

## Highlights of the week

- Australia's Consumer Price Index rose 5.1% over the March Quarter, 0.5% above forecasts.
- The USD has appreciated with the expectation of a rate rise and the AUD has fallen from a recent high of US\$0.76 to US\$0.71.

## Market Action

| Equity Indices          | Returns % (excluding distributions) |           |            |
|-------------------------|-------------------------------------|-----------|------------|
|                         | 29-Apr-22                           | 22-Apr-22 | Change (%) |
| <b>S&amp;P/ASX 200</b>  | 7423.5                              | 7473.3    | -0.7%      |
| <b>All Ordinaries</b>   | 7713.4                              | 7768.2    | -0.7%      |
| <b>Small Ordinaries</b> | 3293.0                              | 3345.9    | -1.6%      |
| <b>S&amp;P 500</b>      | 4287.5                              | 4393.7    | -2.4%      |
| <b>NASDAQ</b>           | 12871.5                             | 13174.7   | -2.3%      |
| <b>FTSE 100</b>         | 7509.2                              | 7628.0    | -1.6%      |
| <b>Hang Seng</b>        | 20276.2                             | 20682.2   | -2.0%      |
| <b>Nikkei</b>           | 26847.9                             | 27553.1   | -2.6%      |

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

The NASDAQ and the S&P 500 both declined after a tech sell-off early in the week. The sell-off was in response to impending interest rate rises and below expectation quarterly earnings reports from high profile companies like Alphabet and Microsoft.

The Hang Seng rallied after Chinese Premier Li Keqiang promised to stabilise employment but still ended the week down -2%. The Nikkei

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

| ASX Code   | Company                      | Closing Price | Change |
|------------|------------------------------|---------------|--------|
| <b>CCX</b> | City Chic Collective Limited | \$2.96        | 11.70% |
| <b>NIC</b> | Nickel Mines Limited         | \$1.31        | 7.35%  |
| <b>AMP</b> | AMP Limited                  | \$1.16        | 6.64%  |
| <b>ORA</b> | Orora Limited                | \$4.00        | 5.82%  |
| <b>AMC</b> | Arcelor Mittal               | \$16.93       | 5.75%  |

Prices as at 3.30PM on 29/04/2022

Nickel Mines rose this week after the Foreign Investment Review Board approved Shanghai Decent to increase its shareholding of the company. AMP gained 6.64% after confirming a deal to sell its international infrastructure business to Digital Bridge as City Chic and Orora were boosted by positive 1HFY22 earnings.

S&P/ASX 200 Index – 1 Week Performance



also rebounded towards the end of the week as gas and water, power and marine transport sectors rose.

The S&P/ASX 200 fell -0.7% over the week with Industrials, Consumer Discretionary, Utilities and Real Estate as the only sectors to end the week with positive returns. Technology was the worst performing sector falling -2.1%.

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

| ASX Code   | Company                       | Closing Price | Change |
|------------|-------------------------------|---------------|--------|
| <b>EML</b> | EML Payments Limited          | \$1.60        | -42.2% |
| <b>360</b> | Life360 Inc                   | \$4.02        | -22.8% |
| <b>MP1</b> | Megaport Limited              | \$8.62        | -13.9% |
| <b>SLR</b> | Silver Lake Resources Limited | \$1.86        | -13.3% |
| <b>NST</b> | Northern Star Resources Ltd   | \$9.84        | -12.3% |

EML Payments fell 42.2% this week after releasing their third quarter trading update including a downgrade in profit guidance. Life360 dropped after ceasing their plans to dual list in the US. Silver Lake and Northern Star share prices decreased in line with the gold price and the release of quarterly reports that revealed high production costs from labour shortages.

## Upcoming S&P/ASX 200 Dividend Dates

| ASX Code | Company                    | Estimated Dividend Ex-date | Estimated Dividend Per Share | Franking |
|----------|----------------------------|----------------------------|------------------------------|----------|
| BOQ      | Bank of Queensland Limited | 4/05/2022                  | \$0.22                       | 100%     |

## Topic of the week

The International Monetary Fund (IMF) recently released their latest 'World Economic Outlook' which included updated global economic growth projections. The IMF expects global economic growth to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023, a 0.8% and 0.2% lower growth rate respectively than what was forecast in January 2022. Beyond 2023 and over the medium term the global economy is expected to grow by 3.3% per annum.

The primary driver of the downgrade was the war in the Ukraine, with both the Ukraine and Russia's Gross Domestic Product (GDP) expected to decline significantly. The war has driven commodity prices higher which has increased and broadened existing price pressures around the world which could impact other countries. The IMF now projects inflation to reach 5.7% in advanced economies in 2022 and 8.7% in emerging and developing economies, a 1.8% and 2.8% increase from the projections made in January. Significantly, the above growth forecast also assumes that the conflict in Ukraine remains confined and that further economic sanctions on Russia exempt the energy sector.

The IMF highlighted there is an unusually high degree of uncertainty with their forecasts and risks were weighted to the downside due to concerns emanating from China due to their zero-COVID strategy and the possibility of a more virulent COVID-19 strain emerging. They also highlighted the risk of wider social tensions due to higher food and energy prices with the impact expected to differ country to country due to the varying trade links. The IMF noted the difficult policy trade-offs leaders currently face in safeguarding the economic recovery while taking steps to control inflation. The IMF also reiterated that global coordination continues to be needed to manage the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change and end the pandemic.

The report highlights the high degree of uncertainty in the current economic environment, however, crucially most countries outside of the Ukraine and Russia are still expected to grow over all forecast time periods. A clear resolution to the war in the Ukraine and lower inflation readings would do much to improve the current negative economic sentiment which is also currently impacting 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%                     | 4.09%                         | 5.09%                         | 2.79%               | 4.29%                   | 5.39%                   |
| 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 Reserve Bank of Australia (RBA) will hold its monthly interest rate Board Meeting. The Consumer Price Index (CPI) results for the March quarter have increased pressure for the RBA to raise interest rates.
- The US Corporate Reporting Season continues with Pfizer, Airbnb, Starbucks, Uber and Block Inc among the companies reporting.