



## Highlights of the week

- China's year-on-year inflation was 0.2% for the 12 months to the end of May, spurring concerns of deflation.
- The Reserve Bank of Australia (RBA) increased the cash rate by another 0.25% to 4.10%.

## Market Action

Sector	Returns % (excluding distributions)		
	9-Jun-23	2-Jun-23	Change (%)
<b>S&amp;P/ASX 200</b>	7123.1	7148.0	-0.3%
<b>All Ordinaries</b>	7312.5	7332.4	-0.3%
<b>Small Ordinaries</b>	2799.3	2829.6	-1.1%
<b>S&amp;P 500</b>	4293.9	4221.0	1.7%
<b>NASDAQ</b>	13238.5	13101.0	1.0%
<b>FTSE 100</b>	7599.7	7490.3	1.5%
<b>Hang Seng</b>	19299.2	18216.9	5.9%
<b>Nikkei</b>	31641.3	31148.0	1.6%

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

US equity markets rallied on the resolution to the debt ceiling with the S&P 500 and the NASDAQ closing 1.7% and 1.0% higher respectively. The S&P 500 has technically entered a bull market having risen 20% the low in October. The FTSE100 also gained 1.5% with the improved global sentiment.

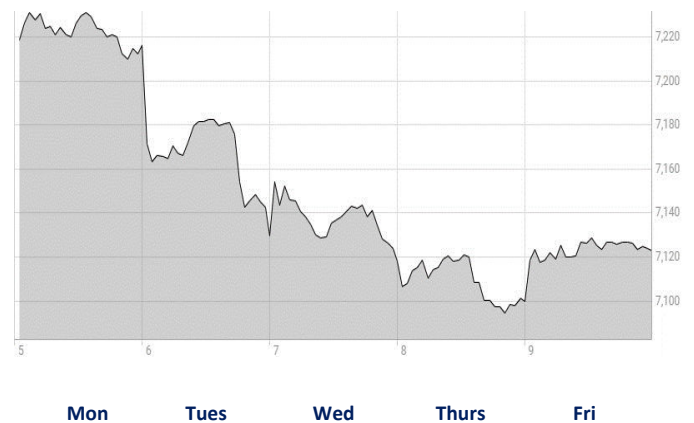
### S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
<b>PDN</b>	Paladin Energy	\$0.70	15.2%
<b>IEL</b>	IDP Education	\$23.55	15.1%
<b>NHC</b>	New Hope Corp.	\$5.40	13.7%
<b>WHC</b>	Whitehaven Coal	\$6.40	10.6%
<b>NIC</b>	Nickel Industries	\$0.96	10.6%

\*Prices as at 3.00PM on 09/06/2023

Paladin Energy jumped 15.2% after the Namibian government clarified recent comments made by the energy minister. The misunderstanding had implied that the government would be seizing minimum equity stakes in existing resource companies, now confirmed not to be the case. IDP Education rebounded 15.1% after last week's news of the company losing its monopoly on English proficiency tests in Canada. New Hope Corporation and Whitehaven Coal jumped 13.7% and 10.6% respectively on a sudden increase in coal price. Nickel Industries rose 10.6% after raising funds via an institutional placement at \$1.10 per share.

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



The Hang Seng jumped 5.9% as banks cut rates for deposits to boost the economy and speculation of further support by the government for the property sector. The S&P/ASX 200 closed -0.3% lower, driven by losses in the real estate and tech. Small companies underperformed both mid and large caps, falling by -1.1%.

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

ASX Code	Company	Closing Price	Change*
<b>TLX</b>	Telix Pharmaceuticals	\$10.39	-10.8%
<b>LOV</b>	Lovisa Holdings	\$18.23	-10.2%
<b>NAN</b>	Nanosonics	\$4.67	-9.6%
<b>ASX</b>	ASX	\$61.43	-9.4%
<b>LLC</b>	Lendlease Group	\$7.06	-9.4%

Lovisa fell -10.2% as retail spending continued to weaken and increased concerns around the impact of potential changes to the minimum wage which would increase operating costs. ASX lost -9.4% after revealing expenses are forecast to rise by 23% for FY23 and 12-15% for FY24. ASX also flagged a reduction in the dividend payout ratio moving forward. Lendlease Group dropped -9.4% after releasing an update on the Group's strategy. Telix Pharmaceuticals fell -10.8% and Nanosonics fell -9.6% despite no significant news being released by either company.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
CIA	Champion Iron Limited	9/06/2023	\$0.19	0%
IPL	Incitec Pivot Limited	15/06/2023	\$0.10	60%

## Topic of the week

The housing crisis has been a major topic of discussion recently due to the low number of listings and high rent prices with the nation also continuing to experience an influx of skilled migrants and international students. Home builders have been collapsing as inflation and wage costs diminish their margins from existing contracts creating concerns around future dwelling supply.

House prices have recently run up with CoreLogic's Home Value Index showing a nationwide increase of 1.2% in May, following a 0.6% and 0.5% increase in March and April respectively. Sydney saw the largest increase at 1.8% followed by Brisbane and Perth at 1.4% and 1.3% respectively due to a fall in listings and rising demand. Regional housing also rose albeit at a lower rate of 0.5% with less pressure from net migration. A report from Macquarie expects the housing price momentum to continue over the next year and a half but for 'real' house prices to remain relatively flat.

With the ongoing interest rate hikes by the Reserve Bank of Australia to curb inflation, and a forecast for the cash rate to reach 4.85% from 4.1% currently, housing affordability will become even more difficult. Following the recent cash rate increases, borrowing capacity has already been reduced by 32%. Using the example of an individual with a 20% deposit and an income of \$100,000, their borrowing capacity would now be \$491,600. Another 0.25% interest rate rise would reduce the limit to \$480,000 and further increases to the forecast of 4.85% would reduce it to \$460,900.

Both State and Federal governments will need to implement new policies to promote the construction of new housing. Until housing supply growth can keep up with demand, house prices will continue to become even more unaffordable.

## 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	5.99%	5.84%	6.24%	6.34%	5.89%	6.49%
Macquarie	5.54%	5.75%	5.59%	5.74%	5.95%	5.74%

\*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 the latest Labour Force Statistics for Australia.
- The Reserve Bank of Australia (RBA) will release the quarterly bulletin on the economy and financial system.



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