

WEEKLY MARKET recap

20 – 24 March 2023

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Highlights of the week

- The Federal Reserve raised the US interest rate by 0.25% to 5.00%.
- UK inflation rose to 10.4% from 10.1% in January, driven by an increase in food prices.

Market Action

Sector	Returns % (excluding distributions)		
	24-Mar-23	17-Mar-23	Change (%)
S&P/ASX 200	6953.9	6993.1	-0.6%
All Ordinaries	7136.6	7186.2	-0.7%
Small Ordinaries	2705.8	2738.7	-1.2%
S&P 500	3948.7	3960.3	-0.3%
NASDAQ	11787.4	11717.3	0.6%
FTSE 100	7499.6	7410.0	1.2%
Hang Seng	20049.6	19203.9	4.4%
Nikkei	27419.6	27010.6	1.5%

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

US equity markets were mixed with the NASDAQ closing 0.6% higher, outperforming the S&P 500 which fell -0.3% due to the heavier weighting to technology companies. The Federal Reserve continued to raise interest rates with long term inflation expectations falling to 3.8%. The FTSE 100 rose 1.2% despite a surprise jump in inflation and a 0.25% interest rate hike.

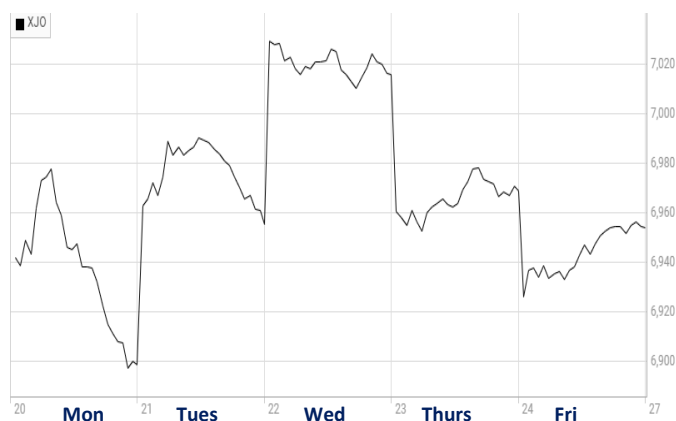
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
DMP	Domino's Pizza	\$49.16	9.2%
EVN	Evolution Mining	\$2.95	8.5%
PRU	Perseus Mining	\$2.33	8.4%
AGL	AGL Energy	\$7.43	8.1%
NHC	New Hope Corp.	\$5.50	7.4%

*Prices as at 3.00PM on 24/03/2023

Domino's Pizza recovered 9.2% following a broker upgrade noting the oversold share price and dissipating inflation. The gold price continued to see gains this week as investors turned towards the metal as a safe-haven asset given the uncertainty surrounding equity markets. Gold producers Evolution Mining and Perseus Mining rose 8.5% and 8.4% respectively. AGL gained 8.1% on broker upgrades and the expected increase in energy prices. New Hope Corporation rose 7.4% after it announced a 103% increase in its half year net profit after tax and a 76% increase to the fully franked interim dividend compared to the prior corresponding period.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng rebounded 4.4%, driven by a recovery in bank stocks and a rally in tech giants including Tencent and Alibaba. The Nikkei gained 1.5% after the Japanese government announced a ¥2 trillion inflation-relief package. The S&P/ASX 200 underperformed international equity markets falling by 0.6%.

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

ASX Code	Company	Closing Price	Change*
SQ2	Block Inc.	\$88.47	-20.6%
SYA	Sayona Mining	\$0.19	-15.0%
PNV	Polynovo	\$1.77	-13.7%
CHC	Charter Hall Group	\$10.76	-10.3%
CIA	Champion Iron	\$6.60	-10.1%

Block crashed -20.6% after Hindenburg Research released a short report detailing the "company's willingness to facilitate fraud against consumers and the government, avoid regulation, dress up predatory loans and fees as revolutionary technology, and mislead investors with inflated metrics." Sayona Mining lost -15.0%, driven by a fall in the lithium price. Polynovo fell -13.7% after its chairman sold 4.75 million shares. The Real Estate sector experienced a sell-off as central banks continue to raise interest rates with Charter Hall falling -10.3%. Champion Iron declined -10.1%, driven by a fall in the iron ore price.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
ARF	Arena REIT	30/03/2023	\$0.04	0%
CIP	Centuria Industrial REIT	30/03/2023	\$0.04	0%
CLW	Charter Hall Long Wale REIT	30/03/2023	\$0.07	0%
HVN	Harvey Norman Holdings Limited	31/03/2023	\$0.13	100%

Topic of the week

Following the recent collapse of Silicon Valley Bank and Signature Bank, Swiss bank Credit Suisse also found itself in trouble. Early last week, the bank confirmed that they would make a large loss this year and that CEOs and board executives would forego their bonuses. It also noted that “material weaknesses” were found in its financial reporting internal controls. With Credit Suisse now needing further funding, its major shareholder, Saudi National Bank were unable to purchase more shares in Credit Suisse due to being close to its regulatory cap of 10% ownership. Credit Suisse then turned to the Swiss Central Bank for support which provided an option to borrow \$81 billion. However, by this time, investor confidence in Credit Suisse had already been lost and its shares began to sell off.

Credit Suisse has been involved in multiple controversies over the recent years, ranging from a drug money laundering scandal in Bulgaria, a corruption case in Mozambique, an espionage scandal between a senior executive and the Chief Operating Officer, the collapse of Greensill Capital and the leak of 30,000 customer details. These controversies and jitters from the US bank failures compounded the loss of confidence despite reassurances of liquidity and enough working capital.

To resolve the confidence crisis, the Swiss government eventually brokered a deal for UBS Group, the largest Swiss bank to takeover Credit Suisse. UBS will pay \$4.5 billion to acquire Credit Suisse, a heavy discount to its market capitalisation, bringing an end to 167 years of operations.

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	5.47%	6.24%	6.84%	5.72%	6.34%	6.94%
NAB	5.34%	6.04%	6.44%	5.99%	6.14%	6.79%
Macquarie	5.29%	5.49%	5.45%	5.54%	5.65%	5.69%

*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 will release the Monthly Consumer Price Index Indicator and Retail Trade Data.
- Eurostat will release the Eurozone Economic Sentiment Indicator for March.



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