

KALKINE MAGAZINE

OCTOBER 2021

- IRON ORE & SINO-AUSSIE RELATIONS
- RBA'S BOND TAPER MOVE
- CORPORATE EARNINGS ROUNDUP
- AUSSIE'S YOUNGEST SELF-MADE BILLIONAIRE



ABOUT KALKINE GROUP

Kalkine Group is a prominent name in the subscription & media sales line of business. A renowned equity market research, investor relations and media house firm, Kalkine caters to the share markets of Australia, the UK, Canada, United States, and New Zealand. The Company is also eyeing the growing Ireland market.

Kalkine Media provides trending and live news articles about listed companies belonging to diverse sectors and market commentaries. Interestingly, Kalkine Media also operates on the model of Advertiser – a Publisher firm under its B2B umbrella, providing a dedicated platform to the subscribed clients to leverage various offerings like exclusive banners, sponsored article coverages, videos, and podcasts.

Periodic investor focused events and webinars provide a crucial platform for several listed players/ private companies to present their business vision amidst broader industrial landscape and to interact with core audience including Brokers, Fund Managers/SMSF Investor Managers, Sophisticated Investors, Senior Business Executives and Retail Investors.

TEAM KALKINE

Team Kalkine comprises of specialists including equity, currency, commodity, and economic analysts providing in-depth and unbiased up-to date analysis. The team of analysts, sector-specific journalists and editors have hands on experience in developing industry breaking and trending equity and economic news. The team strives to work on the vision of establishing a strong foothold, primarily as a reliable media firm.

KUNAL SAWHNEY

Founder & CEO

Kunal Sawhney is the Founder & CEO at Kalkine Group and is a richly experienced and accomplished financial professional with a wealth of knowledge in the Australian Equities Market. His knowledge, skillset and vision provided all the perfect ingredients required to start one of the fastest growing equity market research firms across Australia. This was further supported by the aim of channelising energy and enthusiasm towards the stock market into a leading Media Research Firm.

KALKINE FOOTPRINT



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NOTE FROM THE EDITOR

“Hope all of you are doing well in the new normal. We bring to you the October issue of Kalkine Magazine, which is loaded with all that matters for market enthusiasts. The month has always been known for the October effect which refers to historically weak stock market returns witnessed during this month. October 2021 has been a stressful one. COVID-19 cases have increased dramatically over the past six months, thanks to the highly contagious delta variant.

In this month's issue, we scan the iron ore diplomacy in detail. Iron ore prices plunged to one-year lows after the world's biggest consumer China threatened to reduce its steel production. The Chinese production fell to 83.24 million in August, a 13% decline against the same period last year. Know how the industry impacts the Sino-Australian relations in a special feature.

Get a glimpse of Corporate Earnings for a quarter marked by Record Dividends, Buybacks and Takeovers. The earnings were better than the last two fiscals, albeit they remained below the pre-pandemic levels. Special dividends and buybacks were the two major features of this year's earnings season. From miners to financial institutions, food retailers

to BNPL players, telecom to energy firms, most of the ASX-listed companies rewarded shareholders with higher payouts.

Don't miss out on a special coverage on Australia's mid-tier gold producer- Horizon Minerals Limited (ASX: HRZ), and mineral explorer QX Resources Limited (ASX:QXR)”.

Meanwhile, UN Secretary-General Antonio Guterres has described the Intergovernmental Panel on Climate Change (IPCC) report as “code red” for humanity. He said that the report should act as a last nail in the coffin for the usage of coal and fossil fuels. To save the planet from extreme climates, people and governments should come together and cut emission levels drastically. Get insights on the same in our special feature – “Future of Aussie coal hangs in the balance till UN's Glasgow Talks.

Moving on to sports, the football world's two stalwarts – Ronaldo and Messi – have signed with new clubs. What do these new signings mean for them and their clubs? Here is another coverage not to be missed. Cristiano Ronaldo's highly unpredictable signing with Manchester United and Lionel Messi's dramatic move to Paris Saint-Germain defy the logic that the finances of European Football Clubs have been badly hit by the COVID-19 pandemic. The deals not only made sure that the duo doesn't feel

the pinch of the pandemic-hit revenues of their respective clubs, but their signings are most likely to open the floodgates of financial opportunities for them as well as their new clubs.

Meanwhile, the Reserve Bank of Australia (RBA) recently decided to continue with its initial decision to taper bond buying in September. Know what the RBA's bond taper move means for the Australian economy in an exclusive feature in the

issue.

Hope you enjoy this power-packed September issue as much as we did creating it for you.

Happy Reading!

