Kalkine MEDIA

KALKINE MEDIA MAGAZINE

April 2023

SILICON VALLEY BANK COLLAPS...

THE SVB COLLAPSE

TOP 4 SPORTING EVENTS OF 2023

RATE HIKE NUMBER 10

ABOUT KALKINE GROUP

Kalkine Group is a prominent name in the subscription sales and media lines of business. A renowned equity market research, investor relations, and media house firm, Kalkine covers the financial markets of nearly 20 countries, including that of Australia, the UK, Canada, the United States, and New Zealand.

Kalkine Media® publishes data-driven general articles related to listed and unlisted companies, together with generating and publishing news on economic and other developments. Kalkine Media also operates on the model of an advertiser under its business-to-business (B2B) umbrella, providing a dedicated platform to subscribed clients to leverage various offerings that include exclusive banners on Kalkine Media's website, sponsored article coverages, videos, and webinars.

Periodic investor-focused events and webinars organised by Kalkine Media provide a crucial platform to several listed players/ private companies to apprise relevant stakeholders of their business vision amidst the broader industrial landscape and to interact with related audience including stockbrokers, fund managers/ SMSF investment managers, business executives, and retail investors.

Furthermore, the Group has interests in the education technology (edtech) industry through its Kal-Edtech+ vertical. Under this segment, tech-powered online courses on varied subjects including equity market, retirement planning, and project management are provided on an 'affordable education' model. The immersive smart learning online portal is advancing well since its launch in 2022.

TEAM KALKINE MEDIA

Team Kalkine Media comprises 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 has 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.

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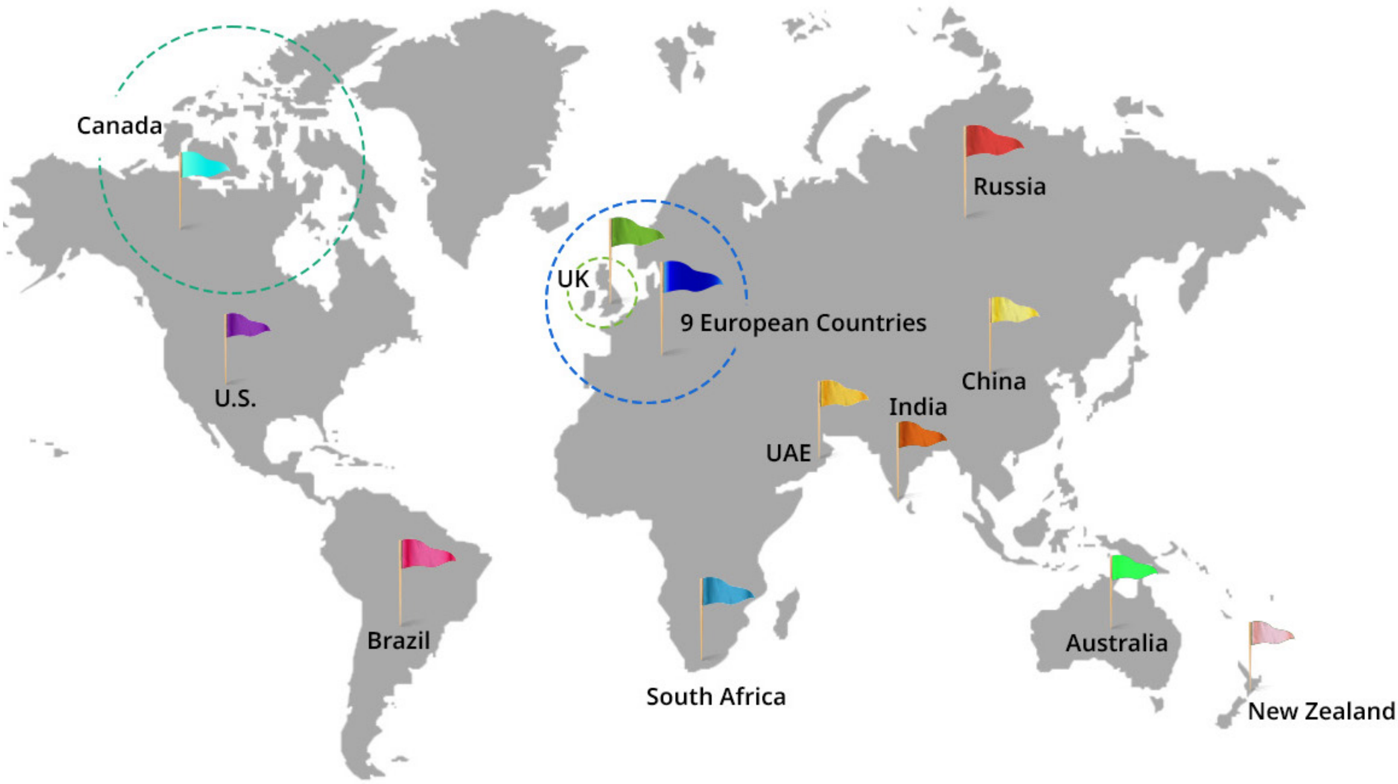
KUNAL SAWHNEY

