



Highlights of the week

- Australia's unemployment has risen 0.2% to 3.7% in April.
- The Federal Government will spend \$86 million to establish a national anti-scams centre.

Market Action

Sector	Returns % (excluding distributions)		
	19-May-23	12-May-23	Change (%)
S&P/ASX 200	7280.6	7255.0	0.4%
All Ordinaries	7471.6	7450.7	0.3%
Small Ordinaries	2891.9	2915.1	-0.8%
S&P 500	4198.1	4130.6	1.6%
NASDAQ	12688.8	12328.5	2.9%
FTSE 100	7742.3	7730.6	0.2%
Hang Seng	19727.3	19743.8	-0.1%
Nikkei	30573.9	29126.7	5.0%

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

US equity markets rallied with the S&P 500 reaching a 9-month high and the NASDAQ reaching a 12-month high after rising 1.6% and 2.9% respectively. Gains were driven by the Communication Services and Information Technology sectors. Markets were also buoyed by news that the US debt ceiling could be resolved by next week. The FTSE 100 saw muted gains of 0.2% after GDP data revealed a 0.3% contraction in March after a flat result in February.

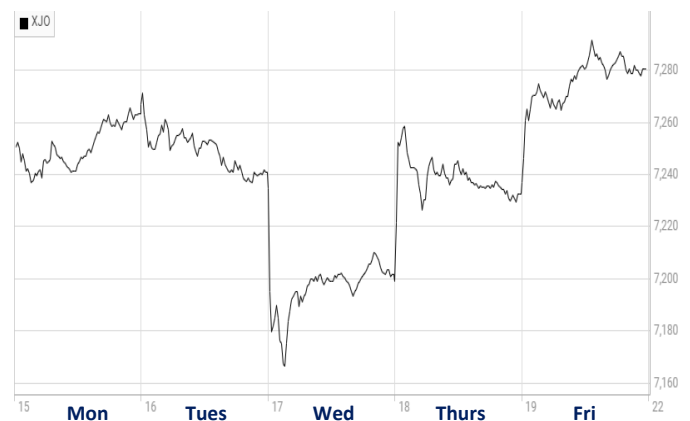
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
360	Life360	\$7.03	20.8%
XRO	Xero	\$107.27	15.2%
NWS	News Corporation	\$28.38	14.4%
IVC	InvoCare	\$12.37	11.3%
LKE	Lake Resources	\$0.64	11.3%

*Prices as at 3.00PM on 19/05/2023

Tech shares rallied with Life360 and Xero up 20.8% and 15.2% respectively. Life360 saw its 1Q 23 year-on-year revenue increase by 34% and Xero reported 28% revenue growth in FY23 and a 14% increase in subscribers. News Corporation jumped 14.4% on better-than-expected 3Q23 results given the decline in advertising demand. InvoCare rose 11.3% after a revised bid from TPG Global to acquire InvoCare for \$13.00 per share. Lithium producer Lake Resources gained 11.3% as the price of lithium rallied. Citigroup has forecast the lithium price to rise 40% by year end.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng was relatively flat over the week as economists downgraded China's growth outlook after poor industrial output and retail sales data. The Nikkei jumped 5.0%, reaching a 33-year high as Japan's Q1 GDP rose 1.6%, and April year on year exports rose 2.6%. The S&P/ASX 200 rose 0.4% this week, largely driven by the Information Technology sector which rose by 5.11%. Small caps underperformed large and mid-cap companies, falling by -0.8%.

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

ASX Code	Company	Closing Price	Change*
ELD	Elders	\$6.96	-14.0%
SFR	Sandfire Resources	\$5.85	-10.0%
DEG	De Grey Mining	\$1.35	-9.4%
WAF	West African Resources	\$0.90	-8.0%
IPL	Incitec Pivot	\$3.04	-7.9%

Elders declined -14.0% after releasing their 1H23 results, reporting a 46% fall in profits on weaker livestock prices and flood events. Sandfire Resources lost -10.0% after extending its MATSA debt facility for another two years to the end of 2028. Gold producers, De Grey Mining and West African Resources lost -9.4% and -8.0% respectively as the gold price continues to trend downwards, with spot gold back below US\$2,000/oz. Incitec Pivot fell -7.9% after reporting underwhelming earnings for 1H23, including a 58% fall in profits from its fertiliser division.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
AMC	Amtcor Plc	23/05/2023	\$0.18	0%
ELD	Elders Limited	23/05/2023	\$0.23	30%
ORI	Orica Limited	25/05/2023	\$0.18	0%
CSR	CSR Limited	26/05/2023	\$0.20	100%

Topic of the week

The Reserve Bank of Australia (RBA) has released their quarterly Statement on Monetary Policy which outlines their assessment of the current economic condition and their outlook on the economy. The RBA's priority remains returning inflation to its target rate of between 2% and 3% whilst maintaining growth in the economy.

The latest inflation figures show that inflation has fallen from its peak but remains at the elevated level of 7% for the year to the end of March 2023. Goods prices was the major contributor to the drop in inflation, offsetting price rises in healthcare, education, and fuel. Goods prices are expected to fall further, following the trend in other countries as global price pressures ease. However, inflation in services is more stubborn driven by the increase in labour costs. Energy and rent prices are expected to continue to increase over the next year although government intervention should limit the

change. The current forecast by the RBA predicts inflation to fall to 4.5% by year's end, and a return to the target range at 3% by June 2025.

Australia's economic growth was subdued in the December quarter, rising 0.5% after seasonally adjusting for chain volume measures. The previous growth saw 0.7% growth, possibly a sign that the post-pandemic recovery is slowing. Consumer expenditure has weakened over recent months, even resulting in a contraction in the latest monthly household spending indicator for March as the cost of living rises and disposable incomes fall. These pressures are expected to remain for the near future although strong migration numbers are predicted to help Australia avoid a recession. The RBA forecasts GDP growth to be between 1.25% and 1.75% over the next 2 years before returning to 2% in 2025.

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	5.92%	6.24%	6.84%	6.17%	6.34%	6.94%
NAB	5.89%	5.79%	6.19%	6.24%	5.89%	6.49%
Macquarie	5.29%	5.45%	5.25%	5.54%	5.69%	5.49%

*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 their annual estimates of economic and financial performance of Australian Industry.
- The US Bureau of Economic Analysis will release the latest Personal Income and Outlays data.



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