



# MONTHLY REPORT

## Monthly Report

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

# +5.7%

ASX performance

# -6.7%

US markets were stronger in the month, with the Dow Jones up +6.7% and S&P500 up +9.1%



**US markets.** US markets were stronger in the month, with the Dow Jones up +6.7% and S&P500 up +9.1%.

• **Long-dated US** treasury yields declined with the 2-and-10-Yr yield curve inverting, with 2-Yr yield at 2.89% and 10-Yr yield at 2.65%.

## GLOBAL MARKET UPDATES

- **European markets.** European markets were higher with the Stoxx Europe 600 Index up +7.6%, UK FTSE up +3.5% and German DAX up +5.5%.
- **Asian markets.** Asian markets were mostly higher over the month, with the Nikkei up +5.3%, KOSPI up +5.1%, and the Shanghai Composite down -4.3%.
- **Commodities.** Over the month, WTI oil price declined -4.4%, as negative sentiment due to potential erosion in fuel demand amid rising fears of recession was partially offset by OPEC's forecast for global oil demand to expand by 2.7 million barrels a day in 2023, bolstered by growth in emerging economies, leading to global oil demand growth exceeding the increase in supplies by 1 million barrels a day. Iron ore prices declined -8.0% and spot gold declined -4.4%.

## IN POLITICAL NEWS

- Boris Johnson resigned as the U.K. Prime Minister.
- Japan's former Prime Minister Shinzo Abe was assassinated by being shot at a campaign event.
- Political turmoil hit Italy with Prime Minister Mario Draghi resigning leading to President Sergio Mattarella dissolving parliament.

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

- **Costa Group Holdings Ltd (CGC)** - declined -10.1%, after announcing weather events have resulted in some quality issues for Riverland and Sunraysia crops.
- **EML Payments Ltd (EML)** - slumped -14.6%, after announcing the resignation of CEO Tom Cregan and as the Irish Central Bank said it has identified shortcomings in components of the remediation program of EML's Irish subsidiary PFS Card Services.
- **Megaport Ltd (MP1)** - surged +77.8%, after reporting sequential growth in 4Q22's monthly recurring revenue and announcing Japan and Canada have reached profitability ahead of plan.
- **Pinnacle Investment Management Ltd (PNI)** - gained +42.4%, after announcing 10 affiliates have crystallized performance fees for FY22 of about A\$57.1m at 100% gross in aggregate.
- **Regis Resources Ltd (RRL)** - gained +35.8%, after announcing it remains well set for increased annual gold production of 420,000-475,000 oz into FY23.
- **Telix Pharmaceuticals Ltd (TLX)** - gained +63.1%, after reporting total revenue of A\$22.5m from global sales of Illuccix in its first commercial quarter, vs A\$1.9m in the previous quarter.
- **Zip Co Ltd (ZIP)** - surged +158.0%, after terminating merger deal with Sezzle and vowing to slow the rate at which it is burning through cash by cutting the number of products it offers and putting the brakes on overseas expansion.

## IN ECONOMIC NEWS

- **Australian RBA decision.** RBA delivered its first ever consecutive +50bps interest-rate hike, taking cash rate to 1.35%, the highest since May 2019, with RBA Chief Philip Lowe signalling a steady series of interest rate increases, expecting rate to rise to 2.5% neutral level, as he highlighted the difficult road to a soft landing for the economy.
- **Global growth outlook.** IMF cut its global growth outlook for 2022 by -40bps to 3.2% with advanced economies down -80bps to 2.5% (U.S. down -140bps to 2.3%, euro area down -20bps to 2.6%, U.K. down -50bps to 3.2% and Japan down -70bps to 1.7%) and EM/developing economies down -20bps to 3.6% (China down -110bps to 3.3% and India down -80bps to 7.4%), and 2023 by -70bps to 2.9% with advanced economies down -100bps to 1.4% (U.S. down -130bps to 1.0%, euro area down -110bps to 1.2%, U.K. down -70bps to 0.5% and Japan down -60bps to 1.7%) and EM/developing economies down -50bps to 3.9% (China down -50bps to 4.6% and India down -80bps to 6.1%), warning that the world economy may soon be on the cusp of an outright recession as it upgraded world CPI outlook for both 2022 and 2023 by +90bps to 8.3% and 5.7%, respectively.
- **U.S.** The Fed raised interest rates by +75bps for the second straight month to 2.25-2.5%, however, Fed Chair Jerome Powell said it will likely be appropriate to slow rate hikes at some point, while rejecting speculation that the US economy is in recession.
- **U.S.** Economy shrank for a second straight quarter in 2Q22 with GDP declining -0.9% annualized rate, as decades-high inflation undercut consumer spending and Federal Reserve interest-rate hikes stymied businesses and housing. US consumer confidence declined in July to the lowest level since February 2021 on dimmer views of the economy amid persistent inflation with US Census Bureau survey revealing the share of Americans who report having difficulties paying their bills has surpassed its 2020 pandemic peak in July, and US manufacturing activity continued to cool in July with a gauge of factory activity easing to the lowest level since June 2020.
- **China.** Economy grew at the slowest pace in two-years in 2Q22 with GDP growing +0.4% yoy, the second weakest growth ever recorded. Factory activity unexpectedly contracted in July with official PMI falling below the 50-mark that indicates a contraction in activity.
- **Australia.** The government downgraded economic growth outlook by -50bps for both 2023 and 2024 to 3% and 2%, respectively, due to accelerating inflation, higher interest rates and a slowing global economy with Treasurer Jim Chalmers forecasting Australian inflation peaking at 7.75% by December before moderating to 5.5% in June 2023 and then returning inside the RBA's 2-3% target in 2024.
- **Europe.** ECB raised its key interest rate by +50bps to 0%, the first increase in 11 years and the biggest since 2000 and President Christine Lagarde announced prior guidance on September rate move no longer applies as policy makers may be more dovish during the next meeting. Euro-zone economy expanded by more than three times the amount economists expected in 2Q22, with GDP growing +0.7% qoq (+4% yoy) which saw European Commission maintaining real GDP forecast for EU of 2.7% for 2022, however, downgrading by -80bps to 1.5% for 2023 and for euro area by -10bps to 2.6% for 2022 and -90bps to 1.4% for 2023, while upgrading inflation projections for EU by +150bps to 8.3% for 2022 and +140bps to 4.6%, and for euro area by +150bps to 7.6% for 2022 and +130bps to 4% for 2023. Confidence in the euro-area economy fell to the weakest in almost 1.5 years in July with consumer confidence slumping to lowest level on record amid worries over rising inflation with July CPI surging by +8.9% yoy with core inflation also reaching a new high of 4%.

## IN ECONOMIC NEWS (CONT.)

- **Japan.** BOJ kept rates and its 10-year yield target unchanged and announced it remains prepared to ease further if needed, despite upgrading inflation (ex food) forecasts for 2022 by +40bps to 2.3%, for 2023 by +30bps to 1.4% and for 2024 by +20bps to 1.3%, while downgrading 2022 GDP growth forecast by -50bps to +2.4% and upgrading 2023 and 2024 GDP growth forecast by +10bps and +20bps to +2.0% and +1.3%, respectively. BOJ's quarterly survey revealed Japanese households' medium-term inflation expectations have climbed to the highest level in almost 14 years with households seeing an annual inflation of 5% in the next five years, the highest reading since September 2008.

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