Team Kalkine



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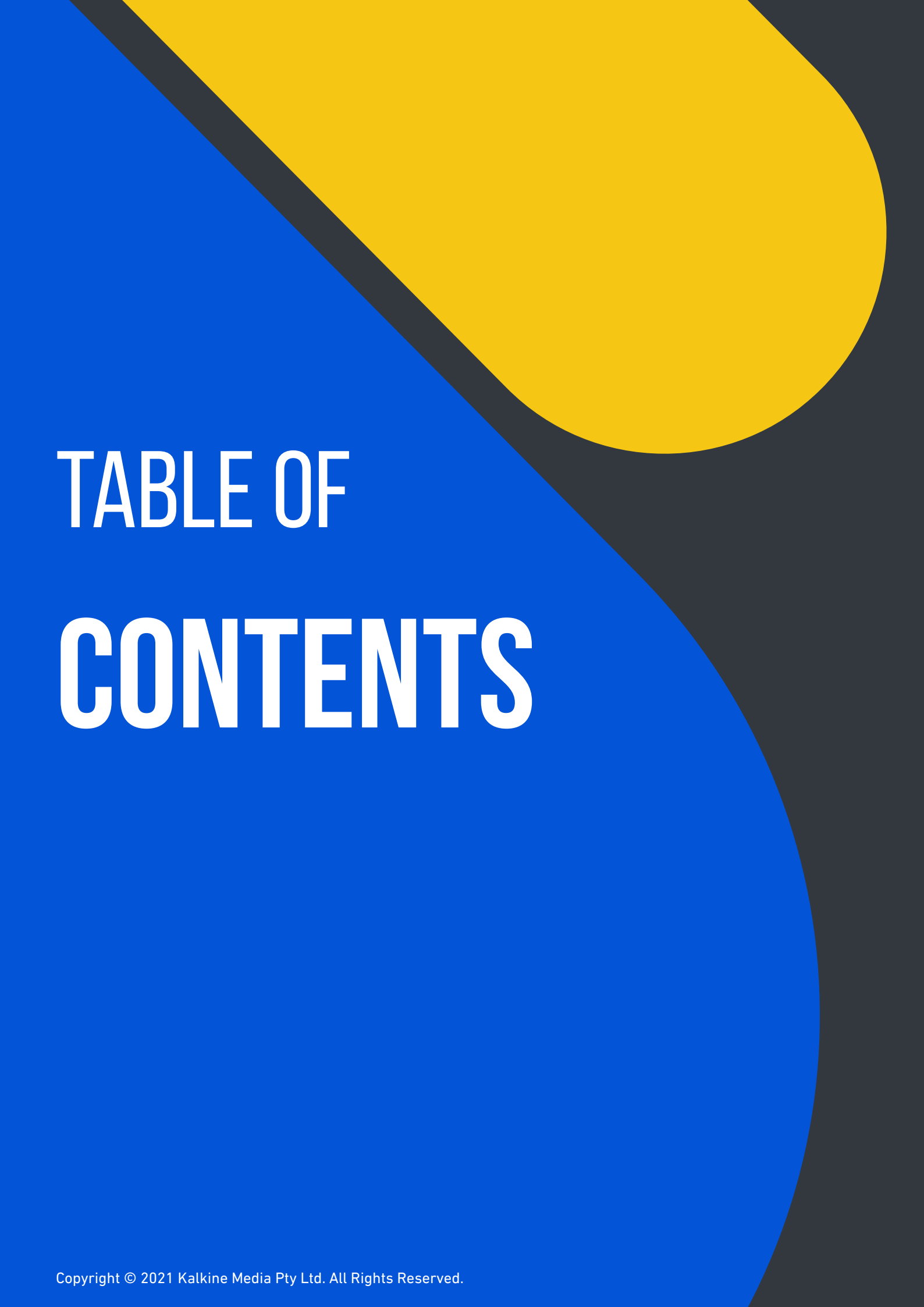


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01

IRON ORE DIPLOMACY: HOW THE INDUSTRY IMPACTS THE SINO-AUSTRALIAN RELATIONS

Iron ore prices plunged to 1-year lows after the world's biggest consumer, China threatened to reduce its utilisation for manufacturing steel. In fact, the Chinese production fell to 83.24 million in August, a ~13% against the same period last year.

Chinese policymakers have decided to limit their steel production in the second half of 2021, flagging environmental concern as one of the primary reasons behind it. The country aims to reduce its carbon emissions, as a part of its long-term goal to become carbon neutral by 2060.



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However, a certain section of the industry believes the ongoing tussle between China and Australia may have triggered the recent developments.

Australia is the world's largest iron ore producer and accounts for almost half of the global production.

CHINA INTENDS TO DIVERSIFY ITS BULK SUPPLY

Chinese industry players have been trying to diversify their supplies for bulk commodities including iron ore, reducing its reliance on Australian imports. Given the current relationship between Australia and China, diversifying their iron ore imports has become one of the most important concerns for China to fend off the reliance on Australian imports. Though, earlier both the nations were seen complimenting each other through strong Sino-Australia trade despite the political tensions between Canberra and Beijing.

China is the world's largest steel producer and exporter. In the past, the Chinese demand for iron ore for steel

production has been strong. The country heavily relies on the Australian iron ore imports with more than 80% of iron ores being imported.

Australia and Brazil are the leading exporters of iron ore to China and exports nearly 60% and 20% of the country's total iron ore exports respectively. China's robust bounce back from the pandemic has also aided towards Australia's economic recovery while the Australian mining industry helped China continue to boost their industrial activity. The quid pro quo between the two nations have long been contributing towards their respective economies.



