

## Weekly Market Recap

17 - 21 October 2022

## Highlights of the week

- The Australian unemployment rate was unchanged in September, remaining at 3.5%.
- Liz Truss has resigned as British Prime Minister after 45 days in office.

## Market Action

Equity Indices	Returns % (excluding distributions)		
	21-Oct-22	14-Oct-22	Change (%)
<b>S&amp;P/ASX 200</b>	6676.8	6756.2	-1.2%
<b>All Ordinaries</b>	6869.9	6945.3	-1.1%
<b>Small Ordinaries</b>	2668.7	2670.1	-0.1%
<b>S&amp;P 500</b>	3665.8	3669.9	-0.1%
<b>NASDAQ</b>	10614.8	10649.2	-0.3%
<b>FTSE 100</b>	6943.9	6850.3	1.4%
<b>Hang Seng</b>	16280.2	16389.1	-0.7%
<b>Nikkei</b>	27007.0	26237.4	2.9%

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

US Markets remained relatively flat as surging bond yields offset strong earnings reporting results. The S&P 500 and the NASDAQ closed the week down -0.1% and -0.3% respectively. The FTSE 100 gained 1.4% despite UK inflation rising to 10.1%.

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

ASX Code	Company	Closing Price	Change
<b>TLX</b>	Telix Pharmaceuticals	\$6.80	27.1%
<b>NVX</b>	Novonix Limited	\$2.21	24.5%
<b>LTR</b>	Liontown Resources Limited	\$1.84	20.7%
<b>CXO</b>	Core Lithium Ltd	\$1.37	20.3%
<b>SGR</b>	Star Entertainment Group	\$2.89	11.4%

Prices as at 3.00PM on 21/10/2022

Telix Pharmaceuticals jumped 27.1% after expanding its partnership with GE Healthcare and receiving approval to begin phase three trials of its kit for Prostate Cancer Imaging. Novonix climbed 24.5% after being selected for a US\$150million grant by the US Department of Energy. Lithium producers Liontown and Core Lithium rose 20.7% and 20.3% respectively after Chinese lithium prices reached a record high. Liontown also received approval of its mining proposal for its Kathleen Valley Lithium Project. Star Entertainment rose 11.4% despite losing its Sydney casino licence and facing a \$100m fine.

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



The Hang Seng Index has reached a 13-year low after sliding a further -0.7%. The Nikkei rose 2.9% despite the USD/JPY reaching 150, a 32-year low. The S&P/ASX 200 fell -1.2% with the Utilities, Materials and Healthcare sectors the biggest laggards.

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

ASX Code	Company	Closing Price	Change
<b>SBM</b>	St Barbara Limited	\$0.46	-39.7%
<b>MP1</b>	Megaport Limited	\$5.81	-24.1%
<b>ABC</b>	ADBRI Limited	\$1.47	-18.0%
<b>RRL</b>	Regis Resources Limited	\$1.45	-9.1%
<b>SFR</b>	Sandfire Resources Limited	\$3.32	-8.8%

St Barbara's share price fell -39.7% after downgrading its FY23 production guidance by 8%. Unexpectedly low production from its Gwalia mine meant that the yield was unable to offset its fixed costs. St Barbara and Regis (-9.1%) were also impacted by the falling gold price which reached a two year low. Megaport fell -24.1% after its first quarter update revealed concerns over its cash burn rate and weak levels of growth. ADBRI slid -18% after announcing a change in CEO and an increase in production costs. Sandfire Resources lost -8.8% despite increasing its FY23 production guidance.

## Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share	Franking (%)
NHC	New Hope Corporation	24/10/2022	\$0.56	100%
MMS	McMillan Shakespeare Limited	26/10/2022	\$0.74	100%
BOQ	Bank of Queensland Limited	27/10/2022	\$0.24	100%

## Topic of the week

The National Disability Insurance Scheme (NDIS) will be reviewed after updated forecasts for the upcoming October budget estimate that the annual running cost will reach \$50 billion by 2025-2026. Compared to the 2017 estimates for the program, this new estimate represents around a \$20 billion increase and is also a \$5.4 billion increase on the figures presented in the March budget.

Since the program's complete rollout in 2017, the NDIS has provided funding and support services directly to individuals with disabilities. As of June, there are over 530,000 participants of the NDIS. The current annual cost to the budget is \$29.3 billion with the average cost per person being \$55,200. With costs recently increasing by 9.2% a year, there is also concern that resources are inefficient and underdeliver to participants.

Earlier this year, an actuary for the NDIS had projected the NDIS would reach \$40.7 billion by 2024-2025 and \$59.9 billion by 2029-

2030. The projections assumed a slowing growth rate beginning at 6% p.a. and decreasing to 3% p.a. in 2029-2030 and predicted the number of participants to reach 870,000 from the 450,000 at the time. With the new forecasts depicting a similar blowout in cost, the Government may need to make changes to protect the federal budget.

The next independent review of the NDIS was scheduled to be next year, however, will now be brought forward. The review will be led by Professor Bruce Bonyhady, Chairman of the Melbourne Disability Institute and Lisa Paul, a former Secretary of the Department of Education and Training. Minister for the NDIS, Bill Shorten noted that the review was not solely for cost-cutting but to ensure the scheme was delivering for participants. The result of the review is expected to be completed by October 2023.

## 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	4.44%	5.94%	6.84%	4.74%	6.14%	7.04%
NAB	4.49%	5.84%	6.64%	4.99%	5.84%	6.79%
Macquarie	4.34%	5.49%	5.79%	4.59%	5.69%	5.99%

\*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 release the monthly and quarterly Consumer Price Index data for September.
- The US Corporate Reporting Season continues with Coca-Cola, Alphabet, Microsoft, Spotify, Visa and Mastercard expected to report.