

WEEKLY MARKET recap

31 July - 4 August 2023

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Highlights of the week

- The Reserve Bank of Australia (RBA) maintained the cash rate at 4.10% at its August meeting.
- The Labor Government reintroduced the \$10 billion Housing Australia Future Fund to Parliament.

Market Action

Sector	Returns % (excluding distributions)		
	4-Aug-23	28-Jul-23	Change (%)
S&P/ASX 200	7317.0	7404.0	-1.2%
All Ordinaries	7527.1	7616.5	-1.2%
Small Ordinaries	2846.5	2889.0	-1.5%
S&P 500	4501.9	4537.4	-0.8%
NASDAQ	13959.7	14050.1	-0.6%
FTSE 100	7529.2	7692.8	-2.1%
Hang Seng	19420.9	19639.1	-1.1%
Nikkei	32159.3	32891.2	-2.2%

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

US equity markets fell this week, with the S&P 500 and the NASDAQ falling -0.8% and -0.6% respectively with losses driven by the Utilities and Real Estate sectors. Markets were also impacted by Fitch downgrading the US Government's credit rating from AAA to AA+. The FTSE100 lost -2.1% with the Bank of England once again increasing rates, now at a 15 year high of 5.25%.

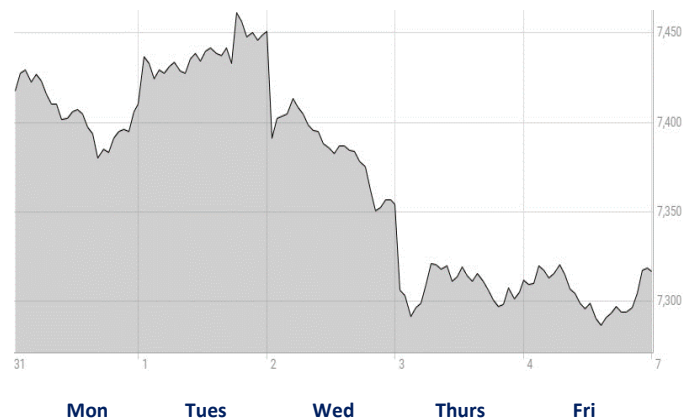
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
RPG	TPG Telecom	\$5.43	7.5%
NWS	News Corporation	\$30.82	6.0%
TWE	Treasury Wine Estates	\$11.72	4.0%
DMP	Domino's Pizza	\$50.17	3.2%
NHC	New Hope Corp.	\$5.51	3.1%

*Prices as at 3.00PM on 04/08/2023

TPG Telecom jumped 7.5% after receiving an indicative non-binding offer of approximately \$6.3 billion for its non-mobile fibre assets from telecommunications company Vocus Group. Vocus Group have been provided exclusive due diligence until September 6. News Corporation rose 6.0% as the company continued to buy-back its Nasdaq listed Class A and Class B common stock as part of its US\$1 billion repurchase program. New Hope Corporation lifted 3.1% whilst also continuing its own on-market buy-back. Treasury Wines and Domino's Pizza are up 4.0% and 3.2% respectively despite no significant news being released by either company.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng slipped -1.1% as markets await further economic stimulus whilst the Nikkei lost -2.2% after the Bank of Japan stated it would allow 'great flexibility' around its target range for 10-year government bond yields. The S&P/ASX 200 fell -1.2% with losses driven by the Utilities sector. Small caps underperformed both mid and large caps, falling by -1.5%.

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

ASX Code	Company	Closing Price	Change*
SLR	Silver Lake Resources	\$0.95	-17.8%
RRL	Regis Resources	\$1.60	-14.4%
CMM	Capricorn Metals	\$4.19	-13.2%
CCP	Credit Corp Group	\$20.04	-12.8%
LKE	Lake Resources NL	\$0.21	-12.5%

Gold producers, Silver Lake Resources, Regis Resources, and Capricorn Metals lost -17.8%, -14.4% and -13.2% respectively as the spot gold price fell. The gold price has been impacted by stronger than expected economic growth in the US. Credit Corp Group is down -12.8% after reporting a 5% fall in net profit for FY23. Lake Resources continued its fall over recent weeks, down -12.5% despite no recent significant news. The share price is still impacted by its last update in June, when management lowered expectations at its Kachi Lithium Project, from a projected production of 50,000 tonnes per annum in 2024 to 25,000 tonnes per annum in 2027.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
RIO	Rio Tinto Limited	10/08/2023	\$2.61	100%
AFI	Australian Foundation Investment Company	11/09/2023	\$0.14	100%

Topic of the week

On Tuesday, Fitch Ratings, one of the three major credit rating agencies, downgraded the US from their highest credit rating of AAA to AA+. Credit ratings are an assessment of credit risk which is the likelihood of a debtor being able to pay back their debt. The US may now have to pay higher borrowing costs to account for the perceived additional risk being undertaken by lenders.

Fitch's decision was attributed to a "steady deterioration" in governance with further fiscal deterioration expected over the next three years. Fitch referred to the recent debt ceiling crisis that was resolved at the last minute as well as the increasing political polarisation. The total amount of government debt has also continued to increase, impacted by tax cuts and new spending.

In response to the downgrade, US Treasury Secretary Janet Yellen described the change as "arbitrary and based on outdated data," with a similar view offered by the White House.

Among the other major credit rating agencies, Standard & Poor's made a similar cut to its rating of the US in 2011 whilst Moody's continues to maintain the US Government rating at its highest grade of Aaa. The only remaining countries with the highest credit rating across all three major credit agencies are Australia, Denmark, Germany, Luxembourg, Netherlands, Norway, Singapore, Sweden, and Switzerland.

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	6.34%	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 US Bureau of Labor Statistics will release its monthly Consumer Price Index, measuring inflation.
- The US Quarterly Reporting Season will continue with Eli Lilly, Walt Disney and AMC Entertainment all expected to report.



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