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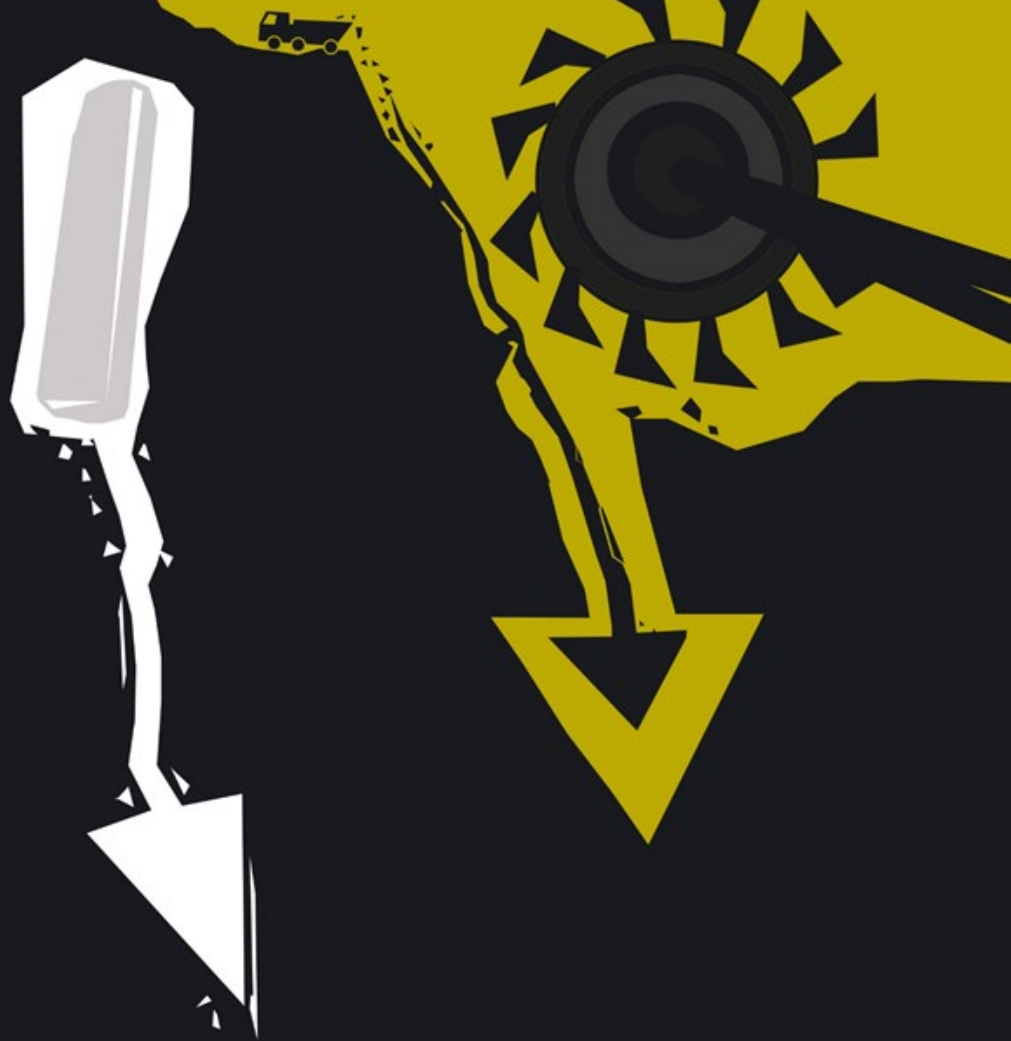
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IRON ORE DIPLOMACY

With rising trade tensions between both countries, China has enhanced its imports from Brazil dodging Australian iron ore. The trade data also states that Brazil has exported 25.2Mt iron ore to China in August, up 7.68% from July and 4.22% up relative to previous year.

Though China has blamed environmental concerns to cut down Australian iron ore imports, the drop in iron ore prices is beneficial for Chinese steel industries too.

The trade tension between China and Australia is leading the volatility in the global iron ore market. China's steel industry majorly depends on Australian iron ore supply while Australia's economy is backed by the revenue that comes from the country's mineral exports. China's move to limit the production of steel has depressed the demand for Australian iron ore and in turn, its prices, benefitting the Chinese steel makers to buy raw material at lower prices, increasing their profit margins.



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02

CORPORATE EARNINGS ROUND-UP: A QUARTER OF RECORD DIVIDENDS, BUYBACKS AND TAKEOVERS

The June quarter earnings season seems like the mother of all earnings seasons, with companies declaring record dividends to reward shareholders for their loyalty. The best part was that most of the companies reversed their losses and turned profitable. The earnings were better than the last two fiscals, albeit they remained below pre-COVID-19 levels. Special dividends and buybacks were the two major features of this year's earnings season. From miners to financial institutions, food retailers to BNPL players, telecom to energy firms, most of the ASX-listed companies rewarded shareholders with higher payouts.

A total of 171 companies released their earnings reports, which include 142 full-year results and 29 half-year results. Of this, more than 80% of the companies registered a profit, thanks to

improved business conditions following the reopening of the economy and pick up in the vaccination drive. The earnings were also supported by the government and the Reserve Bank's stimulus program, global market recovery and improvement in labour market conditions.

The profitable results boosted cash reserves of the companies to record high, which prompted them to issue dividends or go for share buybacks. At the same time, many companies refrained from declaring any dividend in the wake of economic uncertainties caused by the COVID-19 pandemic. In fact, nearly 20% of the companies didn't issue a dividend and reserve their cash to meet contingency needs and pursue future growth opportunities.

As per the exchange data, a total of around AU\$41-billion dividends were announced in the financial year 2020-21, nearly double the AU\$20.6 billion in the prior fiscal. This was led by mining companies such as BHP Group, Rio Tinto and Fortescue Metals, whose

earnings were bolstered by a resurgence in commodity prices. Among others, energy major Woodside Petroleum, gold miner Newcrest Mining, alumina refiner Alumina, fashion jewellery retailer Lovisa and metal recycling company Sims, also declared higher-than-expected dividends.



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Meanwhile, companies announced buyback worth AU\$15 billion, dominated by Australia's largest lenders Commonwealth Bank (AU\$6 billion), National Australia Bank (AU\$2.5 billion) and Australia and New Zealand Banking

Group (AU\$1.5 billion). The ASX retailer also queued to launch share buyback, led by Wesfarmers (\$2.3 billion) and Woolworths (\$2 billion), thanks to strong growth in online sales due to the coronavirus impact.

THE WAY AHEAD

■ The reopening of economies and acceleration in the vaccination drive will allow companies to resume transition towards 'normalcy'. The health care sector is expected to be the biggest gainer as the resurgence of the Delta variant of coronavirus will push companies to roll out COVID-19 booster shots along with other related products. While consumer goods, mining and tech sectors will continue to witness a spike in demand, the service sector such as travel, hospitality and entertainment will get a boost only after the removal of travel restrictions when vaccination rates hit crucial levels of 70-80%.

