

WEEKLY MARKET recap

7 – 11 November 2022

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Highlights of the week

- The 12-month October US Consumer Price Index (CPI) reading was 7.7% which was lower than consensus estimates of 7.9%.
- Cryptocurrencies fell sharply following the collapse of cryptocurrency exchange FTX.

Market Action

Sector	Returns % (excluding distributions)		
	11-Nov-22	4-Nov-22	Change (%)
S&P/ASX 200	7148.8	6873.2	4.0%
All Ordinaries	7337.4	7069.7	3.8%
Small Ordinaries	2882.3	2786.3	3.4%
S&P 500	3956.4	3719.9	6.4%
NASDAQ	11114.2	10342.9	7.5%
FTSE 100	7375.3	7188.6	2.6%
Hang Seng	16081.0	15339.5	4.8%
Nikkei	27446.1	27663.4	-0.8%

*US, UK and European prices refer to the previous day's close

The lower-than-expected US CPI reading sparked a broad rally in equity markets. The S&P 500 and the NASDAQ rose by 6.4% and 7.5% respectively with almost the entire gain occurring during trade on Thursday. The Hang Seng rallied 4.8% as China's new leaders backed a more targeted 'COVID Zero' approach.

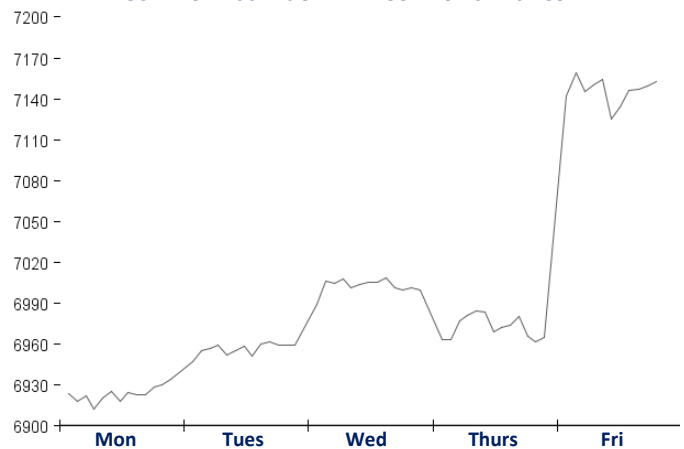
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
ORG	Origin Energy	\$7.56	33.8%
SBM	St Barbara	\$0.62	29.5%
EVN	Evolution Mining	\$2.57	28.8%
CMM	Capricorn Metals	\$4.32	26.7%
RRL	Regis Resources	\$1.88	25.5%

Prices as at 3.00PM on 11/11/2022

Origin Energy rose after the company received a non-binding indicative takeover proposal at \$9.00 per share from a consortium led by Brookfield Asset Management. Gold miners St Barbara, Evolution, Regis Resources and Capricorn Metal were amongst the best performers driven by the rally in the gold price.

S&P/ASX 200 Index - 1 Week Performance



In Australia, despite the 'risk on sentiment' small companies underperformed large companies with the Small Ordinaries rising by 3.4% compared to the 4.0% gain by the S&P/ASX 200.

S&P/ASX 200 - Bottom five of the week

ASX Code	Company	Closing Price	Change*
NHC	New Hope Corp	\$5.09	-16.5%
WHC	Whitehaven Coal	\$7.90	-16.1%
JHX	James Hardie	\$29.49	-10.8%
CRN	Coronado Global	\$1.90	-9.2%
PDL	Pendal Group	\$4.17	-7.9%

Coal miners New Hope, Coronado and Whitehaven were the worst performers of the week as coal prices fell with Whitehaven also providing weaker than expected production guidance due to flooding at its open cut mine operations. Building materials company James Hardie fell after downgrading earnings guidance due to a decline in volumes as a result of the weak construction activity across its key markets.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
DDR	Dicker Data Limited	15/11/2022	\$0.13	100%
NAB	National Australia Bank Limited	15/11/2022	\$0.78	100%

Topic of the week

Cybersecurity has garnered the attention of the public over the last month following the high-profile attacks on Medibank and Optus, with a suite of other companies also highlighting that they had fallen victim to similar attacks in recent months. As more and more businesses transition online the risk is increasing with cybersecurity research firm Cybersecurity Ventures projecting damages to reach US\$10.5 trillion worldwide by 2025.

The damages come despite the increased awareness by CEOs and businesses with AusCyber's Digital Census 2020 finding that Australians spent \$5.6 billion on cybersecurity in 2020 with the number expected to increase to \$7.6 billion by 2024. This has likely increased following the recent high-profile attacks. The Australian Federal Government is also aware of the risk and has established the Cyber Security Skills Partnership Innovation Fund that provides grants from AU\$250 thousand to \$3 million to improve the quality and quantity of cybersecurity professionals in Australia, demonstrating they expect increased demand in the future by making it a strategic priority.

In addition to investing in new software and staff training companies are also increasingly taking out cyber insurance, but the cost is increasing. International insurance broker Marsh stated that prices have been rising since 2019 with prices in the US having grown by more than 100% year-on-year to the end of 2021. The pace had slowed to 79% in the first quarter of 2022 and further still to 48% in the second quarter of 2022, however, the cost has meant many businesses are now unable to afford coverage. There are also critics of cyber insurance companies that often recommend quickly paying ransoms to limit the damage which in turn increases the attractiveness of the activity to would be attackers.

Cyber-attacks are now more prevalent than ever, and the sheer number means successful attacks will inevitably become more common. Businesses will need to adapt or risk lasting reputational damage in addition to the immediate financial impact.

Home Loan Rates

Lender	Owner Occupier (Variable)	Owner Occupier (2 Year Fixed)	Owner Occupier (5 Year Fixed)	Investor (Variable)	Investor (2 Year Fixed)	Investor (5 Year Fixed)
CBA	4.44%	5.94%	6.84%	4.74%	6.14%	7.04%
NAB	4.49%	5.84%	6.64%	4.99%	5.84%	6.79%
Macquarie	4.29%	5.49%	5.79%	4.54%	5.69%	5.99%

*Based on a 25-year, \$450,000 loan with principal and interest repayments and a Loan-to-Value ratio of 70%.

What to expect for the week

- The Australian Bureau of Statistics (ABS) will release unemployment and wage data.
- The latest US retail spending data will be released which will give an insight into the strength of the American consumer following recent rate rises.



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