

WEEKLY MARKET recap

5 – 9 December 2022

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Highlights of the week

- A price cap of US\$60/barrel on Russian Crude Oil by the G7, Europe, and Australia has come into effect this week.
- The International Energy Agency has reported that solar power will become the world's primary power source in 2027.

Market Action

Sector	Returns % (excluding distributions)		
	9-Dec-22	2-Dec-22	Change (%)
S&P/ASX 200	7211.6	7307.1	-1.3%
All Ordinaries	7403.9	7509.7	-1.4%
Small Ordinaries	2859.4	2950.0	-3.1%
S&P 500	3963.5	4076.6	-2.8%
NASDAQ	11082.0	11482.5	-3.5%
FTSE 100	7472.2	7558.5	-1.1%
Hang Seng	19450.2	18736.4	3.8%
Nikkei	27574.4	28226.1	-2.3%

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

US equity markets turned pessimistic on the US economic outlook with the S&P 500 and the NASDAQ experiencing a sell off of -2.8% and -3.5% respectively. Healthcare was the only positive sector over the week, up 0.5%. The FTSE 100 fell -1.1% with similar recession concerns and the expectation of a 0.5% interest rate hike by the Bank of England next week.

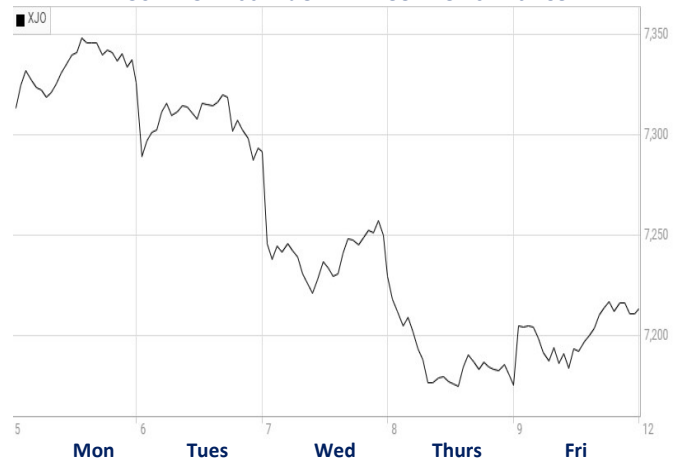
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
CHN	Chalice Mining	\$6.56	16.9%
CIA	Champion Iron	\$7.33	8.8%
FMG	Fortescue Metals	\$21.48	7.7%
SFR	Sandfire Resources	\$5.64	7.1%
CMM	Capricorn Metals	\$4.70	5.6%

*Prices as at 3.00PM on 9/12/2022

Gold producers Chalice Mining and Capricorn Metals rose 16.9% and 5.6% respectively as recession fears returned and investors looked towards gold as a safe investment. Chalice Mining was also boosted by positive reconnaissance drilling results at its Hooley Prospect. The iron ore price continues to rebound as China eases its Covid policy with producers Champion Iron and Fortescue Metals benefitting, up 8.8% and 7.7% respectively. Sandfire Resources have gained 7.1% following their AGM last week and beginning the sale process for its DeGrussa copper operations.

S&P/ASX 200 Index - 1 Week Performance



The Nikkei lost -2.3% as Japan revealed a current account deficit of ¥64.1 billion for October. The Hang Seng continued to rally over the easing of Covid restrictions with the index ending the week 3.8% higher. The S&P/ASX 200 fell -1.3% this week led by losses in Information Technology (-4.7%) and Energy (-3.3%). Small caps underperformed the large and mid-cap companies, falling -3.1%.

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

ASX Code	Company	Closing Price	Change*
DOW	Downer EDI	\$3.67	-27.4%
NVX	Novonix	\$1.81	-21.7%
CTD	Corporate Travel	\$14.09	-14.1%
PDN	Paladin Energy	\$0.71	-14.0%
LTR	Liontown Resources	\$1.74	-14.0%

Downer EDI lost -27.4% after downgrading its earnings guidance due to weather issues and elevated costs and discovering an "accounting irregularity" that overstated earnings of a particular contract over the last four years. Goldman Sachs released a report forecasting the lithium price to fall as supply increases, resulting in a sell-off of producers including Liontown which has fallen -14.0%. Novonix, Paladin Energy and Corporate Travel have dropped -21.7%, -14.0% and -14.1% respectively with growth shares more heavily impacted by recession concerns.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
No upcoming dividends this week.				

Topic of the week

The US Food and Drug Administration have recently approved Hemgenix, CSL's gene therapy treatment of Haemophilia B, a hereditary disorder whereby the affected person lacks the blood clotting factor IX and will bleed longer than others both internally and externally. The disorder affects 1 in 40,000 people and current treatment for Haemophilia B involves regular blood transfusions with concentrated factor IX levels whereas Hemgenix can provide a one-time solution by replacing the defective or missing gene, allowing the body to begin generating factor IX.

Hemgenix uses an IV infusion to deliver a replacement gene to the liver via a harmless modified virus. The viral vector then dissolves whilst the gene becomes "expressed in the liver." Two trials of Hemgenix have resulted in a 54% decrease in the annual bleeding rate of patients.

CSL has sparked some concern after pricing the gene therapy at US\$3.5 million, making it the world's most expensive medicine. The high price is due to the more than US\$1 billion spent in research and development and the long development time of approximately 15 years to get from the idea to the product. Other factors considered were the market size and healthcare system savings. An independent report by the Institute for Clinical and Economic Review determines that at an assumed cost of US\$2.5 million per dose for Haemophilia B gene therapy, US\$7 million would be saved in Quality Adjusted Life Years and lifetime cost savings per patient. Despite the high listed cost as the cost to a patient may be lower, Hemgenix is still expected to be successful as current treatments are still relatively costly and inconvenient with regularly scheduled blood infusions over their lifetime.

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	4.62%	6.14%	6.64%	4.87%	6.24%	6.74%
NAB	4.74%	6.04%	6.64%	5.24%	6.14%	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 Australian Bureau of Statistics (ABS) will release Australia's latest Labour Force Data, updated for November 2022.
- US Bureau of Labor Statistics will release the final Consumer Price Index of the year, with the inflation reading to come ahead of the Federal Reserve's decision on interest rates.



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