Antipodean Advisory

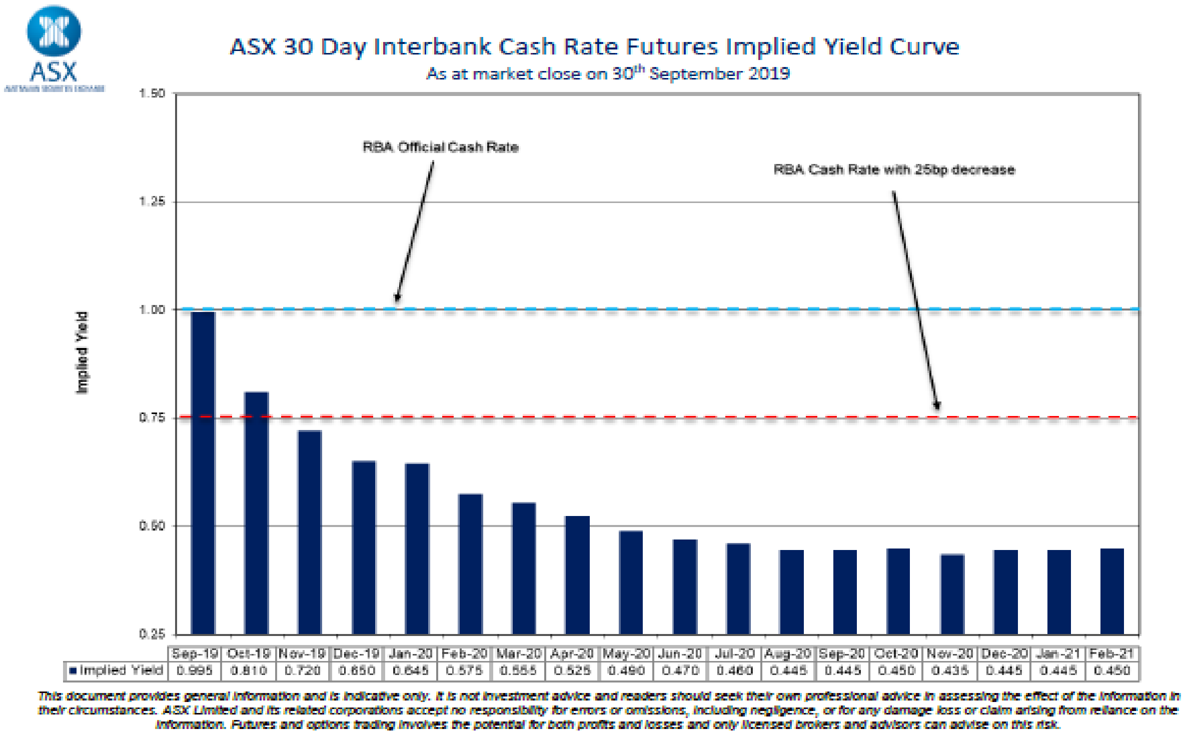
Antipodean Private Pty Ltd
133 Alexander Street
Crows Nest NSW 2065
Phone: 1300 101 250
Mobile: 0438 893 571
Email: michael@antipodeanadvisory.com
Web: www.antipodeanadvisory.com

September 2019 Market Wrap — Tuesday 1 October 2019

The S&P/ASX 200 finished the month and quarter with gains of 1.8% & 2.4%, respectively, bringing the benchmark's year to date total return to 23% and placing it on track for the best year since 2009.

The resurgence of value strategies (how Warren Buffet invests) has been the global theme this quarter. Global yields have pushed off the lows seen last month and the inverse curve theories are being tested with questions of where they are an indicators of recessions.

The Australian dollar has pushed off lows hit last month, the Global theme from most Reserve Banks is cutting rates to weaken their currency so exports look cheap/competitive. This has pressured the RBA to look at further cuts in the Australian cash rate to stay in the game.



The RBA meets today. The chart above show the futures market which is pointing at 25 point cut today and one more cut of 25 points, bring the cash rate to 0.50%.

RBA view

- The recent data on wages, prices, output and unemployment suggest that there was more spare capacity in the economy than had previously been recognised.
- Australia can sustain lower rates of unemployment and underemployment without running inflation risks
- While the stance of policy had already been accommodative for some time, the Board judged that additional monetary stimulus would assist with faster progress in

Antipodean Private Pty Ltd
133 Alexander Street
Crows Nest NSW 2065
Phone: 1300 101 250
Mobile: 0438 893 571
Email: michael@antipodeanadvisory.com
Web: www.antipodeanadvisory.com

reducing unemployment, and help create the conditions for more assured progress towards the inflation target.
- Given the current environment, it is reasonable to expect that an extended period of low rates will be needed to achieve the Board's employment and inflation objectives.
- The Board will continue to monitor developments in the labour market closely and is prepared to ease monetary policy further if needed to support sustainable growth in the economy and the achievement of the inflation target over time.

Growth is a little slower than wanted so Reserve Banks are trying to get ahead of the curve. Put another way, the risk of conventional recession has increased, but due to Reserve Banks and Government actions I think it remains unlikely.

Summary of Major share indices

Index	1 Month	52 Weeks	YTD
DJIA	+1.95%	+1.00%	+15.39%
Nasdaq	+0.46%	-0.47%	+20.56%
S&P 500	+1.72%	+1.78%	+18.74%
Russel 2000	+1.91%	-8.94%	+12.96%
Europe 600 Index	+3.27%	+2.40%	+16.44%
UK FTSE 100 Index	+1.73%	-1.17%	+10.11%
Hong Kong Hang Seng	+1.82%	-6.10%	+0.95%
Japan Nikkei 225	+5.51%	-10.27%	+8.70%
China Shanghai Composite	-0.65%	+2.97%	+16.49%
ASX 200 (Australia)	+1.84%	+4.51%	+22.56%

Australian Dollar

	Close	52 week Range
AUD	0.6751%	0.6678-0.7394%

Government Bonds

	Close	52 week Range
US 3 Month	1.833%	1.784-2.487%
US 10 Years	1.667%	1.431 – 3.263%
US 30 Years	2.112%	1.903 - 3.465%
Australia 10 years	1.027%	0.864-2.799%

Source: Wall Street Journal.

Antipodean Private Pty Ltd (T/A Antipodean Advisory) is a Corporate Authorised Representative (No. 1271526) of Capstone Financial Planning Pty Ltd. ABN 24 093 733 969. Australian Financial Services Licence No. 223135.