

## Highlights of the week

- US inflation has risen to 8.5% over the year, the main contributors being gas, shelter, and food prices. This increases the pressure on the Federal Reserve to increase interest rates.
- The Japanese Yen has fallen to a two-decade low as the Bank of Japan confirmed a commitment to its ultra-loose monetary policy.

## Market Action

Equity Indices	Returns % (excluding distributions)		
	14-Apr-22	8-Apr-22	Change (%)
<b>S&amp;P/ASX 200</b>	7519.2	7478.0	0.6%
<b>All Ordinaries</b>	7818.6	7772.0	0.6%
<b>Small Ordinaries</b>	3368.6	3315.6	1.6%
<b>S&amp;P 500</b>	4446.6	4500.2	-1.2%
<b>NASDAQ</b>	13643.6	13897.3	-1.8%
<b>FTSE 100</b>	7580.8	7551.8	0.4%
<b>Hang Seng</b>	21374.4	21809.0	-2.0%
<b>Nikkei</b>	26843.5	26888.6	-0.2%

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

The NASDAQ and the S&P 500 recovered slightly from a 3-day slide at the start of the week buoyed by gains in Consumer Services, Materials and Technology and positive corporate earnings results.

The Hang Seng fell over the week due to continued coronavirus lockdowns and the resulting supply-chain disruptions. The Nikkei rebounded from the drop caused by the fall in Yen earlier this week

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

ASX Code	Company	Closing Price	Change
<b>PDN</b>	Paladin Energy Ltd	\$0.97	24.52%
<b>RRL</b>	Regis Resources Ltd	\$2.40	20.75%
<b>GNC</b>	Graincorp Ltd	\$9.72	15.71%
<b>PRU</b>	Perseus Mining Ltd	\$1.98	13.75%
<b>NST</b>	Northern Star Resources Ltd	\$11.42	12.72%

Prices as at 3.30PM on 14/04/2022

Paladin Energy, Regis Resources, Perseus Mining and Northern Star Resources all rose with rising commodity prices, especially oil and gold prices. GrainCorp's share price increase came on the back of an upgrade in earnings forecast for FY22. Perseus Mining also released positive exploration results of high-grade gold further boosting its share price.

S&P/ASX 200 Index – 1 Week Performance



as investors purchased over sold stocks, led by marine transportation, mining and rubber product companies.

The S&P/ASX 200 rose slightly over the week on the back of continued gains from mining and energy companies and a jump in travel shares.

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

ASX Code	Company	Closing Price	Change
<b>Z1P</b>	Zip Co Ltd	\$1.24	-16.6%
<b>PTM</b>	Platinum Asset Management	\$1.86	-15.8%
<b>CCX</b>	City Chic Collective Ltd	\$2.97	-13.7%
<b>PLS</b>	Pilbara Minerals Ltd	\$2.96	-11.8%
<b>LTR</b>	Liontown Resources Ltd	\$1.66	-11.5%

Z1P's share price has fallen to a multi-year low with increasingly negative investor sentiment regarding buy now pay later companies. Platinum Asset Management continued to decline after outflows of \$222 million last month. Despite no significant news being announced, City Chic fell 13.7% over the week. Pilbara's share price also fell despite meeting its quarterly production guidance.

## Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Estimated Dividend Per Share	Franking
SOL	Washington H.Soul Pattinson and Co. Ltd	19/04/2022	\$0.29	100%

## Topic of the week

Australia's unemployment rate fell to 4.0% in February 2022, the lowest unemployment rate since August 2008 and only the third time in history that the unemployment rate has reached that level or below. The participation rate also increased to 66.4%, an all-time high. This equates to 13.372 million people in Australia being employed. The near record low unemployment rate has been driven primarily by the strong economic rebound following COVID-19 combined with the lower population growth due to Australia's borders having largely remained shut. The unemployment rate is expected to fall further in future periods but is not expected to reach the record low levels recorded in the 1960's where the unemployment rate reached 2%.

In April 2021, the Australian Government Treasury released an estimate for the Non-Accelerating Inflation Rate of Unemployment (NAIRU) of between 4.5% and 5.0%. The NAIRU is not directly observable but is estimated from historical data and econometric models, and is essentially the point at which the unemployment rate is expected to result in stable wage growth and inflation. If the unemployment rate is below the NAIRU then wage growth and

inflation is expected to rise over time and if the unemployment rate is above the NAIRU then wage growth and inflation is expected to decline over time. The current unemployment rate of 4.0% is below the estimated NAIRU and so this is expected to lead to higher wages and higher inflation in the economy, something that has not occurred for some time.

As a result, substantial inflation in the economy has become a concern for the first time in decades. Unlike other inflationary factors higher wages can result in a permanently higher levels of inflation. This is because of the inflationary cycle that can occur from employees demanding higher wages, resulting in business increasing prices to recoup higher labour costs, which in turn leads to employees demanding even higher wages. This same scenario is now playing out in economies around the world which is leading Central Banks to tighten monetary policy. As Central Banks tighten monetary policy by increasing interest rates and winding down quantitative easing programs, liquidity is being withdrawn from the financial system which is beginning to have an impact on financial markets.

## 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%	3.94%	4.64%	2.49%	4.14%	4.94%
NAB	2.19%	3.59%	4.59%	2.79%	3.69%	4.69%
Macquarie	2.19%	3.79%	4.49%	2.39%	3.99%	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 latest unemployment and workforce participating figures.
- The US Corporate Reporting Season continues with Bank of America, Tesla, Halliburton, American Express among the companies reporting.