

## Highlights of the week

- The Reserve Bank of Australia raised the official interest rate by another 0.5% to 1.85%.
- Speaker of the US House of Representatives, Nancy Pelosi, has visited Taiwan this week amid criticism and raised tensions between the US and China.

## Market Action

Equity Indices	Returns % (excluding distributions)		
	5-Aug-22	29-Jul -22	Change (%)
<b>S&amp;P/ASX 200</b>	7013.7	6961.6	0.7%
<b>All Ordinaries</b>	7248.2	7189.0	0.8%
<b>Small Ordinaries</b>	3013.5	2961.4	1.8%
<b>S&amp;P 500</b>	4155.2	4072.4	2.0%
<b>NASDAQ</b>	12668.2	12162.6	4.2%
<b>FTSE 100</b>	7445.7	7345.3	1.4%
<b>Hang Seng</b>	20174.0	20622.7	-2.2%
<b>Nikkei</b>	27932.2	27815.5	0.4%

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

The S&P 500 and NASDAQ climbed 2.0% and 4.2% respectively as the Technology sector rallied. Amazon, Apple, Alphabet and Microsoft all made large gains after positive revenue reporting. The FTSE 100 has risen 1.4% as the Bank of England increased interest rates by 0.5%, their largest rate hike since 1995.

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

ASX Code	Company	Closing Price	Change
<b>SBM</b>	St Barbara Limited	\$1.24	20.5%
<b>LKE</b>	Lake Resources NL	\$0.93	19.4%
<b>EML</b>	EML Payments Limited	\$1.15	18.6%
<b>LTR</b>	Liontown Resources Limited	\$1.50	17.8%
<b>A2M</b>	The A2 Milk Company	\$5.08	15.3%

Prices as at 3.30PM on 05/08/2022

Gold producer St Barbara rallied 20.5% as the gold price continues to rise for the third straight week. Lithium companies Lake Resources and Liontown Resources rose 19.4% and 17.8% respectively following strong quarterly reporting and an increase in lithium demand growth expectations. EML Payments recovered by 18.6% as management responded to an ASX query regarding an update on its Irish subsidiary. A2 Milk jumped 15.3% as the company nears approval from the FDA to sell baby formula in the US.

S&P/ASX 200 Index – 1 Week Performance



The Hang Seng fell -2.2% as Hong Kong's economy shrunk by 1.1% more than expectation, whilst the Nikkei remained flat for the week. The S&P/ASX 200 rose 0.7% led by the Technology and Communication sectors whilst Energy and Real Estate were the only two sectors to have declined over the week.

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

ASX Code	Company	Closing Price	Change
<b>ZIP</b>	Zip Co Limited	\$1.25	-18.1%
<b>UMG</b>	United Malt Group Limited	\$3.18	-12.8%
<b>BRN</b>	Brainchip Limited	\$1.13	-11.4%
<b>MP1</b>	Megaport Limited	\$8.50	-8.8%
<b>GNC</b>	Graincorp Limited	\$7.66	-7.9%

United Malt Group fell -12.8% after downgrading their profit guidance due to the unexpectedly high cost of energy, poor quality of barley, and delays in shipments. Brainchip is down -11.4% this week, continuing to fall since their financial update last week. Megaport declined by -8.8% as investors wait for FY22 results and presentation on Monday, 9 August. Graincorp declined -7.9% as commodity prices fell over the week.

## Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share	Franking (%)
AFI	Australian Foundation Investment Company	11/08/2022	\$0.14	100%
RIO	Rio Tinto Limited	11/08/2022	\$3.84	100%

## Topic of the week

The Organization of the Petroleum Exporting Countries (OPEC) held its 31<sup>st</sup> OPEC+ Ministerial Meeting on the 3<sup>rd</sup> of August. The OPEC is an intergovernmental organisation of originally five oil-producing developing countries in 1960 as they sought to set crude oil prices and align policies. The number of member nations has since grown to 13 and together have also formed an alliance with a further 10 non-OPEC nations known together as the OPEC+. Together, the OPEC+ produce around 40% of the world's crude oil supply and meet regularly to adjust the supply and price of oil.

In 2020, as the Covid pandemic forced countries to go into lockdown, the demand for crude oil fell drastically and the price followed. The crude oil price even became negative in April as producers began to offer payment for purchasing oil as their storage began to fill. In response, OPEC+ reduced production by 10 million barrels to restore the price by limiting supply. The oil demand has

recovered in the past two years, but oil production is still down 2 million barrels per day from pre-pandemic levels despite reaching record prices. The Russia and Ukraine conflict exacerbated the price jump as Western countries placed embargos on Russian exports.

The high crude oil prices have become a major factor in the stubborn inflation rates that plagues most of the world. UK Prime Minister Boris Johnson tried to persuade OPEC+ to increase production during his visit to Saudi Arabia in March 2022, as has US President Joe Biden during his trip to the Middle East two weeks ago.

Despite the pleas to raise crude oil prices, the OPEC+ has decided at its Ministerial Meeting to only increase its production by 100,000 barrels a day, the smallest increase the group has agreed upon. Any further production increases will have to wait until September 5, when the OPEC+ will hold its next meeting.

## 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	3.29%	5.94%	6.84%	3.59%	6.04%	7.04%
NAB	3.44%	5.84%	6.64%	4.04%	5.84%	6.79%
Macquarie	3.24%	5.85%	6.15%	3.49%	6.05%	6.35%

\*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 US Bureau of Labor Statistics will release the latest Consumer Price Index, providing the latest inflation rate which is expected to have risen by 0.6%

The Australian Corporate Reporting Season will continue with Commonwealth Bank, AMP, IAG and Resmed expected to release results.