■ Trading relations with China, which has deteriorated significantly in recent times, is going to be a key factor as it still remains Australia's top business partner. This year, trade tensions between the

two countries rose dramatically as China imposed restrictions on Australia-sourced imports. Some of the major restrictions include a ban on the import of steel, thermal and metallurgical coal as well as suspension of beef imports from five major meat-processing plants. The muted demand for Aussie resources may result in weaker commodity prices, especially iron ore, which may impact miners' profitability going ahead.

■ Given that corporate Australia is sitting on high cash reserves, companies may increase investments to boost their businesses and may also consider mergers and acquisitions to expand their horizon. It is also likely that some of the companies will turn conservative in light of economic uncertainties caused by the COVID-19 pandemic and reserve capital to meet emergency needs.

INSIGHTS FROM FEW KALKINE'S CLIENTS



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03

HORIZON MINERALS: AUSTRALIA'S MID-TIER GOLD PRODUCER IN THE OFFING

In the glittering gold exploration space, Horizon Minerals Limited (ASX: HRZ) is emerging as an influential player, expediting developments to become Western Australia's next standalone gold producer.

The Company, which was formed in mid-2019, following the merger of Intermin Resources Limited and MacPhersons Resources Limited, has remained

successful on the gold exploration and project development front. It is currently advancing well with growth options in multiple commodities and clear development and production strategy.

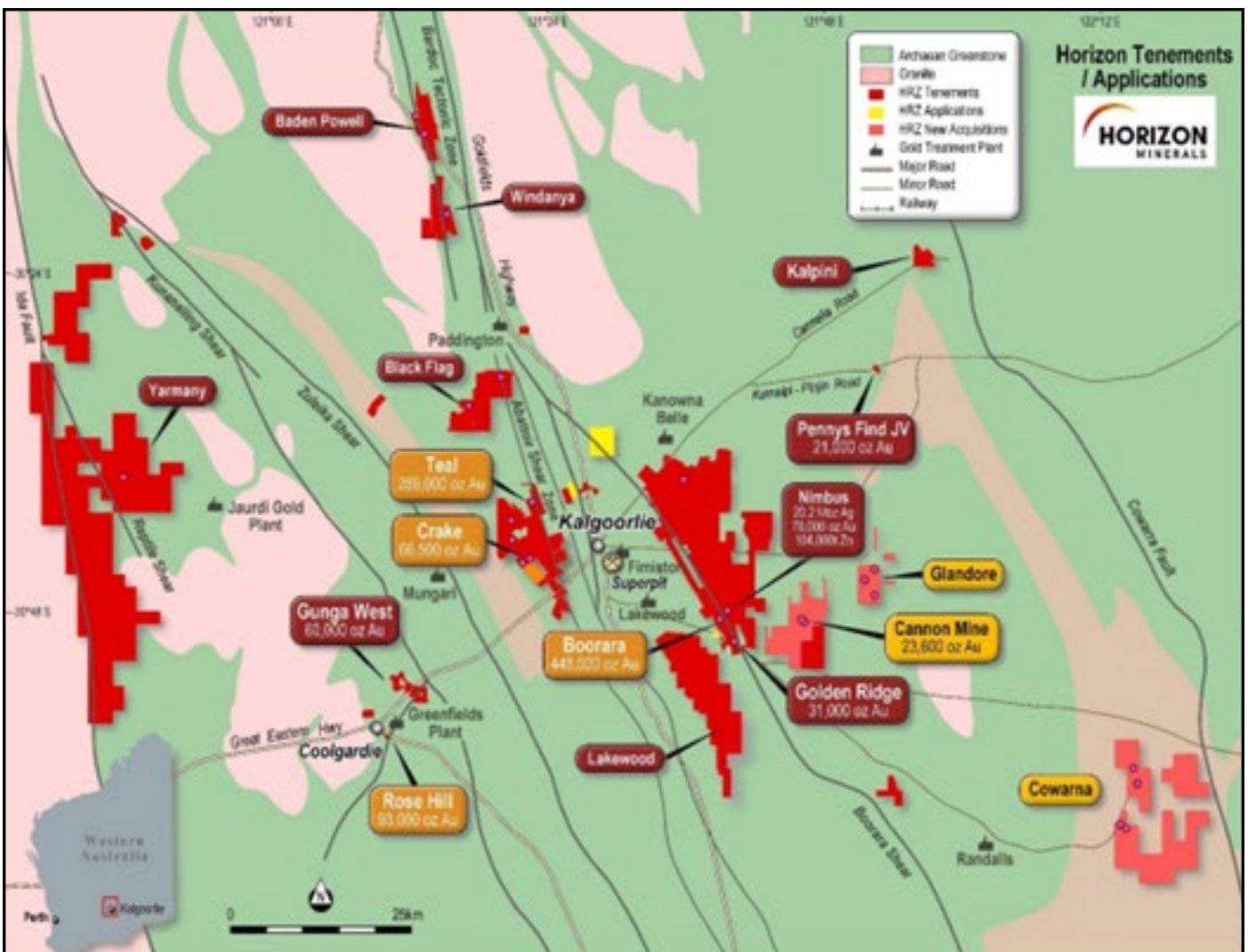
Building upon its proven track record, Horizon recently ticked off significant milestones across its solid project portfolio in the heart of Western Australian goldfields.

WHAT'S THE CURRENT FOCUS OF HORIZON MINERALS?

