



Highlights of the week

- The US annual inflation fell to 3.0% in June from 4.0% in May.
- Michele Bullock has been announced as the new RBA governor.

Market Action

Sector	Returns % (excluding distributions)		
	14-Jul-23	7-Jul-23	Change (%)
S&P/ASX 200	7306.8	7161.1	2.0%
All Ordinaries	7520.0	7362.1	2.1%
Small Ordinaries	2902.0	2807.6	3.4%
S&P 500	4510.0	4411.6	2.2%
NASDAQ	14138.6	13679.0	3.4%
FTSE 100	7440.2	7280.5	2.2%
Hang Seng	19350.6	18365.7	5.4%
Nikkei	32419.3	32388.4	0.1%

*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 gaining 2.2% and 3.4% respectively, boosted by the fall in headline inflation. Core inflation which excludes food and energy also fell -0.5% to 4.8%. The Materials and Energy sectors led gains, boosted by the jump in commodity and oil prices. The FTSE100 rose 2.2% despite the US economy contracting in May.

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

ASX Code	Company	Closing Price	Change*
MP1	Megaport	\$9.47	35.5%
RRL	Regis Resources	\$2.26	18.0%
EVN	Evolution Mining	\$3.78	13.5%
BGL	Bellevue Gold	\$1.60	13.3%
CMM	Capricorn Metals	\$4.76	12.2%

*Prices as at 3.00PM on 14/07/2023

Megaport jumped 35.5% after upgrading FY23 profit guidance from \$16-18 million to \$19-21 million. Gold producers, Regis Resources, Evolution Mining, Bellevue Gold, and Capricorn Metals have risen 18.0%, 13.5%, 13.3% and 12.2% respectively this week following a rally in the gold price. The spot gold price has risen by around US\$30/oz this week as the US dollar and treasury yields fell. Regis Resources and Capricorn Metals both also posted record annual gold production numbers for FY23 whilst Bellevue Gold announced a toll treating agreement with Genesis Minerals and the commencement of haulage services with MLG Oz.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng rallied 5.4% after the Chinese Government announced an end to the crackdown on tech companies. The Nikkei saw more muted results, only gaining 0.1% as the yen rebounded. The S&P/ASX 200 closed 2.0% higher, driven by the Information Technology, Materials and Real Estate sectors. Small caps outperformed both large and mid-cap companies, rising by 3.4%.

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

ASX Code	Company	Closing Price	Change*
MPL	Medibank Private	\$3.36	-5.6%
QBE	QBE Insurance Group	\$14.96	-4.8%
NHF	NIB Holdings	\$8.30	-4.3%
CSL	CSL	\$261.80	-3.9%
HLS	Healius	\$3.01	-2.6%

Insurance companies, Medibank Private, QBE Insurance Group and NIB Holdings fell -5.6%, -4.8% and -4.3% respectively. Lower-than-expected inflation data released this week resulted in a decline in interest rates expectations. Lower interest rates reduce portfolio yields, negatively affecting insurance companies. Healthcare companies CSL and Healius fell -3.9% and -2.6% as investors move away from investments in defensive sectors and into more growth investments. No significant news was released by any of the aforementioned companies.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
MTS	Metcash Limited	18/07/2023	\$0.11	100%

Topic of the week

The London Interbank Offered Rate (LIBOR) has ceased operation with the final publication of the US Dollar LIBOR being released on 30 June 2023. The LIBOR is the average interbank interest rate or the average estimate by banks of the interest rate they would be charged if they were to borrow funds from other banks and was originally introduced in the 1970s as a reference rate for offshore transactions.

Eighteen global banks would provide estimates each day for different loan lengths and for five different currencies. The Intercontinental Exchange Benchmark Administration would then remove the four highest and the four lowest rates and then calculate the average of the remaining ten. The resulting LIBOR rate was then used in various floating rate or variable rate instruments and loans.

In the wake of the Global Financial Crisis in 2008, credit default swaps insuring against subprime mortgage defaults were found to have been a major contributor. They were based on LIBOR rates and as issues started arising, banks became more hesitant to lend to each other, estimating higher rates and resulting in a higher LIBOR. This in turn, made the loans more expensive, worsening the problem. In 2012, many of the LIBOR setting banks were investigated and found to have been manipulating their estimate submissions and the LIBOR to make profit. With these scandals, it was decided to replace LIBOR with an alternative benchmark rate.

The replacement benchmark in the US will be the Secured Overnight Financing Rate (SOFR). SOFR is based upon overnight transactions of Treasury bond repurchase agreements.

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	6.32%	6.69%	6.44%	6.42%	6.74%	6.54%
NAB	6.24%	6.14%	6.19%	6.59%	6.24%	6.49%
Macquarie	5.79%	6.29%	6.09%	5.99%	6.45%	6.29%

*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 ahead

- The Australian Bureau of Statistics (ABS) will release the latest Australian Labour Force data. Australia's unemployment rate has remained at or near historic lows for over a year.
- The Reserve Bank of Australia (RBA) will release the minutes from their July Monetary Policy Meeting, explaining their intentions behind another rate pause.



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