

WEEKLY MARKET recap

23 – 27 January 2023

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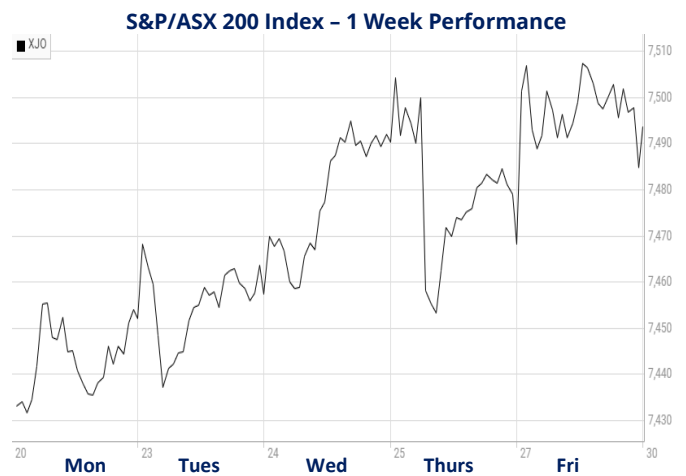


Highlights of the week

- Australia's inflation rate has reached 7.8%, below the RBA's forecasted 8% but above economist expectations of 7.5%.
- Bill Gates spoke at the Lowy Institute covering topics from the handling of the Covid pandemic to global warming, political polarisation in the US and China's position in the global economy and innovation space.

Market Action

Sector	Returns % (excluding distributions)		
	27-Jan-22	20-Jan-22	Change (%)
S&P/ASX 200	7493.8	7455.2	0.5%
All Ordinaries	7709.5	7668.6	0.5%
Small Ordinaries	3012.0	2984.1	0.9%
S&P 500	4060.4	3898.9	4.1%
NASDAQ	11512.4	10852.3	6.1%
FTSE 100	7757.4	7747.3	0.1%
Hang Seng	22044.7	21651.0	1.8%
Nikkei	27395.0	26405.2	3.7%



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

US equity markets railed this week particularly in the Technology sector where companies announced job cuts to protect profit margins. The tech-heavy NASDAQ outperformed the S&P 500, up 6.1% compared to 4.1%. The FTSE 100 was flat over the week remaining near all-time highs. UK private economic activity fell in January despite growth in business activity across the Eurozone.

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

ASX Code	Company	Closing Price	Change*
PLS	Pilbara Minerals	\$5.11	27.4%
AKE	Allkem	\$13.88	13.3%
SYA	Sayona Mining	\$0.28	12.3%
IGO	IGO	\$15.89	11.8%
MIN	Mineral Resources	\$94.20	7.4%

*Prices as at 3.00PM on 27/01/2023

In contrast to last week, the lithium sector rallied after broker upgrades by UBS and Morgans. All of the top five are lithium producers led by Pilbara Minerals rising 27.4%, followed by Allkem, Sayona Mining, IGO and Mineral Resources rising 13.3%, 12.3%, 11.8% and 7.4% respectively. Pilbara's market update revealed the company is intending to make its first dividend payment in FY23. Allkem and Mineral Resources also released strong quarterly results with Mineral Resources revising the offer to takeover Norwest Energy, a listed gas and oil company in Perth.

The Nikkei rose 3.7% whilst the Hang Seng rose 1.8% as China saw a return of tourism since reopening and a recovery in consumer spending over the Lunar New Year. The S&P/ASX 200 was up slightly over the week, closing 0.5% higher. Gains made in the Information Technology and Real Estate sector were offset by declines in the Energy and Healthcare sectors.

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

ASX Code	Company	Closing Price	Change*
NWL	Netwealth Group	\$12.72	-8.7%
WAF	West African Resources	\$1.18	-6.8%
NVX	Novonix	\$1.80	-6.5%
MP1	Megaport	\$6.93	-6.0%
IFL	Insignia Financial	\$3.54	-5.4%

Netwealth lost -8.7% after its December quarter market update revealed a lower than projected funds under management (FUM) inflow of \$2.1 billion instead of \$3 billion. West African Resources fell -6.8% this week despite hitting its 2022 production guidance. Insignia fell -5.4% after selling its minority stake in JANA Investment Advisers. Insignia also saw \$191 million in institutional outflows from their FUM over the December quarter. Novonix and Megaport fell -6.5% and -6.0% respectively despite neither company releasing any significant news.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
AFI	Australian Foundation Investment Co Ltd	2/02/2023	\$0.11	100%

Topic of the week

On their official blog this week, Microsoft announced an extension of its partnership with OpenAI, an American artificial intelligence (AI) research laboratory. Microsoft will invest \$14 billion into OpenAI over multiple years to “accelerate AI breakthroughs to ensure these benefits are broadly shared with the world.” This is the third agreement between the two companies with Microsoft having previously invested into OpenAI in 2019 and 2021.

In addition to the funding capital, the deal includes Microsoft providing OpenAI with supercomputers and have Microsoft's Azure, a cloud computing platform remain as the exclusive cloud provider for OpenAI. In return, Microsoft will be able to use OpenAI's models and technology within its own consumer and

corporate products including GitHub Copilot, DALL-E 2 and ChatGPT.

GitHub Copilot is an AI designed to assist programmers by using natural language prompts to generate lines of code across various programming languages whilst Dall-E 2 is a machine learning AI system that generates images from prompts. OpenAI's latest release from November 2022, ChatGPT, is an AI learning chatbot that has gone viral since testing with a million users within its first week. Also requiring a prompt or question, ChatGPT can generate complex and human-like responses. Microsoft has already announced that ChatGPT will soon be available on Azure and is expected to add AI technology into its other existing products.

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 its quarterly Selected Living Cost Indexes, a measure of the price change in goods and services for select household types and their living expenses.
- The US Corporate Reporting Season continues with Apple, Alphabet, Amazon and Facebook expected to report.



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