

# WEEKLY MARKET recap

14 – 18 August 2023

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## Highlights of the week

- US 10-year Treasury yields hit a 16-year high.
- The Commonwealth Bank's head of international economics, Joseph Capurso, warned that the Australian dollar could fall to US\$0.60 before the end of the calendar year.

## Market Action

Sector	Returns % (excluding distributions)		
	18-Aug-23	11-Aug-23	Change (%)
<b>S&amp;P/ASX 200</b>	7152.7	7339.5	-2.5%
<b>All Ordinaries</b>	7369.2	7553.6	-2.4%
<b>Small Ordinaries</b>	2805.7	2873.4	-2.4%
<b>S&amp;P 500 *</b>	4370.4	4468.8	-2.2%
<b>NASDAQ *</b>	13316.9	13738.0	-3.1%
<b>FTSE 100 *</b>	7310.2	7618.6	-4.0%
<b>Hang Seng *</b>	18326.6	19248.3	-4.8%
<b>Nikkei *</b>	31626.0	32473.7	-2.6%

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

US equity markets fell sharply this week with the S&P 500 and the NASDAQ falling -2.2% and -3.1% respectively on renewed fears that the Federal Reserve would leave rates higher for longer. The FTSE100 fell -4.0% despite the July UK inflation rate coming out in line with economist expectations at 6.8% for the prior 12-month period. UK inflation remains the highest amongst the G7 nations.

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

ASX Code	Company	Closing Price	Change*
ING	Inghams Group	\$3.37	19.9%
CAR	Carsales.com Limited	\$27.85	12.8%
GUD	GUD Holdings Limited	\$11.48	12.2%
COH	Cochlear Limited	\$261.63	11.2%
GMG	Goodman Group	\$22.23	9.6%

\*Prices as at 3.00PM on 18/08/2023

Inghams, Carsales.com, Cochlear, GUD Holdings and Goodman all rallied after reporting financial results that were better than market expectations. Inghams rallied 19.9% after reporting a 67.7% increase in net profit after tax (NPAT) on the prior corresponding period. Cochlear reported a 10% increase in underlying NPAT and guided for a further 16% to 23% increase in NPAT in Financial Year 2024 (FY24). Goodman reported a 16.6% increase in operating earnings per share, which was above recent guidance, with a further 9% in operating earnings per share growth expected in FY24.

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



The Hang Seng was the worst performing international market falling -4.8% as China's property market collapse continues to weigh on the economy and investor sentiment while the Nikkei declined by -2.6% as Japan's July inflation rate accelerated to 3.3%. The S&P/ASX 200 fell 2.5% as the ASX reporting season continued. Small caps ended the week down -2.4% in line with large cap stocks.

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

ASX Code	Company	Closing Price	Change*
CXO	Core Lithium Ltd	\$0.42	-25.6%
SYA	Sayona Mining Limited	\$0.12	-16.4%
DHG	Domain Holdings	\$3.56	-14.8%
IMU	Imugene Limited	\$0.08	-12.2%
PLS	Pilbara Minerals	\$4.73	-12.0%

Lithium miners Core Lithium, Sayona Mining and Pilbara Minerals all fell as the lithium price continued to fall, driven by weak demand, especially from China. Core lithium also completed a \$100 million capital raise with the proceeds to be used for further capital works and exploration. Domain Holdings declined after reporting financial results that missed market expectations with Financial Year 2023 revenue and earnings per share -6.5% and -32.4% lower than the prior corresponding period respectively. Imugene fell -12.2% following the completion of a \$35 million institutional capital raising.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
SDF	Steadfast Group Limited	21/08/2023	\$0.09	100%
CPU	Computershare Limited	22/08/2023	\$0.40	0%
DRR	Deterra Royalties Limited	22/08/2023	\$0.17	100%
AGL	AGL Energy Limited	23/08/2023	\$0.23	0%
AMP	AMP Group Limited	23/08/2023	\$0.03	20%
EDV	Endeavour Group Limited	24/08/2023	\$0.08	100%
JBH	JB Hi-Fi Limited	24/08/2023	\$1.15	100%
ARG	Argo Limited	25/08/2023	\$0.18	100%

## Topic of the week

The Argentinian Government moved to devalue the peso by 18% against the US dollar during the week. The new official rate was pegged at 350 peso per US dollar, up from 287 pesos per US dollar last week. Argentina is experiencing hyperinflation, with year-on-year inflation now well above 115% as a result of excessive money printing by the Government and Central Bank. There are reports that the Central Bank had been printing money to such an extent that they have had to outsource part of the production to Europe, Brazil and China.

The inflation has been one of the primary factors as to why the percentage of the Argentinian population who cannot afford food and basic services has risen from 30% in 2018 to 43% today. It is commonplace for middle-class workers, who have become accustomed to the inflationary cycle, to spend their entire salary

each week knowing that the funds would be worthless within 12 months if they did not.

The Government had until now resisted devaluing the peso on concerns it would lead to further inflation and reduce its popularity among voters, especially in the lead up to the October Presidential election.

Argentina highlights the significant impact inflation can have on an economy and society. The new Economy Minister has pledged to limit further money printing which has been welcomed by the International Monetary Fund which is preparing to release another tranche of the US\$44 billion aid package agreed to at the beginning of the calendar year.

## 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	6.44%	6.99%	6.84%	6.50%	7.04%	6.94%
NAB	6.34%	6.54%	6.69%	6.59%	6.64%	6.79%
Macquarie	5.89%	6.05%	5.85%	6.09%	6.19%	6.05%

\*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 Reporting Season will continue with BHP, Woodside, Woolworths and Ramsay Health Care all expected to report.
- The Australian Bureau of Statistics will release the latest data on the characteristics of Australia's labour force.



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