

# WEEKLY MARKET recap

12 – 15 December 2022

Apt.  
WEALTH PARTNERS



## Highlights of the week

- Australia's unemployment rate remained at a 48 year low of 3.4% whilst the workforce reached a record high after employment numbers rose by 64,000 people.
- Labor's energy bill to enforce a price cap on domestic gas and coal prices is expected to be passed today by both the House of Representatives and the Senate after securing the support of the Greens.

## Market Action

Sector	Returns % (excluding distributions)		
	15-Dec-22	9-Dec-22	Change (%)
<b>S&amp;P/ASX 200</b>	7209.7	7211.6	0.0%
<b>All Ordinaries</b>	7395.4	7403.9	-0.1%
<b>Small Ordinaries</b>	2859.6	2859.4	0.0%
<b>S&amp;P 500</b>	3995.2	3963.5	0.8%
<b>NASDAQ</b>	11170.9	11082.0	0.8%
<b>FTSE 100</b>	7495.9	7472.2	0.3%
<b>Hang Seng</b>	19673.5	19450.2	1.1%
<b>Nikkei</b>	28156.2	27574.4	2.1%

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

US equity markets made small gains with both the S&P 500 and the NASDAQ rising by 0.8%. Inflation worries temporarily cooled with the latest CPI reading of 7.1%, lower than the consensus 7.3% forecast by economists while the Federal Reserve raised its cash rate by 0.5% and indicated more rate hikes were to come. The FTSE 100 rose 0.3% as UK CPI inflation fell 0.4% in October to 10.7%.

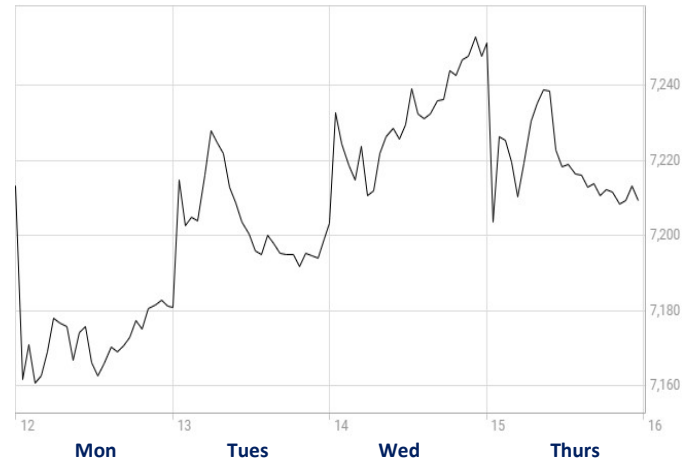
### S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
<b>SBM</b>	St Barbara	\$0.72	15.3%
<b>CHN</b>	Chalice Mining	\$6.26	12.6%
<b>MP1</b>	Megaport	\$6.98	11.7%
<b>SQ2</b>	Block Inc.	\$103.02	11.7%
<b>XRO</b>	Xero	\$76.50	11.2%

\*Prices as at 3.00PM on 15/12/2022

St Barbara led the S&P/ASX200 this week, up 15.3% following the announcement of the merger of its Leonara District operations with Genesis Materials (ASX: GMD) to form a separate company, Hoover House, and the demerger of its other assets under the name Phoenician Metals. Chalice Mining remains higher after positive drilling results at its Hooley Prospect despite delays to its scoping study. Tech companies, Megaport, Block Inc. and Xero rose 11.7%, 11.7% and 11.2% respectively as the tech sector rallied on the news of lower-than-expected inflation in the US and UK.

S&P/ASX 200 Index - 1 Week Performance



Asian markets outperformed, benefitting from the loosening Covid restrictions in China on top of positive inflation data. The Nikkei climbed 2.1% for the week and the Hang Seng 1.1%. The S&P/ASX 200 had mixed sessions but ultimately remained flat for the week as weakness in the Materials and Utilities sectors offset gains in Information Technology. Small caps remained flat over the week.

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

ASX Code	Company	Closing Price	Change*
<b>DOW</b>	Downer EDI	\$3.75	-21.9%
<b>CXO</b>	Core Lithium	\$1.06	-18.7%
<b>LTR</b>	Liontown Resources	\$1.59	-17.8%
<b>PLS</b>	Pilbara Minerals	\$4.01	-15.1%
<b>SYA</b>	Sayona Mining	\$0.21	-10.9%

Downer EDI remains lower, down -21.9% after last week's discovery of an "accounting irregularity" that overstated earnings over the last four years. Lithium producers Core Lithium, Liontown Resources, Pilbara Minerals and Sayona Mining fell -18.7%, -17.8%, -15.1% and -10.9% respectively, after the rate hike by the Federal Reserve and as Citi downgraded their lithium forecast due to China reopening risks, with prices predicted to fall 20% over the next year. This follows Goldman Sachs' report last week which also forecast a decline in the lithium price.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
MTS	Metcash Limited	20/12/2022	\$0.12	100%

## Topic of the week

The difficult prospect of home ownership in America due to rising prices is set to become even more challenging following the rise of robot landlords, where rental companies are using technology to automate as many responsibilities of landlords as possible. Everything from appointments to view the house with potential tenants to making deposits and monthly payments is facilitated via online portals, automated texts, and digital door locks. Some tenants have rented properties for years without ever interacting in person with their landlord.

By reducing the need for manual labour and outsourcing the remaining tasks like maintenance, these landlords can rent out properties without needing to be on-site. Traditionally, renting out single-family homes proved to be difficult to scale as the

available properties would be too far scattered to manage effectively. With the “robot landlord” system, companies can remotely rent out properties from different States. With scalability no longer an issue, these new rental companies have piqued Wall Street’s interest with the stronger financial backing that enabling these companies to mass purchase properties, often foreclosures, to rent out. Major player Invitation Homes (NYSE: INVH) owns approximately 80,000 properties across 16 major cities and its peer, American Homes 4 Rent (NYSE: AMH), owns almost 60,000 properties over 21 states. With the properties consisting mostly of single-family homes valued at around US\$100,000 to US\$200,000, these companies are making it harder for lower to middle income families to purchase a home.

## 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%	5.25%	5.55%	4.79%	5.45%	5.75%

\*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 make its annual update to the CPI and Living Cost indexes. Components are re-weighted based upon Household Final Consumption Data.
- The Reserve Bank of Australia (RBA) will release the Minutes from their latest Monetary Policy Meeting, providing an insight into their decision to raise interest rates by 0.25%.



WEALTH PARTNERS

The information provided in this publication does not constitute financial product advice. The information is of a general nature only and does not take into account your individual objectives, financial situation or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice. Apt Wealth Partners (AFSL and ACL 436121 ABN 49 159 583 847) and Apt Wealth Home Loans (powered by Smartline ACL 385325) recommends that you obtain professional advice before making any decision in relation to your particular requirements or circumstances.

