

# WEEKLY MARKET recap

16 – 20 January 2023

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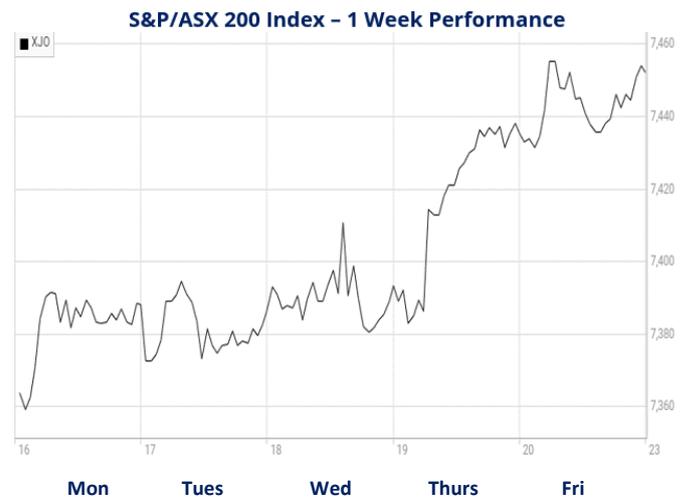


## Highlights of the week

- New Zealand Prime Minister Jacinda Ardern has announced her resignation. Her final day in charge is expected to be February 7.
- Over 2,700 leaders from 130 countries attended the World Economic Forum's Annual Meeting in Davos, Switzerland.

## Market Action

Sector	Returns % (excluding distributions)		
	20-Jan-22	13-Jan-22	Change (%)
<b>S&amp;P/ASX 200</b>	7455.2	7326.8	1.8%
<b>All Ordinaries</b>	7668.6	7539.2	1.7%
<b>Small Ordinaries</b>	2984.1	2967.7	0.6%
<b>S&amp;P 500</b>	3898.9	3983.2	-2.1%
<b>NASDAQ</b>	10852.3	11001.1	-1.4%
<b>FTSE 100</b>	7747.3	7794.0	-0.6%
<b>Hang Seng</b>	21651.0	21514.1	0.6%
<b>Nikkei</b>	26405.2	26449.8	-0.2%



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

US equity markets fell over weak retail sales data and disappointing quarterly earnings results. The S&P 500 and the NASDAQ lost -2.1% and -1.4% respectively with only the Energy and Communication Services sectors to end positive for the week. The FTSE 100 pared earlier gains in the week as ECB president Christine Lagarde reinforced its plan to return inflation to the desired level of 2%.

The Nikkei closed the week relatively flat as the Bank of Japan kept its monetary policy unchanged whilst the Hang Seng gained 0.6% as China eases its regulatory crackdown on technology companies. The S&P/ASX 200 outperformed International markets, rising 1.8% led by the Healthcare and Consumer Staples sectors. Utilities was the only sector to decline this week.

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

ASX Code	Company	Closing Price	Change*
<b>NHC</b>	New Hope Corp.	\$6.76	14.1%
<b>FPH</b>	Fisher & Paykel	\$24.49	12.9%
<b>BKL</b>	Blackmores	\$85.96	12.4%
<b>TLX</b>	Telix Pharmaceuticals	\$7.11	12.2%
<b>SYA</b>	Sayona Mining	\$0.26	10.9%

\*Prices as at 3.00PM on 20/01/2023

New Hope Corporation rose 14.1% as NSW Treasurer Matt Kean intends to require all thermal coal producers to reserve 10% of production for NSW power plants. Fisher & Paykel climbed 12.9% after providing its FY23 guidance of \$1.55 - \$1.60 billion in revenue. Telix Pharmaceuticals gained 12.2% after announcing a 41% jump in revenue last quarter to reach positive cash flow for the first time. Sayona's price moved conversely to its peers, up 10.9%, as progress to restart its North American Lithium operation nears 90%. Blackmores rose 12.4% despite no significant news being released.

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

ASX Code	Company	Closing Price	Change*
<b>LTR</b>	Liontown Resources	\$1.30	-16.9%
<b>CXO</b>	Core Lithium	\$1.04	-11.8%
<b>IMU</b>	Imugene	\$0.15	-10.6%
<b>HUB</b>	HUB24	\$24.73	-9.6%
<b>LKE</b>	Lake Resources NL	\$0.80	-8.1%

Lithium producers Liontown Resources, Core Lithium and Lake Resources fell -16.9%, -11.8% and -8.1% respectively after Tesla cut its electric vehicles prices, potentially a sign of low demand. Liontown also increased the expected capital cost of its Kathleen Valley Project whilst Core Lithium was downgraded by Goldman Sachs over concerns of its Finnis Project. Imugene lost -10.6% despite presenting positive results of its technologies at the ASCO Symposium. HUB24 slid -9.6% after a trading update that included a 23.6% decrease in inflows and increased costs of \$4.4 million.

## Upcoming Dividend Dates

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

## Topic of the week

This week, China released its latest population data, revealing the first fall in China's population in over sixty years. During 2022, China had 9.56 million births but 10.41 million deaths resulting in the population falling by 850,000 to end the year at 1.4 billion.

A myriad of factors may have contributed to the decrease in population, most notably the lingering effects of the One Child Policy. Originally introduced in 1979 when China was faced with extreme poverty, the policy limited each couple to only have one child as the name suggests. In 2014, the policy was amended to allow couples from one child families to have a second child and in 2016, this was expanded to all couples. The birthrate did experience a spike in 2016 albeit lower than expected before the birthrate regressed in the following years. The policy has since been amended once more to allow families to raise three children.

A highly competitive education system and expensive schooling, with rising property prices and cost of living, deterred families from raising a second child back then and these issues have only been further exacerbated by the Covid pandemic and the financial hardship that it created.

The increasing number of deaths during 2022 can be accounted for by the ageing population and by Covid, particularly after China changed stance on its zero-Covid policy in December.

China now faces an ageing population and a falling working age group with a major drop expected in two- or three-decades time. The shrinking workforce may also limit China's economic outlook and position in the global economy. India is now projected to overtake China as the most populous country by the end of this year according to the United Nations.

## 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	4.87%	6.14%	6.64%	5.12%	6.24%	6.74%
NAB	4.99%	6.09%	6.69%	5.49%	6.14%	6.79%
Macquarie	4.79%	5.25%	5.55%	5.04%	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 release both the Monthly CPI indicator and the Quarterly CPI data, updated to December 2022.
- The US Bureau of Economic Analysis will release their Advance Estimate of the US GDP for the 4<sup>th</sup> Quarter and full 2022 year.



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