ASX 200	ALL ORDINARIES	BEST ASX 50	WORST ASX 50	$A	OIL BRENT	IRON ORE
		SYDNEY AIRPORT	ASX LTD	US CENTS	$US PER BARREL	$US PER TONNE
5925.50	6108.80	$5.87	$85.90	72.67¢	$44	$128.38
-187.10 -3.06%	-192.20 -3.05%	+.02 .34%	-4.61 -5.09%	-0.35 -0.47%	-0.39 -0.87%	+2.32 +1.84%

Australia's share market has had its worst session since May 1, as investors followed a big sell-off of technology stocks.

The Bain sale is good news for Virgin employees but 3000 have lost their job since the airline fell into administration.

on sale to Bain Capital

"These are tough times and we must remain focused and adapt to this new environment," Mr Scurrah said.

"I'm pleased today gives us some more certainty around the company's future."

Virgin founder Sir Richard Branson said it had been a massive effort by the administrators and management team, and the focus should now be on building up the airline even better than it was before.

"We are excited to create that next chapter together with Bain and the airline's wonderful team," he said.

Transport Workers' Union national secretary Michael Kaine said the vote signalled a "new beginning for Virgin Australia and for Australian aviation".

"I want to congratulate Virgin workers who have been instrumental in getting us to the point where Virgin has now been rebooted and is on a plan to get back to flying," Mr Kaine said.

"There have been long and difficult days and our thoughts are with the 3000 workers who will no longer be with the airline."

Under Bain, Virgin Australia will have a workforce of up to 6000 employees and a fleet of between 30 and 60 Boeing 737s as it emerges from administration.

The airline was placed into administration on April 21 with debts of $6.8bn.

Bain has promised to pay employees their full entitlements and to honour travel credits held by passengers as a result of cancelled flights.

Mr Kaine said the TWU would hold Bain Capital to account on its promises.

THE AUSTRALIAN

Bullishness amid the doom and gloom

ROGER MONTGOMERY

IN my last column, I set out the reasons for being pessimistic about equity markets.

Now let's look at the reasons to be bullish — I'll let you decide which case is more compelling.

With many of the bear arguments centred around a bubble in technology stocks, it's worth beginning the bull case with those same technology stocks.

Tech stocks can be hard to value because a large portion of their value is future dated and subject to greater uncertainty.

Because future earnings power is hard to forecast, dependence is placed on a competitive advantage playing out and on management's ability to deliver.

Just as you wouldn't value a property development on the nil income it receives prior to construction, it makes sense to consider what a growth stock might earn in the future and value it on that basis with adjustments for the risks and time associated with success.

With structural growth stocks, investors tend to underestimate the future, and "fade" revenue and earnings growth in long-term forecasts.

Consequently, future winners look very expensive initially.

But the optionality of market share takers is not captured by such analysis.

So, while many of these stocks do not look cheap, the megatrends beneath them may render them good value.

As I articulated in my 2010 book Value.able, Warren Buffett described wonderful companies as simply having the following characteristics: Bright long-term prospects, a high rate of return on equity driven by sustainable competitive advantages, solid cash flow, little or no debt and first class management.

Do the five companies currently dominating the US market satisfy the requirements of a wonderful company? Microsoft, Alphabet, Facebook, Apple and Amazon are generating attractive returns on equity and in most cases the trend is improving.

In other words, as these companies grow, they become more profitable.

This is a highly desirable characteristic, especially when it is achieved on relatively modest amounts or no debt.

Google's debt to equity ratio sits at just 7.8 per cent, Facebooks is 10 per cent, Microsoft's ratio is 69.4 per cent while Amazon's is 124 per cent and Apple's is 169 per cent. Given their cash flows, all of these companies have debt levels that are entirely manageable.

The driver of this impressive performance is the presence of competitive advantages, without which competitors would be able to chip away at their moats and bring profitability back to far less attractive levels.

And while "network effects" and "flywheels" are certainly part of the reason these companies stay ahead, it's difficult to copy a company that uses its vast resources to adapt.

Apple is first and foremost a computer company, but it has also pivoted to other areas such as the payment space, which has historically been controlled by banks. Google was a search engine before building the mobile operating system Android and now dominates that space by market share.

And don't forget Google rendered traditional maps almost extinct by integrating GPS navigation and mapping into its product suite.

Over at Facebook, a sophisticated social networking site became the world's leading provider of targeted direct advertising, while Jeff Bezos at Amazon turned a bookselling site into the world's largest online merchant platform, as well as one of its largest logistics players, data warehouse providers and media content creators.

There is no question that as these companies gain scale and entrench themselves in the daily habits of their customers, they become more powerful and more profitable.

In addition to benefiting from the competitive advantage that is the network effect, they have become monopolies in which inheres the most valuable of all competitive advantages — the ability to raise prices without a detrimental impact to unit sales volume.

In a world of declining real rates of return, such pricing power is scarce and highly prized by investors.

And now that the US Federal Reserve has articulated and demonstrated a desire to do "whatever it takes" to avoid another bout of disruption to market liquidity, the equity risk premium may be much more stable than in the recent past, even in the event of economic disruption.

That could give bulls every reason to be optimistic.

ROGER MONTGOMERY IS CHIEF INVESTMENT OFFICER AT MONTGOMERY INVESTMENT MANAGEMENT

BCA says nation must work alongside virus

THE ECONOMY

JOHN DAGGE

THE nation's peak business lobby says 1.5 million new jobs must be created to replace those lost or at risk during the coronavirus pandemic.

The Business Council of Australia also wants the federal government to bring forward income tax cuts and to introduce a 20 per cent investment allowance in order to drag the economy out of recession as quickly as possible.

The recommendations are part of an economic recovery plan the lobby group has drawn up ahead of the federal budget to be delivered in October.

BCA chief Jennifer Westacott on Friday said the nation must find a way to work and live alongside the virus, and the task of reopening the economy could not wait until the health crisis was fully resolved.

"Our economic recovery depends on finding ways to work alongside the virus while measures to control the health impacts continue," she said.

"The job creation task ahead of us is massive. We need to generate about 1.5 million new jobs — more than 10 per cent of the pre-COVID workforce — to replace the jobs and hours lost during the pandemic, and the jobs at risk as the economy restructures."

BCA's proposed investment allowance would allow businesses to immediately claim a 20 per cent tax deduction on any new asset purchase.

Savings rate slashed

INTEREST RATES

WESTPAC has slashed the interest rates in pays savers on several of its deposit accounts.

Australia's second largest bank has cut rates by 15 basis points, or 0.15 per cent, on its standard eSaver account and its conditional Life account.

Both the conditional and standard savings products now attract a maximum rate of 0.85 per cent. A year ago its standard savings account accrued 2.01 per cent, and its conditional account 1.95 per cent.

Saving rates have tumbled due to the onset of the coronavirus pandemic, with the Reserve Bank cutting its official cash rate to 0.25 per cent.

National Australia Bank has the highest ongoing maximum rate on a conditional savings product at 0.9 per cent.