

WEEKLY MARKET *recap*

9 – 13 December 2024

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Highlights of the week

- The Reserve Bank of Australia (RBA) maintained the cash rate at 4.35% for the ninth consecutive meeting.
- The Australian unemployment rate fell 0.2% to 3.9% in November.

Market Action

Sector	Returns % (excluding distributions)		
	13-Dec-24	6-Dec-24	Change (%)
S&P/ASX 200	8299.0	8419.1	-1.4%
All Ordinaries	8553.7	8687.8	-1.5%
Small Ordinaries	3134.1	3205.9	-2.2%
S&P 500 *	6051.3	6075.1	-0.4%
NASDAQ *	19902.8	19700.7	1.0%
FTSE 100 *	8311.8	8349.4	-0.5%
Hang Seng *	20397.1	19560.4	4.3%
Nikkei *	39849.1	39395.6	1.2%

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

US equity markets were mixed with the S&P 500 down -0.4% and the NASDAQ up 1.0%. The Communication Services and Consumer Discretionary sectors led gains as markets responded to weak labour data, in-line inflation results and a stronger than expected producer price index reading. The FTSE100 fell -0.5%, with Ashted Group dragging on the index after downgrading its profit guidance.

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

ASX Code	Company	Closing Price	Change*
IFL	Insignia Financial	\$3.61	13.2%
MSB	Mesoblast	\$1.82	9.9%
GQG	GQG Partners	\$2.29	8.1%
PDN	Paladin Energy	\$8.03	6.6%
MIN	Mineral Resources	\$36.66	6.5%

*Prices as at 3.00PM on 13/12/2024

Insignia Financial jumped 13.2% after private equity firm Bain Capital proposed a takeover offer at \$4.00 per share. Mesoblast rallied 9.9% after its treatment for congenital heart disease was granted the Regenerative Medicine Advanced Therapy designation by the US Food and Drug Administration. GQG Partners rebounded 8.1% after seeing funds under management grow over November despite controversy with one of its investments. Mineral Resources is up 6.5% on news that production has been restarted at its Langer Heinrich Mine following a shutdown in November.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng rallied 4.3% as China pledges further stimulus next year whilst the Nikkei rose 1.2% with the Bank of Japan increasingly likely to raise its interest rate to 0.5% at its meeting next week. The S&P/ASX 200 lost -1.4%, dragged down by the Information Technology, Real Estate and Financials sectors. Small caps underperformed both mid and large caps, falling by -2.2%.

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

ASX Code	Company	Closing Price	Change*
VNT	Ventia Services Group	\$3.55	-19.2%
CU6	Clarity Pharma.	\$4.61	-17.8%
ZIP	Zip Co	\$2.90	-14.5%
AAI	Alcoa Corporation	\$61.52	-13.7%
360	Life360 Inc	\$23.28	-11.6%

Ventia Services Group fell -19.2% after the Australian Competition and Consumer Commission began civil proceedings for alleged price fixing. Zip Co is down -14.5% after US chairman and co-founder Larry Diamond announced he would step down from his role and then sold 30 million shares. Alcoa Corporation retreated -13.7% with alumina prices forecast to ease in the new year as further supply comes online. Life360 lost -11.6% on profit taking having rallied significantly over the calendar year.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
ELD	Elders Limited	17/12/2024	\$0.18	70%

Key Rates Table

Aus. 10-yr Bond Yield	US 10-yr Bond Yield	AUD/USD	AUD/GBP	AUD/EUR	AUD/CNY	AUD/JPY
4.35%	4.33%	0.64	0.50	0.61	4.63	97.27

*Rates as at 3.00PM on 13/12/2024

Topic of the week

The Reserve Bank of Australia (RBA) has published a research discussion paper on the effect of foreign or global economic and financial shocks on the Australian economy. Given Australia's comparatively small economy and openness to foreign investment and trade, it is generally thought that both economic and financial conditions overseas would strongly affect domestic conditions. Looking at global shocks through the years from 1990 to 2019, the report measured changes in economic and financial variables such as inflation, exchange rates, and interest rates, and how much of the movement could be explained by global economic and financial changes. The report had two major findings.

The first of the two key findings was that some economic and financial variables were more susceptible to global changes. Variables such as exchange rates and the central bank cash rate

were more strongly affected by global movements whereas variables like economic growth and the rate of inflation were less interconnected.

The second major finding was that the Australian banking system appeared to be more insulated from the global banking system and did not appear to pass on any global movements into the Australian economy. Variables such as deposit and loan volumes saw little movement corresponding to movements in global markets. This could be a result of Australian banks having a stronger focus on domestic businesses compared to major global banks.

The RBA concluded that the Australian economy was significantly affected by the global economy and financial system, albeit the effects were slightly reduced by exchange rates and the cash rate.

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	6.49%	6.44%	6.84%	6.69%	6.49%	6.94%
NAB	6.44%	6.04%	6.29%	6.96%	6.24%	6.49%
Macquarie	6.14%	5.69%	5.69%	6.34%	5.85%	5.85%

*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 US 2024 3rd Quarter Corporate Earnings Season comes to an end with Accenture, FedEx and Nike all expected to report.
- The US Federal Reserve will hold its final meeting for the calendar year.



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