



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 2020 Market Wrap

Thursday 1 October 2020

U.S. stocks turned in a second consecutive quarter of dramatic gains, continuing a historic stock-market recovery that few predicted in the depths of the March downturn.

The S&P 500 and Nasdaq Composite hit a string of records in the third quarter, a journey that has confounded many investors with its sheer velocity and strength. Despite a stretch of volatility that damped momentum in September, the S&P 500 and Dow Jones Industrial Average gained 8.5% and 7.6%, respectively, over the past three months.

The advances built on even bigger gains in the previous period, capping the best two-quarter performance since 2009. Both indexes are up more than 26% since the end of March. The Nasdaq Composite surged 11% in the third quarter and rose 45% over the past six months, its biggest two-quarter gain since 2000.

A weak showing for Australian equities in September pushed regional benchmarks into negative territory for Q3; equities worldwide pulled back this month on the increases in restrictions that followed regional spikes in cases of COVID-19. Despite posting gains in July and August, the S&P/ASX 200 declined 0.4% on the quarter.

The Australian Reserve Bank continues to support the Australia economy by maintaining the targets for the cash rate and the yield on 3-year Australian Government bonds of 25 basis points. It also decided to increase the size of the Term Funding Facility and make the facility available for longer.

Under the expanded Term Funding Facility, authorised deposit-taking institutions (ADIs) will have access to additional funding, equivalent to 2 per cent of their outstanding credit, at a fixed rate of 25 basis points for three years. ADIs will be able to draw on this extra funding up until the end of June 2021. This extension will ensure that all ADIs continue to have access to the Term Funding Facility after the end of September, when the window for drawings under the initial allowance of 3 per cent of outstanding credit closes.

The economy is being supported by the substantial, coordinated and unprecedented policy easing over the past six months. Fiscal policy is playing an important role. Public sector balance sheets in Australia are in good shape, which allows for continued support. Indeed, fiscal and monetary support will be required for some time given the outlook for the economy and the prospect of high unemployment. In addition, support for the recovery is being provided by Australia's financial institutions, which also have strong balance sheets and access to high levels of liquidity.

The biggest elephant in the room is the US Election, after the unprecedented shouting match of the first debate. To my surprise the worst insults came from Biden, who called Trump, variously, a racist and a clown and told him to shut up. I think the debates are Trump's major hope of re-



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

election as it suits his bulldozer style. This debate was unedifying. It was raucous, shouty, noisy, at times incoherent. This is a poor show from US politics. It certainly was nothing like the great debates between Abraham Lincoln and Stephen Douglas over slavery, or even at the level of Richard Nixon and John Kennedy providing detailed assessments of China's actions towards Taiwan. But it is what it is.

If you have any questions do not hesitate to contact me.

Stay Safe and Healthy

Summary of Major share indices

Index	1 Month	52 Weeks	YTD
DJIA	-4.53%	+6.53%	-2.65%
Nasdaq	-7.37%	+43.44%	+24.46%
S&P 500	-6.08%	+16.46%	+4.09%
Russel 2000	-5.31%	+1.90%	-9.64%
Europe 600 Index	-2.74%	-4.35%	-13.17%
UK FTSE 100 Index	-1.26%	-17.64%	-22.23%
Hong Kong Hang Seng	-6.61%	-9.92%	-16.78%
Japan Nikkei 225	-0.27%	+12.22%	-1.99%
China Shanghai Composite	-5.48%	+10.77%	5.51%
ASX 200 (Australia)	-3.66%	-12.41%	-10.82%

Australian Dollar

	Close	52 week Range
AUD	0.7170%	0.5512-0.7414%

Government Bonds

	Close	52 week Range
US 3 Month	0.107%	-0.076-1.818%
US 10 Years	0.684%	0.380 – 1.967%
US 30 Years	1.455%	0.692 – 2.44%
Australia 10 years	0.800%	0.570-1.717%

Source: Wall Street Journal.