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 GROUP FOOTPRINT



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Note From The EDITOR

We are half-way through the month of April, the month of rebirth, regrowth, and renewal, but the tale of the clock has been condensed on the collapse of one of the biggest go-to financial partners for investors in the innovation ecosystem and beyond. However, the US Fed has intervened and managed to keep the investors' nerves calm for now. With that we raise the curtains on the April issue!

The 28th edition of the Kalkine Media magazine begins with a chapter on Silicon Valley Bank (SVB). The US-based commercial bank was struck by ill fate. Who was responsible when the state regulators decided to shut the bank in March and appoint the Federal Deposit Insurance Corporation (FDIC) as receiver? Is it the bank management that is to blame for the failure, or was it the prolonged environment of high interest rates that weakened the bank? Questions are many and it is impossible to answer them all unless we have more clarity on elements like the investment policy of the bank's management and whether prudent strategy was followed with respect to picking assets. So, let us look at what we know so far in this edition.

While we are making progress by leaps and bounds in diverse spheres worldwide, the only wealth that can sustain the continuum of change, improvement and discovery is the swift transition to green and clean energy. With that we introduce you to Mineral Commodities (ASX:MRC), a diversified critical and industrial minerals producer, that is enabling a better world by driving the green transition. In this edition, you will get to know what sets Mineral Commodities apart in the minerals production space.

March 2023 was yet another month when the RBA -- in-charge of country's monetary policy -- went for a rise in the policy rate with the goal of reducing inflationary pressures that are dealing a strong blow to Australians. Even though borrowing rates are rising everywhere, with most central banks battling inflation, the negative impact of continued hawkish policy has become evident after the banking sector turmoil in the US and Europe. Let us take a quick but deeper look at in this edition.

Continue to read and you will get to know how Kal-Edtech+ is bridging the gap between the available sources of information and the need for advanced courses on investing, personal finance, and other related concepts. Extending the Kalkine Group's tech-focused approach, Kal-Edtech+ offers a range of learning opportunities through the online medium. The platform offers beginner, intermediate and advanced level courses to suit all types of users depending on their skill level.

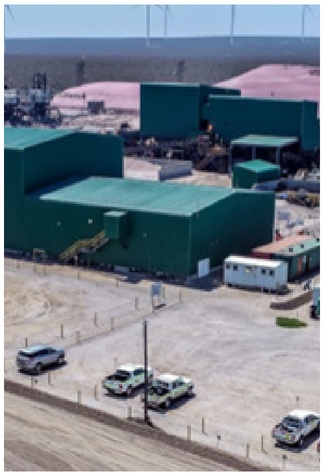
The April edition ends with a special mention of some tantalising sporting events that are scheduled to take place in 2023 in different parts of the world. So, gear up as approaching are the times to engage your profound emotions – excitement, disappointment, love, fear and danger and enjoy the game you love.

We at Kalkine are delighted to offer you the Kalkine Media Magazine for another month. We hope it lends you an insightful lens over the much talked about topics of the recent times. Have a rewarding experience!

Stay Apprised, Invest Wise!

Manisha Gupta

CONTENTS



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SVB COLLAPSE

The episode that took the spotlight away from inflation in March 2023

By Ankit Sethi

The banking sector of any country -- or when we speak of the global banking industry and the world economy -- is the backbone which underpins its socio-economic growth. Put simply, depositors trust a banking institution for the safekeeping of their money, borrowers approach these banks for availing credit at accessible interest rates, and this entire arrangement is expected to grow the wealth of every stakeholder. Banks are indeed the heart of economy.

Silicon Valley Bank (SVB) -- a California, US based commercial bank -- was just like any other bank until it was struck by ill fate. Who was responsible when the state regulators decided to shut the bank in March and appoint the Federal Deposit Insurance Corporation (FDIC) as receiver? Is it the bank management that is to blame for the failure, or was it the prolonged environment of high interest rates that weakened the bank?