The ongoing developments are in line with the Company's strategic objectives, which involve an initial 5-7 years mine plan to underpin long-term, high margin continuous production. As a part of the production plan, the Boorara Gold project would provide baseload feed supplemented by high-grade satellite deposits. Meanwhile, the Company would

be focused on identifying additional satellite deposits through resource growth and exploration drilling.

The strategic objective appears to be further bolstered by the robust gold mineral resource, projects' proven location, and their proximity to all necessary infrastructure and services.



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A LENS THROUGH HORIZON'S GOLD PROJECT PORTFOLIO

Horizon Minerals owns an extensive resource base of more than one million ounces of gold, covering a total area of 1,100 square kilometres.

The Company's baseload Boorara project is a large-scale gold project located

10km east of Kalgoorlie-Boulder. The project boasting 448koz (11Mt @ 1.26g/t Au) has the ability to provide significant baseload feed for a standalone plant located within the Boorara tenement area.

Meanwhile, the key satellite deposits include:

- **Binduli (Crake):** 66.5koz (1.42Mt @ 1.46g/t Au)
- **Rose Hill:** 93koz (0.8Mt @ 3.7g/t Au)
- **Teal:** 289koz (4.25Mt @ 2.1g/t Au)
- **Kalpini:** 255koz (4.1Mt @ 1.7g/t Au)
- **Cannon:** 24koz (0.14kt @ 5.2g/t Au)

The yellow metal explorer sees near-term production opportunities at high-grade Penny's Find JV. In addition, other new acquisitions such as the Kalpini gold deposit and Cannon gold deposit offer near-term development and growth potential.

HOW ARE DEVELOPMENTS PANNING OUT?

In its quest to widen its gold in the tier 1 Mining Jurisdiction of Western Australia, Horizon Minerals has been advancing flurry of exploration activities at its gold project pipeline. Horizon has made significant headway on its gold projects following the successful trial mining and toll milling outcomes at Boorara, with explorations returning high-grade results.

As a result, the Company recently upgraded its Mineral Resource Estimate at Penny's Find and the Crake gold project.

Horizon continues to advance its 50,000 metres program to test high-priority targets for project generation and new discovery across its project portfolio. The drilling program is geared towards organically growing the project pipeline to complement the other feeds for ensuring continuous gold production.



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Horizon's advancement on its project portfolio has been achieved against the COVID-19 backdrop, clouding uncertainty and impacting global operations. The Company's unfazed progress, consistently smoothening its golden journey, highlights strong resilience and robust growth potential.

QX RESOURCES LIMITED (ASX:QXR) ON THE GOLDEN PATH TO UNLOCK TRUE POTENTIAL OF PROJECTS

QX Resources Limited (ASX:QXR) has accelerated its effort to unlock the true potential of mineral projects. QX is backed by its seasoned leadership and follows a blend of organic and inorganic growth strategies to generate values for

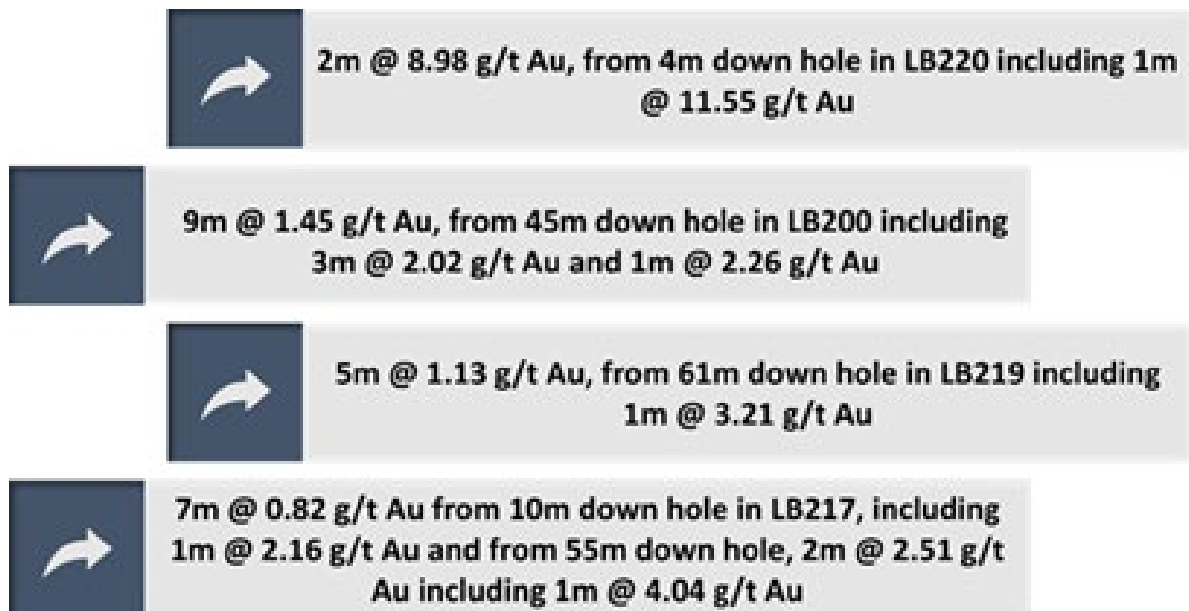
the company's shareholders.

The company focuses on expanding its gold resource inventory on the back of its extensive exploration assets in the Clermont district of Central Queensland.

CROWN JEWEL: QUEENSLAND GOLDFIELDS PROJECTS

QX owns significant stakes in the four exploration licences in the Central Queensland goldfields. The licence area within the Drummond Basin covers ~115km² and houses the Belyando and Lucky Break open-pit historical gold mines along with multiple unexplored targets.

QX originally assumed 50% ownership of Zamia Resources and has now effectively expanded its interest to 70%, driven by positive results and more work planned across leases.



