

Daily Brief

Friday, 29 October 2021

Overnight Markets

Equities	Close	Chg	Pct %
Dow Jones	35,730.5	239.8	0.68%
S&P 500	4,596.4	44.7	0.98%
Nasdaq	15,448.1	212.3	1.39%
FTSE 100	7,249.5	-3.8	-0.05%
Dax Index	15,696.3	-9.5	-0.06%
CAC 40	6,804.2	50.7	0.75%
Hang Seng	25,555.7	-73.0	-0.28%
Nikkei	28,820.1	0.0	0.00%
SPI Futures	7,391.0	-13.0	-0.18%
Commodities	Close	Chg	Pct %
Brent Crude US\$/b	84.32	0.00	0.00%
Spot Gold US\$/oz	1,799.12	0.27	0.02%
Copper COMEX (\$)	4.43	-0.01	-0.19%
Currencies	Close	Chg	Pct %
AUD / USD	0.7533	-0.0011	-0.14%
EUR / USD	1.1687	0.0003	0.03%
AUD / GBP	0.5460	-0.0011	-0.20%
EUR / AUD	1.5510	0.0027	0.18%
USD / YEN	113.5840	0.0015	0.00%
Rates	Close	Chg	Pct %
\$A Cash Rate	0.10	0.000	0.00%
\$A 3 Yr Bond	1.01	-0.116	-10.34%
\$A 10 Yr Bond	1.87	0.016	0.87%
\$US 10 Year Bond	1.57	-0.009	-0.60%
\$US 30 Year Bond	1.98	0.001	0.03%
Companies	Close	Chg	Pct %
Apple Inc	152.57	3.72	2.50%
LVMH	669.80	5.20	0.78%
Disney	169.68	0.13	0.08%
Microsoft	324.35	1.18	0.37%
Google	2,922.58	-5.97	-0.20%
JP Morgan	170.36	2.53	1.51%
Amazon	3,446.57	54.08	1.59%
Alibaba	169.79	0.56	0.33%

Overnight Highlights

Joe Biden urged Democrats to back a revamped \$1.75 trillion tax and spending framework and quickly pass a separate \$550 billion infrastructure bill already approved by the Senate. But progressives balked at supporting the latter without legislative text for the former, hindering Nancy Pelosi's efforts to hold a vote on the public works measure as soon as Thursday. Biden told party lawmakers at a Capitol meeting that his presidency and their political fortunes depend on passing his agenda.

French President Emmanuel Macron has scolded Scott Morrison for a breach of trust over Australia's decision to axe the \$90 billion submarine contract with France's Naval Group in the first conversation between the pair since the controversial decision last month. He also demanded Australia do more to combat climate change, including ceasing the production and consumption of coal, and setting a higher 2030 emissions reduction target.



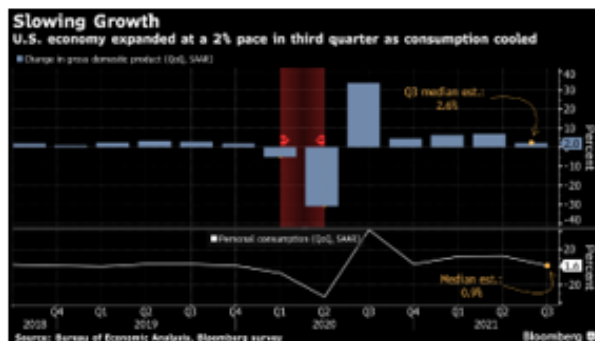
China's sticking to its existing climate change targets, reducing the chances for more ambitious global action at the COP26 summit that could limit global temperature gains to 1.5 degrees Celsius. Beijing's updated pledge under the Paris Agreement reiterated its plan to reach peak emissions by 2030 and net zero by 2060. It's among key economies that missed a deadline set in July to submit new plans for 2030.

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GLOBAL MARKET

U.S. stocks closed at another all-time high, but tech shares faltered after the close as Amazon and Apple's results marred an otherwise strong earnings period. Nevertheless, the S&P 500 ended up 1.4% and is on pace to gain more than 6% this month. Treasuries fluctuated, with some portions of the yield curve inverting, while 10-year yields rose 3 bps to 1.57%. The dollar fell across the board, with Scandinavian currencies pacing gains. WTI reversed course and advanced, and gold inched higher. Asian equity futures are narrowly in the green.

The U.S. economy grew less than expected in the third quarter as snarled supply chains and the pandemic throttled spending and investment. GDP expanded by an annualized 2% after a 6.7% pace in the prior period. Personal consumption plummeted, rising 1.2% compared with 12% in the second quarter, thanks in part to a lack of available cars to buy. Motor vehicle production dropped an annualized 41.6% due to semiconductor shortages.



Hertz's move to electrify its rental-car fleet with Tesla is catching on with consumers and Uber drivers even faster than the company expected, interim CEO Mark Fields said. Visits to Hertz's corporate website have jumped from hundreds to more than 10,000 a day, and Uber drivers are already trying to sign up for a Tesla rental program that starts Nov. 1.

Global Equities.

Apple and Amazon both dropped in late trading after releasing earnings. Apple's quarterly revenue fell short, stunted by Mac and iPhone sales, and it failed to give guidance ahead of its investor call amid ongoing global supply chain issues. Amazon's sales forecast disappointed, and it warned the busy holiday quarter could be unprofitable as it shells out money to hire sufficient workers and navigate the shipping crunch. AWS was a bright spot, with the highest growth since early 2019.

