

MONTHLY REPORT

Monthly Report

Our May monthly report is out now. See the global and Australian updates and trends.

+4.23%

ASX performance

4.26%

US markets were stronger in the month, with the Dow Jones up 4.26% and S&P500 up +4.53%, as progress on a vaccine to fight the coronavirus boosted investor optimism regarding reopening of economies.



- Long-dated US treasury yields were mixed, with the 2-Yr yield lower at 0.16% and 10-Yr yield higher at 0.65%.
- European markets. European markets were higher with the Stoxx Europe 600 Index up +3.04%, UK FTSE up +2.97% and German DAX up +6.68%.
- Asian markets. Asian markets were mostly higher over the month, with the Nikkei up +8.34%, KOSPI up +4.21%, and the Shanghai Composite declining -0.27%.
- Commodities. Over the month, WTI oil price surged +62.43% to US\$35.49/bbl, iron ore prices increased +10.26% to US\$91.03 per tonne, and spot gold gained +2.60% to US\$1,730 per ounce.

IN POLITICAL NEWS:

- Tensions between U.S. and China flared up after President Trump moved to block investments in Chinese stocks by a government retirement savings fund, blocked semiconductor shipments to Huawei Technologies Co. and the Senate passed a bill that would increase oversight of Chinese companies and would bar some Chinese companies from listing on American exchanges. However, President Trump has signalled no changes to trade deal with China despite rising tensions.
- Chinese lawmakers approved a proposal to impose a new national security legislation in Hong Kong, leading to retaliation by the U.S., revoking Hong Kong's special status and opening the way for the city to be stripped of trading privileges.
- China slapped anti-dumping duty of 73.6% and an anti-subsidy duty of 6.9% on Australian barley for five years, as diplomatic tensions escalated between the two trading partners.
- European Commission unveiled an unprecedented stimulus plan worth 750bn euro to aid in region's economic recovery from the pandemic.

IN ECONOMIC NEWS:

- Australian RBA decision. RBA maintained its official cash rate at record low of 0.25% and noted that global GDP is expected to fall sharply in 1H20.
- US. US saw the biggest monthly loss in jobs in more than 70 years, with a record 20.5m jobs lost in April which saw unemployment rate surging to 14.7% from 4.4%.
- US consumer spending, which accounts for about two-thirds of the world's largest economy, plunged a record -13.6% in April and industrial production decreased -11.2% in April, the steepest monthly drop in the 101-year history of the series. US jobless claims shrank for the first time during the outbreak, with 2.123m Americans filing for unemployment benefits in the week ended 23 May.
- China. Dollar-denominated exports rose +3.5% yoy and imports fell -14.2% yoy in April. Industrial production in the country showed signs of improvement in April with industrial output rising +3.9% yoy, however, retail sales figures remained disappointing, falling -7.5% yoy.
- Europe. Euro zone GDP plunged -3.8% qoq in 1Q20 and the euro area's inflation rate fell to 0.1% in May, the lowest level in four years.
- UK. GDP contracted by -5.8% m/m in March, the sharpest monthly decline on record, with BOE forecasting a -25% contraction in 2Q20 and -14% decline for the year.
- Japan. BOJ kept its main policy rate unchanged and launched a new lending program worth 30 trillion yen (\$279bn) to support small businesses.
- Japan's economy shrank an annualized -3.4% qoq in 1Q20. In April, country's exports plunged -21.9% yoy, retail sales fell -13.7%, industrial production declined -14.4% yoy and key inflation gauge slid below zero in for the first time in more than three years with consumer prices (excluding fresh food) falling -0.2% yoy.

ON STOCK SPECIFIC NEWS (WHICH CAUSED SIGNIFICANT INTRADAY MOVES DURING THE MONTH):

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