High-grade gold intercepts

During 1987-1988, Lucky Break produced 90Kt ores with a head grade of 2.4g/t Au in oxide. The maiden 22-hole reverse circulation (RC) drill program at

Lucky Break confirmed the extensions of gold mineralisation to the north and south of the mine.

ANTHONY MOLYBDENUM PROJECT: AN ACE IN THE MAKING

As part of QX's efforts to crank up activities at the advanced stage Anthony Molybdenum (Mo) deposit, which sits within 115 km² area in Central

Queensland. Buoyed by the burgeoning demand, Molybdenum prices more than doubled in the last year.

Anthony Molybdenum deposit is one of the largest undeveloped pure Molybdenum deposits in all of Australia.

Cut-off Grade	Sulphide Resource			Transition Resource (partial oxide)			Oxide Resource			Total Resource		
	Mo [ppm]	Mt	Contained Mo [Mlb]	Mt	Mo [ppm]	Contained Mo [Mlb]	Mt	Mo [ppm]	Contained Mo [Mlb]	Mt	Mo [ppm]	Contained Mo [Mlb]
600	20	800	36	1.3	730	2.1	3.1	660	4.5	25	780	42
400	91	560	112	5.2	540	6.2	17	510	20	114	550	137
200	250	390	215	13	400	11	53	370	43	318	390	269

In 2012, Hellman & Schofield Pty Ltd estimated the historical JORC 2004 compliant mineral resource estimate.

Currently, QXR is upgrading the mineral resource estimates (MRE) for the Molybdenum deposit.

QXR'S PILBARA QUEST IN THE PROVEN GROUND

Most recently, QX announced the acquisition of a 50% stake in the two granted exploration tenements via its wholly owned subsidiary World Metals. The two granted tenements namely, E47/4462 and E47/4463, stretch over 29km² and are considered highly prospective for gold, nickel and base metals.

The iron ore-rich mining destination is now overseeing a possible gold rush

as the explorers and mining giants flock to the region in search of gold and other critical metals. *In fact, the acquired tenements share the regional neighbourhood with some of the most trending and largest mineral discoveries and operating mines such as De Grey Mining Limited's (ASX:DEG) Hemi gold discovery and Artemis Resources Limited's (ASX:ARV) Carlow Castle gold-copper mine.*

MAJOR INVESTOR BACKING BOLSTERS QX'S VENTURES

QX has been persistently pursuing action-packed exploration programs at the existing mineral projects and has been on a buying spree to expand and acquire new growth opportunities.

The management at QX has been diligently and proactively investing in right commodities at the right time. During the June quarter, the company received an

overwhelming response from the investors and the existing shareholders to raise over AU\$2 million via equity placement and share purchase plan (SPP).

Overall, QX is progressing forward with a phased and data-driven exploration strategy across the diversified mineral projects portfolio and continues to look out for new growth opportunities.

04

FUTURE OF AUSSIE COAL HANGS IN THE BALANCE TILL UN'S GLASGOW TALKS

U.N. Secretary-General Antonio Guterres described the Intergovernmental Panel on Climate Change (IPCC) report as “code red” for humanity. He, in his statement, said that the report should act as a

last nail in the coffin for the usage of coal and fossil fuels. To save the planet from extreme climates, people and governments should come together and cut emission levels drastically.



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THE PARIS AGREEMENT TO COOL THE EARTH

The Paris Agreement on Climate Change, signed in 2015, pledged to reduce emissions and slow down the rate of the increase of the Earth's temperature. The agreement put forward a goal to lower the levels of carbon emission to such an extent that the temperature of our planet

does not rise more than 20C, or more preferably 1.50C, and it has the support of most of the countries. The latest reports suggest that we are still far from the targets, and not doing enough so far to slow down the countdown of the climate change bomb.

UN APPEALS TO AUSTRALIA TO DROP COAL

Selwin Hart, special advisor to the UN on climate change, has urged Australia to scale up its effort to phase out coal by 2030. He said Australia needed to have a "more honest and rational conversations" about urgently abandoning coal power, which he believed was in Australia's and the world's best interests.

The UN advisor's statement did not go well with the conservative Australian

government. Resource Minister, Keith Pitt, reacting to the statement said that coal would continue to play a major role in the country's economy through 2030 and beyond. The Minister further went on to say that the future of Australian coal, which is generating billions of dollars and supporting thousands of jobs, will be decided by the Australian government, not by a foreign body.

Australia's addiction to coal

- Australia is the world's largest exporter of metallurgical coal and controls 54% of the market share.
- The country exported 171 million tonnes of metallurgical coal in 2020-21, earning AU\$22 billion in revenue.
- The exports are forecasted to increase further on the back of global recovery and increasing demand for steel.
- Australia stands at No.2 globally when it comes to the export of thermal coal.
- Australia's thermal coal export is expected to be around 194 million tonnes during 2020-21, earning AU\$17 billion in revenues.
- The exports are estimated to increase to 212 million tonnes in 2021-22 amid demand growth from Asian markets.



Data: Kalkine Research, Image source: © Jjvallee | Megapixl.com

Aussie's addiction to coal

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The UN body has asked the members of OECD nations, including Australia, to phase out coal by 2030. Earlier it was planned to set the deadline to 2025, but no consensus was reached during the July climate talks. Another round of talks is scheduled in Glasgow in November this year. People related to the matter are optimistic that some decision on

coal and fossil fuel may be reached in Glasgow talks.

In per capita carbon emission, Australia is among top carbon emitters. The Scott Morrison government on several occasions has said that it was working to become a net-zero emitter, but no deadline had been set.



