



Highlights of the week

- Former Labor Climate Change Minister, Greg Combet has been appointed head of the new Net Zero Agency which will coordinate Australia's energy transition to net zero emissions.
- Australia's workforce participation rate has reached a record high of 66.9%.

Market Action

Sector	Returns % (excluding distributions)		
	16-Jun-23	9-Jun-23	Change (%)
S&P/ASX 200	7256.1	7123.1	1.9%
All Ordinaries	7455.8	7312.5	2.0%
Small Ordinaries	2843.8	2799.3	1.6%
S&P 500	4425.8	4293.9	3.1%
NASDAQ	13782.8	13238.5	4.1%
FTSE 100	7628.3	7599.7	0.4%
Hang Seng	19828.9	19299.2	2.7%
Nikkei	33485.5	31641.3	5.8%

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

US equity markets rallied this week, with the S&P 500 and the NASDAQ rising 3.1% and 4.1% respectively after the Federal Reserve made no change to the Federal Funds rate and US annual inflation rate fell to a 2 year low of 4.0%. The FTSE100 rose 0.4% with the Bank of England expected to raise the UK cash rate next week.

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

ASX Code	Company	Closing Price	Change*
LTR	Liontown Resources	\$3.06	10.6%
CCP	Credit Corp Group	\$19.09	10.5%
XRO	Xero	\$116.73	9.9%
FMG	Fortescue Metals	\$22.45	9.4%
PME	Pro Medicus	\$68.41	9.2%

*Prices as at 3.00PM on 16/06/2023

Liontown Resources jumped 10.6% this week as lithium prices rallied. Xero climbed 9.9%, boosted by news of the company increasing its prices for Australian and New Zealand subscribers. Fortescue Metals rose 9.4% on a lift in iron ore price as the Chinese government looks to provide further stimulus to boost the real estate sector, a major source of iron ore demand. Pro Medicus rose 9.2% after signing a 7-year contract worth \$20 million with the Gundersen Health System, a non-profit health system based in Wisconsin, Minnesota, and Iowa. Credit Corp Group increased by 10.5% despite no significant news being released by the company.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng climbed 2.7% on news of further economic stimulus by China's government, whilst the Nikkei jumped 5.8%, surpassing 33,000 points for the first time since 1990. The S&P/ASX 200 rose 1.9%, driven by gains in the Information Technology sector. Small caps underperformed mid and large caps, rising 1.6%.

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

ASX Code	Company	Closing Price	Change*
CSL	CSL	\$278.89	-8.8%
JLG	Johns Lyng Group	\$5.86	-8.6%
CMM	Capricorn Metals	\$4.22	-6.2%
LKE	Lake Resources	\$0.47	-5.7%
BGL	Bellevue Gold	\$1.24	-5.7%

CSL lost -8.8% after announcing that although FY23 profit guidance remained unchanged in constant currency terms, foreign currency headwinds would reduce FY23 profit by an additional \$55-75 million than previously anticipated. Gold producers, Capricorn Metals and Bellevue Gold declined -6.2% and -5.7% respectively as the gold price fell on the stronger economic outlook which resulted in investors moving towards higher growth options. Lake Resources closed -5.7% lower despite upgrading its Kachi Project resources by 2.9 million tonnes. John Lyng Group fell -8.6% despite no significant news being released by the company.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
PMV	Premier Investments Limited	20/06/2023	\$0.70	100%

Topic of the week

The Nikkei 225 surpassed 33,000 index points this week, the first time it has done so since July 1990. The Japanese stock market has outperformed other international indexes since the start of this calendar year, rising almost 30% and is now more than double the pandemic lows of March 2020.

The Japanese stock market saw a period of massive growth in the 1960s to the 1980s led by a strong education system, investment in research, development, equipment and infrastructure as well as leading technology and industrial techniques. Companies like Sony and Toyota were major contributors to the country's exports and economic growth, as it became the second largest economy in the world in 1968, ranked just behind the US. It became a much sought after place for investment until the 'bubble' burst in 1989, starting a 14-year long bear market marked by a period of minimal growth, low inflation, and low interest rates. In 2012, then Prime Minister Shinzo Abe introduced fiscal and monetary stimulus programs to restore investor confidence, which resulted in a short rally in equity prices.

The recent rally in the Japanese stock market comes with stronger momentum than previous rallies, with Japan feeling impactful inflation and workers receiving wage increases, both of which

have not occurred for decades. The economy is also seeing increased consumer spending, particularly with the return of tourism following COVID.

The other major catalyst for the rally is a plan by the Tokyo Stock Exchange to force companies to address their share price if it is trading below book value. If companies fail to act, they risk being delisted. Trading below a price to book ratio of one can indicate capital inefficiency and the reform will pressure affected companies to improve their profitability and capital allocation. The reform should also improve corporate governance across the board and result in more companies seeking to maximise shareholder value.

Famous investor, Warren Buffett visited Japan two months ago, endorsing Japanese equities and revealing his company, Berkshire Hathaway, had increased its position in 5 Japanese firms with the potential to add further investments. His comments also sparked further foreign investment into Japanese equities.

With the new reforms and return to economic growth, Japanese markets may once again become a desirable market for investment.

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 make the first release of a new Monthly Employee Earnings Indicator.
- The Reserve Bank of Australia (RBA) will release the minutes for the latest Monetary Policy Meeting which saw a surprise rate hike of 0.25%.



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