

## Highlights of the week

- The Australian dollar reached a low of \$0.609USD, the lowest rate since July 2020.
- The Westpac-Melbourne Institute Index of Consumer Sentiment has revealed Australian consumer sentiment has fallen to August 2020 levels due to concerns of inflation and rising interest rates.

## Market Action

Equity Indices	Returns % (excluding distributions)		
	13-May-22	06-May-22	Change (%)
<b>S&amp;P/ASX 200</b>	7068.3	7203.0	-1.9%
<b>All Ordinaries</b>	7299.5	7464.2	-2.2%
<b>Small Ordinaries</b>	2998.0	3125.6	-4.1%
<b>S&amp;P 500</b>	3930.1	4146.9	-5.2%
<b>NASDAQ</b>	11371.0	12317.7	-7.7%
<b>FTSE 100</b>	7233.3	7503.3	-3.6%
<b>Hang Seng</b>	19380.3	20793.4	-6.8%
<b>Nikkei</b>	25748.7	26818.5	-4.0%

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

The S&P 500 and NASDAQ continued the slide from last week, finishing down -5.2% and -7.7% respectively for this week as the tech sell-off continued. Supply chain issues are expected to worsen as China re-emphasised its zero-COVID policy continuing to lockdown major cities like Shanghai, the location of the biggest port in the world.

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

ASX Code	Company	Closing Price	Change
<b>PNV</b>	Polynovo Limited	\$1.29	47.98%
<b>IPH</b>	IPH Limited	\$7.99	7.81%
<b>TPG</b>	TPG Telecom Limited	\$6.02	6.71%
<b>CDA</b>	Codan Limited	\$7.23	6.17%
<b>ING</b>	Inghams Group Limited	\$2.95	5.16%

Prices as at 3.30PM on 13/05/2022

Polynovo's price jump of 48.0% came after multiple on-market share purchases by its chairman, David Williams and other company directors. TPG rose 6.7% after announcing the sale of its mobile tower network and a network sharing deal with Telstra. IPH announced the extension of their on-market buyback whereas no significant news was released by Codan or Inghams Group.

S&P/ASX 200 Index – 1 Week Performance



The same issues impacted the Asian markets as the Hang Seng fell -6.8% and the Nikkei -4.0%. The FTSE 100 fell -3.6% for the week on the back of bond yield movements and falling commodity prices.

The S&P/ASX 200 rallied on Friday, recovering some of the losses from earlier this week. Healthcare was the best performing sector whilst Technology the worst performing.

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

ASX Code	Company	Closing Price	Change
<b>CHN</b>	Chalice Mining Limited	\$5.31	-26.1%
<b>NVX</b>	Novonix Limited	\$3.69	-26.0%
<b>SQ2</b>	Block Inc	\$114.58	-21.5%
<b>PDN</b>	Paladin Energy Limited	\$0.67	-19.4%
<b>LTR</b>	Liontown Resources Limited	\$1.21	-17.8%

Despite 12.3% and 3.1% jumps on Friday, Block and Novonix respectively ended the week down -21.5% and -26.0% following the global tech sell-off. Paladin Energy, Chalice Mining and Liontown Resources struggled this week as their respective commodities - uranium, gold and lithium all fell in price.

## Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Estimated Dividend Per Share	Franking
MQG	Macquarie Group Limited	16/05/2022	\$3.50	40%
PDL	Pendal Group Limited	19/05/2022	\$0.21	10%
VUK	Virgin Money UK	19/05/2022	\$0.04	0%
WBC	Westpac Banking Corporation	19/05/2022	\$0.61	100%

## Topic of the week

Over the last five years cryptocurrencies have been one of the biggest topics of interest. New cryptocurrencies continue to emerge with an estimated 10,000 active cryptocurrencies as of this year. Cryptocurrencies remain extremely volatile and have fallen recently in-line with equity markets as interest rate rises and tighter monetary policy come into effect.

This week, a stablecoin cryptocurrency called “Terra” and its corresponding token “LUNA” has taken the headlines after plummeting more than 95% over the course of a week. Luna was trading around USD\$86 on the 5<sup>th</sup> of May but has now fallen to USD\$0.45.

Stablecoins are a subset of cryptocurrency, where the price of the cryptocurrency is pegged to the price of other currencies or assets such as USD or gold. By pegging the price to another asset, stablecoins are intended to be less volatile than their peers, with

price fluctuations only occurring to follow price changes of the pegged asset.

Terra uses algorithms to mirror the USD, adjusting the supply and price of its token LUNA, so that each purchase of Terra can be swapped for US\$1 of LUNA and vice versa. However, the algorithms were unable to keep up with a sudden sell-off as large volumes of both Terra and Luna were sold. This created a vicious cycle as the prices continued to drop, eventually causing Terra to become de-pegged from the USD. The founder of Terra is now raising money to restabilize the coin.

This event emphasizes the regulatory risks of cryptocurrency as the lack of regulation is unable to protect stakeholders or prevent a collapse of the currency, even if the cryptocurrency is deemed “safer”. With this and other risks in mind, our recommendation regarding cryptocurrencies is to continue to avoid this speculative bubble.

## 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	2.44%	4.09%	5.09%	3.04%	4.29%	5.39%
Macquarie	2.44%	4.45%	5.05%	2.64%	4.65%	5.25%

\*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 (ABS) will release the latest update on Australia’s Labour Force.
- The ABS will also be releasing their third and final cycle of the monthly Household Impacts of COVID-19 Survey. Topics include financial stress, frequency of activities, changes in job status and the impact of COVID-19 on schooling and childcare.




1800 801 277


[aptwealth.com.au](http://aptwealth.com.au)  
[info@aptwealth.com.au](mailto:info@aptwealth.com.au)

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