

	Price	5 Day % Change	3 Month % Change	1yr % Change
S&P/ASX300	82,516	0.37%	-0.05%	-4.10%
MSCI World Ex-Aus. (Unhedged)	13,754	0.34%	2.57%	-4.41%
MSCI World Ex-Aus. (Hedged)	2,362	2.68%	5.19%	-6.12%
Bloomberg AusBond 0+ Composite	9,529	-1.73%	0.24%	-10.84%
BloombergBarclays Global Agg. (Hedged)	1,011	-0.02%	0.19%	-8.68%
S&P/ASX300 Property	59,313	-1.73%	-0.50%	-5.69%
FTSE EPRA Nareit Global Real Estate (Hedged)	2,940	3.80%	2.98%	-6.15%
S&P Global Infrastructure (Hedged)	6,198	2.18%	3.09%	13.29%
Bloomberg All Hedge Fund Index	1,952	N/A	-0.90%	0.08%
VIX	19.5	-7.66%	-32.35%	26.41%
Bloomberg Commodity Index (USD)	123.20	4.54%	-3.98%	29.46%
Iron Ore Index (62% Fe Aus. Off. China, USD)	112.50	1.35%	-10.36%	-32.23%
LME Copper Spot (USD)	8,065.00	2.99%	-10.57%	-15.18%
Coal 1st Future (Newcastle Export, USD)	407.65	12.92%	4.13%	138.04%
Brent Crude 1st Future (USD)	98.15	3.40%	-8.66%	37.64%
LNG 1st Future (Japan/Korea)	45.39	1.63%	92.90%	189.75%
Gold in AUD	2,531	-1.48%	-4.75%	5.91%
AUDUSD	0.7121	3.04%	3.87%	-2.92%
AUDEUR	0.6942	2.20%	4.87%	9.93%
AUDNZD	1.1038	-0.46%	0.33%	5.09%
AUDGBP	0.5869	2.43%	4.26%	9.47%
AUDJPY	95.0710	1.81%	7.48%	14.78%

Source: Bloomberg, S&P Dow Jones, MSCI, FTSE Russell, 13<sup>th</sup> August 2022

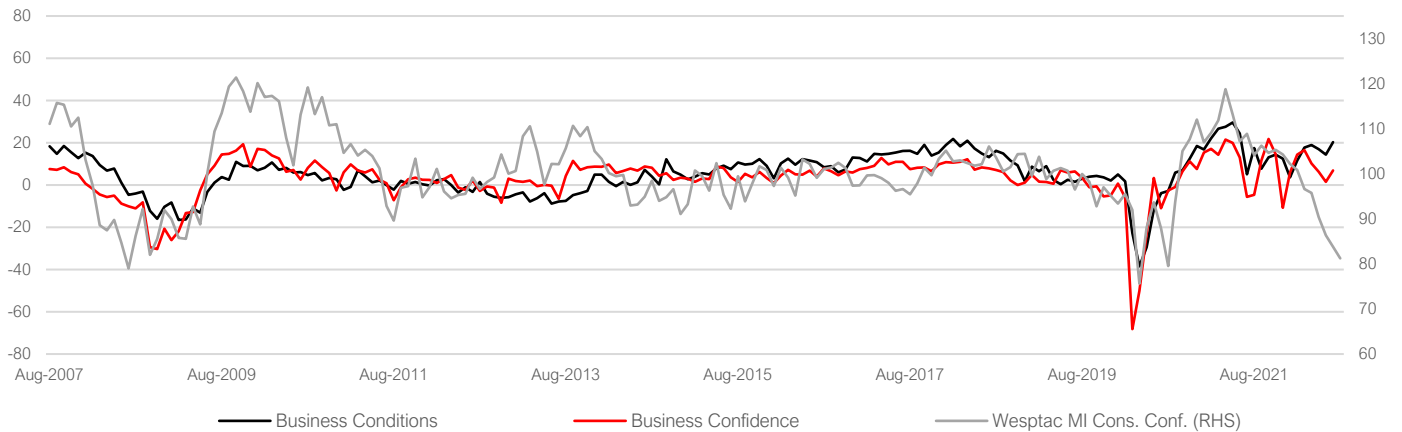
**The recent trend of positive stock market performance continued last week after a pleasingly soft US CPI report. However, one print is unlikely to deter the Fed from raising rates in late September.**

