



Highlights of the week

- The UN Security Council failed to agree again on a resolution to the Israel Hamas Conflict.
- Germany has urged Australia to support a European Union push for the phasing out of fossil fuels at the upcoming UN Climate Summit.

Market Action

Sector	Returns % (excluding distributions)		
	10-Nov-23	3-Nov-23	Change (%)
S&P/ASX 200	6981.5	6969.6	0.2%
All Ordinaries	7181.0	7166.5	0.2%
Small Ordinaries	2675.1	2657.5	0.7%
S&P 500	4344.3	4317.8	0.6%
NASDAQ	13521.5	13294.2	1.7%
FTSE 100	7455.7	7446.5	0.1%
Hang Seng	17511.3	17230.6	1.6%
Nikkei	32646.5	31949.9	2.2%

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

US equity markets rose this week, with the S&P 500 and the NASDAQ up 0.6% and 1.7% respectively. The tech-heavy NASDAQ outperformed with the Information Technology sector benefitting from a fall in bond yields. Semiconductor companies rallied, soon to receive a rollout of funds from the new *CHIPS and Science Act*. The FTSE 100 edged 0.1% higher with Bank of England's Chief Economist, Huw Pill, suggesting rate cuts were possible in 2024.

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

ASX Code	Company	Closing Price	Change*
NEU	Neuren Pharma.	\$14.34	27.0%
SQ2	Block Inc.	\$79.59	22.7%
WBT	Weebit Nano	\$4.20	20.7%
LNW	Light & Wonder Inc	\$128.06	12.5%
JHX	James Hardie	\$45.61	11.6%

*Prices as at 3.00PM on 10/11/2023

Neuren Pharmaceuticals continued its momentum from last week when it revealed it would receive \$10.4 million in royalties, up another 27.0% following an investor presentation. Technology companies, Block Inc and Weebit Nano finished up 22.7% and 20.7% respectively. Block Inc reported a 24% rise in revenue and a 21% rise in gross profit in the third quarter whilst Weebit Nano received its maiden revenue payment, an initial licensing fee of US\$100,000. James Hardie climbed 11.6% on its second quarter update, reporting a record adjusted net income of \$178.9 million. Light & Wonder rose 12.5% despite releasing no significant news.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng gained 1.6% this week, despite China slipping back into deflation with consumer prices falling -0.2% in the year to October whilst the Nikkei climbed 2.2% on a falling yen and strong earnings results. The S&P/ASX 200 edged 0.2% higher with gains led by the Healthcare and Consumer Discretionary sectors. Small caps outperformed both mid and large cap companies, gaining 0.7%.

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

ASX Code	Company	Closing Price	Change*
CRN	Coronado Global	\$1.57	-11.1%
CHN	Chalice Mining	\$1.65	-10.8%
XRO	Xero Limited	\$99.57	-9.8%
NEM	Newmont Corporation	\$53.24	-8.5%
TWE	Treasury Wine Estates	\$11.06	-7.7%

Gold producers Chalice Mining and Newmont Corporation declined -10.8% and -8.5% respectively as the demand for, and the price of gold fell. Newmont is now down more than 10% since listing on the ASX two weeks ago. Xero reported its half yearly results this week and despite a 21% increase in revenue and a 13% increase in subscribers, Xero's share price fell -9.8%. Treasury Wine Estates is down -7.7% as its retail entitlement offer begins. Coronado Global Resources dropped -11.1% respectively despite no significant news being released by the company.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
MQG	Macquarie Group Limited	13/11/2023	\$2.55	40%
PL8	Plato Income Maximiser Limited	15/11/2023	\$0.01	100%
SOL	Washington H.Soul Pattinson and Co. Limited	17/11/2023	\$0.51	100%

Topic of the week

After four months of maintaining the cash rate flat at 4.10%, the Reserve Bank of Australia (RBA) increased the cash rate by 0.25% to 4.35% at its November board meeting this week. Markets had gradually priced in the higher likelihood of a rate hike during the second half of October, as economic data, particularly inflation, proved to be stubborn.

The Consumer Price Index (CPI) data for the September quarter revealed that Australia's headline inflation rate was 5.4% for the prior 12-month period. The trimmed mean inflation rate, which excludes outlying CPI components by only using the central 70% of price changes, came in at 5.2%. Despite both inflation indexes coming off their peak in the December 2022 quarter, both remain higher than the RBA's 2-3% target range. The rate at which it was falling was also slower than previously forecast by the RBA who were expecting a trimmed-mean rate of 4.8% which contributed to the decision to increase the cash rate.

Another factor is the labour market. Unemployment remains near historic lows, hovering around 3.5% to 3.6%. Low unemployment contributes to inflation as employers need to pay more to retain and attract employees. Rising wages then cause the price of products and services to rise resulting in a higher inflation rate.

Business conditions also remain positive with rising new business orders on top of strong existing orders. This is highlighted by the NAB Business Survey which has been mostly optimistic despite higher rates usually causing a rapid deterioration in business conditions. The tight labour market and resilient business activity gives room for the RBA to continue to increase interest rates.

The RBA remains firm in its stance on prioritising the return of inflation to the target range of 2-3% in a reasonable timeframe. As a result, with the stronger than expected economy, there may be further rate hikes, or a long period of elevated rates ahead.

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	6.59%	6.34%	6.69%	7.11%	6.64%	6.79%
Macquarie	5.89%	6.55%	6.65%	6.09%	6.69%	6.79%

*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 will release the latest Labour Force statistics, updated to October.
- The US Bureau of Labor Statistics will release the US Consumer Price Index for October. Core inflation has fallen which has led the Federal Reserve to pause following a string of interest rate hikes.



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