

WEEKLY MARKET recap

16 – 20 December 2024

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Highlights of the week

- Britain has joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, becoming the 12th member.
- The US Federal Reserve has cut its cash rate to a target range of 4.25% - 4.50%.

Market Action

Sector	Returns % (excluding distributions)		
	20-Dec-24	13-Dec-24	Change (%)
S&P/ASX 200	8064.0	8299.0	-2.8%
All Ordinaries	8312.9	8553.7	-2.8%
Small Ordinaries	3040.5	3134.1	-3.0%
S&P 500 *	5867.1	6051.3	-3.0%
NASDAQ *	19372.8	19902.8	-2.7%
FTSE 100 *	8105.3	8311.8	-2.5%
Hang Seng *	19752.5	20397.1	-3.2%
Nikkei *	38813.6	39849.1	-2.6%

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

US equity markets retreated this week with the S&P 500 and the NASDAQ down -3.0% and -2.7% respectively. Despite the Federal Reserve cutting its interest rate as expected, its projection of only two rate cuts in 2025 concerned investors. The FTSE100 fell -2.5%, to a one month low with the Bank of England maintaining its cash rate at 4.75%.

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

ASX Code	Company	Closing Price	Change*
MSB	Mesoblast	\$2.39	47.7%
VNT	Ventia Services Group	\$3.59	7.7%
IRE	IRESS	\$9.30	7.3%
SDR	SiteMinder	\$6.28	6.6%
IFL	Insignia Financial	\$3.57	4.9%

*Prices as at 3.00PM on 20/12/2024

Mesoblast has surged 47.7% after its Ryoncil therapy, used for treatment during bone marrow transplants, received approval from the US Food and Drug Administration. Ventia Services Group jumped 7.7% after signing a five-year strategic agreement with Telstra to support critical digital infrastructure. Iress returned 7.3% after projecting full year earnings will be at the top end of its guidance range whilst Insignia Financial rose 4.9% after rejecting Bain Capital's takeover bid. SiteMinder has gained 6.6% despite no significant news being released by the company.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng lost -3.2% on disappointing retail sales, property and fixed asset investment data whilst the Nikkei slipped -2.6% with the Bank of Japan also holding its cash rate at 0.25%. The S&P/ASX 200 fell -2.8%, with weakness in the Consumer Discretionary and Materials sectors. Small caps underperformed both mid and large caps, falling by -3.0%.

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

ASX Code	Company	Closing Price	Change*
BGL	Bellevue Gold	\$1.11	-19.2%
HMC	HMC Capital	\$9.94	-18.2%
DYL	Deep Yellow	\$1.07	-14.3%
VAU	Vault Minerals	\$0.33	-13.2%
PLS	Pilbara Minerals	\$2.07	-12.3%

Gold producers Bellevue Gold and Vault Minerals retreated -19.2% and -13.2% respectively after metal prices fell this week on the Federal Reserve's hawkish outlook of further rate cuts. Uranium producer, Deep Yellow has lost -14.3% after delaying its final investment decision for its Tumas Project until early March 2025. HMC Capital fell -18.2% after raising funds for and launching its Digico Infrastructure real estate investment trust. Pilbara Minerals is down -12.3% to a multi-year low despite no significant news being released by the company.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
CQR	Charter Hall Retail REIT	24/12/2024	\$0.12	0%

Key Rates Table

Aus. 10-yr Bond Yield	US 10-yr Bond Yield	AUD/USD	AUD/GBP	AUD/EUR	AUD/CNY	AUD/JPY
4.53%	4.55%	0.62	0.50	0.60	4.54	97.75

*Rates as at 3.00PM on 20/12/2024

Topic of the week

This week, Treasurer Jim Chalmers provided a mid-year update for the federal budget along with new Treasury forecasts for the Australian economy and some policy changes.

Compared to the forecast of the May budget, the federal budget's position at the mid-year mark is \$1.3 billion better off. The government was unable to find further savings due to "unavoidable spending" such as inflation indexed payments like Youth Allowance. However, the three following years are now forecast to be worse off due to recent spending and cost blowouts. The deficit to the end of the 2028 Financial Year will total \$22 billion. The federal budget is not expected to be in surplus for another decade.

The Treasury has downgraded its real GDP forecasts from 2% to 1.75% for this financial year. Wages were also downgraded, coming

in at 3% compared to the previous forecast of 3.25%. Household spending growth was also downgraded, down from 2% to 1%. The downgrades were attributed to the slowing economy with high interest rates and cost of living. In contrast, employment growth was upgraded from 0.75% to 1.75%, along with an increase to expected migration numbers.

In addition to the budget update, there were also policy changes. The government will be removing research and development tax refunds for tobacco and gambling companies. This is estimated to save \$10 million annually and will come into effect at the beginning of the next financial year. There will also be a one-year suspension of the Commercial Broadcasting Tax. The budget also accounted for \$5.5 billion in unannounced government spending with further details likely to be released closer to the election.

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

- There will be a shortened trading week, with the ASX closed on Wednesday and Thursday for Christmas Day and Boxing Day.
- Apt Wealth Partners wishes you all the best for the festive season!



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