Starbucks fell postmarket after revenue missed and same-store sales in the U.S. and China disappointed. It announced \$20 billion of new dividends and buybacks over the next three years.



Evergrande made another last-minute bond payment, this one ahead of the end of the 30-day grace period on Friday. The developer had missed the Sept. 29 deadline for the \$45.2 million coupon. By making good, the company buys time to raise money via asset sales. A delinquency could have triggered cross-default clauses and even pushed it into bankruptcy.

Facebook revealed its new, much-speculated-on, branding — and it's now called Meta. It'll also start trading under a new ticker, MVR5, on Dec. 1. Shares rose.

Quote of the Day

"And what he greatly thought, he nobly dared."
Homer

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ASX MARKET

The S&P/ASX 200 is up 0.1 per cent this morning as the healthcare sector's 1.3 per cent gain is offset by falls among retailers and banks.

ResMed is the top performer, up 7.4 per cent after topping analysts' forecasts thanks to strong sleep apnoea device sales. Market heavyweight CSL is also up 1.7 per cent.

CBA and NAB are lower, with Macquarie in a trading halt ahead of its plans to raise \$1.5 billion.

Shares in Vulcan Resources are down 12.7 per cent after short seller J Capital attacked the \$1.8 billion lithium explorer's claims.

General:

- BHP (BHP AU): Climate Showdown Looms as Australian Disasters Mount; QuickTake; Noront Advises Holders to Tender Shares to BHP's Improved Offer; Prosecutors Expect to Conclude Agreement on Samarco in Feb. 2022
- Crown Resorts (CWN AU): Affirmed at Baa3 by Moody's
- GUD Holdings (GUD AU): To Buy Vision X Group for Payment of \$52.8M at Completion
- Rio Tinto (RIO LN): Possible SEC Suit Risks Vale Efforts to Put Dam Disaster to Rest; LAUNCH: Rio Tinto Finance USA Ltd \$1.25b 30Y +85
- Vulcan Energy Resources (VUL AU): Says Short Seller Report is False and Misleading

Rating Change

- ANZ Bank (ANZ AU): Raised to Buy at Jefferies; PT A\$34.15
- Chalice Mining (CHN AU): Rated New Hold at Jefferies; PT A\$7.20
- Collins Foods (CKF AU): Rated New Buy at Litchfield Hills; PT A\$9.32
- Nickel Mines (NIC AU): Raised to Buy at Shaw and Partners; PT A\$1.24
- Reece (REH AU): Raised to Hold at Morgans Financial Limited; PT A\$18.40

Macquarie Group net profits surged by 107 per cent over the six months to September, while a \$1.5 billion capital raise will help cover the additional buffers slapped on the financial services giant by the regulator. Macquarie on Friday reported net profit of \$2.04 billion, a doubling from the previous half and on par with the same period last year. Assets under management jumped 31 per cent to \$737 billion, aided by the takeover of US wealth manager Waddell & Reed and gains from resilient financial markets. It announced an interim ordinary dividend of \$2.72, twice what it paid out in March but below the \$3.35 per share it announced this time last year.

BlueScope, Australia's largest steelmaker, has signed up with mining giant Rio Tinto to explore ways of reducing carbon emissions at the Port Kembla steelworks in New South Wales and aims to build a pilot plant on the site to test new processes. BlueScope chief executive Mr Vassella said for the project to work it needed broad backing from government, suppliers, customers and regulators. BlueScope will be directing some of the funds from a \$150 million climate action fund which it announced two months ago, for the project.



Origin Energy has sold three LNG cargoes into the tight Asian spot market after enjoying a 25 per cent increase in revenues from its Australia Pacific LNG project in Queensland in the September quarter mostly on higher prices. Origin posted revenue of \$633.7 million from its 37.5 per cent share of APLNG, which is to fall to 27.5 per cent as a result of its \$2.12 billion sale deal with US private firm EIG announced early this week, which is due to complete on December 31.

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OTHER NEWS

Slim Kim. North Korean leader Kim Jong Un has dropped about 20 kilograms (44 pounds), according to South Korea's spy agency, which cited optimal facial analysis, weight-tracking models and an analysis of high-resolution video. The agency also dismissed rumors that Kim had been using a body double. The 37-year-old — overweight and a smoker — has long been the subject of health speculation.



Matt Damon will be the face of Crypto.com as the platform seeks to lure new users. It will spend more than \$100 million on the campaign, as ads directed by cinematographer Wally Pfister air in more than 20 countries. Damon is also an investor in the company.

Facebook — erm, Meta — unveiled more than just a new name. At its Connect conference, Mark Zuckerberg showcased Horizon Home, part of a plan to make virtual reality feel more like home in what it calls the metaverse. The new feature will let users interact as digital avatars in virtual homes created through Facebook's VR system. They're even taking remote work to a new level.



This Day in History: English explorer Sir Walter Raleigh was beheaded for treason in 1618. The regular renaissance man was no stranger to trouble or the Tower of London, having been locked up by Elizabeth I for secretly marrying her lady-in-waiting. He was released to colonize America and search for the legendary El Dorado, but later fell out with James I, whom he was accused of plotting to overthrow.

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Chart of the Day: Oil and gas stocks have been among the best performers this year as supply shortfalls and surging demand drive up prices, but clean-energy companies appear to be making headway. Ahead of COP26 next week and as concern mounts over global warming, the Bloomberg Goldman Sachs Global Clean Energy Index jumped more than 10% in October, on course for its best month of 2021. Both sectors are outpacing gains for the S&P 500.