05

WHAT DO RONALDO, MESSI'S NEW SIGNINGS MEAN FOR THEM AND THEIR CLUBS?

Cristiano Ronaldo's highly unpredictable signing with Manchester United and Lionel Messi's dramatic move to Paris Saint-Germain defy the logic that the finances of European Football Clubs are badly hit by the COVID-19 pandemic.

The deals not only made sure that the duo doesn't feel the pinch of the pandemic-hit revenues of their respective clubs, but their signings are most likely to open the floodgates of financial opportunities for them as well as their new clubs.

Ronaldo left Juventus to join his old club at Old Trafford, England, for a reported fee of GBP24.96 million (AU\$46.94 million) a year. Messi ended his two-decade-long association with Barcelona for the top-tier French club, where he is reportedly to earn GBP29.78 million (AU\$56.01 million) a year.

Ronaldo, 36, and Messi, 34, would have found it difficult to have the

same amount with their financially hit old clubs given they are approaching the twilight years of their careers. However, their current deals will help them stay secure for at least next two years. Likewise, their signings are also expected to be much more than value-for-money deals for the clubs that can make good money in a variety of ways.



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ARE CLUBS SMART ENOUGH TO SPEND MEGABUCKS ON TWO PLAYERS?

A Union of European Football Association (UEFA) report in May revealed that the pandemic had forced the top European clubs to lose (GBP7.5 billion, AU\$14.11 billion) by then.

Due to plummeted budgets, European clubs' transfer spending in last year's summer window had also gone down by 37%. Clubs are finding it difficult to sustain top players due to high wages, but rules of finances are different when it comes to the likes of Ronaldo and Messi.

Ronaldo underlined his importance without stepping on to the football ground after re-signing with his old club. Just a few hours into the announcement that the Portuguese ace was going to reclaim his iconic Jersey No. 7 at Manchester United, the sale of his shirt started shattering one record after another. Within an hour of the announcement, it became the best-seller on United's retail site, Fanatics. At the same time, it surpassed the best-ever full-day sales record for United's official merchandise platform, United Direct. In four hours, the jersey had set the merchandise record for a non-US sports commercial site.

Around two weeks into the signing, Ronaldo's United shirt has raked up a record GBP187 million (AU\$351.65 million). While the majority of the earnings went to Adidas, United also

bagged GBP13.1 million (AU\$24.63 million). The earnings are almost twice the sales of Messi's shirt at his new club, where he got the jersey called 'Messi 30'. The earnings from the sale of the shirt till September 10 were as high as GBP103.8 million (AU\$195.20 million, out of which PSG pocketed GBP7.3 million (AU\$13.73 million).

The amounts that these clubs earned from just selling the jerseys in a span of fewer than two weeks show why the likes of Ronaldo and Messi can be the best bets for them. The money that these clubs will earn through further merchandise and ticket sales, possible revised endorsements and internet and TV rights deals will be extraordinarily high.

Clubs have star-player clauses in their agreements with sponsors, where they can revise deals if a star player joins them. United and PSG will certainly use that clause since they have the biggest stars of the football world at their helm.

A record surge in the sale of shirts bears testimony to why players like Ronaldo and Messi are recession-proof, and even in crunch time, the clubs don't think twice to open their purse strings to seal multi-million deals with them.

Now, all that clubs can expect is the maximum appearances of their star players and up-to-the-mark performances.

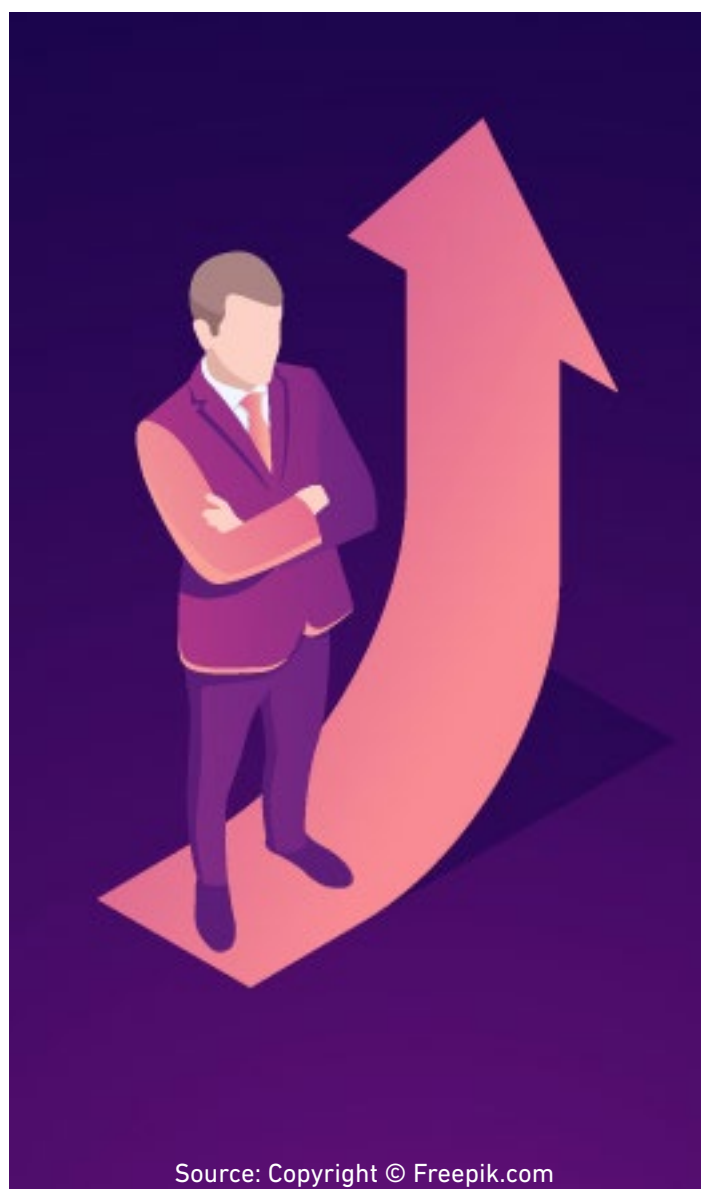
06

WHAT RBA'S BOND TAPER MOVE MEANS FOR AUSTRALIAN ECONOMY

Following a suspenseful delay in finalising the verdict, the Reserve Bank of Australia (RBA) recently decided to continue with its initial decision to taper bond buying in September.

