

WEEKLY MARKET recap

28 August – 1 September 2023



Highlights of the week

- The Voice Referendum has been confirmed to take place on October 14.
- The Australian year to year inflation rate has fallen to 4.9% in July, down from 5.4% in June.

Market Action

Sector	Returns % (excluding distributions)		
	1-Sep-23	25-Aug-23	Change (%)
S&P/ASX 200	7278.9	7107.2	2.4%
All Ordinaries	7490.1	7322.6	2.3%
Small Ordinaries	2845.2	2803.4	1.5%
S&P 500 *	4507.7	4376.3	3.0%
NASDAQ *	14035.0	13464.0	4.2%
FTSE 100 *	7439.1	7333.6	1.4%
Hang Seng *	18382.1	18212.2	0.9%
Nikkei *	32619.3	32287.2	1.0%

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

US equity markets rallied this week with the S&P 500 and the NASDAQ rising by 3.0% and 4.2% respectively following strong labour market data. US market gains were driven by the Materials and Information Technology sectors. The FTSE100 rose by 1.4%, booted by the British Retail Consortium noting that annual shop price inflation had fallen to its lowest level since October 2022.

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

ASX Code	Company	Closing Price	Change*
JLG	Johns Lyng Group	\$6.40	14.5%
SLR	Silver Lake Resources	\$0.96	11.2%
WES	Wesfarmers	\$54.03	9.3%
APE	Eagers Automotive	\$15.53	9.1%
HVN	Harvey Norman	\$4.10	8.8%

*Prices as at 3.00PM on 01/09/2023

Johns Lyng Group jumped 14.5% after reporting a 43% increase in revenue and a 64% increase in net profit after tax (NPAT) for FY23. Silver Lake Resources climbed 11.2% despite reporting a \$47 million fall in statutory profit after tax from FY22. Wesfarmers gained 9.3% after posting an 18.2% rise in revenue and a 4.8% rise in NPAT on the previous financial year. Eagers Automotive rose 9.1% after reporting record half year revenue and declaring a record interim dividend. Harvey Norman is up 8.8% despite reporting a 3.8% fall in revenue and a 33.5% fall in NPAT.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng closed 0.9% higher as the Chinese government halved stamp duty on stocks to stimulate its economy, whilst the Nikkei rose 1.0% despite Japanese factory activity falling. The S&P/ASX 200 rallied 2.4% on the falling Australian inflation rate, with gains led by the Consumer Discretionary sector. Small caps underperformed both mid and large caps, rising by only 1.5%.

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

ASX Code	Company	Closing Price	Change*
CHN	Chalice Mining	\$3.20	-36.5%
SYA	Sayona Mining	\$0.12	-11.5%
PPT	Perpetual	\$21.18	-9.2%
LKE	Lake Resources	\$0.22	-8.5%
PXA	Pexa Group	\$11.54	-8.3%

Chalice Mining crashed -36.5% after underwhelming scoping study results at its Gonneville Project. The study estimated that Chalice would start selling metals in 2029 and would pay back the cost of the mine in two years. Lithium companies, Sayona Mining and Lake Resources are down -11.5% and -8.5% respectively after a fall in the lithium price. Sayona Mining also announced the immediate exit of its CEO due to personal reasons. Perpetual continues to slide after reporting a -42% fall in NPAT compared to FY22, down -9.2% whilst Pexa is down -8.3% after recording a \$21.8 million loss for FY23.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
ALU	Altium Limited	4/09/2023	\$0.29	0%
BEN	Bendigo and Adelaide Bank Limited	4/09/2023	\$0.32	100%
BPT	Beach Energy Limited	4/09/2023	\$0.02	100%
FMG	Fortescue Metals Group Limited	4/09/2023	\$1.00	100%
IEL	IDP Education Limited	4/09/2023	\$0.20	17%
LIC	Lifestyle Communities Limited	4/09/2023	\$0.06	100%
NHF	NIB Holdings Limited	4/09/2023	\$0.15	100%
CTD	Corporate Travel Management Limited	5/09/2023	\$0.22	0%
NST	Northern Star Resources Limited	5/09/2023	\$0.16	0%
ORG	Origin Energy Limited	5/09/2023	\$0.20	100%
PLS	Pilbara Minerals Limited	5/09/2023	\$0.14	100%
VEA	Viva Energy Group Limited	5/09/2023	\$0.09	100%
AMC	Arcelor Mittal Plc	6/09/2023	\$0.19	0%
PME	Pro Medicus Limited	6/09/2023	\$0.17	100%
RHC	Ramsay Health Care Limited	6/09/2023	\$0.25	100%
SEK	Seek Limited	6/09/2023	\$0.23	100%
SHL	Sonic Healthcare Limited	6/09/2023	\$0.62	100%
ASX	ASX Limited	7/09/2023	\$1.12	100%
AUB	AUB Group Limited	7/09/2023	\$0.47	100%
BHP	BHP Group Limited	7/09/2023	\$1.25	100%
IFL	Insignia Financial Limited	7/09/2023	\$0.09	0%
MND	Monadelphous Group Limited	7/09/2023	\$0.25	100%
PPT	Perpetual Limited	7/09/2023	\$0.65	40%
RWC	Reliance Worldwide Corporation Limited	7/09/2023	\$0.08	0%
SUL	Super Retail Group Limited	7/09/2023	\$0.69	100%
MIN	Mineral Resources Limited	8/09/2023	\$0.70	100%
NEC	Nine Entertainment Co. Holdings Limited	8/09/2023	\$0.05	100%
WTC	Wisetech Global Limited	8/09/2023	\$0.08	100%

Topic of the week

Last week, the Federal Government released its Intergenerational Report for 2023. The report provides a “big picture view” of the Australian economy and the Federal budget for the next forty years. This was the sixth publication of the report, with previous iterations released in 2002, 2007, 2010, 2015 and 2021.

The key factors the government notes that will majorly influence the future of Australia’s economy are our ageing population and the subsequently increasing demand for care and support services, the increased use of digital and data technology to improve productivity, climate change and the transition towards net zero, as well as the increased geopolitical risk and fragmentation around the world.

In forty years’ time, the economy is expected to have grown at an average of 2.2% per year to become two and a half times larger than its current level with incomes projected to have risen by 50% over that period. Australia’s population is forecast to grow at 1.1%

per year to reach 40.5 million in 2063, driven by migration and an ageing population, as life expectancy increases. Due to the larger and ageing population, the participation rate is expected to fall gradually over the next forty years.

The budget is currently in surplus for the first time in 15 years but will face long term spending pressures in health and aged care, the National Disability Insurance Scheme, national defence, and debt interest payments. Together, spending on these pressures will equate to around half of all government spending. The government will need to change its revenue base to fund the spending, particularly as fuel and tobacco excise revenue is expected to fall. Tax receipts currently account for 92.5% of Australian Government revenue and are forecast to account for 93.9% by 2063. With the increased government spending forecast, future governments may need to introduce tax reforms to ensure the tax system remains fair and sustainable. The full report can be found online on the official Treasury website.

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	6.49%	6.54%	6.69%	6.59%	6.64%	6.79%
Macquarie	5.89%	6.15%	6.05%	6.09%	6.29%	6.19%

*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 will hold its next Board Meeting on Monetary Policy, having kept rates the same for two consecutive months.
- The Australian Bureau of Statistics will release the Monthly Household Spending Indicator. Last month’s data revealed the smallest growth in household spending since February 2021.