Questions are many and it is impossible to answer them all unless we have more clarity on elements like the investment policy of the bank's management and whether prudent strategy was followed with respect to picking assets. Here, let us look at what we know so far.

Why did Silicon Valley Bank fail?

Phrases like 'SVB collapse' became a popular keyword on the internet in March 2023. In fact, a sub-header 'Collapse' has now been added to the information about SVB on its Wikipedia page. According to observers, the bank's heavy concentration in government debt securities (treasury bonds) led to losses at a time when bond yields were rising at a fast pace in the US, thanks to the Federal Reserve's (Fed) hawkish monetary policy.

To meet liquidity and maintain continuity in honouring of all withdrawal requests, SVB had only one option -- raise immediate funds. In March, a hurried exercise for the same was undertaken, but the capital raising attempt crashed and the bank witnessed a run on its deposits. Result - it gave rise to the second biggest bank failure event in the history of the US.

Fallouts

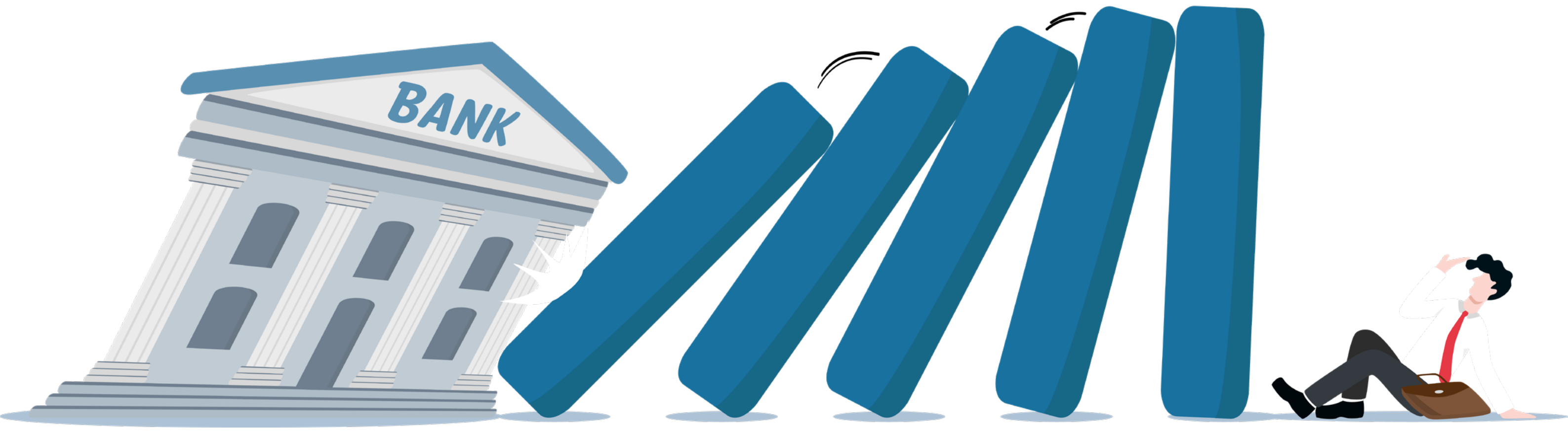
SVB became the precursor to a much broader crisis in the global banking scene. Even though not all banks in all countries including in Australia were negatively impacted, the incident prompted calls for a closer look at the sector considering its significance in the socio-economic landscape.

Jim Chalmers -- the incumbent Treasurer of Australia -- issued a statement that the government had joined forces with regulators and other stakeholders to decipher any impact of SVB failure on Australia's banking landscape.

In a separate scene, banking sector stocks suffered losses in the aftermath of the SVB episode. And then, another US bank -- Signature Bank (New York) -- was closed by regulators, which aggravated concerns around the sector. Recently, things went out of control in Switzerland when Credit Suisse had to be rescued in a government brokered deal, which saw the bank's merger with UBS, another Swiss bank.

March was one month that took the spotlight away from factors like inflation and forecasts of a looming recession, with observers concentrating solely on the health of banks. Questions are many -- would central banks, including Australia's, now turn a little dovish to prevent high bond yields from dealing blow to banks, and would bank managements become more prudent in their investment strategy?

Answers to these can be very speculative at the moment.



