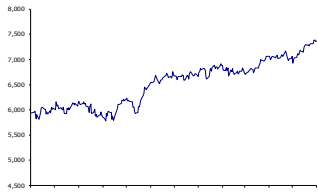
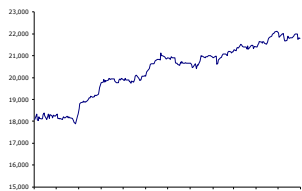


Issue 557
12-month XJO chart

12-month Dow Jones chart

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Global Wrap – 20 June 2021

World Markets	20/06/2021	13/06/2021	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	7369	7312	0.8%	3.9%	32.9%
S&P 500	4166	4247	-1.9%	-0.7%	85.5%
FTSE 100	7017	7134	-1.6%	-0.1%	1.2%
DAX30	14050	13719	2.4%	3.6%	3.6%
Shanghai Composite	3525	3590	-1.8%	-2.3%	9.6%
Nikkei 225	28964	29162	-0.7%	1.5%	54.3%
Hang Seng	28801	28842	-0.1%	-1.3%	26.0%
Currency					
AUD/USD	0.7478	0.7708	-3.0%	-3.2%	8.8%
Commodities					
Oil (\$/bbl)	71.5	70.9	0.8%	8.0%	34.1%
Gas (\$/gal)	3.2	3.3	-3.0%	5.2%	85.4%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	9206	10029	-8.2%	-7.6%	57.7%
Lead (\$/t)	2131	2198	-3.1%	-2.1%	-8.6%
Zinc (\$/t)	2973	3011	-1.3%	-0.4%	8.3%
Aluminium (\$/t)	2374	2490	-4.7%	0.6%	37.1%
Nickel (\$/t)	17320	18303	-5.4%	0.9%	52.3%
Tin (\$/t)	31709	33060	-4.1%	-0.8%	48.2%
Gold (\$/oz)	1768	1880	-5.9%	-7.1%	50.8%
Silver (\$/oz)	26.2	28.1	-7.1%	-6.2%	53.0%
Platinum (\$/oz)	1040	1151	-9.6%	-13.3%	10.9%
Wheat (\$/t)	662.750	681.000	-2.7%	2.1%	62.3%

Source: Iress

Key points

- 1. US taper talk spooks investors**
- 2. Australian tech stocks rise as commodities prices weaken**
- 3. What to watch next week**

US stocks fell on Friday as traders worried the Federal Reserve could start raising rates sooner than expected.

The **Dow Jones Industrial Average** dropped 533.37 points, or 1.6%, to 33,290.08. The S&P 500 slid 1.3% to 4,166.45. Both the Dow and **S&P 500** hit their session lows in the final minutes of trading and closed around those levels. The **Nasdaq Composite** closed 0.9% lower at 14,030.38. Economic comeback plays led the market losses.

For the week, the 30-stock Dow lost 3.5%. The S&P 500 and Nasdaq were down by 1.9% and 0.2%, respectively, week to date.

The Fed on Wednesday added two rate hikes to its 2023 forecast and increased its inflation projection for the year, putting pressure on stock prices.



Pockets of the market most sensitive to the economic rebound led the sell-off this week. The S&P 500 **energy sector** and **industrials** dropped 5.2% and 3.8%, respectively, for the week. **Financials and materials** lost more than 6% each. These groups had been market leaders this year on the back of the economic reopening.

The decline in stocks came as the Fed's actions caused a drastic flattening of the so-called **Treasury yield curve**. This means the yields of shorter-duration Treasuries — such as the two-year note — rose while longer-duration yields like the benchmark 10-year declined.

The retreat in long-dated bond yields reflects less optimism toward economic growth, while the jump in short-end yields shows the expectations of the Fed raising rates.

This phenomenon hurt **bank stocks** particularly as their earnings could take a hit when the spread between short-term and long-term rates narrows. Bank of America and JPMorgan Chase shares on Friday lost more than 2% each. Citigroup fell by 1.8%, posting its 12th straight daily decline.

Fed Chairman Jerome Powell said on Wednesday that officials had discussed tapering bond buying and would at some point begin slowing the asset purchases.

Commodity prices were under pressure this week as China attempted to cool rising prices and as the US dollar strengthened.

Copper, gold and platinum fell once again on Friday. Friday also coincided with the quarterly “quadruple witching” in which options and futures on indexes and equities expire. This event may have contributed to more volatile trading during the session.

