

## Weekly Market Recap

5 – 9 September 2022

## Highlights of the week

- The Reserve Bank of Australia (RBA) has raised the cash rate by 0.50% to 2.35%.
- Liz Truss has been sworn in as the 56th Prime Minister of the UK after winning the leadership contest for the Conservative Party.

## Market Action

| Equity Indices   | Returns % (excluding distributions) |          |            |
|------------------|-------------------------------------|----------|------------|
|                  | 9-Sep-22                            | 2-Sep-22 | Change (%) |
| S&P/ASX 200      | 6896.1                              | 6823.6   | 1.1%       |
| All Ordinaries   | 7141.0                              | 7052.1   | 1.3%       |
| Small Ordinaries | 2938.6                              | 2862.9   | 2.6%       |
| S&P 500 *        | 4006.2                              | 3965.9   | 1.0%       |
| NASDAQ *         | 11862.1                             | 11785.1  | 0.7%       |
| FTSE 100 *       | 7262.1                              | 7148.5   | 1.6%       |
| Hang Seng        | 18854.6                             | 19597.3  | -3.8%      |
| Nikkei           | 28065.3                             | 27661.5  | 1.5%       |

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

US markets rallied as economic activity edged higher beating downcast expectations. The Energy sector was the main detractor due to falling oil prices as the S&P 500 and Nasdaq finished up 1.0% and 0.7% respectively. The FTSE 100 rose 1.6% as the European Central Bank raised its cash rate by 0.75%.

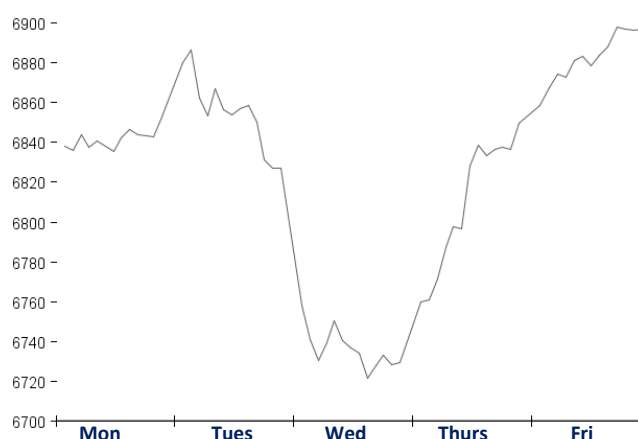
## S&amp;P/ASX 200 - Top five of the week

| ASX Code | Company                  | Closing Price | Change |
|----------|--------------------------|---------------|--------|
| PLS      | Pilbara Minerals Limited | \$4.48        | 23.3%  |
| DEG      | De Grey Mining Limited   | \$1.11        | 21.3%  |
| MP1      | Megaport Limited         | \$8.36        | 19.6%  |
| CXO      | Core Lithium Limited     | \$1.62        | 19.2%  |
| LKE      | Lake Resources NL        | \$1.32        | 16.3%  |

Prices as at 3.00PM on 09/09/2022

De Grey Mining jumped 21.3% after releasing a pre-feasibility study that upgraded lifetime and production estimates of its Mallina gold project. The lithium sector climbed as JP Morgan released estimates that lithium demand would outstrip supply until 2025 with Pilbara Minerals, Core Lithium and Lake Resources rising 23.3%, 19.2% and 16.3% respectively. The Tech sector also rebounded this week, with Megaport the biggest beneficiary, up 19.6%.

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



The Hang Seng moved inversely to other global markets, falling -3.8% following the Chengdu lockdown and economic slowdown concerns. The S&P/ASX 200 rose 1.1% led by the Materials and Technology sectors which recovered 5.1% and 4.1% respectively. Small caps outperformed this week as the markets rallied.

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

| ASX Code | Company                   | Closing Price | Change |
|----------|---------------------------|---------------|--------|
| IMU      | Imugene Limited           | \$0.23        | -9.2%  |
| NXT      | NEXTDC Limited            | \$9.57        | -8.4%  |
| VEA      | Viva Energy Group Limited | \$2.72        | -6.9%  |
| CHN      | Chalice Mining Limited    | \$4.08        | -6.6%  |
| BRG      | Breville Group Limited    | \$20.34       | -6.5%  |

Imugene dropped -9.2% as the first patient in its Phase 2 clinical trial was dosed. Chalice Mining fell -6.6% despite announcing positive 2D seismic surveying results revealing a potential 1.6km extension in its Gonnevillite deposit. Viva Energy slid -6.9% as oil and gas prices tumbled this week driven by recession fears and potentially reduced demand. NextDC and Breville Group retreated -8.4% and -6.5% respectively despite no significant news being released.