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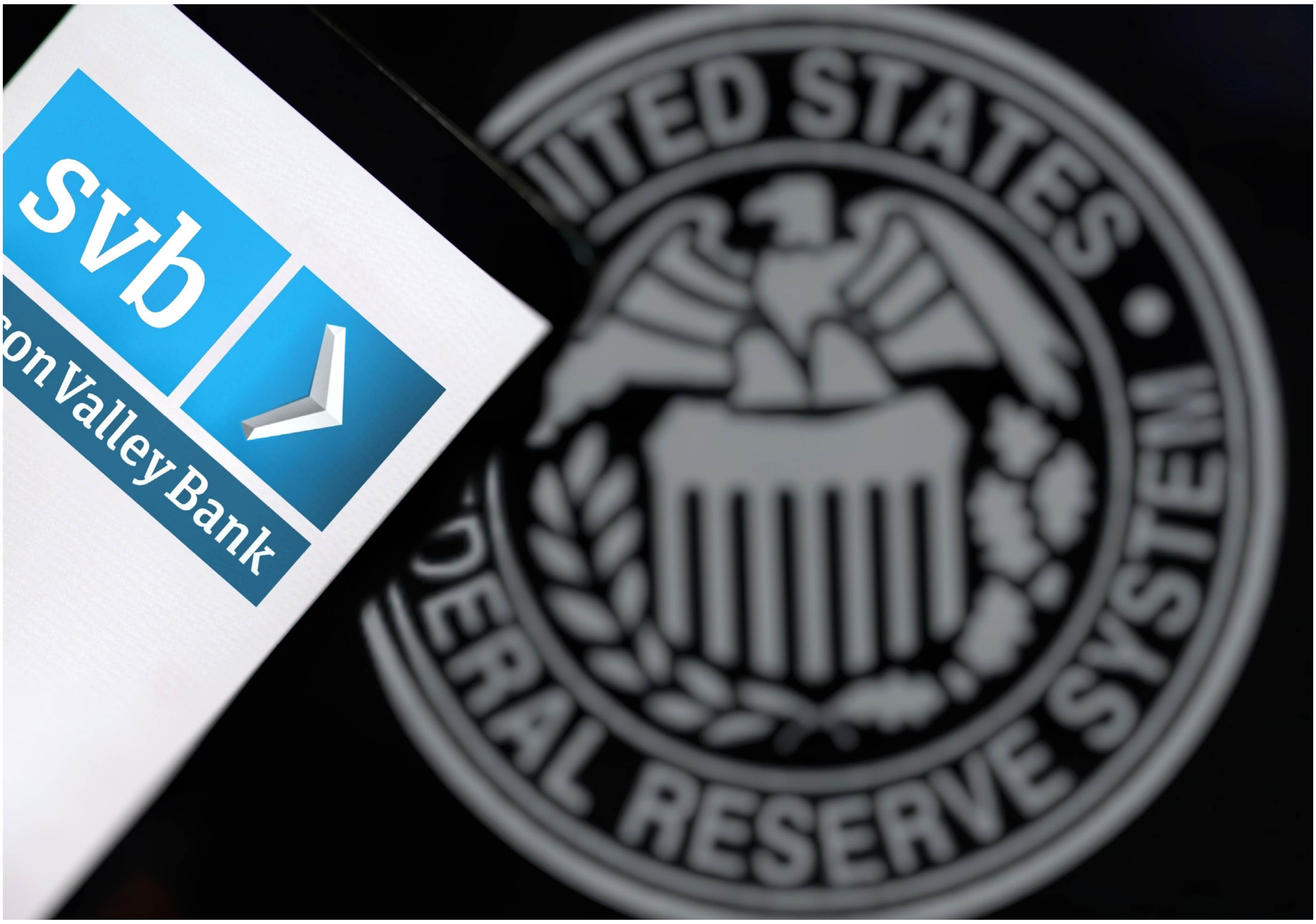
Road ahead

Banking -- be it traditional activities like deposits and borrowings, or bank stocks trading in equity markets -- is one of the most critical pillars that cannot be allowed to be weak or even appear weak.

That said, the most important question right now is whether the contagion spread even more after a brief pause? For now, things have calmed down after the US regulators assured SVB customers -- comprising mostly of start-up businesses -- of their deposits. Let us hope that SVB's collapse becomes a one-off incident, and the global banking sector emerges unscathed in the medium to long term.



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Should we be bothered?

As mentioned above, there is little clarity on how future developments would unfold in this regard. SVB was followed by some other banking sector problems, however, a deeper and more global negative impact has not been noticed. Sentiments in the equity market world have also elevated of late. But still, many depositors of relatively smaller banking companies might be caught in a dilemma whether to keep maintaining their savings in their bank or withdraw it and subscribe to the services of bigger lenders. News reports suggest some people, especially in the US, have even initiated these steps, possibly in the immediate aftermath of SVB crisis.

