

## Highlights of the week

- The Reserve Bank of Australia (RBA) raised the cash rate by a further 0.5% to 1.35%.
- British Prime Minister Boris Johnson has resigned, now serving as a caretaker Prime Minister until a successor is elected.

## Market Action

Equity Indices	Returns % (excluding distributions)		
	8-Jul-22	1-Jul-22	Change (%)
S&P/ASX 200	6678.6	6539.9	2.1%
All Ordinaries	6876.8	6720.4	2.3%
Small Ordinaries	2767.0	2664.8	3.8%
S&P 500	3902.6	3785.4	3.1%
NASDAQ	11621.4	11028.7	5.4%
FTSE 100	7189.1	7169.3	0.3%
Hang Seng	21643.6	21859.8	-1.0%
Nikkei	26490.5	26393.0	0.4%

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

The S&P 500 and NASDAQ jumped up by 3.1% and 5.4% respectively this week. Technology, Consumer Discretionary and Communication Services sectors led the gains whilst Energy and Utilities were the main detractors. The FTSE 100 remained flat this week, after a small bounce following PM Boris Johnson's resignation.

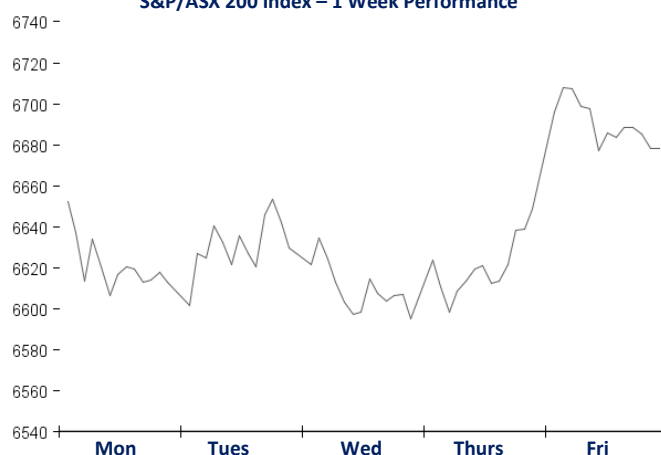
### S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change
360	Life360 Inc	\$4.15	46.1%
IMU	Imugene Limited	\$0.23	28.9%
ZIP	Zip Co Limited	\$0.54	22.7%
TLX	Telix Pharmaceuticals	\$5.47	20.8%
MP1	Megaport Limited	\$6.56	20.4%

Prices as at 3.30PM on 08/07/2022

Imugene continues to rise after its positive trial results last week and now the appointment of a new executive director. Zip had bounced back this week, up 22.7% despite the interest rate hike. The tech sector has rebounded this week with Megaport and Life360 having risen 20.4% and 46.1% this week despite no significant news. Telix also ended the week 20.8% higher despite no price sensitive announcements.

S&P/ASX 200 Index – 1 Week Performance



The Hang Seng declined -1.0% as Covid cases continue to rise in China whilst the Nikkei rose by 0.4% with renewed demand for technology stocks. The S&P/ASX 200 rose 2.1% this week led by the Technology sector's gain of 7.1% followed by Consumer Discretionary at 5.75% and Healthcare at 5.36%. Materials was the only sector to fall this week, down -0.8%.

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

ASX Code	Company	Closing Price	Change
CRN	Coronado Global Resources	\$1.50	-9.4%
GNC	Graincorp Limited	\$8.69	-8.6%
ORA	Orora Limited	\$3.35	-8.4%
MFG	Magellan Financial Group	\$11.87	-7.8%
LKE	Lake Resources NL	\$0.73	-7.0%

Graincorp fell -8.6% this week after going ex-dividend, with shareholders receiving a full franked 24c dividend per share. Magellan declined by -7.8% after they disclosed a net outflow of \$5.2 billion in FUM over the June quarter. Coronado Global dropped by -9.4% despite announcing an extension to their Curragh Mine contract. Orora and Lake Resources fell -8.4% and -7.0% respectively this week despite no significant news.

## Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share	Franking (%)
MTS	Metcash Limited	12/07/2022	\$0.11	100%

## Topic of the week

During the week the Australian Government Department of Industry, Science and Resources released the 'Resources and Energy Quarterly' which provides an insight into Australia's resources export earnings and includes forecasts for individual commodities.

The report highlighted that Australia's resources export earnings are expected to reach \$405 billion for the 2022 Financial Year, increase to \$419 billion in the 2023 Financial Year before declining to \$338 billion in the 2024 Financial Year as the current elevated demand for commodities moderates. The Australian resource sector has been a large beneficiary of the war in the Ukraine due to the resulting increase in energy and base metal prices while the slowdown in China has supported iron ore prices as the Chinese Government uses stimulus spending to support economic growth. The elevated prices for key commodities have offset the decrease in production volumes which was primarily due to disruptions related to recent heavy rainfall and flooding.

Iron ore remained the largest export by value, however, coal alongside natural gas were the primary drivers for the increased

resource export earnings in the 2022 Financial Year. Australian metallurgical coal prices are at record highs, as sanctions on Russian exports and bad weather in Australia and COVID-19 workforce impacts hit supply. Thermal coal prices are also at record levels driven by the rebound in economic activity following COVID-19 and weather-related problems adding to the loss of some Russian supply from world markets. Demand for thermal coal is also likely to remain elevated with Germany, Netherlands, Austria and Poland having all announced they would be increasing the use of coal-powered fire stations to replace gas-fired power stations reliant on Russian natural gas.

The resource sector is by far the largest component of Australia's exports and has flow on impacts to other sectors, State and Federal Government budgets and the strength of the Australian dollar. If the forecasts are correct, and Australia's primary exports of iron ore, natural gas and coal are all expected to see price declines over the next 18 to 24 months, then this will act as headwind to Australia's economic growth.

## 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 Australian Bureau of Statistics (ABS) will release the latest Labour Force statistics. Early estimates indicate 25,000 new jobs were added in June.
- The US. Bureau of Labor Statistics (LBS) will release the latest Consumer Price Index.




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