## Upcoming S&P/ASX 200 Dividend Dates

| ASX Code | Company                      | Estimated Dividend Ex-date | Dividend Per Share | Franking (%) |
|----------|------------------------------|----------------------------|--------------------|--------------|
| CNU      | Chorus Limited               | 12/09/2022                 | \$0.16             | 0%           |
| HUB      | Hub24 Limited                | 12/09/2022                 | \$0.13             | 100%         |
| PRU      | Perseus Mining Limited       | 12/09/2022                 | \$0.02             | 0%           |
| ING      | Inghams Group Limited        | 13/09/2022                 | \$0.01             | 100%         |
| NWS      | News Corporation             | 13/09/2022                 | \$0.10             | 0%           |
| TPG      | TPG Telecom Limited          | 13/09/2022                 | \$0.09             | 100%         |
| BRG      | Breville Group Limited       | 14/09/2022                 | \$0.15             | 100%         |
| CGC      | Costa Group Limited          | 14/09/2022                 | \$0.04             | 100%         |
| FBU      | Fletcher Building Limited    | 15/09/2022                 | \$0.20             | 0%           |
| IGO      | IGO Limited                  | 15/09/2022                 | \$0.05             | 100%         |
| RMS      | Ramelius Resources Limited   | 15/09/2022                 | \$0.01             | 100%         |
| S32      | South32 Limited              | 15/09/2022                 | \$0.25             | 100%         |
| SVW      | Seven Group Holdings Limited | 15/09/2022                 | \$0.23             | 100%         |
| CAR      | Carsales.com Limited         | 16/09/2022                 | \$0.25             | 100%         |

## Topic of the week

The Queensland Government has recently approved a change to its land tax laws, which primarily targets interstate investment properties. Land tax bracket rates will now be based on the total value of all Australian land held although the land tax will only apply to the land held in Queensland.

Currently, an individual landowner is only required to pay land tax on the total value of Queensland land of more than \$600,000. Above this tax-free threshold, marginal tax brackets determine the amount of tax owed from \$500 + 1c for each dollar above \$600,000 if the total land value is under \$1 million to the largest bracket of \$150,000 + 2.25c for each dollar above \$10 million.

For companies, trustees, and absentees the threshold is \$350,000. Like individuals, rates are determined by brackets above the threshold moving from \$1,450 + 1.7c per dollar from \$350,000 to \$2.25 million to the highest bracket of \$187,500 + 2.75c per dollar for each dollar above \$10 million. Foreign companies or trusts and absentees pay an additional 2% surcharge on the total value of their land.

## 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       | 3.69%                     | 5.94%                         | 6.84%                         | 3.99%               | 6.04%                   | 7.04%                   |
| NAB       | 3.74%                     | 5.84%                         | 6.64%                         | 4.24%               | 5.84%                   | 6.79%                   |
| Macquarie | 3.69%                     | 5.09%                         | 5.39%                         | 3.94%               | 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%.

The new system is set to be implemented on 30 June 2023, and property owners will need to use the total value of land owned in Australia to find their taxable rate. The rate will then be applied to the total land value and then proportioned for the Queensland value only.

For example, if an individual owned two properties, one in Queensland valued at \$700,000 and one in New South Wales valued at \$800,000, under the current rules, they would be required to pay \$1,500. Under the incoming rules, using the total land value of \$1.5 million and corresponding tax bracket, the unproportioned tax is  $\$4,500 + 1.65c \times \$500,000 = \$12,750$ . This total is then split for the value of the Queensland land,  $\$700,000 \div \$1,500,000 \times \$12,750 = \$5,950$ . The new rules will mean a \$4,450 increase in land tax for this individual.

The new tax rules are intended to reduce house prices and assist first home buyers. However, some economists have warned that landlords may raise rents to cover the increase. The other States will be keeping their eye on the outcome of Queensland's new tax law, potentially considering changes of their own.

## What to expect for the week ahead

- The Australian Bureau of Statistics (ABS) will release the quarterly Total Value of Dwellings report which will include the latest capital city house price changes.
- The Reserve Bank of Australia will release their quarterly Bulletin on the economy and financial system.

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