That said, panic could have its own set of repercussions, simply because only when borrowers lose trust in their bank, regardless of the reasons, it triggers a bank run. As per some market experts, keeping faith in the banking sector is a better alternative. At the same time, however, it is also important to keep tabs on the financial health and corporate governance aspects of the bank. Any important decision, especially when it relates to a deposit comprising hard-earned money, has to be informed, with proper due diligence performed.

02

Image source: Shutterstock

WHAT SETS MINERAL COMMODITIES (ASX:MRC) APART IN THE MINERALS PRODUCTION SPACE

Image source: Company update

By Manisha

ASX-listed Mineral Commodities Limited (ASX:MRC) is a diversified critical and industrial minerals producer focused on driving the green transition. MRC is forging ahead on the growth trajectory and winning an edge against other players in the mineral production space following its vision and mission to “enabling a better world through sustainable and responsible production of critical and industrial minerals and products”. The firm operates across two minerals divisions – Heavy Minerals Division and Battery Minerals Division.

Heavy Minerals Division: This division has empowered MRC to emerge as a sustainable and vertically integrated heavy minerals supplier. It includes Tormin Heavy Minerals Operation, one of the highest grade mineral sands operations in the world, Downstream MSP and Xolobeni Heavy Minerals Project.

Battery Minerals Division: This division positions MRC to become a large sustainable, vertically integrated graphitic anode supplier in Europe. It includes Skaland Graphite Operation in Norway which is one of the largest flake graphite producers in Europe, Mo-I-Rana which is an identified site of downstream processing operations and Munglinup Graphite Project Critical Minerals Project in Australia.

