

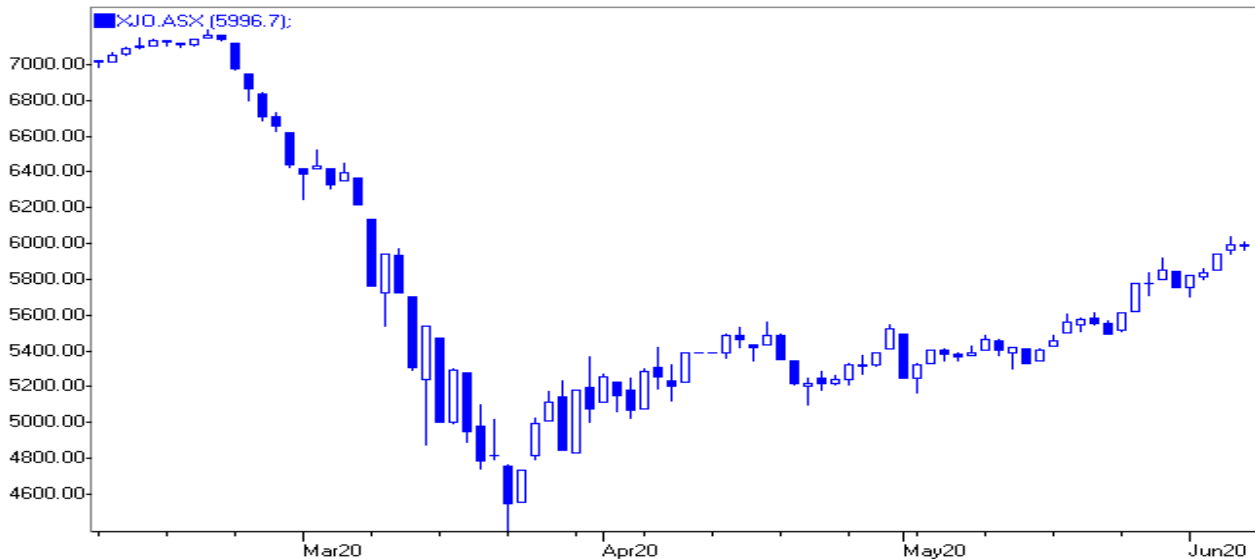
Market Wrap

Market Update – 05/06/2020

The market closed up this week, closing slightly above 6000 points. Keep in mind that the market looks forward and at present with restrictions lifting and the Job Keeper numbers dropping from 6 Million to 3.5 Million, the expectation on unemployment number has fallen. Volatility continues to fall, currently sitting at 20 points, still higher than preferred but dropping.

The banks have rallied over the past couple of weeks and are now trading close to their fair value, we have also seen some good gains in the companies which were most affected by COVID 19, such as Sydney Airports and Uniball Westfield, however, due to the lack of data we still consider these companies speculative.

The Government announced stimulus for residential property this week to support tradies in the sector. We are seeing a fall in house prices, partly driven by restriction to open houses but mainly due to changing economic conditions in the sector. Which includes unemployment expect now to be 8%, Immigration levels falling and are expected to stay low for some time and increase in bank mortgage in possession sales.



The US continues to rally as investors look at the technology, airlines and oil companies. However, this seem to be more speculation than long term positions.

We could see our market move up another 5%, however we are still cautious on which companies we buy given that the bond market does not seem to be supporting the market at present. This could indicate a possible retest of the recent lows.

ASX 200 close up 249 points or 4.33% for the week ending 05/06/2020.