

Weekly Market Recap

29 August – 2 September 2022

Highlights of the week

- Retail Trade in Australia has risen by 1.3% in July.
- The Job and Skills Summit was held in Parliament House with attendees representing businesses, unions, communities, and academia discussing economic and employment challenges with the Government.

Market Action

Equity Indices	Returns % (excluding distributions)		
	2-Sep-22	26-Aug-22	Change (%)
S&P/ASX 200	6823.6	7116.6	-4.1%
All Ordinaries	7052.1	7357.9	-4.2%
Small Ordinaries	2862.9	2996.3	-4.5%
S&P 500 *	3965.9	4199.1	-5.6%
NASDAQ *	11785.1	12639.3	-6.8%
FTSE 100 *	7148.5	7479.7	-4.4%
Hang Seng	19597.3	19968.4	-1.9%
Nikkei	27661.5	28479.0	-2.9%

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

Equity markets continued to fall with the selloff accelerating on Wednesday following a record high Eurozone inflation reading of 9.1% for the month of August, which is expected to result in tighter monetary policy. The S&P 500, NASDAQ and FTSE 100 closed -5.6%, -6.8% and -4.4% lower respectively.

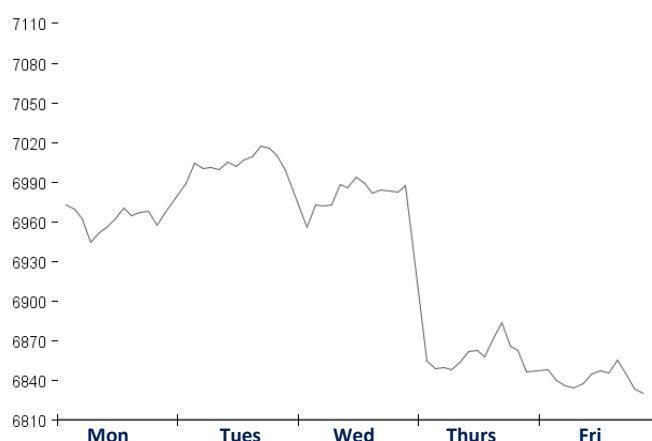
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change
A2M	The a2 Milk Company Ltd	\$5.77	17.9%
QAN	Qantas Airways Ltd	\$5.28	8.6%
CUV	Clinuvel Pharmaceuticals Ltd	\$19.26	8.6%
WEB	Webjet Ltd	\$5.41	7.9%
BGA	Bega Cheese Ltd	\$3.93	5.4%

Prices as at 3.00PM on 02/09/2022

A2 Milk rose after announcing double digit revenue and earnings growth, as well as a \$150 million on market buyback. Qantas announced a \$1.9 billion underlying loss but positive operating cash flow of \$2.7 billion which will enable a \$400 million on market buyback. Biotechnology company Clinuvel announced a 38% increase in revenue which was welcomed by the market despite the fall in net profit to \$21 million as expenses grew faster than revenue.

S&P/ASX 200 Index – 1 Week Performance



The Hang Seng continued to outperform other international equity markets, however, still declined -1.9% as the market considered the impact of China's ¥7.2 trillion infrastructure plan. The S&P/ASX 200 fell by -4.1% with the Materials sector the primary detractor. Small companies underperformed large caps amidst the market sell off.

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

ASX Code	Company	Closing Price	Change
PBH	Pointsbet Holdings Ltd	\$2.34	-27.3%
CCX	City Chic Collective Ltd	\$1.53	-20.1%
SFR	Sandfire Resources Ltd	\$3.89	-17.1%
RMD	Ramelius Resources Ltd	\$0.74	-16.9%
EVN	Evolution Mining Ltd	\$2.15	-16.9%

Pointsbet was the worst performer after the company lost a further \$268 million in FY22, a 43% increase on the prior corresponding period's loss as the company continues to expand into the US market. Clothing retailer City Chic fell despite announcing underlying net profit increased by 14.5% on the prior corresponding period, however, the market became concerned about the large increase in inventory. Ramelius and Evolution both fell as the gold price declined.

Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share	Franking (%)
ALU	Altium Limited	5/09/2022	\$0.26	100%
BEN	Bendigo and Adelaide Bank Limited	5/09/2022	\$0.27	100%
CTD	Corporate Travel Management Limited	5/09/2022	\$0.05	0%
FMG	Fortescue Metals Group Limited	5/09/2022	\$1.21	100%
GOR	Gold Road Resources Limited	5/09/2022	\$0.01	100%
ILU	Iluka Resources Limited	5/09/2022	\$0.25	100%
NHF	NIB Holdings Limited	5/09/2022	\$0.11	100%
ORA	Orora Limited	5/09/2022	\$0.09	0%
RHC	Ramsay Healthcare Limited	5/09/2022	\$0.49	100%
BSL	Bluescope Steel Limited	6/09/2022	\$0.25	0%
CSL	CSL Limited	6/09/2022	\$1.68	10%
CUV	Clinovel Pharmaceuticals Limited	6/09/2022	\$0.04	100%
NIC	Nickel Industries Limited	6/09/2022	\$0.02	0%
NST	Northern Star Resources Limited	6/09/2022	\$0.12	100%
ORG	Origin Energy Limited	6/09/2022	\$0.17	75%
SHL	Sonic Healthcare Limited	6/09/2022	\$0.60	100%
SUL	Super Retail Group Limited	6/09/2022	\$0.43	100%
AMC	Ancor Plc	7/09/2022	\$0.17	0%
AUB	AUB Group Limited	7/09/2022	\$0.38	100%
BXB	Brambles Limited	7/09/2022	\$0.17	35%
HLS	Healius Limited	7/09/2022	\$0.06	100%
IEL	IDP Education Limited	7/09/2022	\$0.14	14%
IFL	Insignia Financial Limited	7/09/2022	\$0.12	100%
MPL	Medibank Private Limited	7/09/2022	\$0.07	100%
SEK	Seek Limited	7/09/2022	\$0.21	100%
VEA	Viva Energy Group Limited	7/09/2022	\$0.14	100%
ASX	ASX Limited	8/09/2022	\$1.20	100%
PME	Pro Medicus Limited	8/09/2022	\$0.12	100%
PPT	Perpetual Limited	8/09/2022	\$0.97	100%
RWC	Reliance Worldwide Corporation Limited	8/09/2022	\$0.07	100%
WDS	Woodside Energy Group Limited	8/09/2022	\$1.59	100%
NES	Nine Entertainment Co. Holdings Limited	9/09/2022	\$0.07	100%
WTC	Wisetech Global Limited	9/09/2022	\$0.06	100%

Topic of the week

On 16 August 2022 US President Joe Biden signed into law the Inflation Reduction Act of 2022 which included a raft of measures not entirely related to lowering the price of goods and services in the economy. The measures detailed included:

- A minimum tax of 15% on domestic corporations with income above US\$1 billion over a specified 3-year period.
- A 1% excise tax on the fair market value of any stock repurchased by a domestic corporation.
- Additional funding for the Internal Revenue Service to ensure taxpayer compliance.
- A requirement for Medicare and Medicaid Services to negotiate a maximum price for certain prescription drugs with no generic equivalents and impose required rebates on drug manufacturers.
- Tax credits for renewable resource development which includes alternative fuels such as biodiesel and nuclear.
- Excise taxes on petroleum and coal.
- Research tax credits for small businesses.
- Additional funding for the USDA's Natural Resources Conservation Service to provide technical assistance to a program to quantify carbon sequestration and other programs to support the generation, storage and usage of renewable energy in rural areas. The funding will also provide reforestation initiatives, wildfire prevention and other forest resilience programs.
- Funding for the National Oceanic and Atmospheric Administration to protect coastal communities from extreme storms and other climate conditions including measures to improve weather forecasting.
- Funding for Department of Energy to improve energy efficiency in buildings and improved transmission lines that are of national interest.
- A Bill to increase the availability of low-enriched uranium for advanced nuclear reactors.
- Funding for drought response measures, offshore wind, air quality information collection, hazardous material reduction and other greenhouse gas reduction measures.

As seen above, despite the title of the Act, there is instead a focus on climate change measures which of particular interest included increased investment in nuclear. Notably Japan and Europe have also signaled increased interest in nuclear technology which had been largely avoided following the Fukushima nuclear disaster in 2011. Despite sluggish progress away from fossil fuels over the last decade, there has been a renewed push towards transitioning economies away from fossil fuels, evidence by this Act, in recent months driven by the combination of elevated energy prices and the high reliance on Russia for many of these fuels.

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 the Australian National Accounts, a quarterly estimate of the Australian economy.
- The ABS will also publish the Modellers' Database, a compilation of quarterly prices, volumes or index values for 119 different series from September 1959 onwards.




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