

Highlights of the week

- The Reserve Bank of Australia (RBA) released their assessment of wage growth for the March quarter. Wages rose 0.7% during this period, below the forecasted growth of 0.8%.
- The unemployment rate in Australia is currently at 3.9%, the lowest it has been since 1974.

Market Action

Equity Indices	Returns % (excluding distributions)		
	20-May-22	13-May-22	Change (%)
S&P/ASX 200	7140.4	7068.3	1.0%
All Ordinaries	7385.9	7299.5	1.2%
Small Ordinaries	3049.0	2998.0	1.7%
S&P 500	3900.8	3930.1	-0.7%
NASDAQ	11388.5	11371.0	0.2%
FTSE 100	7302.7	7233.3	1.0%
Hang Seng	20120.7	19380.3	3.8%
Nikkei	26402.8	25748.7	2.5%

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

The S&P 500 and NASDAQ closed relatively flat over a volatile week, finishing down -0.7% and up 0.2% respectively as early gains were offset as the market succumbed to recession fears.

The FTSE 100 closed up 1%, as early gains from mining, industrial and banking stocks were reduced after news broke that the UK inflation rate was calculated to be 9%, the highest it has been since 1982.

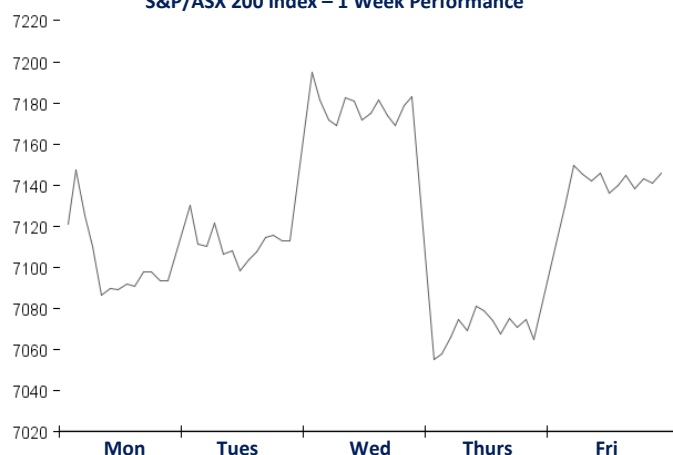
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change
CHN	Chalice Mining Limited	\$6.87	31.1%
SQ2	Block Inc.	\$127.69	27.8%
360	Life360 Inc.	\$3.88	26.4%
IMU	Imugene Limited	\$0.20	23.1%
AKE	Allkem Limited	\$13.10	22.4%

Prices as at 3.30PM on 20/05/2022

Chalice Mining jumped 31.1% after receiving final approval for drilling at Julimar Mine in WA. Technology stocks including Life360 and Block rebounded from the sell-off last week. Life360 also released a positive update whilst Block benefited from an investor presentation for its US listing. Imugene rose 23.1% for the week after it began clinical trials of its cancer-killing virus.

S&P/ASX 200 Index – 1 Week Performance



The Nikkei experienced a streak of four consecutive positive days to finish the week up 2.5% and the Hang Seng Index rose by 3.8% under optimism for the easing of lockdowns in China. The S&P/ASX 200 also rallied on this news as the Materials and Technology sectors recovered, ending the week up 1%. Both Consumer Staples and Consumer Discretionary shares struggled this week under continued inflation concerns and poor results from their US counterparts.

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

ASX Code	Company	Closing Price	Change
MTS	Metcash Limited	\$4.27	-9.1%
BLD	Boral Limited	\$2.97	-8.1%
NUF	Nufarm Limited	\$5.82	-7.2%
SGM	Sims Limited	\$17.18	-6.7%
REH	Reece Limited	\$15.42	-6.2%

Metcash and the rest of the Consumer Staples sector struggled this week due to inflation fears. Boral fell -8.1% after downgrading their earnings guidance due to unfavourable weather and high energy costs. Nufarm fell -7.2% despite a 61% jump in half-year profits, as the commentary implied weaker second-half results. Sims and Reece fell -6.7% and -6.2% respectively despite no significant news.

Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Estimated Dividend Per Share	Franking
AMC	Ancor PLC	24/05/2022	\$0.17	0%
CSR	CSR Limited	27/05/2022	\$0.18	100%

Topic of the week

China's ongoing city lockdowns due to their firm stance of a zero-COVID policy has been a major cause of market movements over recent weeks. The prolonged lockdowns have limited manufacturing and production in more than forty cities, with China's manufacturing activity for April 2022 falling to February 2020 levels. The reduced productivity has been compounded with travel restrictions and the consequential logistical issues, disrupting China's trade.

China is the world's largest exporter by value, exporting electrical and industrial machinery, furniture, plastics, motor vehicles, precision instruments and apparel. The main destinations of its exports are the US, Hong Kong, Japan, South Korea, Vietnam, and Germany. China is also the world's second largest importer, importing electrical and industrial machinery, oil and mineral fuels, ores and precious metals from South Korea, Japan, US, Australia, Germany, Brazil and more. Overall, this places China as the world's second largest economy after the US and with its economy intertwined across so many different countries and industries, it is clear how much of an impact the lockdowns have had on global supply chains and commodity prices.

The current COVID crisis in China began in March this year, with initial cases appearing in Shanghai. To prevent a complete outbreak, the government gradually introduced several increasingly harsher restrictions from limiting transport into and out of the city and mass COVID testing to stay-at-home orders and preventing movement

between various zones of the city. Shanghai, which holds the world's largest port, has now been in lockdown for almost two months whilst Beijing, the capital and second largest city, has endured lockdown for over two weeks.

With more than 70,000 foreign companies with assets in Shanghai, the current situation has caused a significant effect on global equity markets. Tesla for example has had to suspend production at its Shanghai plant due to supply issues. The Government's reiteration of their zero-COVID policy caused a slide in global markets earlier this month whilst only last week, a commodity sell-off occurred from the reduced demand as further restrictions were imposed in Shanghai and Beijing. Iron ore and oil prices were heavily impacted by the sell-off with industrial metals and gold also declining, subsequently causing a share price fall in all related companies.

Equity markets and commodity prices have seen a recovery late this week as Shanghai hit three consecutive days of no new COVID cases and announced that they would look to ease restrictions for businesses and ports. However, despite the new optimism, markets may continue to experience volatility until China changes its COVID policy to prevent successive lockdowns.

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	2.44%	3.94%	4.64%	2.74%	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 monthly household spending indicator.
- The US Federal Reserve will release their recent meeting minutes, potentially providing guidance on future interest rate hikes.




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