

## Weekly Market Recap

20 – 24 June 2022

## Highlights of the week

China has introduced price caps on coal to avoid power outages, mirroring the current energy crisis in Australia

The inflation rate in the UK has reached 9.1% driven by increasing prices for food, beverages, electricity, gas, fuel and second-hand cars.

## Market Action

Equity Indices	Price Returns %		
	24-Jun-22	17-Jun-22	Change (%)
S&P/ASX 200	6576.4	6470.0	1.6%
All Ordinaries	6759.8	6658.4	1.5%
Small Ordinaries	2695.7	2666.5	1.1%
S&P 500 *	3795.7	3666.8	3.5%
NASDAQ *	11232.2	10646.1	5.5%
FTSE 100 *	7020.5	7045.0	-0.3%
Hang Seng	21273.9	20845.4	2.1%
Nikkei	26171.3	26431.2	-1.0%

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

US equity markets rallied with the S&P 500 and NASDAQ closing 3.5% and 5.5% higher respectively as the indices recovered from last week's sell off. The Healthcare, Utilities and Real Estate sectors led the way, each rising by more than 5%. The FTSE100 ended the week flat after the UK recorded a record high inflation rate of 9.1%.

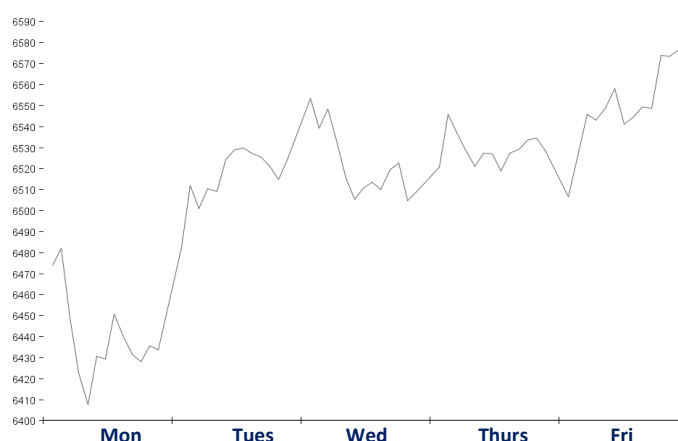
## S&amp;P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change
PBH	Pointsbet Holdings Limited	\$2.48	21.6%
IRE	IRESS Limited	\$11.65	18.8%
TLX	Telix Pharmaceuticals Ltd	\$4.62	18.5%
CUV	Clinuvel Pharmaceuticals Ltd	\$16.38	17.4%
REA	REA Group Limited	\$113.85	17.3%

Prices as at 3.30PM on 24/06/2022

Pointsbet Holdings rose 21.6% after completing a \$94.16 million placement to SIG Sport. IRESS rose 18.8% after a new substantial shareholder acquired a 5.02% stake in the company. Telix Pharmaceuticals rose 18.5% after announcing a new distribution agreement whilst Clinuvel Pharmaceuticals rose 17.4% following the release of a positive newsletter. REA Group climbed 17.3% despite no significant news.

S&amp;P/ASX 200 Index – 1 Week Performance



The S&P/ASX 200 also rebounded but to a lesser degree, ending the week up 1.6%. Large gains made by the Real Estate, Technology and Health Care sectors were partially offset by falls in the Energy and Materials sectors as commodity prices declined due to increased concerns about China's economic outlook.

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

ASX Code	Company	Closing Price	Change
LKE	Lake Resources NL	\$0.80	-52.1%
SBM	St Barbara Limited	\$0.85	-25.4%
CXO	Core Lithium Limited	\$0.91	-24.8%
CIA	Champion Iron Limited	\$5.14	-19.9%
GUD	GUD Holdings Limited	\$7.98	-17.0%

Lithium producers Lake Resources and Core Lithium experienced a large sell-off as recession fears sparked concerns that lithium demand could fall. Lake Resources' Managing Director also sold 10.2 million shares after announcing his resignation. St Barbara fell -25.4% after announcing a strategic review. Champion Iron fell -19.9%, in line with the iron ore price as China's zero Covid policy is expected to reduce China's steel demand as factory activity falls.

## Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Estimated Dividend Per Share	Franking
ARF	Arena REIT	29/06/2022	\$0.04	0%
BWP	BWP Trust	29/06/2022	\$0.09	0%
CHC	Charter Hall Group	29/06/2022	\$0.20	45%
CIP	Centuria Industrial REIT	29/06/2022	\$0.04	0%
CNI	Centuria Capital Group	29/06/2022	\$0.06	16%
DXS	Dexus	29/06/2022	\$0.25	0%
GMG	Goodman Group	29/06/2022	\$0.15	0%
HDN	HomeCo Daily Needs REIT	29/06/2022	\$0.02	0%
MGR	Mirvac Group	29/06/2022	\$0.05	0%
SCP	Shopping Centres Australasia Property Group	29/06/2022	\$0.08	0%
SGP	Stockland	29/06/2022	\$0.15	0%

## Topic of the week

On Tuesday this week, the NSW Treasurer Matt Kean released the state budget for the coming year, as did his Queensland counterpart, Cameron Dick. The NSW Budget is forecasted to return to a surplus of \$0.6 billion in 2024-2025 whilst Queensland expects to maintain its net operating surplus as revenue is projected to outgrow expenses. Both budgets have highlighted the need to alleviate the growing cost of living, increase economic activity and make upgrades to infrastructure. We have highlighted some of the more notable spending from each budget below.

To tackle housing affordability in NSW, First Home Buyers will be able to replace stamp duty with an annual land tax from early next year. Eligible homes will need to be under \$1.5 million and the annual land tax will be \$400 plus 0.3% of the land value per year. This option comes in addition to the previously announced shared equity scheme. The shared equity scheme allows eligible buyers to purchase a home with a minimum deposit of 2% without lenders mortgage insurance (LMI). The NSW government would then contribute a proportion of the property price for the equivalent ownership percentage.

NSW families will also benefit from the new budget with each expected to receive \$150 per schoolchild. Additionally, \$1.4 billion will be used to help parents with sending their children to day care. New parents will also be guaranteed at least 14 weeks of parental leave.

A further \$112.7 billion has been allocated for infrastructure investment in NSW over the next four years which includes \$600

million for the Parramatta Light Rail, \$60 million for a pathway between Parramatta and Circular Quay and \$95 million to upgrade the train line between Sydney and Newcastle.

To combat the rising cost of living, the Queensland budget includes a \$175 rebate per household for electricity bills. A total of \$6.8 billion is allocated to concessions for individuals, families, and businesses including \$2.1 billion in transportation concessions and \$1.3 billion in energy concessions.

The Queensland healthcare system will be a large beneficiary of the new budget with \$23.6 billion allocated to build five new hospitals, hire over 9,000 hospital staff by October 2024, expand existing hospitals to facilitate over 2,200 additional beds and more. \$1.64 billion will also be invested into mental health over the next five years, funding community care and crisis support.

Queensland's infrastructure spending over the next four years will be a record \$29.7 billion and create 25,200 direct jobs. Upgrades include work on the M1, Bruce Highway and a new highway named the Coomera Connector between Logan and the Gold Coast. Other projects include the Cross River Rail and the next stage of the Gold Coast Light Rail.

As both states emerge from the COVID pandemic and following recent flooding, recovery works have consumed some of the spending allocation. Ultimately, the budget position may change over time with uncertainties surrounding labour force participation, house prices and more.

## 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	2.94%	4.54%	5.44%	3.24%	4.64%	5.64%
NAB	2.94%	4.69%	5.59%	3.54%	4.94%	5.69%
Macquarie	2.94%	4.45%	5.05%	3.14%	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 their index of commodity prices for June. This should provide insight into the effect of the recent fall in most commodities, especially iron ore.
- The Australian Bureau of Statistics (ABS) will release the results from the 2021 Census.




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