



## Highlights of the week

- The Australian unemployment rate remained steady at 3.5%.
- US year on year inflation fell from 6% to 5%, falling for the sixth consecutive month.

## Market Action

Sector	Returns % (excluding distributions)		
	14-Apr-23	6-Apr-23	Change (%)
<b>S&amp;P/ASX 200</b>	7363.1	7211.4	2.1%
<b>All Ordinaries</b>	7561.6	7404.2	2.1%
<b>Small Ordinaries</b>	2923.4	2842.1	2.9%
<b>S&amp;P 500</b>	4146.2	4090.4	1.4%
<b>NASDAQ</b>	12166.3	11996.9	1.4%
<b>FTSE 100</b>	7843.4	7662.9	2.4%
<b>Hang Seng</b>	20344.5	20274.6	0.3%
<b>Nikkei</b>	28157.0	27813.3	1.2%

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

US equity markets rallied on economic data with both the S&P 500 and the NASDAQ 1.4% higher. An unexpected fall in producer prices, an above expectation number of jobless claims and the easing of inflation increased the likelihood of fewer rate hikes and future rate cuts. The FTSE 100 rose 2.4%, driven by miners and healthcare whilst the International Monetary Fund improved its forecast for the British economy to a smaller contraction for 2023.

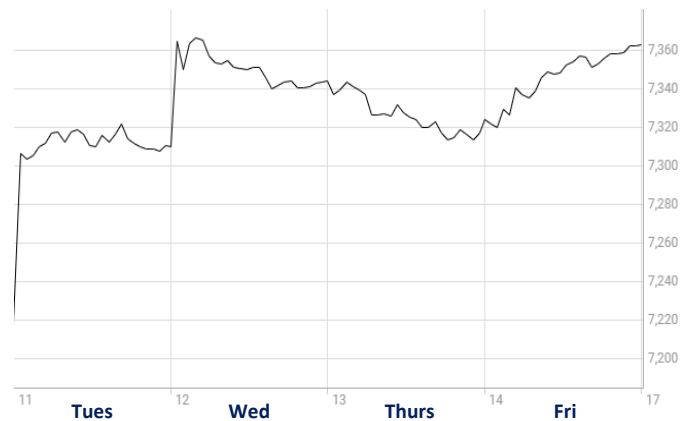
### S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
<b>CTD</b>	Corporate Travel	\$21.66	15.7%
<b>NIC</b>	Nickel Industries	\$0.97	15.0%
<b>SFR</b>	Sandfire Resources	\$7.05	12.1%
<b>NXT</b>	NEXTDC	\$12.15	11.8%
<b>LLC</b>	Lendlease Group	\$8.19	10.8%

\*Prices as at 3.00PM on 14/04/2023

Corporate Travel jumped 15.7% after being awarded a contract by the UK Home Office with an estimated value of £1.6 billion. Miners, Nickel Industries and Sandfire Resources rose 15.0% and 12.1% respectively as the prices of their respective metals of nickel, copper and gold rallied. Nickel Industries also successfully issued US\$400 million of unsecured notes. NEXTDC climbed 11.8% after a market update advising of a 43% increase in contracted utilisation following recent customer wins. Lendlease Group rose 10.8% despite no significant news being released.

### S&P/ASX 200 Index - 1 Week Performance



The Hang Seng edged up 0.3% after a sell-off of tech giants following proposed regulations by the Cyberspace Administration of China over generative AI technology like ChatGPT. The Nikkei gained 1.2% with renewed optimism on its retail sector as tourism spikes. The S&P/ASX 200 gained 2.1% driven by the Materials sector. Small caps outperformed both large and mid-cap companies, rising by 2.9%.

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

ASX Code	Company	Closing Price	Change*
<b>IMU</b>	Imugene	\$0.13	-12.0%
<b>SGR</b>	Star Entertainment	\$1.34	-5.2%
<b>PNV</b>	Polynovo	\$1.77	-4.2%
<b>SQ2</b>	Block Inc.	\$96.21	-4.2%
<b>MFG</b>	Magellan Financial	\$7.71	-3.3%

Imugene's share price fell -12.0% from last week's price jump following the start of its third cohort of its cancer killing virus trial. Star Entertainment is down -5.2% after the resignation of its Sydney CEO and Group Head of Transformation last week. Block followed its US listing down, falling -4.2% on future rate rise and short selling worries. Magellan slipped another -3.3% with continued concerns over its depleting FUM, particularly after Airlie Funds Management founder, John Sevier announced his intention to retire in June. Polynovo lost -4.2% despite no significant news being released.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
NHC	New Hope Corporation Limited	17/04/2023	\$0.40	100%
SOL	Washington H. Soul Pattinson and Co.	19/04/2023	\$0.36	100%

## Topic of the week

Porter Davis Homes, Australia's 12<sup>th</sup> largest domestic home builder was recently placed in administration, followed soon after by construction company Lloyd Group. Porter Davis leaves 1,700 unfinished homes and just under 800 signed contracts that had yet to be started whilst Lloyd group leaves 59 projects incomplete. They are the latest casualties of the Australian construction industry which has seen many companies over the past year including Probuild, Condev, Oracle, Hallbury Homes and L.P Warren Homes enter administration or liquidation. In February, Delco Building Group went into voluntary liquidation after being unable to complete its ongoing jobs "without incurring significant losses."

The Australian construction industry crisis is the result of several growing pressures from recent years. Stimulus measures, particularly the HomeBuilder program created by the Morrison Government during the COVID-19 pandemic created high demand for new homes. Builders rushed to sign contracts in that period until applications closed in mid-April 2021. Since then, rampant

inflation and building material supply chain issues resulted in increased construction costs. Labour shortages further exacerbated these issues and resulted in further delays in construction. Due to contracts mostly being fixed priced, profit margins were squeezed, in some cases to a point that resulted in construction companies incurring losses to complete existing projects. Rising interest rates are also affecting the industry with increased borrowing costs and falling house prices.

The costs and delays have resulted in an increasing number of incomplete homes across the nation. Demand for new homes has since fallen and less funding is available from investors or banks, leaving even more groups at risk over the coming months. Construction insolvencies have already risen by 90% in the current financial year according to data firm Equifax. No state or federal government support for the industry or affected homeowners has yet been announced.

## 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	5.57%	6.24%	6.84%	5.82%	6.34%	6.94%
NAB	5.59%	6.04%	6.44%	5.99%	6.14%	6.79%
Macquarie	5.29%	5.35%	5.35%	5.54%	5.59%	5.59%

\*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 Reserve Bank of Australia (RBA) will release their minutes from the latest Monetary Policy Meeting where the Board decided to halt their rate hikes.
- The Australian Bureau of Statistics (ABS) will publish the first release on Cultural and Creative Activities for the FY22 Financial Year.



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