

Highlights of the week

- The US Federal Reserve has raised the US interest rate by 0.75%
- The Fair Work Commission has made the decision to raise the minimum wage by 5.2%. The new minimum wage is now \$21.38 per hour and will come into effect on the 1st of July.

Market Action

Equity Indices	Returns % (excluding distributions)		
	17-Jun-22	10-Jun-22	Change (%)
S&P/ASX 200	6470.0	6935.9	-6.7%
All Ordinaries	6658.4	7148.2	-6.9%
Small Ordinaries	2666.5	2856.0	-6.6%
S&P 500	3666.8	4017.8	-8.7%
NASDAQ	10646.1	11754.2	-9.4%
FTSE 100	7045.0	7476.2	-5.8%
Hang Seng	20845.4	21869.1	-4.7%
Nikkei	26431.2	28246.5	-6.4%

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

The S&P 500 and NASDAQ closed this week down -8.7% and -9.4% respectively as recession fears worsened. Energy and Utilities sectors were the worst impacted as they fell to November 2020 levels. The FTSE 100 ended the week down -5.8% after the Bank of England raised interest rates to a 13 year high of 1.25%.

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

ASX Code	Company	Closing Price	Change
PNV	Polynovo Ltd	\$1.35	15.1%
EML	EML Payments Ltd	\$1.42	6.0%
EVN	Evolution Mining Ltd	\$3.72	3.9%
NCM	Newcrest Mining Ltd	\$24.65	3.8%
RMS	Ramelius Resources Ltd	\$1.21	2.7%

Prices as at 3.30PM on 17/06/2022

Polynovo rose 15.1% despite market conditions, likely due to investor confidence after a series of purchases from directors over the last month. Evolution Mining, Newcrest Mining and Ramelius Resources all benefited from a slight jump in gold prices as investors look towards gold and its producers as a hedge against a recession. They managed to avoid the market volatility, ending the week up 3.9%, 3.8% and 2.7% respectively.

S&P/ASX 200 Index – 1 Week Performance



The Nikkei fell -6.4% as the Yen reached 20-year lows whilst the Hang Seng fell -4.7% following new Covid outbreaks in China. The S&P/ASX 200 was no exception, declining -6.7% led by falls in the Energy, Materials and Technology sectors.

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

ASX Code	Company	Closing Price	Change
SQ2	Block Inc.	\$81.86	-29.6%
GUD	GUD Holdings Limited	\$7.76	-28.6%
NVX	Novonix Limited	\$2.50	-22.4%
SGM	Sims Limited	\$14.50	-21.4%
LNK	Link Administration Holdings	\$3.36	-21.3%

Block Inc slid -29.6% as the market sold off growth and technology shares as recession fears grow. GUD Holdings fell -28.6% after downgrading their profit guidance due to supply chain issues. Novonix declined by -22.4% as a major shareholder sold 7.6 million shares. Sims' share price fell -21.4% after settling a class action for \$29.5 million whilst Link's share price fell -21.3% as the ACCC raised competition concerns over the takeover proposal by Dye & Durham.

Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share	Franking (%)
PMV	Premier Investments Limited	21/06/2022	\$0.46	100%
FPH	Fisher & Paykel Healthcare Limited	22/06/2022	\$0.20	0%

Topic of the week

On Wednesday this week, the energy crisis reached new heights as the Australian Energy Market Operator (AEMO) suspended the spot electricity market to ensure the supply of electricity. Whilst the AEMO has suspended the market in individual states before, this was the first time the electricity spot market has been suspended completely across all states.

Energy prices have been rising since last year as countries began to ease Covid restrictions and demand began to increase. This was compounded by sanctions that were placed on Russian oil and gas exports following the start of their conflict with Ukraine. With Russia being one of the world's top oil producers and the second largest producer of natural gas, the sanctions caused significant strain on supply. Coal has been another source of issues as the recent flooding has dampened supply whilst the advocacy for companies to transition to renewable energy has led to the unwinding of maintenance programs in coal plants with 25% of coal generation capacity now offline despite the crisis. With the coldest Winter

temperatures in decades for some parts of the east coast, these factors have led to the jump in energy prices.

On Sunday, the AEMO capped the price of electricity in Queensland at \$300/MWh with other states following soon after. However, due to high coal and gas prices, many generators would be running at a loss and began to withdraw plants. Alinta Energy noted that with gas prices set to \$40 a gigajoule, a price of \$440 per MWh would only be able to cover the cost to generate the electricity without accounting for the costs of wear and tear, staff, and more. The AEMO then confirmed that generators would be compensated for the losses, but the compensation scheme remained unclear to generators.

Now that the market is suspended, AEMO will take control of the energy supply, operating it by directing generators with when to produce power and where to send it. The suspension of the energy market will be reviewed daily by the AEMO until they are confident that generators will bid on the market.

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%	4.54%	5.44%	2.74%	4.64%	5.64%
NAB	2.44%	4.69%	5.59%	3.04%	4.94%	5.69%
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 Reserve Bank of Australia (RBA) will release the minutes of the latest Monetary Policy Meeting.
- The Australian Bureau of Statistics (ABS) will release the latest survey on Business Conditions and Sentiments, providing insight into the impact of increased costs of business, higher interest rates and potential price increases for goods and services.




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