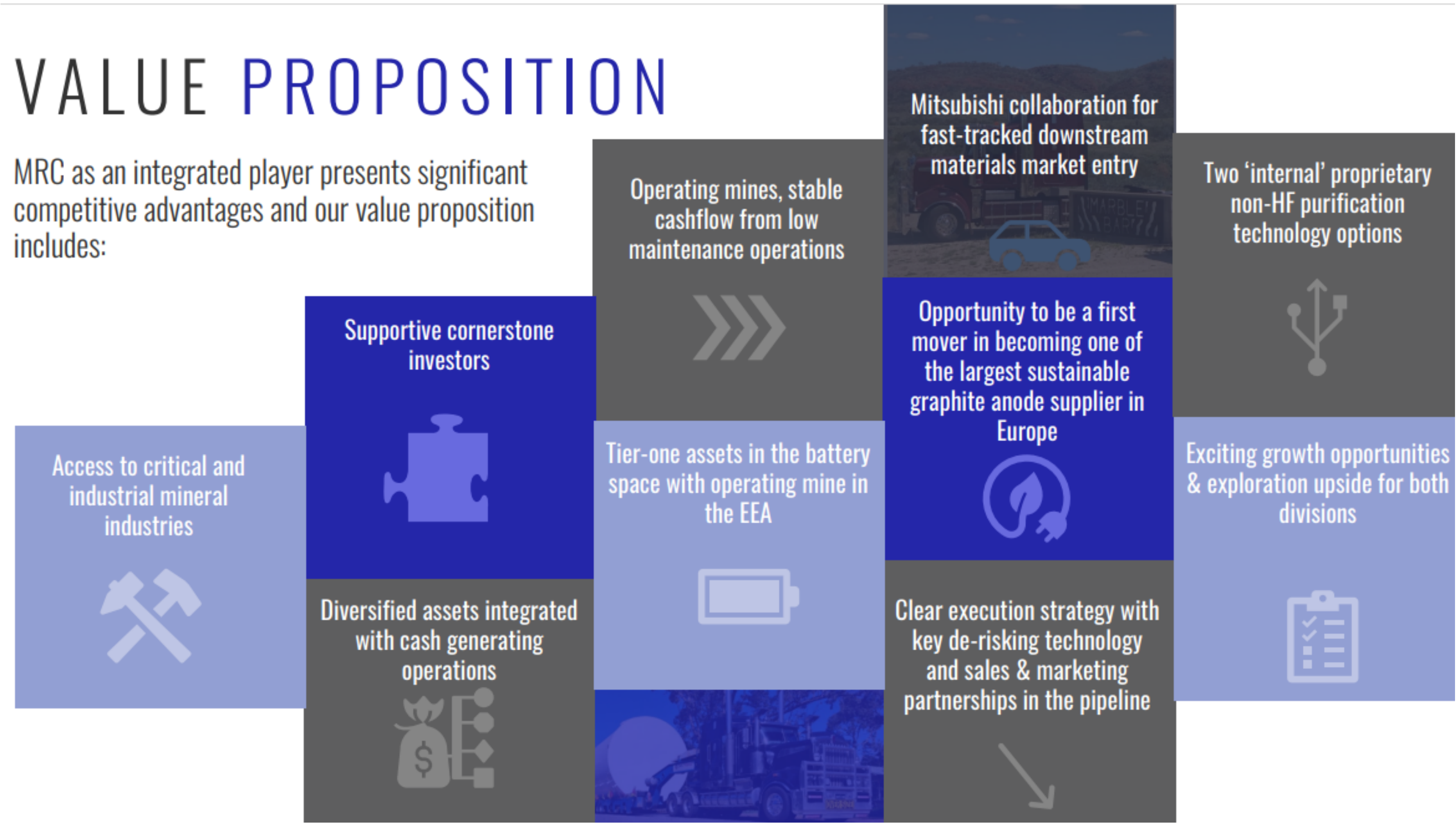

Image source: Company update

Defining pathway for the year ahead: In time to come, the firm intends to achieve its business goals for the two divisions. For its Battery Minerals Division, MRC aims to bring Skaland return to profitability. It is targeting accelerated concentrate production expansion, anode qualification & commercial anode production and increase resource and reserves. The company expects to increase asset value opportunity for the division. It will increase Munglinup interest from 51% to 90% at Munglinup FID (Q2 2023) and conduct DFS 52ktpa production over 14-year mine life.

For its Heavy Minerals Division, MRC wants profitability optimisation, sustainable production expansion with Inland Strands, transition into higher value products and increased resource and reserves. The company is looking for cash flow generation opportunities to support accomplishment of the company's business goals. MRC is aiming to increase processing capacity at Inland Strands Production from 2.4Mt to 2.7Mtm, and allow sustainable beach mining to improve grades. At the Third Primary Concentration Circuit, MRC is expecting to increase processing capacity from 2.7Mt to 3.9Mt by Q4 2023. By Q1 2024, the company will transition 3.9Mt capacity mine revenues from concentrate sales to higher value finished product sales at Mineral Separation Plants.

Building crucial partnerships eyeing holistic growth

- MRC inked a non-binding memorandum of understanding (MOU) with technology partner Mitsubishi Chemical Corporation (MCC), a global leader in anode materials manufacturing. Under the MOU, the two parties have agreed to produce and sell active anode materials across Europe manufactured using MRC's purified graphitic materials and MCC's active anode materials technologies and experience in material qualification, marketing and sales.
- MRC successfully completed the Cooperative Research Centres Projects (CRC-P) in association with Australia's national science agency, CSIRO, MRC and Doral Fused Materials with lithium-ion battery grade purities secured for both Munglinup and Skaland spherical graphite. This builds the firm grounds for widespread graphite purification piloting in the Critical Minerals Acceleration Initiative (CMAI) project.
- MRC secured a grant under the Australian Commonwealth government's CMAI, supporting its mine to battery anodes business development.
- MRC and Green Graphite Technologies executed an equity and licence agreement for pilot-scale development of the GraphPureTM process. This gives MRC easy access to two natural graphite purification technologies progressing into pilot-scale testing and qualification materials supply.

On the whole, Mineral Commodities wishes to re-brand itself with strong ESG focus, strengthen its social licence, bolster balance sheet and grab strategic merger and acquisition opportunities. It's activities are guided by its commitment to a set of core values: respect, integrity, zero harm, innovation and inclusion as the foundations for everything it does.

03

Rate hike number 10, what does it mean for the industry and households?

March 2023 was yet another month when the RBA -- in-charge of country's monetary policy -- went for a rise in the policy rate with the goal of reducing inflationary pressures that are dealing a strong blow to Australians. Even though borrowing rates are rising everywhere, with most central banks wanting to break the cycle of price hikes, the negative impact of continued hawkish policy has become evident after the banking sector turmoil in the US and Europe. Let us take a quick but deeper look at the subject.

Image source: Shutterstock

By Ankit Sethi

In March 2023, Australia's monetary policy body, the Reserve Bank of Australia (RBA), announced a tenth straight hike in its policy rate. All stakeholders -- business executives, Australian households, and stock market investors -- have been closely watching all developments in this respect, especially because the country's inflation rate has ticked higher over the past many months, which usually calls for any central bank to undertake immediate monetary policy tightening measures.

