WEEKLY MARKET recap

13 – 17 January 2025

Highlights of the week

- The Australian unemployment rate was flat at 4.0% in December 2024.
- The Australian government announced a $3 billion upgrade to the National Broadband Network.

Market Action

Sector	Returns % (excluding distributions)		
	17-Jan-25	10-Jan-25	Change (%)
S&P/ASX 200	8314.4	8295.1	0.2%
All Ordinaries	8560.4	8544.5	0.2%
Small Ordinaries	3156.8	3117.0	1.3%
S&P 500 *	5937.3	5918.3	0.3%
NASDAQ *	19338.3	19478.9	-0.7%
FTSE 100 *	8391.9	8319.7	0.9%
Hang Seng *	19522.9	19240.9	1.5%
Nikkei *	38572.6	39605.1	-2.6%

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

S&P/ASX 200 Index – 1 Week Performance

US equity markets were mixed with the S&P 500 up 0.3% but the NASDAQ down -0.7% as fourth quarter reporting season began. Markets were buoyed by a 0.1% fall in core inflation despite headline inflation increasing for the third consecutive month. The FTSE100 gained 0.9% with UK Gross Domestic Product returning to growth with a 0.1% rise in November.

The Hang Seng rebounded 1.5% on technology stock gains whilst the Nikkei lost -2.6%, dragged down by automakers. The S&P/ASX 200 eked out 0.2% gain, driven by a rebound in the Energy and Materials sectors. Australian labour market data proved resilient, reducing hopes of a rate cut in February. Small caps outperformed both mid and large caps, rising by 1.3%.

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

ASX Code	Company	Closing Price	Change*
INA	Ingenia Communities	$5.32	14.3%
CTD	Corporate Travel	$14.32	13.1%
LTR	Liontown Resources	$0.64	12.9%
GOR	Gold Road Resources	$238.00	10.7%
TLX	Telix Pharmaceuticals	$26.84	10.6%

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

ASX Code	Company	Closing Price	Change*
PMV	Premier Investments	$28.42	-15.0%
DRO	DroneShield	$9.68	-13.1%
NWL	Netwealth Group	$26.89	-11.6%
SPR	Spartan Resources	$1.44	-10.8%
HUB	HUB24	$65.54	-10.2%

*Prices as at 3.00PM on 17/01/2025

Ingenia Communities jumped 14.3% after upgrading its earnings guidance from $148-155 million to $162-165 million. Corporate Travel Management rose 13.1%, with the share price supported by an ongoing on-market share buy-back. Liontown Resources and Gold Rold Resources rallied 12.9% and 10.7% respectively on higher prices for their respective commodities of lithium and gold. Telix Pharmaceuticals gained 10.6% after its total revenue for the 2024 financial year of US$517 million exceeded its previously provided guidance of US$490-510 million.

Premier Investments dropped -15.0% after a disappointing trading update. Its 'Apparel Brands' division is particularly under pressure with its earnings guidance for the first half year at $31-35 million, a $16-20 million fall from the prior corresponding period. DroneShield fell -13.1%, erasing its previous week's gains when it secured a $9.7 million contract. Netwealth and Hub24 lost -11.6% and -10.2% respectively despite an ongoing bidding war for competitor Insignia Financial. Spartan Resources fell -10.8% after selling its Glenburgh and Egerton Gold Projects.

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
4.55%	4.61%	0.62	0.51	0.60	4.55	96.59

*Rates as at 3.00PM on 17/01/2025

Topic of the week

UK government bonds also known as gilt-edged securities (gilts) have seen their yields jump recently. The 10-year gilt yield reached their highest level since 2008 whilst the 30-year gilt yield reached their highest level since 1998 with both yields rising around 0.5% over the last month to the latest peak.

The new Labour government's budget outlined an additional £142 billion in borrowing despite the public debt total nearing 100% of UK's Gross Domestic Product (GDP). The rise in bond yields results in an increased borrowing cost for the government, with the recent jump expected to have used the entirety of the £10 billion buffer built into the budget's fiscal targets. UK GDP has also fallen for two consecutive months, each reading 0.1% lower in September and October. This has increased concern about the UK's fiscal health, increasing the risk premium demanded by investors for lending money.

UK inflation has remained stubborn with the consumer price index including housing at an annual rate of 3.5% for both readings in November and December. Headline inflation which excludes housing came in at 2.6% in November, a second consecutive rise. December's reading showed a small decline, coming in at 2.5%.

There is also concern that incoming US President Donald Trump's tariff plans and protectionist policies will pressure global inflation. The UK government's budget also includes tax changes such as the National Insurance Employer Contributions that have yet to be implemented but which could stoke inflation as firms pass through the higher costs to consumers.

The elevated inflation has altered interest rate expectations with the Bank of England now expected to make only one rate cut in 2025. With interest rates now expected to remain higher than expected, bond yields have risen.

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 4th Quarter Corporate Earnings Season will continue with Netflix, Johnson & Johnson, and American Express all expected to report.
- Donald Trump will be inaugurated and begin his second presidential term.