



Highlights of the week

- Australia's annual trimmed mean inflation rate was 5.9% for the twelve months to the end of June.
- Australia and New Zealand have agreed to a 10-year bilateral road map for cooperation on issues including building resilient economies, ensuring regional stability and climate change.

Market Action

Sector	Returns % (excluding distributions)		
	28-Jul-23	21-Jul-23	Change (%)
S&P/ASX 200	7404.0	7316.8	1.2%
All Ordinaries	7616.5	7529.0	1.2%
Small Ordinaries	2889.0	2873.7	0.5%
S&P 500	4537.4	4534.9	0.1%
NASDAQ	14050.1	14063.3	-0.1%
FTSE 100	7692.8	7646.1	0.6%
Hang Seng	19639.1	18928.0	3.8%
Nikkei	32891.2	32490.5	1.2%

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

US equity markets were mixed this week, with the S&P 500 rising 0.1% and the NASDAQ falling -0.1%. Early gains were mostly wiped out after the Federal Reserve raised rates by another 0.25% despite seeing steady disinflation. The Nasdaq-100 underwent a special rebalance at the start of the week to prevent concentration in the index. The FTSE100 rose 0.6% on strong corporate earnings.

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

ASX Code	Company	Closing Price	Change*
SFR	Sandfire Resources	\$6.57	9.3%
TLX	Telix Pharmaceuticals	\$11.19	7.9%
IFL	Insignia Financial	\$2.96	7.6%
BPT	Beach Energy	\$1.60	7.4%
DHG	Domain Holdings	\$4.10	6.9%

*Prices as at 3.00PM on 28/07/2023

Sandfire Resources jumped 9.3% after posting a 13% increase in quarterly production at its MATSA Copper Operations. Sandfire's management also expect the group's total production to increase by 10% in FY24. Telix Pharmaceuticals rebounded 7.9% this week after revealing a 21% increase in revenue over the quarter. Insignia Financial climbed 7.6% after announcing a \$3.7 billion increase in funds under management and the sale of its IOOF investment bond business to Australian Unity. Beach Energy rose 7.4% on a 27% increase in quarterly revenue whilst Domain Holdings rose 6.9% despite no significant news being released by the company.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng gained 3.8% as the Chinese Government pledged further stimulus to support their economy whilst the Nikkei rose 1.2% ahead of the Bank of Japan's monetary policy meeting. The S&P/ASX 200 rose 1.2% over the week with market optimism boosted by another fall in inflation. Small caps underperformed both mid and large caps, only rising by 0.5%.

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

ASX Code	Company	Closing Price	Change*
CXO	Core Lithium	\$0.65	-29.5%
RRL	Regis Resources	\$1.72	-19.9%
LKE	Lake Resources NL	\$0.23	-16.4%
SYA	Sayona Mining	\$0.15	-16.0%
PPT	Perpetual	\$23.91	-10.1%

Lithium producers sold off this week, triggered by a fall in the lithium price. Core Lithium experienced the largest fall, down -29.5% after releasing production guidance for FY24 and FY25 which was below market expectations. Its peers Lake Resources and Sayona Mining fell -16.4% and -16.0% respectively. Regis Resources lost -19.9% after its fourth quarter update revealed increasing production costs over the quarter with management expecting these cost pressures to remain over FY24. Perpetual dropped -10.1% despite noting that its assets under management rose \$1.7 billion in its fourth quarter update.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
No upcoming dividends this week.				

Topic of the week

The Nasdaq-100 is the stock index that is comprised of the 100 largest stocks listed on the Nasdaq stock exchange. The Nasdaq-100 is usually reconstituted annually in December and rebalanced each quarter. However, the Nasdaq performed a special rebalance on the Nasdaq-100 with adjustments taking place before the market reopened on Monday, July 24. This was the third ever special rebalance of the Nasdaq-100, with the previous instances occurring in 1998 and 2011.

With the recent rally in technology shares, the Nasdaq-100, of which roughly half the constituent companies are in the Information Technology sector, has risen by 42% over the first half of the calendar year. However, most of the gains were driven by the seven largest companies in the index being Microsoft, Apple, NVIDIA, Amazon, Meta, Tesla, and Alphabet. The seven companies are nicknamed collectively the "Magnificent Seven" as they have continued to grow significantly faster than the other companies in the index. Since the Nasdaq 100 is weighted by market capitalisation, the seven stocks alone had grown to account for 56% of the entire index.

The rebalance is due to requirements set by the Securities and Exchange Commission (SEC) to prevent overconcentration. In the case of the Nasdaq 100 the special rebalancing occurs when the collective weight of all the companies with individual weights of at least 4.5% total more than 48% of the index. This threshold was reached on July 7 when Tesla reached a 4.5% weighting, along with Microsoft at 12.9%, Apple at 12.5%, Alphabet at 7.4%, Nvidia at 7% and Amazon at 6.9%, which combined formed 51% of the index. After a special rebalance, their total weighting will be reduced to 40%.

Other stocks have seen their weights increased in the index after the rebalance, including Starbucks and Mondelez. Broadcom benefitted the most from the special rebalance, with its weighting increasing by 0.6%. The rebalance also meant that funds that track the Nasdaq-100 have had to adjust their portfolios to match the index, creating additional selling pressure on the seven companies and buying pressure on companies with smaller weightings.

Since the rebalance, the Nasdaq has remained flat, hovering just below 15,500.

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	6.39%	6.99%	6.84%	6.45%	7.04%	6.94%
NAB	6.24%	6.54%	6.69%	6.59%	6.64%	6.79%
Macquarie	5.89%	6.29%	6.09%	6.09%	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 Reserve Bank of Australia (RBA) will release their quarterly Statement of Monetary Policy.
- The US Quarterly Reporting Season will continue with Uber, Paypal and Airbnb all expected to report.



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