Even as speculations soared in August on whether the RBA would go ahead with its previously announced bond taper measures, the central bank initially gave no direct clarifications. Ultimately this invited fresh assumptions that the RBA could be planning to delay these measures. However, not long after, the RBA made its stance clear.

The decision came at a crucial stage in Australia's economic recovery journey. The re-instated lockdowns across parts of Australia have ignited concerns over how the RBA's tapering program would impact the economy in the coming months.



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The central bank recently went ahead with its decision to reduce bond buying by AU\$1 billion a week to AU\$4 billion. The move to taper bond buying came amid improved expectations for the Australian economy. The central bank expects the economy to grow again in the December quarter on the back of increasing vaccinations and easing restrictions.

However, the re-emergence of virus cases – even in countries with high

vaccination rates, like Israel – underlines the uncertainty on the path ahead. Meanwhile, with the delta variant taking an aggressive shape across different parts of the world, economies like Australia undergoing a recovery phase may have to improvise based on changing headwinds. Thus, policy action over the coming months can greatly alter how economies perform.

TAPER TANTRUM: A CAUSE FOR CONCERN

The famous taper tantrum of 2013 still remains an active cause of concern for policymakers. The taper tantrum period emerged after the Fed started tapering the quantitative easing measures introduced to help the US economy recover from the global financial crisis.

The phase was marked with excessive selloffs in markets, depreciating currency and massive capital outflow. US Treasury yields rose sharply, causing investors to pull back from the ultra-safe form of investment. Moreover, additional foreign institutional investment took a hit as investors pulled their money out of equities and bonds.

Fears loom that the current tapering cycle may give rise to a similar taper tantrum, especially given the impact of ongoing lockdowns on the economy. Though it may not last for a longer duration, the potential economic slowdown resulting from the tapering measures may worsen once the rate hike expectations are realised. Thus, interest rate hike appears as the next big threat to

the booming economy, which can create a vacuum in the economic activity for some time.

The RBA, in its most recent announcement, clarified that the bond buying program would be extended till at least mid-February 2022. Despite the positive undertone, the RBA maintains that an interest rate hike is unlikely before 2024, as wage and inflation expectations are not likely to meet the set targets by then.

In the medium term, the economy may undergo a slowdown amid ongoing lockdown restrictions, creating ambiguity for investors and policymakers alike. This may potentially hamper an already smooth track of economic recovery. In the given scenario, it will be interesting to see if the decision to wind back the bond purchase program will be a boon or bane for the economy.

07

MEET THE AUSSIE BILLIONAIRE WHO TOOK RETAIL PAYMENTS SPACE BY STORM

Donning the badge of Australia's youngest self-made billionaire, Nick Molnar rose to fame as the co-founder of Afterpay, a deferred payments platform. Once Australia's top jewellery seller on eBay, Molnar went on and founded

Afterpay, a fintech startup, in 2015. Within a year, his company was listed on the Australian Stock Exchange. In 2018, the company was launched in the US and ever since it has tapped over 5 million customers in the country.

MOLNAR'S JOURNEY TO BECOMING A 30-YEAR-OLD BILLIONAIRE

Molnar was a commerce graduate at the University of Sydney. While in the university, with his entrepreneurial bent of mind, Molnar had become a noted jewellery seller on eBay.

Molnar was working as an investment analyst at M.H. Carnegie & Co., an Australian private equity firm. His then-boss, Mark Carnegie, encouraged Molnar to launch his own jewellery website to

expand his business. Molnar put his job on hold for a year, preparing for a worst-case scenario if his ideas were not to work and he had to return to the firm as an employee. Thus, Molnar went on to launch Ice.com- a leading online retailer of watch and jewellery. He then embarked on his deferred payment venture- Afterpay, which is now a household name in several parts of the world.



THE INNOVATION THAT WAS AFTERPAY

Co-founded by Anthony Eisen and Nick Molnar, Afterpay has transformed the retail experience by bringing in a payment option different from the traditional financial model practices. Customer centricity is at the core of ensuring that nobody pays a penny more than what's on the products' label. In this Buy Now Pay Later (BNPL) space, users can buy small things of value upto AU\$1500 in four instalments without any interest. The company has managed to tap a vast consumer base for its services because of the facility to stagger purchase costs

without any interest being charged.

In a 2019 interview, the billionaire mentioned that he believed in the idea but had never imagined that it would grow so well and so soon. The impact on consumer behaviour globally came as a surprise to the founders too. The Afterpay model has caught public attention because of a radical flip wherein the retailers were being charged for repayments and not the customers. On each sale, the retailers had to pay a 4% to 6% commission.

CONCLUSION

The acquisition of Afterpay by Square Inc. is now in process. The move is set to boost Molnar's holdings value by USD 1.8 billion, as would be the case with Eisen. Among the country's top billionaires,

Molnar has time and again proved his merit in the entrepreneurial domain. He is expected to join Square when the deal is completed next year, making it the largest M&A deal ever in Australia.

Previous Versions



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