**Australian and New Zealand dollars moved sharply higher as short positions appeared to unwind after higher local interest rates were priced in.**

**Australian earnings are generally ahead of expectations, with this week seeing more than a hundred companies reporting.**

**There will also be an update on Australian employment, Chinese and American production, and Japanese GDP, besides the minutes from the most recent RBA and FOMC meetings.**

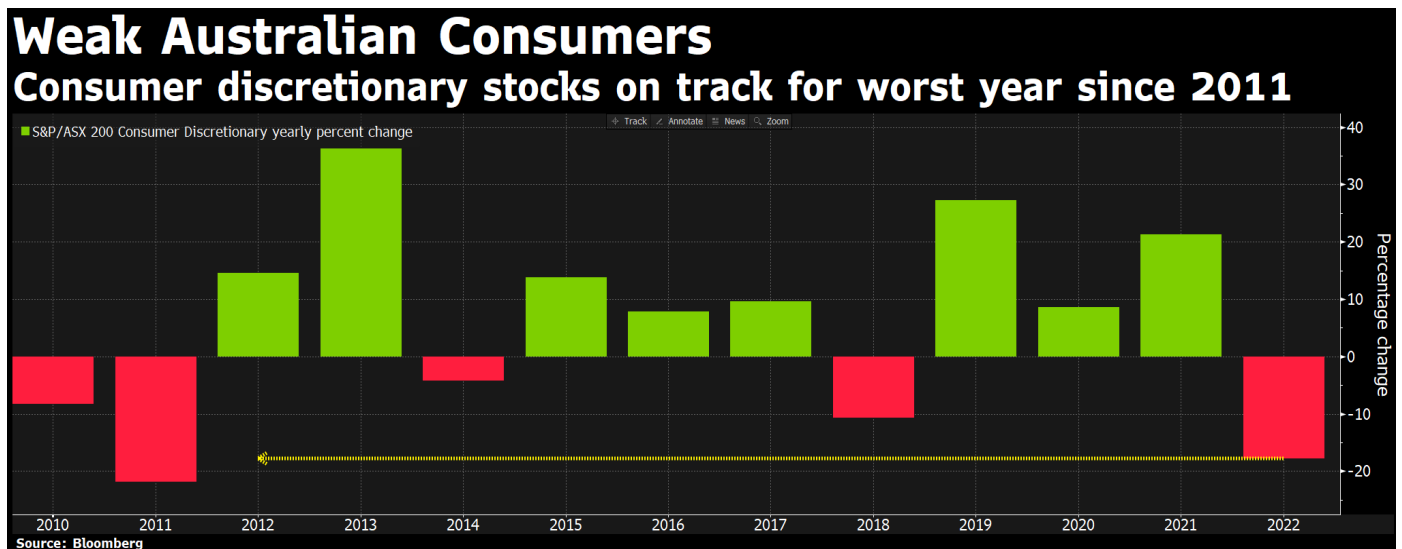
### Australian Business & Consumer Confidence Surveys



Source: Bloomberg, NAB, Westpac, 13<sup>th</sup> August 2022

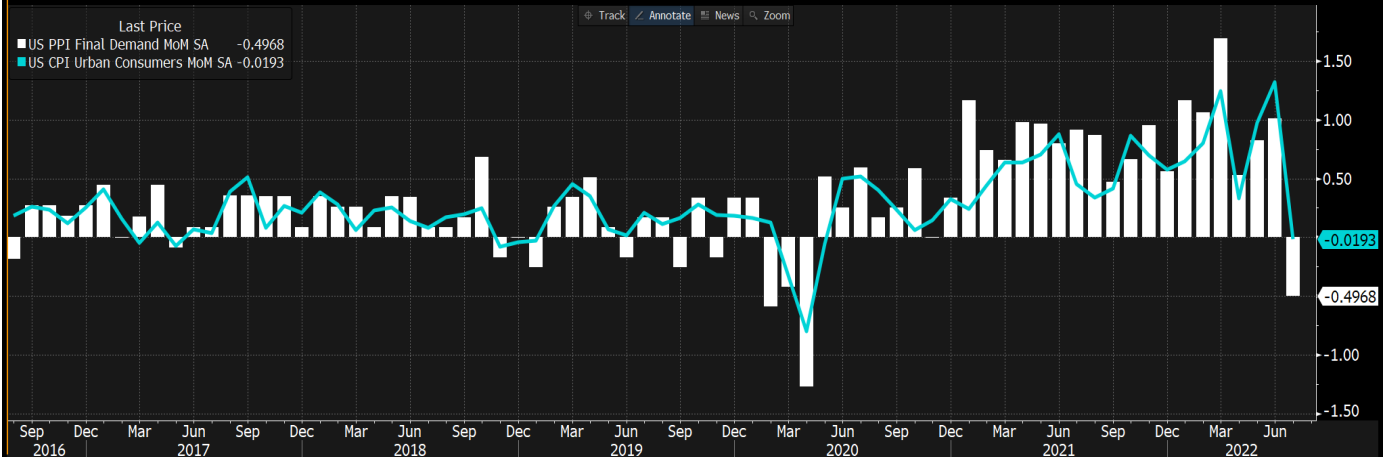
Australian and international equity indices advanced fourth consecutive week, as earnings and American inflation numbers supported sentiment. Australia is expected to open +0.6% higher after a strong session on Wall Street on Friday. Major equity indices have rebounded strongly in the last two months, recovering more than half of the losses suffered this year, albeit on relatively low volumes. The 200-day moving averages represent the next significant resistance levels.