Shares in Asia were mixed on Friday as investors monitored moves in the commodities space after prices fell sharply on Thursday.

In Japan, the **Nikkei 225** closed 0.19% lower at 28,964.08 while South Korea's **Kospi** rose about 0.1% on the day to 3,267.93.

The **Shanghai composite** closed marginally lower at 3,525.10 while the **Shenzhen component** advanced 0.769% to 14,583.67. Hong Kong's **Hang Seng** index rose about 0.6%, as of its final hour of trading.

European stocks retreated on Friday, as global markets monitored falling commodity prices while continuing to digest announcements from the US Federal Reserve.

The **pan-European Stoxx 600** provisionally ended 1.6% lower, with all sectors and major bourses in negative territory. **Oil and gas** stocks and Europe's banking index were among those to lead losses, closing the session down roughly 3%

In Australia, high growth names helping the ASX 200 finish the week with a modest rise of 0.1% to close at 7368.9 on Friday.

A run of fresh highs for technology, health and payment companies helped offset a banking and mining decline.

The sharemarket's 0.8% weekly gain - a fifth consecutive weekly rise - came as investors dumped banking, mining, and energy stocks in favour of tech bets.

Afterpay gained 6.5% to \$114.40 as the stock hit its highest in eight weeks.

Rival payment firm **Zip** led the market in rising 9.9% to \$8.14.

Xero and **Wisetech Global** were at their best in nearly two months and Appen and Nearmap were at multi-week highs. **Altium** rose 3% to \$35.55 even after flagging that a soft first half would see it reach the lower end of its guidance.

There were also new record highs for **ResMed**, **Sonic Healthcare** and **Megaport**.

REA Group and **Wesfarmers** also rose to new peaks.

Biotech giant CSL was at its highest in seven months and fellow health firms **Mesoblast** and **Clinuvel** also leapt.

The beaten-down travel sector also gained, with Webjet rising 6.4% to \$5.30, **Corporate Travel** up 5% to \$21.54 and **Flight Centre** 5.1% ahead at \$16.11.



EY partner and investment banking veteran Duncan Hogg said Friday's movements appeared to suggest the market was becoming more comfortable with the notion that interest rates will gradually rise. He said the risk-on rally was a reflection of the booming economic growth flagged by central banks, and the confidence it should be enough to offset the measures needed to keep inflation in check.

Resource and mining-related firms had a poor week as **oil** and **gold prices** slipped, and **China continued its recent efforts to put a dampener on iron ore.**

BHP lost 2.5% on Friday to \$46.52, **Rio Tinto** fell 0.6% to \$123.47 and **Fortescue Metals** dropped 0.8% to \$22.42.

Commonwealth Bank backed away from record highs, dropping 2.1% to \$103.69. **Westpac, NAB** and **ANZ** were lower.

Woolworths finished 1.6% down at \$42.67 after Federal Court Filings were filed by the Fair Work Ombudsman over the company's underpayments issues.

Investors did however approve the **Endeavour drinks demerger.**

This coming week investors will be watching the release of Australia's preliminary **retail sales figures** on Monday, and the Commonwealth Bank's preliminary purchasing managers' index (**PMI**) for the services and manufacturing sectors on Tuesday.

US Fed Chairman Jerome Powell speaks before a Congressional panel on Tuesday about the Fed's Covid policy response and the state of the economy. US GDP figures will be out on Thursday.

Sources: *CNBC, The Sydney Morning Herald, FX Economic Street, Forbes*

**Economic Calendar 21/06/2021 – 25/06/2021**

Monday June 21 2021		Actual	Previous	Consensus	Forecast	
09:30 AM	CN Loan Prime Rate 1Y		3.85%		3.85%	
Thursday June 24 2021		Actual	Previous	Consensus	Forecast	
04:00 PM	DE Ifo Business Climate JUN		99.2	100.1	100.1	
07:00 PM	GB BoE Interest Rate Decision		0.1%	0.1%	0.1%	
08:30 PM	US Durable Goods Orders MoM MAY		-1.3%	2.7%	2%	
Friday June 25 2021		Actual	Previous	Consensus	Forecast	
07:01 AM	GB Gfk Consumer Confidence JUN		-9	-7	-7	
02:00 PM	DE GfK Consumer Confidence JUL		-7	-4.3	-3	
08:30 PM	US Personal Income MoM MAY		-13.1%	-2.5%	-3%	
08:30 PM	US Personal Spending MoM MAY		0.5%	0.3%	0.4%	

