

Weekly Market Recap

12 - 16 September 2022

Highlights of the week

- The European Union has planned to introduce a \$140 billion windfall tax to help households with gas and electricity bills.
- US year on year inflation rose 0.1% in August to 8.3% whilst UK inflation fell to 9.9%.

Market Action

Equity Indices	Returns % (excluding distributions)		
	16-Sep-22	9-Sep-22	Change (%)
S&P/ASX 200	6737.0	6896.1	-2.3%
All Ordinaries	6972.0	7141.0	-2.4%
Small Ordinaries	2844.3	2938.6	-3.2%
S&P 500	3901.4	4006.2	-2.6%
NASDAQ	11552.4	11862.1	-2.6%
FTSE 100	7282.1	7262.1	0.3%
Hang Seng	18930.4	18854.6	0.4%
Nikkei	27875.9	28065.3	-0.7%

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

US markets tumbled this week after unexpected inflation data, including a 0.6% increase in core CPI, was reported causing a broad market sell-off. The S&P 500 and NASDAQ both fell by -2.6%, with only 3 sectors in positive territory for the week. The FTSE 100 edged up a further 0.3% as UK inflation surprised with a 0.2% decline.

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

ASX Code	Company	Closing Price	Change
MIN	Mineral Resources Limited	\$68.09	8.0%
CRN	Coronado Global Resources	\$1.77	7.6%
SGR	Star Entertainment Group	\$2.88	7.3%
PLS	Pilbara Minerals Limited	\$4.56	7.2%
AMP	AMP Limited	\$1.20	7.1%

Prices as at 3.00PM on 16/09/2022

Mineral Resources gained 8% after increasing its stake to 8% in fellow lithium company Global Lithium Resources (GL1). Coronado Global Resources closed 7.6% higher as coal prices continue to rise. Star Entertainment Group rose 7.3% despite being found unfit to hold its NSW casino licence. Interim Chairman Ben Heap has "apologised and pledged sweeping reform" perhaps alleviating investor concerns. AMP increased 7.1% without releasing any significant news as it continues its on-market buyback of shares.

S&P/ASX 200 Index – 1 Week Performance



Asian markets were mixed with the Hang Seng closing 0.4% higher and the Nikkei down -0.7%. The S&P/ASX 200 fell -2.3% with all sectors declining. The Healthcare and Real Estate sectors experienced the largest losses, down -4.1% and -4.7% respectively.

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

ASX Code	Company	Closing Price	Change
LKE	Lake Resources NL	\$0.90	-32.8%
LNK	Link Administration Holdings	\$3.47	-24.2%
ALX	Atlas Arteria	\$6.70	-16.5%
LTR	Liontown Resources Limited	\$1.63	-12.2%
CXO	Core Lithium Limited	\$1.41	-12.1%

Lake Resources tumbled -32.8% after a dispute arose with Lilac Solutions, its partner for its Argentinian lithium mine. It's lithium peers, Liontown and Core Lithium are down -12.2% and -12.1% respectively this week despite no significant news. Link fell -24.2% as its takeover is now at risk due to requirements from the UK Regulators. Atlas Arteria has dropped -16.5% after raising \$2.5 billion in funds to acquire a two third stake in Skyway Concession company despite its biggest shareholders against this acquisition.

Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share	Franking (%)
QUB	Qube Holdings Limited	19/09/2022	\$0.04	100%
ABC	ADBRI Limited	21/09/2022	\$0.05	100%
ALX	Atlas Arteria	21/09/2022	\$0.20	0%
COH	Cochlear Limited	22/09/2022	\$1.45	40%
CWY	Cleanaway Waste Management Limited	22/09/2022	\$0.02	0%

Topic of the week

The Australian Bureau of Statistics (ABS) has released their latest Labour Force estimates for August 2022. Contrary to expectations of the unemployment rate remaining flat, unemployment rose instead slightly to 3.5%. This marks the first increase in unemployment since October 2021 when it experienced a sudden 0.5% jump to 5.2%.

In August, an additional 33,500 people became employed whilst the number of unemployed people increased by 14,000. However, participation rates rose by 0.2% from July to 66.6%, causing an overall increase in the unemployment rate. The participation rate is now 1.4% higher than a year ago and 0.7% higher than in March 2020 at the start of the COVID pandemic.

The number of people who became full-time employed increased by 58,800 people with part-time employment falling by 25,300 people. In turn, the seasonally adjusted number of hours worked across all jobs rose by 0.8% or 14.5 million hours to 1,854 million hours. This

represents a 4.8% increase from March 2020 and almost a return to the peak of 1,858 million hours from May 2022.

As the Reserve Bank of Australia (RBA) attempts to rein in inflation, these Labour Force statistics may play a key part in their next month's Monetary Policy Meeting. The unexpected increase in unemployment may be a signal that the labour market is reaching or has reached capacity. Consequently, economists are now expecting a 0.25% increase instead of the 0.5% increase in each of the past four months.

The RBA is currently forecasting unemployment to remain relatively flat until 2023 and then gradual increase to 4% in 2024. Macquarie's Global Macro Team have also released their forecasts on unemployment, and they believe we are currently at the bottom of this cycle. Like the RBA, they expect unemployment to rise over the next few years albeit beginning earlier and at a much faster rate to hit 4.5% in the near future.

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%.

What to expect for the week ahead

- The Reserve Bank of Australia (RBA) will release the Minutes from their Monetary Policy Meeting.
- The Australian Bureau of Statistics (ABS) will release the estimated National, State and Territory Population as of March 2022.




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