The March rise of 25 basis points or 0.25% increase over the previous rate, took the country's policy rate to 3.6%. At this level, it is the steepest in more than a decade. Here, let us look at how incessant rate hikes are impacting the broader industry and households.

Rates are rising everywhere

Australia is not the only country or even one of the few countries where the central bank has embraced a hawkish approach. The term 'hawkish' refers to a phase when a central bank increases the policy rate, with the goal to cool down prices in the economy. Australia's annual inflation, according to the ABS, rose to 7.8% during the December 2022 quarter, which was the highest level of price growth in more than three decades. From developed countries to developing economies, prices are high virtually everywhere.

While economists are pinning the blame for steep price rises

on geopolitical tensions (conflict in Ukraine) and strong labour markets in developed countries, central banks everywhere, including the Federal

Reserve (Fed) in the US, are using all measures in their rulebooks to bring inflation down to their respective targets. Notably, the RBA has raised the cash rate from near-zero level (0.1%) to the present 3.5% in less than one year.

From the US to the UK to most other advanced countries, things are pretty comparable with respect to monetary policy.

Interest rates and industry

Not only in Australia, but in any economy across the world, the business world does not view policy rate hikes favourably. Reason: One, higher rate leads to increased interest costs for the business, and two, it can dampen demand and consumption. The latter is because borrowing rates, like on a mortgage loan, also tick higher with a rise in policy rate, which hits the disposable income and spending capacity of households, thereby reducing demand for goods and services, especially discretionary items.

Another disadvantage of higher policy rates is businesses find it increasingly difficult to raise funds. First, debt becomes cock costlier, and second, even the equity investment space becomes less attractive to investors, whether retail or institutional. This is also the reason why stock indices like the ASX 200 or S&P 500 have a subdued run during phases of high policy rates. However, bottom fishing during such market conditions result in some gains in equity, but even this brings only a limited relief to stock markets.

March 2023 brought a big shock when a big US bank, Silicon Valley Bank (SVB) was closed down by regulators due to the run on its deposits. Experts have said that higher interest rates resulted in the value of the bank's treasury bond holding (bond prices are inversely proportional to policy rates). The contagion was not limited to the financial sector or to the US economy alone and the wider global industry came under anxiety due to the episode. Equity markets everywhere lost value in the aftermath of the SVB collapse episode.

Interest rates and households

Rising policy rates make virtually all borrowings of families, from

credit cards to personal loans to mortgages, costlier. However, the intent of central banks is to provide relief with respect to prices of discretionary and non-discretionary goods by lifting the policy rate, which is why households are expected to win over the longer term. As a result of rising mortgage interest rate, the housing industries of many countries including the US and Australia have lost the sheen they acquired after the early-Covid phase.

Bottom line

In Australia and elsewhere, most macroeconomic discussions these days are centred on rising interest rates, which have slowly started to impact the wider industry. The fall of SVB is only one of the fallouts, which has even prompted debates on why central banks must now slow down on their rate hike manoeuvres. More impacts would become visible over the coming quarters of this year.

Not only in Australia, but in any economy across the world, the business world does not view policy rate hikes favourably.

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04

Explore, engage, and excel with

Kal-Edtech+

Immersive smart learning on the go!

Feed your mind with Kal-Edtech+

By Akanksha Vashisht

When was the last time you took out time to upskill yourself? Did you catch up on that college course that you wanted to learn alongside your job? The fast-paced world we live in often forces us to keep our educational goals sidelined. Kal-Edtech+ offers you a chance to carry forward your aspirations without having to compromise on your job, schooling, or other commitments. With a fluid course structure that has learning value and high applicability in daily life, Kal-Edtech+ is the perfect choice to take your skillset to the next level.

Don't worry! Our courses are not limited to any specific line of education as we provide information on various concepts and statistical methods used in the world of investing, economics, and many other topics.

Courses to start off your learning journey!

01

A Complete Guide to Candlestick Patterns

Candlestick patterns are crucial in understanding the price movements of securities. This course will help you understand how to read the candlesticks and how to unfurl the story they tell. This course can be a great addition to your technical analysis toolkit.

02

How To Build an Alternative Investments Portfolio

Alternative investments are unconventional investment avenues that are countercyclical in nature. These investments tend to remain stable even during volatile times such as an economic recession. Thus, they have inherent diversification qualities that make them a must-have in every portfolio.

03

Decoding Earnings Report

Analysing business performance is an important aspect of trading successfully in the market. A company's earnings report is a gateway towards understanding how sound it is financially. This course will help you understand the key ratios that make up a comprehensive financial report.