Economic Calendar 28/06/2021 – 2/07/2021

Wednesday June 30 2021		Actual	Previous	Consensus	Forecast	
09:00 AM	CN NBS Manufacturing PMI JUN		51.0		51.7	
01:00 PM	JP Consumer Confidence JUN		34.1		33	
Thursday July 01 2021		Actual	Previous	Consensus	Forecast	
07:50 AM	JP Tankan Large Manufacturers Index Q2		5	15	15	
09:30 AM	AU Balance of Trade MAY		A\$8.028B		A\$7B	
09:45 AM	CN Caixin Manufacturing PMI JUN		52		52.3	
Friday July 02 2021		Actual	Previous	Consensus	Forecast	
08:30 PM	CA Balance of Trade MAY		C\$0.59B		C\$-0.3B	
08:30 PM	US Balance of Trade MAY		\$-68.9B	\$-70.1B		
08:30 PM	US Non Farm Payrolls JUN		559K	550K	420K	

Source: www.tradingeconomics.com

**All Ords Top 10 Week Ending 18 June 2021**

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
Z1P	Zip Co Ltd.	13.8	NST	Northern Star	-13.9
RMD	ResMed Inc.	12.5	OZL	OZ Minerals	-12.2
PME	Pro Medicus Limited	10.9	WHC	Whitehaven Coal	-9.0
HUB	HUB24 Ltd	10.7	WGX	Westgold Resources.	-8.5
APT	Afterpay Limited	10.5	NCM	Newcrest Mining	-8.4
A2M	The A2 Milk Company	9.4	RMS	Ramelius Resources	-8.2
NWL	Netwealth Group	9.2	ASB	Austal Limited	-8.2
MP1	Megaport Limited	9.1	EVN	Evolution Mining Ltd	-8.1
MSB	Mesoblast Limited	7.9	DOW	Downer EDI Limited	-7.2
ANN	Ansell Limited	7.4	BSL	BlueScope Steel Ltd	-7.1

Source: IRESS

S & P Indices Week Ending 18 June 2021

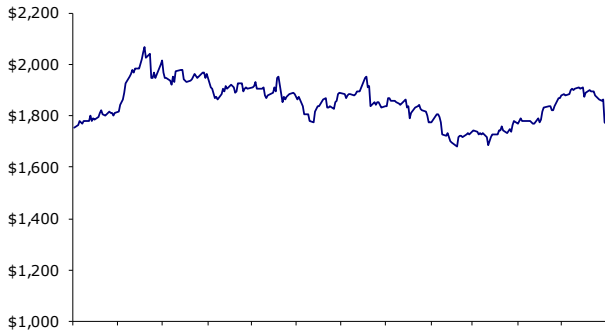
S&P Indices	20/06/2021	13/06/2021	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	8297	8484	-2.2%	6.9%	-6.7%
S&P 200 Materials	16737	17468	-4.2%	0.6%	69.0%
S&P 200 Industrials	6341	6258	1.3%	5.3%	24.3%
S&P 200 Consumer Disc.	3447	3314	4.0%	4.2%	64.6%
S&P 200 Consumer Staples	12823	12803	0.2%	2.1%	49.9%
S&P 200 Healthcare	46030	44290	3.9%	6.6%	138.7%
S&P 200 Financials	6674	6534	2.1%	3.0%	4.8%
S&P 200 Info Technology	2180	2054	6.1%	13.8%	180.3%
S&P 200 Telecommunicatic	1462	1450	0.8%	4.2%	-16.7%
S&P 200 Utilities	6258	6256	0.0%	7.7%	-17.0%
S&P 200 Property Trusts	1564	1569	-0.3%	5.9%	16.6%
S&P 200 Financials ex PT	7444	7287	2.1%	3.0%	4.8%

