



Highlights of the week

- The annual US inflation rate remained flat at 3.7% in September.
- Qantas and Virgin Australia have begun repatriating Australians from Israel.

Market Action

Sector	Returns % (excluding distributions)		
	12-Oct-23	6-Oct-23	Change (%)
S&P/ASX 200	7091.0	6958.8	1.9%
All Ordinaries	7287.4	7148.2	1.9%
Small Ordinaries	2719.7	2641.2	3.0%
S&P 500	4377.0	4258.2	2.8%
NASDAQ	13659.7	13219.8	3.3%
FTSE 100	7620.0	7451.5	2.3%
Hang Seng	18238.2	17213.9	6.0%
Nikkei	32494.7	31075.4	4.6%

S&P/ASX 200 Index - 1 Week Performance



US equity markets rallied with the S&P 500 and the NASDAQ rising 2.8% and 3.3% respectively as bond yields eased slightly, although a higher-than-expected inflation reading for September did offset some gains from earlier in the week. Gains were again led by the Information Technology sector. The FTSE 100 rose 2.3%, recording the third-best day of 2023 on Wednesday. Energy outperformed following a rise in oil and gas prices.

The Hang Seng climbed 6.0% this week and is on a six-day streak of gains after reports of further stimulus, whilst the Nikkei gained 4.6%, with gains led by Mitsubishi. The S&P/ASX 200 rose 1.9%, driven by the Utilities and Information Technology sectors. Australia's consumer inflation expectations have risen to 4.8% in October. Small caps outperformed both mid and large cap companies, rising by 3.0%.

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

ASX Code	Company	Closing Price	Change*
RMS	Ramelius Resources	\$1.71	14.1%
SLR	Silver Lake Resources	\$0.98	12.7%
PNV	Polynovo	\$1.33	11.3%
DEG	De Grey Mining	\$1.20	11.1%
NIC	Nickel Industries	\$0.80	11.1%

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

ASX Code	Company	Closing Price	Change*
MFG	Magellan Financial	\$7.04	-20.1%
FPH	Fisher & Paykel	\$19.75	-5.0%
RMD	Resmed	\$22.17	-4.8%
CSL	CSL	\$238.24	-4.5%
NEU	Neuren Pharma.	\$11.29	-4.3%

*Prices as at 4.00PM on 12/10/2023

Gold producers Ramelius Resources, Silver Lake Resources and De Grey Mining rose 14.1%, 12.7%, and 11.1% driven by the higher gold price as investors turned to the precious metal as a safe-haven asset, particularly after the Israel-Hamas conflict broke out. Nickel Industries climbed 11.1% after signing a binding agreement with Indonesia Morowali Industrial Park for the development, installation, operation, and maintenance of a battery solar project. Polynovo rallied 11.3% despite no significant news being released by the company.

Magellan Financial Group fell -20.1% after their funds under management fell by 10% in September. Of the \$4 billion loss of funds under management, \$2 billion was attributed to net outflows and \$2 billion to market movements. The healthcare sector underperformed this week with Fisher & Paykel Healthcare, Resmed, CSL and Neuren Pharmaceuticals down -5.0%, -4.8%, -4.5% and -4.3% respectively. CSL and Resmed's share price decline was due to a successful trial of weight-loss drug Ozempic for kidney disease.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
NCM	Newcrest Mining Limited	18/10/2023	\$1.74	100%

Topic of the week

The Resource and Energy Quarterly was released last week by the Department of Industry, Science and Resources (DISR). In addition to providing an outlook on global commodity prices, demand and supply, the report also highlighted key structural challenges to economic growth in China. China is not only one of the world's largest consumers of energy and metals, but they also remain the largest market for Australian resources and energy exports, representing more than 35% of export earnings. Falling activity and demand in China will affect commodity prices and Australia's export earnings. The three key factors outlined were slowing demographics, a trend towards domestic spending and declining returns on investment.

The Chinese property market was the major driver of its economy for the first two decades of this century as its population grew and urban migration increased. This led to China becoming a major demander of iron ore, steel, and non-ferrous metals. However, construction activity has since slowed down with major developers

defaulting on debts and a resulting liquidity crisis. The property boom had also resulted in an oversupply of housing, and now with China's population beginning to fall, there is a major difference between housing supply and demand.

China has also seen a shift away from growth by manufacturing and construction and is now seeing increased growth attributed to domestic consumption and its services sector. The DISR believes that China's export-driven era has reached an end with "foreign markets reaching saturation." Historically, a large services sector has resulted in slower economic growth.

The final factor highlighted was declining returns on investment and lower foreign investment. Both fixed asset investment and foreign direct investment has fallen over the last decade. Recently, a downturn in investment sentiment and geopolitical issues have further lowered foreign investment, dampening China's growth prospects.

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	6.44%	6.99%	6.84%	6.50%	7.04%	6.94%
NAB	6.49%	6.34%	6.69%	7.01%	6.64%	6.79%
Macquarie	5.89%	6.35%	6.29%	6.09%	6.49%	6.45%

*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 Labour Force statistics for September. The unemployment rate remained flat at 3.7% in August.
- The Reserve Bank of Australia (RBA) will release their minutes for October's Monetary Policy Meeting where the cash rate was maintained at 4.1% for the fourth straight month.



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