In last week's results, CBA and NAB reported profits that were up +11% and +6%, respectively. Computershare earnings increased by +10%. REA Group also reported a +19% rise in earnings, or +27% excluding recent acquisitions. Telstra, on the other hand, reported a -4.6% deterioration in earnings on slightly lower revenue, and QBE saw H2 profit fall by -63% as investment returns offset double-digit growth in insurance premia. (Refer to the attachment for a full summary).



US CPI was flat for the month of July and up +8.5% 2021, down from the 40yr high in June of +9.1% yoy. A fall in energy and transportation prices kept average inflation in check, while food and other services prices continued to advance. Given the seasonal nature of the energy market and the potential for Russia to squeeze supplies in the northern hemisphere winter, energy prices may soon rise again.

## Inflation Pressures Ease CPI and PPI's m/m changes are lowest in two years



With wages still rising, the CPI figures are unlikely to deter the Federal Reserve from its tightening path. San Francisco Fed. President Mary Daly said it was too early to “declare victory” on inflation. Bond yields moved slightly higher over the week, weighing on bond and real estate indices. The US yield curve remains inverted by more than 0.40% between the 2yr and 10yr yields, signalling a likely significant slowdown ahead.

## 50-50 Chance Market-priced probability of 75BP hike in September



Source: Bloomberg

Despite weaker Australian consumer confidence, the NAB business survey indicated an improvement in business conditions and sentiment. The employment, capacity utilisation, and profitability sub-indices rose while forward orders and capital expenditure softened slightly. Interest rate expectations for December rose again to 3.35%, and the Australian 10yr government bond yield rose by a substantial +0.34% to 3.43%.

The Australian and New Zealand dollars also rallied on higher rates, with the Kiwi dollar slightly outpacing the Aussie ahead of this week’s RBNZ meeting. The market is expecting a fourth consecutive half-point hike to 3.0%.

The US Congress passed Joe Biden’s \$700bn Inflation Reduction Act, which includes \$369bn related to supporting the transition to a more sustainable economy. The package also included the increased minimum global tax provisions, although there was a last-minute amendment that grants more favourable treatment of private equity carried interest. The passing of the statute represents a victory for the President after the Build Back Better Bill was abandoned earlier this year. The Republicans are expected to gain seats in this November’s mid-terms, giving the President a relatively short window to pass reforms. According to the Financial Times, key climate measures included:

- Methane penalty: \$900 per metric ton of methane emissions that exceed federal limits in 2024, rising to \$1,500 per metric ton in 2026

- Carbon capture and storage tax credit of \$85 per metric ton, up from \$50
- \$30bn for solar panels, wind turbines, batteries, geothermal plants, and advanced nuclear reactors, including tax credits over 10 years. Replaces short-term wind and solar credits
- \$27bn for 'green bank' to support clean energy projects, particularly in disadvantaged communities.
- \$20bn to cut emissions in the agriculture sector
- \$9bn in rebates for Americans buying and retrofitting homes with energy-efficient and electric appliances.
- \$60bn to support low-income communities and communities of colour, includes grants for zero-emissions technology and vehicles, highway pollution mitigation, bus depots and other infrastructure located near disadvantaged communities
- \$10bn in investment tax credits to build manufacturing facilities that make electric vehicles and renewable energy technologies
- Tax credit of up to \$7,500 for the purchase of new clean vehicles, and offers for the first time a credit of \$4,000 for used electric vehicles for households with maximum income of \$150,000 a year

Global COVID cases appear to be peaking, with Japan proving to be a puzzling exception. Cases are also on the rise in the Chinese tourist province of Hainan, although the outbreak is expected to have relatively little GDP impact. China is expected to report an acceleration in industrial production and retail sales later today.