Source: IRESS

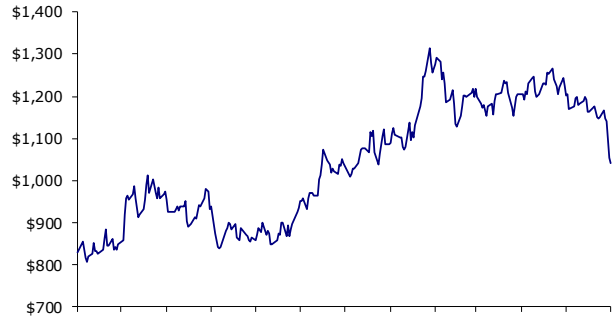


1 Year Commodity Price Charts

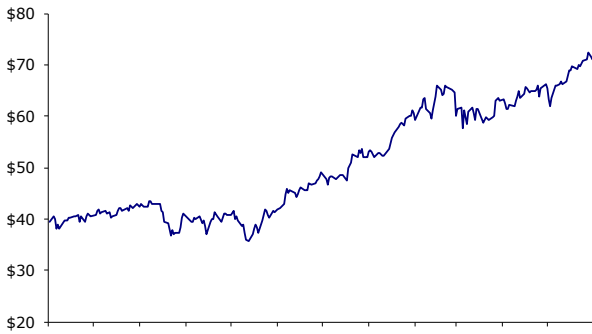
1 Year Gold



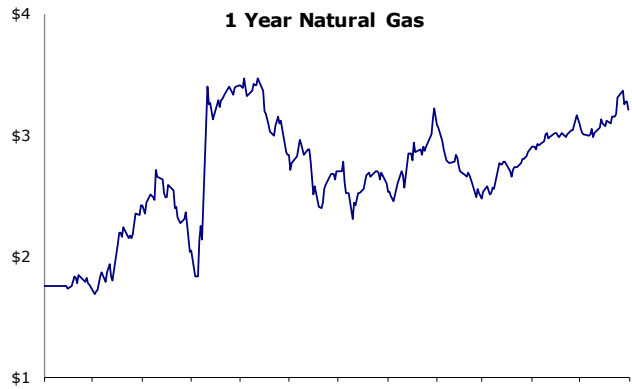
1 Year Platinum



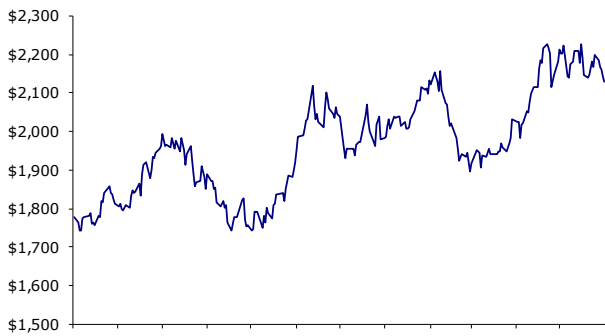
1 Year Oil



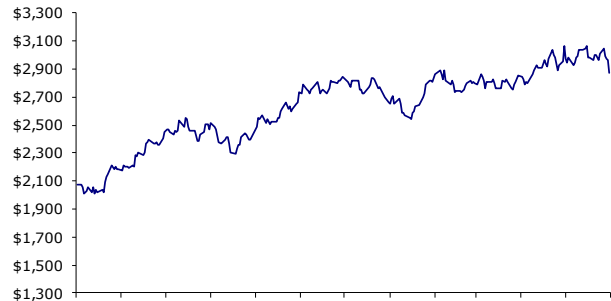
1 Year Natural Gas



1 Year Lead

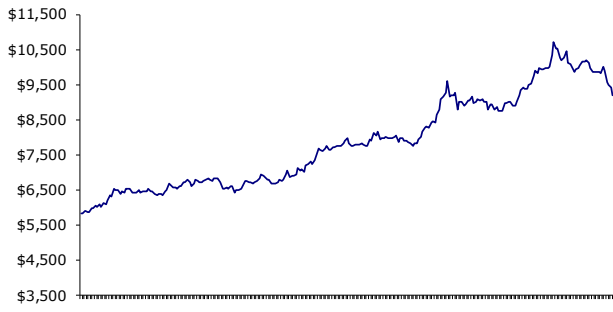


1 Year Zinc

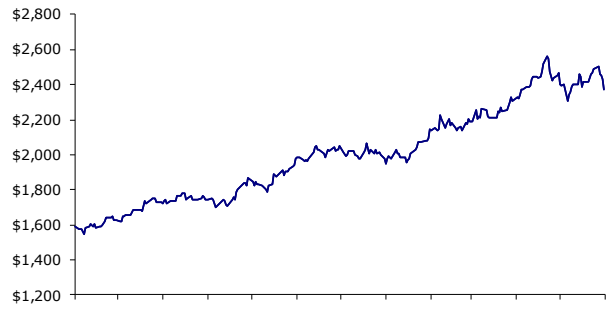




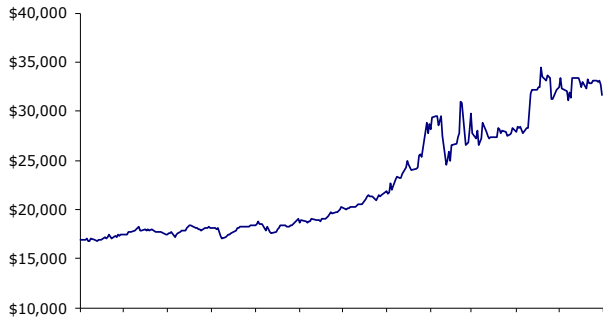
1 Year Copper



1 Year Aluminium

