

WEEKLY MARKET recap

6 – 10 January 2025



Highlights of the week

- Australian Retail sales rose 0.8% in November, below expectations.
- The Australian inflation rate increased to 2.3% in November, up from 2.1% in October.

Market Action

Sector	Returns % (excluding distributions)		
	10-Jan-25	3-Jan-25	Change (%)
S&P/ASX 200	8295.1	8250.5	0.5%
All Ordinaries	8544.5	8465.0	0.9%
Small Ordinaries	3117.0	3128.3	-0.4%
S&P 500 *	5918.3	5868.6	0.8%
NASDAQ *	19478.9	19280.8	1.0%
FTSE 100 *	8319.7	8260.1	0.7%
Hang Seng *	19240.9	19623.3	-1.9%
Nikkei *	39605.1	39894.5	-0.7%

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

US equity markets were higher this week with the S&P 500 and the NASDAQ up 0.8% and 1.0% respectively. Economic data solidified expectations of minimal rate cuts by the Federal Reserve, matching the Federal Reserve's new stance outlined in their meeting minutes. The FTSE100 gained 0.7% on a weakening British pound, now at a 14-month low against the US dollar.

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

ASX Code	Company	Closing Price	Change*
IFL	Insignia Financial	\$4.12	17.1%
OBM	Ora Banda Mining	\$0.74	11.4%
SIG	Sigma Healthcare	\$2.98	11.0%
SGM	Sims	\$13.31	10.5%
GMD	Genesis Minerals	\$2.71	9.7%

*Prices as at 3.00PM on 10/01/2025

Insignia Financial jumped 17.1% after receiving a second takeover bid. The new bid is from private equity firm CC Capital and is set at a price of \$4.30 per share, up from Bain Capital's offer of \$4.0 per share. Ora Banda Mining is up 11.4%, continuing to climb since reaching first ore in late December. Fellow gold producer Genesis Minerals is also up 9.7%, with both benefiting from a rally in the gold price. Sigma Healthcare rose 11.0% ahead of its shareholder meeting to vote on the merger with Chemist Warehouse whilst Sims rose 10.5% on a broker rating update by Goldman Sachs.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng fell -1.9% on deflation concerns and geopolitical tensions whilst the Nikkei lost -0.7% with labour market data increasing the likelihood of the Bank of Japan making a rate hike. The S&P/ASX 200 rose 0.5%, driven by the Health Care, Financials and Information Technology sectors. Small caps underperformed both mid and large caps, falling by -0.4%.

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

ASX Code	Company	Closing Price	Change*
MSB	Mesoblast	\$2.81	-16.1%
LOV	Lovisa Holdings	\$26.16	-13.9%
GQG	GQG Partners Inc	\$1.85	-10.1%
WGX	Westgold Resources	\$2.60	-10.0%
YAL	Yancoal Australia	\$5.89	-8.4%

Mesoblast lost -16.1% before entering a trading halt pending an announcement by the company regarding proposed financing. Lovisa Holdings retreated -13.9% after brokers UBS and Jeffries downgraded their ratings. GQG Partners dropped -10.1% after its funds under management fell by US\$6.5 billion in December, albeit the change was mostly due to market movements. Westgold Resources slid -10.0% on its second quarter production update disappointing investors. Yancoal Australia fell -8.4%, tracking the fall in coal prices.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
No upcoming dividends this week.				

Key Rates Table

Aus. 10-yr Bond Yield	US 10-yr Bond Yield	AUD/USD	AUD/GBP	AUD/EUR	AUD/CNY	AUD/JPY
4.57%	4.68%	0.62	0.50	0.60	4.54	98.07

*Rates as at 3.00PM on 10/01/2025

Topic of the week

China's consumer price index was flat in December, following two successive months of declines. The index fell -0.3% in October and -0.6% in November. The annual inflation rate to the end of December was 0.1%, continuing a gradual decline since August 2024. The fall in the consumer price index was driven by a fall in food prices, particularly in fresh fruits and vegetables, and pork. The near-zero inflation rates continue to raise concerns that China may slip into deflation.

Deflation refers to the fall in prices for goods and services and is a major concern for economies. When deflation exists, the purchasing power of money increases over time. Consumers will be able to purchase more goods and services in the future with the same nominal value of money. If consumers hold off on purchases in the present to obtain it at a lower price in the future, companies

may be forced to lower prices to generate sales. Lower sales may also result in layoffs and higher unemployment. In turn, there will be less spending and an oversupply of goods and services resulting in lower prices and continuing the cycle. To avoid this, central banks and governments generally target a steady rate of inflation with the Chinese government targeting an annual rate of 3%.

China has been gradually introducing stimulus to support its struggling economy. The People's Bank of China has reduced interest rates, increased bank lending, lowered requirements to purchase property, and more but have been unable to stimulate an economic recovery. Prior to the end of last year, Chinese officials have promised more effective fiscal policies and further cuts to rates and reserve requirement ratios.

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 Australian Bureau of Statistics (ABS) will release the December 2024 Labour Force data.
- The US Bureau of Labor Statistics will release the US Consumer Price Index updated for December 2024.



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