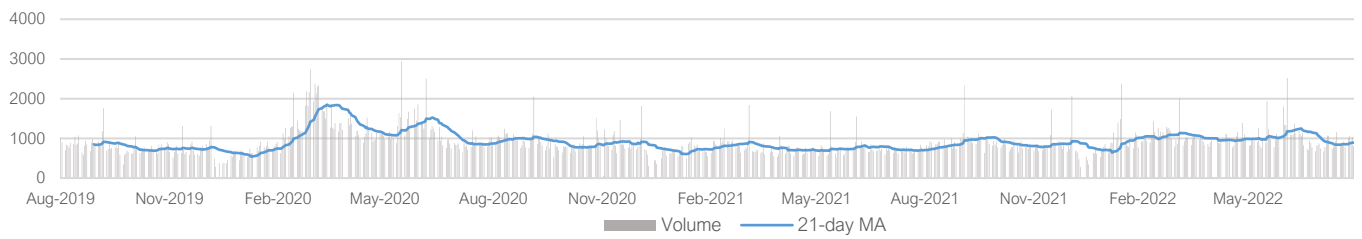
Australian employment is expected to stay at 3.5% on Thursday. American industrial production and Japanese GDP figures will be published this week, as well as the latest RBA and Federal Reserve meeting minutes. Australian reporting season will also intensify as 117 firms report results.

#### US CPI Breakdown July 2022

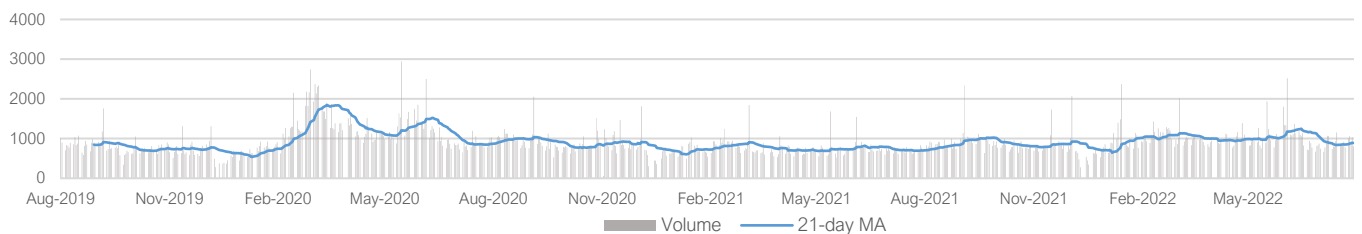
	Jul. 2022, Seas. Adj %	Un-adjusted 12m %
<b>All items</b>	<b>0.0</b>	<b>8.5</b>
<b>Food</b>	<b>1.1</b>	<b>10.9</b>
Food at home	1.3	13.1
Food away from home	0.7	7.6
<b>Energy</b>	<b>-4.6</b>	<b>32.9</b>
Energy commodities	-7.6	44.9
Gasoline (all types)	-7.7	44.0
Fuel oil	-11.0	75.6
Energy services	0.1	18.8
Electricity	1.6	15.2
Utility (piped) gas service	-3.6	30.5
<b>All items less food and energy</b>	<b>0.3</b>	<b>5.9</b>
Commodities less food and energy commodities	0.2	7.0
New vehicles	0.6	10.4
Used cars and trucks	-0.4	6.6
Apparel	-0.1	5.1
Medical care commodities	0.6	3.7
Services less energy services	0.4	5.5
Shelter	0.5	5.7
Transportation services	-0.5	9.2
Medical care services	0.4	5.1

