

WEEKLY MARKET recap

19 - 23 May 2025

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Highlights of the week

- Ratings agency Moody's downgraded the US Government's credit rating from AAA to AA+.
- The Reserve Bank of Australia (RBA) cut the cash rate by 0.25%, bringing the cash rate down to 3.85%.

Market Action

Sector	Returns % (excluding distributions)		
	23-May-25	16-May-25	Change (%)
S&P/ASX 200	8361.4	8335.7	0.3%
All Ordinaries	8587.4	8571.4	0.2%
Small Ordinaries	3190.5	3174.8	0.5%
S&P 500 *	5842.0	5916.9	-1.3%
NASDAQ *	18925.7	19112.3	-1.0%
FTSE 100 *	8739.3	8633.8	1.2%
Hang Seng *	23544.3	23453.2	0.4%
Nikkei *	36985.9	37755.5	-2.0%

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

US equity markets retreated with the S&P 500 and the NASDAQ down -1.3% and -1.0% respectively as concerns over the level of public debt in conjunction with a tax cut bill led to a spike in bond yields. Losses were led by the Energy and Information Technology sectors. The FTSE100 rose 1.2% despite the annual UK inflation rate jumping to 3.5%, the highest rate since February 2024.

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

ASX Code	Company	Closing Price	Change*
ADT	Adriatic Metals	\$5.00	33.7%
WAF	West African Resour.	\$2.64	20.2%
GMD	Genesis Minerals	\$4.32	17.4%
PRU	Perseus Mining	\$3.77	16.2%
TNE	Technology One	\$38.12	16.1%

*Prices as at 3.00PM on 23/05/2025

Gold producers, Adriatic Metals, West African Resources, Genesis Minerals, and Perseus Mining led gains this week following renewed demand for the precious metal. The recently passed US tax bill is expected to cause the US debt to balloon over coming years. The concerns of fiscal instability in addition to fears of further conflict in the Middle East and the stalling of peace talks between Russia and Ukraine have led to increased demand for gold for its safe haven appeal. Technology One rallied on its half year results where it reported a 21% increase in annualised recurring revenue.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng index gained 0.4% and reached a two-month high intraweek whilst the Nikkei fell -2.0% after Japan recorded a contraction in GDP for the first quarter. The S&P/ASX 200 gained 0.3% as the RBA made the second rate cut. Gains were led by the Communication Services sector. Small cap stocks outperformed large caps, up 0.5% for the week.

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

ASX Code	Company	Closing Price	Change*
NUF	Nufarm	\$2.52	-36.7%
LTR	Liontown Resources	\$0.64	-19.0%
PLS	Pilbara Minerals	\$1.38	-14.6%
MIN	Mineral Resources	\$23.51	-11.4%
IDP	IDP Education	\$8.41	-10.0%

Nufarm fell after its half year results revealed a 39% drop in statutory net profit after tax. The fall was driven by 'lower licensing revenues, lower margins in omega-3 and lower canola revenues' in its Seed Technologies business. Lithium producers Liontown Resources, Pilbara Minerals, and Mineral Resources retreated after lithium carbonate prices fell to a four-year low due to an oversupply of the metal. Mineral Resources' report of an 89% increase in mineral resources at its Onslow Iron Project was unable to prevent the fall in share price.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
NEM	Newmont Corporation	26/05/2025	\$0.27	0%
TNE	Technology One Limited	29/05/2025	\$0.07	65%

Key Rates Table

Aus. 10-yr Bond Yield	US 10-yr Bond Yield	AUD/USD	AUD/GBP	AUD/EUR	AUD/CNY	AUD/JPY
4.45%	4.53%	0.64	0.48	0.57	4.64	92.31

*Rates as at 3.00PM on 23/05/2025

Topic of the week

Victorian Treasurer Jaclyn Symes has delivered the 2025/2026 State Budget that aims to help ease the cost of living and increase investment into frontline services such as healthcare. The Budget will have an operating surplus of \$600 million, the first surplus since the Covid pandemic. However, this figure is approximately \$1 billion below the previous forecast from six months ago.

To help ease the cost of living, eligible households will receive a \$100 power saving bonus. Families with young children will benefit from an extended Free Kinder program that will save up to \$2,600 per child. Public transport will also be free for all Victorians under the age of 18. Almost \$5 billion will be invested into developing public transport infrastructure including the Metro Tunnel and for major works at Sunshine station. Another \$1 billion will be used on roads to fix potholes and upgrade the surface.

The Healthcare system will receive \$11.1 billion in investment with \$9.3 billion allocated for hospital funding. More than \$600 million will be used to open nine hospitals across Victoria. \$18 million will be spent to increase the range of services that pharmacists can provide, reducing the need to visit a GP.

On the other hand, the public sector will see job cuts and the consolidation of agencies as the government aims to save \$3.3 billion. The government will await the review of bureaucracy that will be finalised next month to determine the changes.

The Budget is expected to increase from \$167.6 billion to \$194 billion over the next three years. The Budget has not included any new taxes to increase government revenue and Victoria's interest payments are forecast to grow from \$7.6 billion for the 2025/2026 financial year, to over \$10 billion over the following three years.

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	6.24%	6.14%	6.69%	6.44%	6.24%	6.79%
NAB	6.19%	5.44%	5.79%	6.71%	5.59%	5.99%
Macquarie	5.89%	5.19%	5.39%	5.99%	5.35%	5.55%

*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 Bureau of Economic Analysis will release its Personal Income and Outlays data for April, including the core PCE deflator, the key economic indicator used by the Federal Reserve to measure inflation.
- The Australian Bureau of Statistics (ABS) will release Australian Industry data for the 2023/2024 Financial Year, estimating the key economic and financial performance for each industry.



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