

Weekly Market Recap

15 – 19 August 2022

Highlights of the week

- Former PM Scott Morrison is under controversy for secretly appointing himself to five ministries whilst he was Prime Minister.
- Oil prices reached a six-month low this week following discussions to revive an Iran Nuclear deal that could increase oil supply.

Market Action

Equity Indices	Returns % (excluding distributions)		
	19-Aug-22	12-Aug-22	Change (%)
S&P/ASX 200	7113.8	7027.1	1.2%
All Ordinaries	7357.9	7283.4	1.0%
Small Ordinaries	3023.9	3050.1	-0.9%
S&P 500 *	4283.7	4207.3	1.8%
NASDAQ *	12965.3	12779.9	1.5%
FTSE 100 *	7541.9	7465.9	1.0%
Hang Seng	19763.9	20082.4	-1.6%
Nikkei	28492.1	27819.3	2.4%

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

US equity markets rallied with the S&P500 and NASDAQ closing 1.8% and 1.5% higher respectively. Consumer Discretionary and Tech shares rallied early in the week whereas Energy shares rallied toward the end. Nine out of the eleven S&P500 shares finished strongly. The FTSE100 closed the week up 1% despite CPI inflation reaching 10.1%.

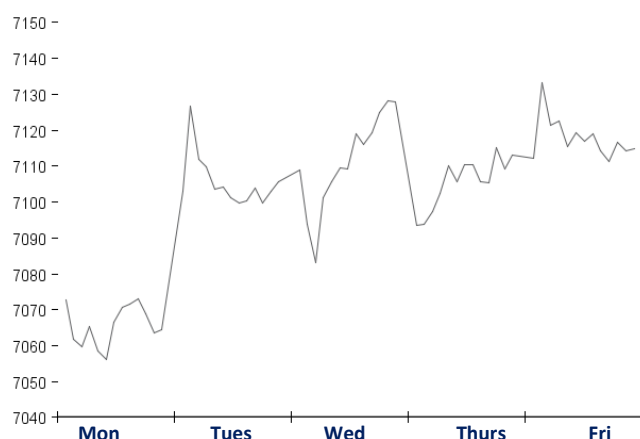
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change
IPH	IPH Limited	\$9.95	17.9%
NHC	New Hope Corporation	\$4.93	15.5%
WHC	Whitehaven Coal Limited	\$7.32	13.5%
BXB	Brambles Limited	\$12.99	12.2%
UMG	United Malt Group limited	\$3.50	8.4%

Prices as at 3.00PM on 19/08/2022

IPH Limited jumped 17.9% this week following FY22 results and the acquisition of Smarter & Biggar, a Canadian IP firm. Coal producers New Hope and Whitehaven Coal rose 15.5% and 13.5% respectively as coal prices rose with European demand, where natural gas prices hit record highs due to a lack of supply. Brambles increased 12.2% after reporting FY22 results including a 9% increase in revenue and a 23% increase in earnings per share. United Malt Group rose 8.4% this week despite no significant news being announced.

S&P/ASX 200 Index – 1 Week Performance



The Nikkei closed at 29,000 points for the first time since January but declined the next day to end the week up 2.4%. The Hang Seng fell -1.6% over Chinese economic growth concerns, especially in the Real Estate Sector. The S&P/ASX 200 rose 1.2% led by the Consumer Staples and Materials sectors as reporting season continues.

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

ASX Code	Company	Closing Price	Change
LKE	Lake Resources NL	\$1.21	-24.3%
NVX	Novonix Limited	\$2.52	-22.6%
TLX	Telix Pharmaceuticals Limited	\$6.29	-22.0%
ZIP	Zip Co Limited	\$1.03	-18.3%
PBH	Pointsbet Holdings Limited	\$3.12	-18.2%

Lithium producer Lake Resources and battery tech company Novonix fell -24.3% and -22.6% respectively as the market seemed to correct lithium battery companies after consecutive weeks of large gains. Telix Pharmaceuticals declined -22% after reporting a half year loss of \$70.9 million despite a 726% increase in revenue. Pointsbet is down -18.2% despite approval for DTC eligibility which will "simplify trading" for its OTCQX listed shares. Zip fell -18.3% as its peer Sezzle reported FY22 results with a pessimistic economic outlook.

Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share	Franking (%)
AZJ	Aurizon Holdings Limited	22/08/2022	\$0.11	100%
MFG	Magellan Financial Group	22/08/2022	\$0.69	80%
SDF	Steadfast Group Limited	22/08/2022	\$0.08	100%
STO	Santos Limited	22/08/2022	\$0.11	0%
VCX	Vicinity Centres	22/08/2022	\$0.06	0%
DHG	Domain Holdings Australia	23/08/2022	\$0.04	100%
IPH	IPH Limited	23/08/2022	\$0.16	50%
TLS	Telstra Corporation Limited	24/08/2022	\$0.09	100%
DRR	Deterra Royalties Limited	25/08/2022	\$0.22	100%
JBH	JB Hi-Fi Limited	25/08/2022	\$1.53	100%
REA	REA Group Limited	25/08/2022	\$0.89	100%
ARG	Argo Investments Limited	26/08/2022	\$0.17	100%
GUD	GUD Holdings Limited	26/08/2022	\$0.22	100%

Topic of the week

On Tuesday, US President Joe Biden signed the Inflation Reduction Act, a US\$740 billion economic package to fight climate change and reduce the cost of healthcare. The bill also introduces changes to taxation to raise funds for the package. The Inflation Reduction Act is the compromised result of more than a year of negotiating within the Democrats as West Virginia senator Joe Manchin opposed the previous iteration known as the Build Back Better Act. The Inflation Reduction Act then passed the Senate and the House of Representatives with votes of 51-50 and 220-207 respectively with Vice-President Kamala Harris breaking the tie in the Senate before Joe Biden could officially sign off the legislation.

Described by Biden as the “biggest step forward on climate ever,” the bill allocates US\$370 billion into building renewable energy capacity and reducing carbon emissions. Along with direct investments into wind and solar, the Act includes tax credits for clean energy, rebates for electric cars, electric heat pumps and improving building insulation. Independent researchers have

estimated that the bill had the potential to reduce carbon emissions by 40% by 2030 when compared to 2005 levels.

The other major changes included in the bill was to healthcare. The bill will relieve health insurance premium hikes and allow Medicare to negotiate price reductions for drugs. Insulin under Medicare will be capped at US\$35 per month and yearly prescription drug costs will also be capped to \$2,000 for government programs.

To fund the package, changes were made to existing tax policies. A new minimum tax will be introduced for companies and a 1% tax imposed on share buybacks, expected to generate an additional US\$300 billion of tax revenue. The Internal Revenue Service (IRS) will also increase auditing of high-income households as they look to catch tax evaders.

The passing of the Inflation Reduction Act is a major accomplishment and provides a boost to the Democratic Party as they head into mid-term elections.

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	3.79%	5.94%	6.84%	4.09%	6.04%	7.04%
NAB	3.94%	5.84%	6.64%	4.54%	5.84%	6.79%
Macquarie	3.74%	5.09%	5.39%	3.99%	5.29%	5.59%

*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 publish a new report named the National Ocean Account.
- The Australian Corporate Reporting Season will continue with Woolworths, Ramsay Healthcare, South32 and Coles expected to release results.

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