Source: Bloomberg, BLS, 13<sup>th</sup> August 2022

### S&P500 Index



### S&P/ASX300 Index



Source: Bloomberg, S&P Dow Jones, 13<sup>th</sup> August 2022



## Significant Upcoming Data:

	Monday	Tuesday	Wednesday	Thursday	Friday
<b>Australia</b>		<b>RBA Minutes;</b> CBA Household Spending	<b>Wage Price Index;</b> Westpac Leading Index;	<b>Employment</b>	
<b>US</b>	<b>Empire Manuf. Survey;</b> NAHB Housing Mkt. Index; TIC Flows	<b>Ind. Production;</b> <b>Building Permits;</b> <b>Housing Starts;</b>	<b>FOMC Minutes;</b> <b>Retail Sales;</b> <b>Business Inventories;</b> MBA Mortgage Apps.	<b>Philly Fed. Bus. Outlook;</b> <b>Leading Index;</b> Existing Home Sales; Weekly Jobless Claims	
<b>Europe</b>	<b>Danish GDP &amp; PPI;</b> <b>German Wholesale Prices;</b> <b>Norwegian Trade</b> Swiss Prod. & Import Prices; Finnish CPI; UK Rightmove House Prices;	<b>ZEW Survey;</b> <b>EZ Trade;</b> <b>UK Employment</b>	<b>EZ &amp; Dutch Q2 GDP;</b> <b>EZ Employment;</b> <b>UK CPI;</b> Dutch Trade; Norwegian Cons. Conf.	<b>Norwegian Rates &amp; Q2 GDP;</b> EZ Const. Output; Swiss & Spanish Trade; Dutch Cons. Spending & Unempl.	<b>EZ &amp; Italian Curr. Acc.;</b> <b>UK Ret. Sales, Public Sector Finances &amp; GfK Cons. Conf.;</b> <b>Swiss Ind. Output;</b> <b>German PPI;</b>
<b>Japan</b>		<b>Q2 GDP;</b> <b>Indust. Prod.;</b>	Tertiary Ind. Index	<b>Trade;</b> <b>Core Machine Orders</b>	<b>Natl. CPI</b>
<b>China</b>	<b>Indust. Prod.;</b> <b>Ret. Sales;</b> <b>Fixed Asset &amp; Prop. Inv.;</b> <b>Surveyed Jobless Rate;</b> <b>[M0 / M1 / M2 Money Supply;</b> <b>1yr Med. Term Lending Rate]</b> New Home Prices;				

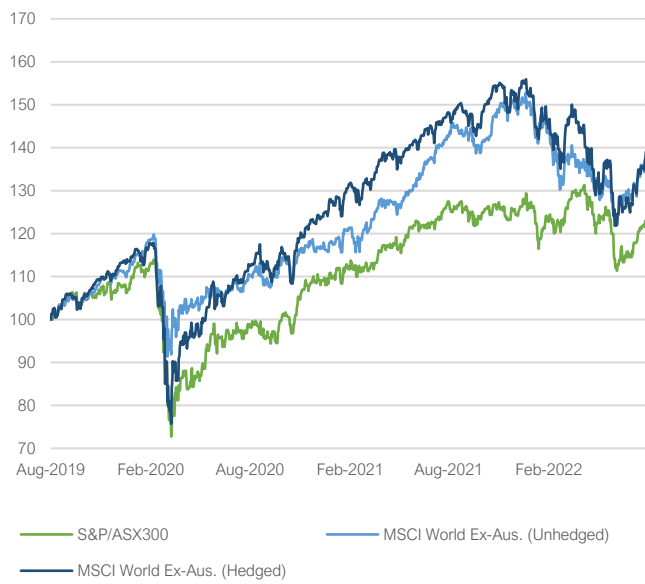
## Australian reporting calendar for the week:

Monday. 15-Aug-22	Tuesday. 16-Aug-22	Wednesday. 17-Aug-22	Thursday. 18-Aug-22	Friday. 19-Aug-22
CQE, BEN, GWA BPT, BSL, CAR CEN, GPT, GUD IMD, JBH, MYS	<b>BHP</b> , JHX, GOZ MNY, ABP, CGF GMG, MCY, SCP SEK, SGM, SWM TGR, TPW, 360	DHG, PGH, NEA <b>CSL</b> , BXB, DOW FBU, LIC, <b>MFG</b> RBL, SDF, STO SUL, VCX, BAP CTD	ORA, DRR, NWH DTL, IPH, CDA PME, IRE, NXL BKL, ASX, EVN HDN, HT1, MPL <b>ORG, TCL</b> , TWE RIC	<b>NCM, AX1, COH</b> AGL, GNE, ING KGN, SGP, TPG PWH, CWY