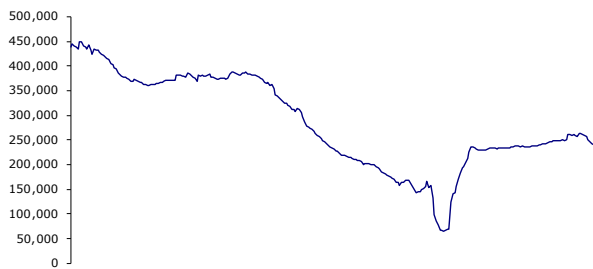


1 Year Tin

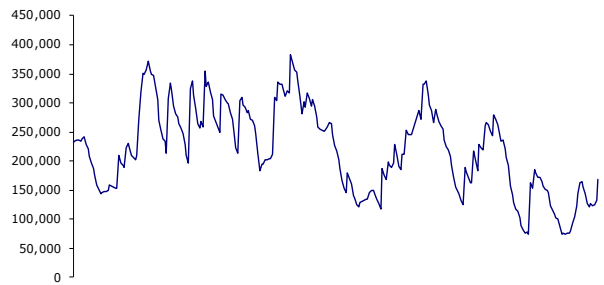


5 Year Metals Stockpiles

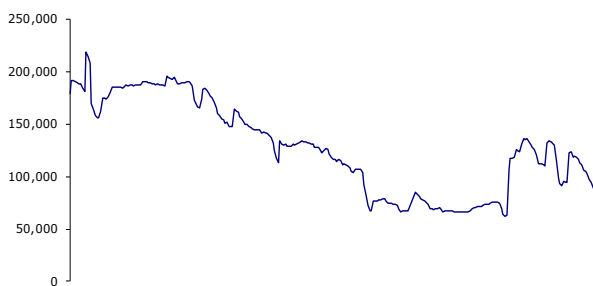
Nickel LME Stockpiles - 5 Year



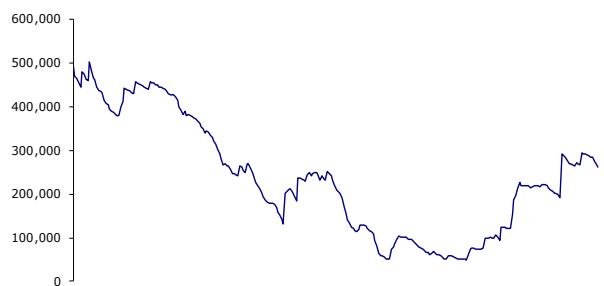
Copper LME Stockpiles - 5 Year



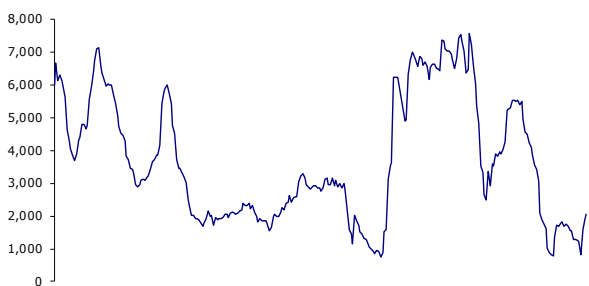
Lead LME Stockpiles - 5 Year



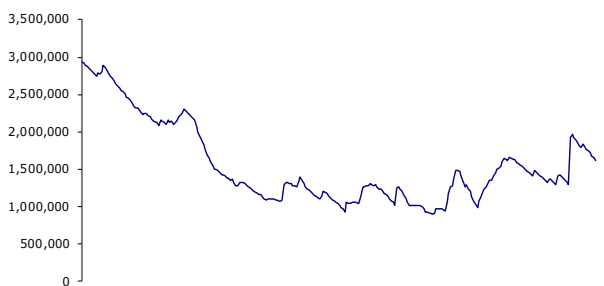
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year





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