

Highlights of the week

- NATO has agreed to supply heavy weaponry to Ukraine as Russia concentrates its forces on the Luhansk and Donetsk Regions.
- The Australian Office of Financial Management intends to sell a new Government Bond next week with twice the return as an existing bond from December 2020.

Market Action

Equity Indices	Returns % (excluding distributions)		
	8-Apr-22	1-Apr-22	Change (%)
S&P/ASX 200	7478.0	7493.8	-0.2%
All Ordinaries	7772.0	7785.9	-0.2%
Small Ordinaries	3315.6	3346.9	-0.9%
S&P 500	4500.2	4530.4	-0.7%
NASDAQ	13897.3	14220.5	-2.3%
FTSE 100	7551.8	7515.7	0.5%
Hang Seng	21809.0	21996.9	-0.9%
Nikkei	26888.6	27821.4	-3.4%

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

The NASDAQ and the S&P 500 fell over the week as the US Federal Reserve is expected to begin reducing the size of their balance sheet.

The Hang Seng fell largely due to tech stocks facing a combination of rising rates, geopolitical tension in Russia and the Chinese Securities and Exchange Commission investigating US-listed Chinese

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

ASX Code	Company	Closing Price	Change
MNR	Mineral Resources Limited	\$61.19	16.09%
PDN	Paladin Energy Limited	\$0.91	14.56%
AKE	Allkem Limited	\$13.08	14.44%
PDL	Pendal Group Limited	\$5.31	14.19%
ILU	Iluka Resources Limited	\$12.45	10.27%

Prices as at 3.30PM on 08/04/2022

Paladin Energy rose with rising oil prices. Pendal Group's share price increased following a takeover proposal from fellow fund manager Perpetual Limited. Lithium Miners Allkem and Mineral Resources continued to rally after positive business and strategic updates. Iluka Resources share price increased following approval for a new rare earths refinery.

S&P/ASX 200 Index – 1 Week Performance



companies under the Holding Foreign Companies Accountable Act. The Nikkei was again the worst performing international market due to the Gas & Water and Transportation sectors.

The S&P/ASX 200 fell slightly over the week despite a small jump on Friday as materials and commodity prices increased.

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

ASX Code	Company	Closing Price	Change
PTM	Platinum Asset Management	\$1.91	-13.4%
PBH	Pointsbet Holdings Limited	\$3.28	-13.2%
360	Life360 Inc	\$5.14	-12.9%
TYR	Tyro Payments Limited	\$1.56	-11.3%
IEL	IDP Education Limited	\$28.19	-10.7%

Platinum Asset Management fell after disclosing their funds under management had fallen by \$222 million over the last month. Tech companies Life360, Tyro Payments and IDP Education fell in line with the sell-off in US tech shares after the Federal Reserve's announcement caused bond yields to jump. Pointsbet fell despite announcing their launch of operations in Canada.

Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Estimated Dividend Per Share	Franking
BKW	Brickworks Limited	11/04/2022	\$0.22	100%
SVW	Seven Group Holdings Limited	12/04/2022	\$0.23	100%
NHC	New Hope Corporation Limited	14/04/2022	\$0.30	100%

Topic of the week

The Australian Government Department of Industry, Science, Energy and Resources released the latest *Resources and Energy Quarterly* during the week which highlighted that Australia is a large beneficiary of the current 'commodity boom'. Australia's resources and energy exports for the 2022 Financial Year are now forecast to reach \$425 billion, a \$46 billion increase from the forecast made just three months ago. The recent increase was driven primarily by the Russian invasion of Ukraine which has resulted in coal and natural gas prices climbing to near record levels. The forecast for the 2023 Financial Year is for exports of \$370 billion, representing a significant fall from the 2022 Financial Year due to a lower iron ore price. Notably this is still a \$69 billion increase when compared with the forecast at the end of the 2021 December quarter.

The commodity boom can be linked to a combination of factors including increased demand as a result of the strong COVID-19 economic recovery as well as reduced supply due to the war in Ukraine. Supply has also been impacted by more restrained capital expenditure in recent years by the entire mining sector following the aftermath of the last commodity boom which ended in 2014. New oil and coal projects in particular have remained undeveloped as investors have required a higher return given the uncertainty about future demand. There is also the well understood increase in demand for 'green metals' and 'base metals' needed for the

renewable transition. These factors, among others, have led to the current demand and supply imbalance which has created the current commodity boom.

It is important to keep in mind that high commodity prices also sow the seeds for an eventual 'commodity bust'. Elevated prices often lead to less demand as commodity consumers reduce output or seek out less expensive substitutes. Supply also increases as projects that may have previously been uneconomic at lower prices begin to be developed with capital markets also more willing to fund new exploration. As new supply comes online, and demand falls, prices decline. As prices fall, commodity producers often increase output further to maintain previous profit levels. This inevitably results in the market being oversupplied and a commodity bust occurring.

Australia is well positioned to benefit from the current commodity boom. Coal and gas are among our largest exports, and although there will be a shift away from these commodities over the coming decades there will be a transition period. Australia is also rich in a number of commodities needed for the renewable transition which will present opportunities for investors. Investing in commodity companies can be very profitable but it is important to be mindful of the commodity cycle as when prices fall the entire sector will be impacted.

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	2.19%	3.44%	4.44%	2.49%	3.64%	4.54%
NAB	2.19%	3.59%	4.59%	2.79%	2.69%	4.69%
Macquarie	2.19%	3.79%	4.49%	2.39%	2.69%	4.69%

*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 will release the overseas arrivals and departures for February which will provide an insight into Australia's population growth as COVID-19 restrictions are eased.
- The US Bureau of Labor Statistics will release the latest Consumer Price Index reading which will provide an insight into the US consumer and their willingness to spend, especially as a result of the high petrol prices.

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