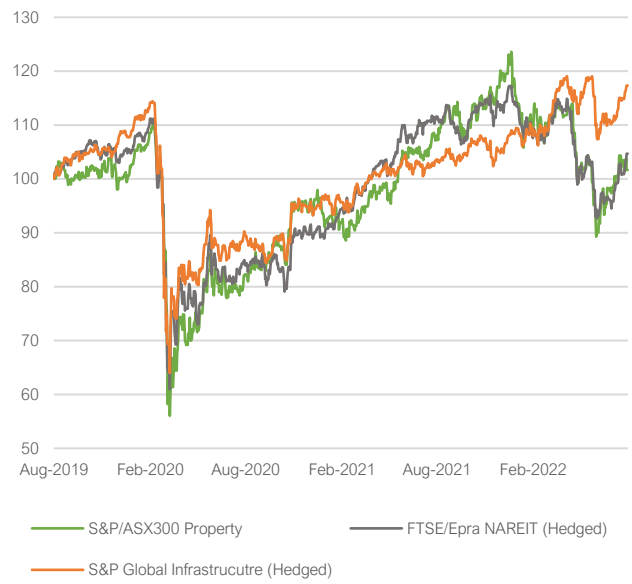
## ASX300 companies reporting - cumulative

44	57	76	94	107
28%	42%	54%	61%	64%

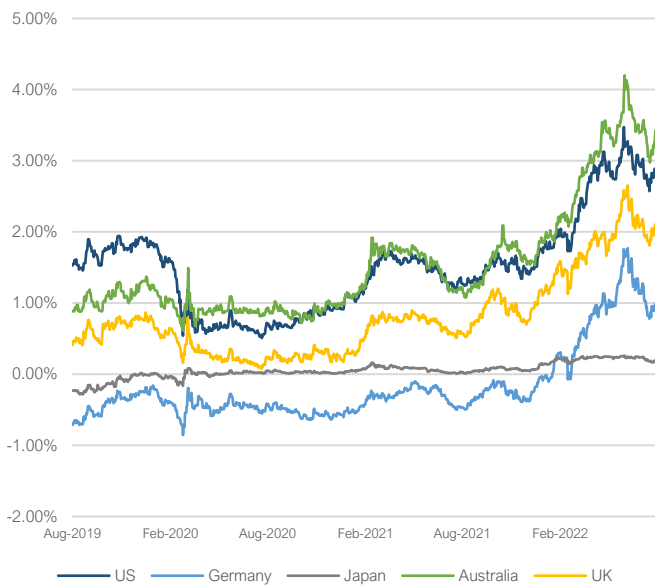
3Yr Equity Indices (Rebased to 100)



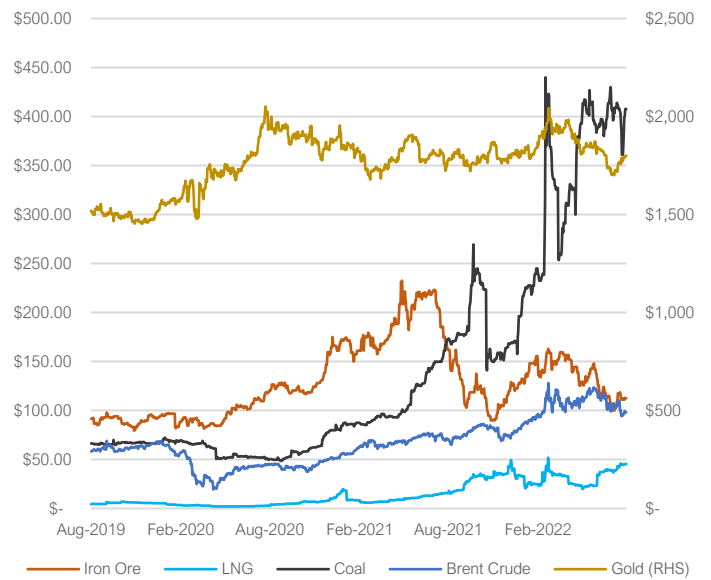
3Yr Prop. & Infr. Indices (Rebased to 100)



10Yr Government Bond Yields (%)



Commodity Prices (US\$)



Source: Bloomberg, S&P Dow Jones, MSCI, FTSE Russell, 13<sup>th</sup> August 2022

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