



Highlights of the week

- Australia has formed an agreement to offer residency to Tuvalu citizens with the island under threat from rising sea levels.
- The US House and Senate have passed a temporary spending bill to avoid a government shutdown.

Market Action

Sector	Returns % (excluding distributions)		
	17-Nov-23	10-Nov-23	Change (%)
S&P/ASX 200	7053.1	6981.5	1.0%
All Ordinaries	7264.1	7181.0	1.2%
Small Ordinaries	2710.3	2675.1	1.3%
S&P 500	4508.2	4344.3	3.8%
NASDAQ	14113.7	13521.5	4.4%
FTSE 100	7411.0	7455.7	-0.6%
Hang Seng	17832.8	17511.3	1.8%
Nikkei	33424.4	32646.5	2.4%

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

US equity markets rallied this week, with the S&P 500 and the NASDAQ up 3.8% and 4.4% respectively. Markets rallied on a lower-than-expected consumer price index, with year-on-year inflation easing to 3.2% in October. Gains were led by the Information Technology and Real Estate sectors. The FTSE 100 slipped -0.6% despite also seeing a large fall in inflation rate, to come in at 4.6%.

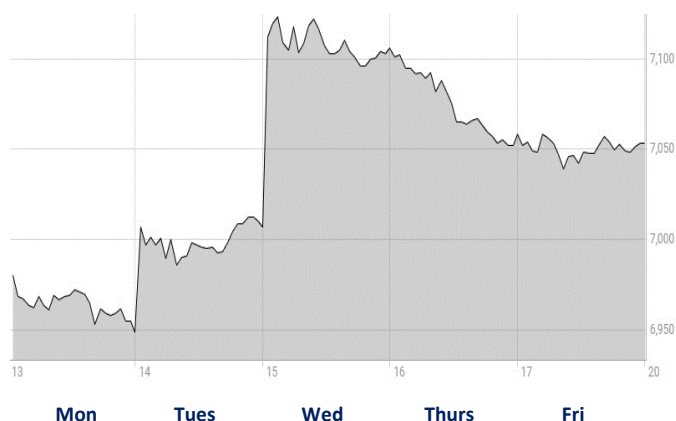
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
ELD	Elders	\$7.35	17.6%
CMW	Cromwell Property	\$0.43	15.2%
CNI	Centuria Capital	\$1.42	12.8%
NEU	Neuren Pharma.	\$14.77	12.4%
ALQ	ALS	\$12.17	11.9%

*Prices as at 3.00PM on 17/11/2023

Elders jumped 17.6% after posting surprisingly strong earnings considering the headwinds from inflation, rising interest rates and falling livestock prices. Real Estate Investment Trusts, Cromwell Property Group and Centuria Capital Group rose 15.2% and 12.8% respectively. Centuria also announced a \$71 million Industrial acquisition as a part of a newly secured \$500 million institutional mandate. Neuren Pharmaceuticals was again one of the best performers, up 12.4% after completing its Phase 2 trial for Phelan-McDermid syndrome. ALS finished 11.9% higher after reporting above guidance underlying net profit after tax of \$158 million for the first half of FY24.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng rose 1.8% with the Chinese Government expected to provide 1 trillion yuan in low-cost financing to boost the housing sector whilst the Nikkei climbed 2.4% following increased inflows from foreign investors. The S&P/ASX 200 gained 1.0% driven by the Information Technology and Real Estate sectors. Small caps outperformed both mid and large cap companies, up 1.3%.

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

ASX Code	Company	Closing Price	Change*
AMP	AMP	\$0.86	-15.3%
TPG	TPG Telecom	\$4.75	-13.4%
KAR	Karoon Energy	\$2.06	-12.6%
CHN	Chalice Mining	\$1.57	-11.1%
SYA	Sayona Mining	\$0.08	-10.3%

AMP dropped -15.3% after announcing the launch of a new digital bank targeting sole traders and small businesses. The new bank will cost approximately \$60 million and is expected to be launched in Q1 2025. TPG Telecom fell -13.4% after the sale of its fixed infrastructure assets to Vocus Group fell through. Karoon Energy lost -12.6% after completing an institutional placement and launching a retail entitlement offer at a price of \$2.05 per share. Sayona Mining fell -10.3%, leading lithium producers lower, after another fall in the price of lithium. Chalice Mining declined -11.1% despite no significant news being released by the company.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
AMC	Amtcor PLC	21/11/2023	\$0.20	0%
ELD	Elders Limited	21/11/2023	\$0.23	30%

Topic of the week

The Australian Prudential Regulation Authority (APRA) has begun a public consultation process on a proposal to change liquidity and capital requirements for banks, especially smaller banks. This is APRA's response to ensure the stability of the Australian Financial system after the US and European banking crises earlier in the year. The proposal follows their discussion paper on changing Additional Tier1 (AT1) capital instruments in September.

APRA's letter to Authorised Deposit-taking Institutions (ADIs) noted that whilst Australian banks had sufficient liquidity and were mostly prudent in managing risks, some practices could be improved. APRA are targeting three main changes: valuation practices, emergency liquidity processes and the composition of liquidity portfolios.

APRA's first proposed change is to increase the regularity of liquid asset valuations, to account for market price movements. More regular valuations would ensure that portfolios are sufficiently liquid in the event they are needed. APRA noted that unrealised

losses on assets was one of the major factors that impacted US banks earlier in the year.

The next proposed change is that APRA would "formalise requirements for accessing exceptional liquidity assistance." If an ADI needed assistance, a clear procedure will be set in place, including what information the ADI would need to provide to APRA to receive the assistance.

The final amendment is to adjust what assets qualify as liquid assets. Bank bills, certificates of deposits and debt securities from other ADIs would no longer be allowed. Currently, ADIs use other bank securities to compose around 60% of their liquidity portfolios. APRA's concern is that the collapse of one bank could spread to other banks if they continue to own a portion of each other's assets.

APRA will be reviewing feedback for the proposals and engaging with banks over the consultation period to assess the feasibility of the changes. The final changes are expected to be implemented from 2025.

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	6.69%	6.99%	6.84%	6.75%	7.04%	6.94%
NAB	6.84%	6.34%	6.69%	7.36%	6.64%	6.79%
Macquarie	6.14%	6.55%	6.65%	6.34%	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 Reserve Bank of Australia (RBA) will release their November meeting minutes, providing insight into their decision to raise interest rates after four months of no change.
- The Australian Bureau of Statistics (ABS) will release the Labour Force data for October.



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