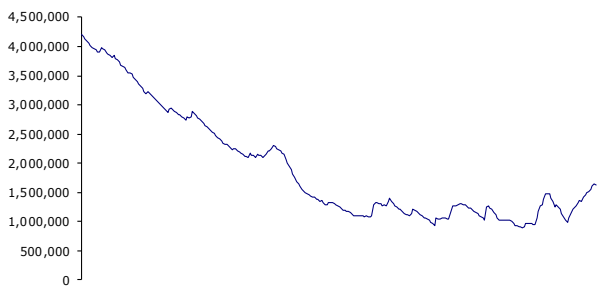
**Zinc LME Stockpiles - 5 Year**



**Tin LME Stockpiles - 5 Year**



**Aluminium LME Stockpiles - 5 Year**





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