

WEEKLY MARKET recap

31 October – 4 November 2022

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Highlights of the week

- The Reserve Bank of Australia raised rates by 0.25%, the US Federal Reserve raised rates by 0.75% and the Bank of England raised rates by 0.5%.
- Russia suspended then re-joined the grain trade deal that allowed the passage of cargo ships transporting grain from Ukraine through the Black Sea.

Market Action

Sector	Returns % (excluding distributions)		
	4-Nov-22	28-Oct-22	Change (%)
S&P/ASX 200	6873.2	6785.7	1.3%
All Ordinaries	7069.7	6973.5	1.4%
Small Ordinaries	2786.3	2732.7	2.0%
S&P 500	3719.9	3807.3	-2.3%
NASDAQ	10342.9	10792.7	-4.2%
FTSE 100	7188.6	7073.7	1.6%
Hang Seng	15339.5	15427.9	-0.6%
Nikkei	27663.4	27345.2	1.2%

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

US markets fell sharply after the US Federal Reserve raised rates by 0.75%. The large technology stocks were the main detractors with the S&P 500 and the NASDAQ declining by 2.3% and 4.2% respectively. The FTSE 100 rose 1.6% after the Bank of England hinted that rates will not rise as much as markets are expecting in the future.

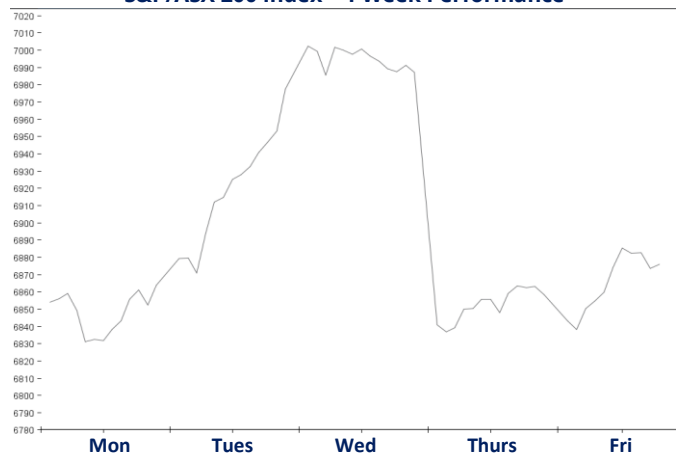
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
PPT	Perpetual	\$29.29	19.6%
CRN	Coronado Global	\$2.27	17.0%
DOW	Downer EDI	\$4.80	9.6%
NAN	Nanosonics	\$4.23	9.0%
HMC	Home Consortium	\$4.73	8.6%

Prices as at 3.00PM on 28/10/2022

Perpetual rose 19.6% after receiving a takeover bid despite not yet having completed its own takeover for Pental. Coal miner Coronado increased by 17.0% after a quarterly update that showed strong earnings growth driven by the elevated coal prices which also enabled a special dividend to be declared. Nanosonics and Home Consortium rose despite no significant company specific news being announced.

S&P/ASX 200 Index – 1 Week Performance



The Hang Seng fell a further 0.6% to set a new decade low. The S&P/ASX 200 gained 1.3% despite weakness from the major iron ore miners. Small companies outperformed both large and mid-sized companies for the second consecutive week.

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

ASX Code	Company	Closing Price	Change*
BRN	Brainchip Holdings	\$0.63	-26.5%
SYA	Sayona Mining	\$0.23	-10.8%
DMP	Domino's Pizza	\$54.58	-9.7%
LLC	Lendlease Group	\$7.66	-9.4%
NVX	NOVONIX	\$2.62	-8.7%

Brainchip fell a further 26.5% after last week's quarterly activities report which disappointed the market. Lithium miner Sayona fell 10.8% after releasing a quarterly update that saw \$25.6 million in operating cash outflow as the miner tries to bring its existing mines to production. Domino's declined by 9.7% after warning that first half earnings would be 'materially lower' while Novonix fell 8.7% after also releasing a quarterly update that showed \$13.8 million in operating cash outflows.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
ANZ	Australia and New Zealand Banking Group	07/11/2022	\$0.740	100
MQG	Macquarie Group Limited	07/11/2022	\$3.00	40%
CIA	Champion Iron Limited	07/11/2022	\$0.115	0%
RMD	ResMed Inc	09/11/2022	\$0.047	0%

Topic of the week

Global research and consultancy business Wood Mackenzie and S&P Global Commodity Insights have both released reports in the last two weeks forecasting that there is likely to be a significant shortage of copper beginning in 2025 with the supply deficit expected to continue to widen until 2035 whereby there is expected to be between a 1.5 million ton and 50 million ton per annum deficit. One of the world's largest copper miners Freeport-McMoRan recently highlighted a similar shortage with large miner BHP Group Limited also looking to expand their copper production suggesting a similar view, most recently evidenced by their recent bid for OZ Minerals Limited.

The copper shortage will be driven by a combination of increased demand and strained supply. The higher demand is expected to be a result of the increased adoption of electric vehicles which are estimated to consume up to two-and-a-half times more copper per car than conventional combustion

engine vehicles. There will also be increased copper needed for transmission lines as well as new solar and wind farms. On the supply side there have been few large copper discoveries in recent years with the grades in existing mines beginning to deteriorate especially in Chile and Peru.

Copper prices have been declining all year with some clear short-term headwinds with copper prices traditionally linked to global economic growth which has been weak. The property market slowdown in China is also a significant headwind with less electrical wiring needed. Long term uncertainties surround the ability of the world to successfully recycle existing copper, with the benefit that copper is infinitely recyclable. Technological change, whereby other metals are used as a substitute for copper, is also a possible solution. Commodity prices are notoriously difficult to forecast but copper prices could be worth keeping an eye on given both major miner and consultancy firm interest.

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 statistics on the life expectancy at birth for Australians.
- NAB will release the latest business conditions and confidence survey.
- The latest US unemployment data will be released.



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