

# WEEKLY MARKET recap

21 – 25 November 2022

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## Highlights of the week

- Almost 16,000 Teslas are being recalled over a software issue affecting taillights.
- The Anti-corruption Commission Creation Bill was passed by the lower house without amendments.

## Market Action

Sector	Returns % (excluding distributions)		
	25-Nov-22	18-Nov-22	Change (%)
<b>S&amp;P/ASX 200</b>	7256.5	7163.5	1.3%
<b>All Ordinaries</b>	7445.7	7365.8	1.1%
<b>Small Ordinaries</b>	2895.6	2878.8	0.6%
<b>S&amp;P 500</b>	4027.3	3946.6	2.0%
<b>NASDAQ</b>	11285.3	11145.0	1.3%
<b>FTSE 100</b>	7466.6	7346.5	1.6%
<b>Hang Seng</b>	17660.9	18045.7	-2.1%
<b>Nikkei</b>	28383.1	27930.6	1.6%

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

The S&P 500 and the NASDAQ rose by 2.0% and 1.3% respectively during the shortened week due to the Thanksgiving holiday. Consumer Staples and Utilities led the gains with Energy as the only sector with negative performance. The FTSE 100 gained 1.6%, reaching a two month high led by oil stocks. The Hang Seng declined by -2.1% as Covid cases continued to spike in China.

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

ASX Code	Company	Closing Price	Change*
<b>VUK</b>	Virgin Money UK PLC	\$3.10	21.9%
<b>CHN</b>	Chalice Mining	\$5.30	14.0%
<b>BRN</b>	Brainchip Holdings	\$0.74	14.0%
<b>RMS</b>	Ramelius Resources	\$0.92	10.8%
<b>UMG</b>	United Malt Group	\$3.39	10.5%

Prices as at 3.00PM on 25/11/2022

Virgin Money UK has jumped 21.9% after reporting a 42% jump in profits for FY22 and announcing an extension to its share buyback. Gold producers Chalice Mining and Ramelius Resources have risen 14% and 10.8% respectively as the price of gold rallied and the US dollar fell. Brainchip has climbed 14% following the appointment of ex-Amazon employee Nandan Nayampally as Chief Marketing Officer. United Malt Group rose 10.5% this week, after the release of its FY22 financial results and FY23 profit guidance with both an increase in barley crop quality and better pricing expected.

## S&P/ASX 200 Index - 1 Week Performance



The Nikkei rose by 1.6% this week led by the Utilities and Distribution Services sectors. The S&P/ASX 200 increased by 1.3% led by the Utilities (5%), Real Estate (2.5%) and Industrials (2.4%) sectors. Small cap companies underperformed the mid and large caps, only rising by 0.6%.

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

ASX Code	Company	Closing Price	Change*
<b>PLS</b>	Pilbara Minerals	\$4.46	-9.0%
<b>AKE</b>	Allkem	\$13.22	-8.5%
<b>LOV</b>	Lovisa Holdings	\$23.57	-8.2%
<b>PPT</b>	Perpetual	\$25.40	-7.9%
<b>SQ2</b>	Block Inc.	\$96.13	-7.9%

Lithium miners Pilbara Minerals and Allkem fell as Covid cases continue to spike in China, increasing the likelihood of lockdowns returning. China is the leader in electric vehicle production and the source of most lithium demand. Lovisa lost -8.2% after a trading update at its AGM. Perpetual fell -7.9% with two of its funds restricted by ASIC for inadequately disclosing the risks of each fund to investors. Perpetual is also preparing to vote on its takeover of Pental. Block declined by -7.9% after a US Treasury Paper with three proposals to regulate the buy now pay later sector.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
GNC	Graincorp Limited	29/11/2022	\$0.30	100%
ALL	Aristocrat Leisure Limited	30/11/2022	\$0.26	100%
PDL	Pendal Group Limited	1/12/2022	\$0.04	100%
TNE	Technology One Limited	1/12/2022	\$0.13	60%

## Topic of the week

FTX, one of the world's largest cryptocurrency exchanges has collapsed earlier this month, resulting in almost 30,000 Australians having their funds held on the exchange frozen and possibly lost. Administrators are currently valuing the company's assets to determine the amount that can be returned to customers. Founded by Sam Bankman-Fried, FTX operated under the guise of being a trustworthy and regulated platform. Sam Bankman-Fried would often lobby policymakers and push for cryptocurrency regulation and had even testified in Congress. He had also promised to give billions away under the "effective altruism" movement but now faces legal action, potentially for wire fraud.

The collapse began when CoinDesk, a separate cryptocurrency news service claimed that Alameda Research, a cryptocurrency trading firm also owned by Bankman-Fried, had used FTX's own currency known as FTT as collateral for loans. FTT was valued

on the promise that the currency would be redeemed by FTX in the future for US\$22 per token or be used for discounts and other perks. Soon after, the creator of Binance announced that they would exit their \$580 million position in FTT, creating a sudden sell-off. With FTT's value collapsing and FTX customers withdrawing funds, Binance would then offer to bail out FTX, but subsequently withdrew the offer after FTX failed due diligence with rumours of balance sheet concerns. FTX would file for bankruptcy soon after. Even worse, it would later emerge that US\$10 billion worth of customer funds had been transferred from FTX to Alameda Research.

The sudden collapse of FTX has led to a wide market sell-off in cryptocurrencies with Bitcoin roughly falling from US\$20,000 to US\$16,500. It also serves as another warning for the need of regulation in the industry.

## 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	4.69%	5.94%	6.84%	4.99%	6.14%	7.04%
NAB	4.74%	5.84%	6.64%	5.24%	5.84%	6.79%
Macquarie	4.54%	5.49%	5.79%	4.79%	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 US Department of Commerce will release the September quarter US GDP and economic growth data with a growth rate of 2.7% expected.
- The Australian Bureau of Statistics (ABS) will release the Retail Trade and Monthly Consumer Price Index Indicator for October.



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