05

TOP 4 SPORTING EVENTS TO MARK UP ON YOUR CALENDAR

By Manisha

Do you want to feel alive again with an addictive adrenaline rush? If that's a yay then get ready as the days of adventure are approaching closer. Come May 2023, there are quite a few exciting sports events lined up for you to mark up your calendar.

For all those for whom sports is first love, and always on their priority list, 2023 isn't disappointing you anymore rather you can allow your excitement to reach a fever pitch. In this article, we will give you a sneak peek into some of the biggest sporting events which you must not miss on your sports schedule for 2023.

French Open 2023

The countdown has begun for one of the most talked about sporting events, the French Open or Roland Garros 2023. Scheduled to take place in Paris, France from May 28 to Jun 11, the tennis tournament will see participation by some of the top players from around the world. A highlight on the global sporting calendar, French Open is organised every year by the French Tennis Federation. In 2022, Rafael Nadal marked a 6-3, 6-3, 6-0 victory over Norway's Casper Ruud and took home his 14th Roland-Garros title.

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FIFA Women's World Cup 2023

The 9th FIFA Women's World Cup will be co-hosted by Australia and New Zealand from 20 July to 20 August. The international football competition this year will see 32 nations taking part in the group stage. All the teams contesting in the quadrennial event have now been confirmed following the conclusion of the Play-off tournament.

At the big-ticket event, the USA team will play to defend the title which they won in 2019.

The list of their competitors includes Argentina, Australia, Brazil, Canada, China PR, Colombia, Costa Rica, Denmark, England, France, Germany, Haiti, Italy, Jamaica, Japan, Korea Republic, Morocco, Netherlands, New Zealand, Nigeria, Norway, Panama, Philippines, Portugal, Republic of Ireland, South Africa, Spain, Sweden, Switzerland, USA, Vietnam, and Zambia.

2023 Rugby World Cup

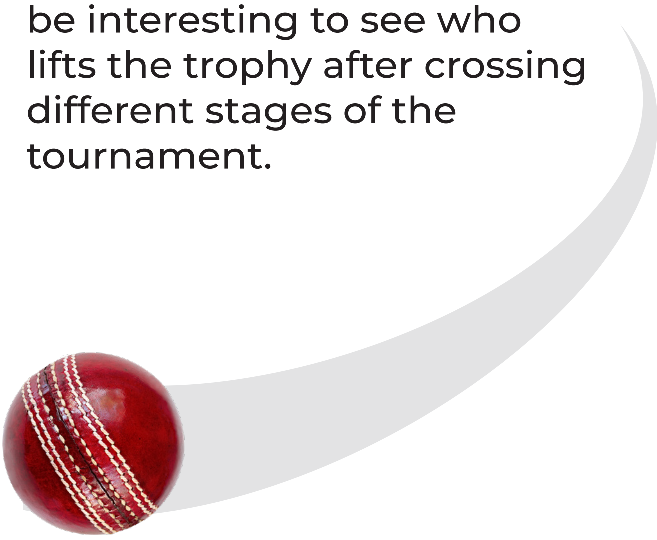
"Rugby is a good occasion for keeping thirty bullies far from the center of the city," said Oscar Wilde. Going by Oscar Wilde's take, in the 2023 Rugby World Cup, we will see a much greater number of bullies busy in their game for a period of 51 days. Teams from different countries will battle it out through a total of 48 matches at the global sports event.

As per the details shared by World Rugby, the matches of the 10th men's Rugby World Cup will be played at nine venues across 10 host cities from 08 September 2023 to 28 October 2023 in France.

ICC Men's Cricket World Cup 2023

One of the most-talked about tournaments of the year, ICC Men's Cricket World Cup 2023 will be the 13th edition of the 50-over World Cup. This time, it will be hosted by India in October and November. The tournament, instituted by International Cricket Council, will feature ten teams.

While England will be the defending champion, it will be interesting to see who lifts the trophy after crossing different stages of the tournament.



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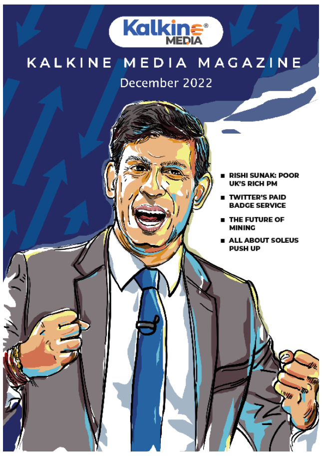

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