

WEEKLY MARKET recap

18 - 22 December 2023

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Highlights of the week

- The US announced 'Operation Prosperity Guardian' which comprises a multinational naval coalition that will defend commercial ships transiting the Red Sea following attacks from Yemen's Houthis rebels.
- The Colorado Supreme Court ruled Donald Trump ineligible to run for the US Presidency in 2024.

Market Action

Sector	Returns % (excluding distributions)		
	22-Dec-23	15-Dec-23	Change (%)
S&P/ASX 200	7508.7	7442.7	0.9%
All Ordinaries	7735.4	7661.9	1.0%
Small Ordinaries	2889.4	2859.7	1.0%
S&P 500 *	4746.8	4719.2	0.6%
NASDAQ *	14963.9	14813.9	1.0%
FTSE 100 *	7694.7	7576.4	1.6%
Hang Seng *	16621.1	16792.2	-1.0%
Nikkei *	33140.5	32970.6	0.5%

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

US equity markets ended the week up, with the S&P 500 rallying 0.6% and the NASDAQ increasing by 1.0% in a volatile week of trade. The rally over the past six weeks, that was sparked by lower inflation and market optimism of rate cuts over the course of 2024, has been one of the sharpest rallies on record. The FTSE 100 rose 1.6% as UK's annual inflation rate to the end of November came in at 3.9%, lower than consensus expectations.

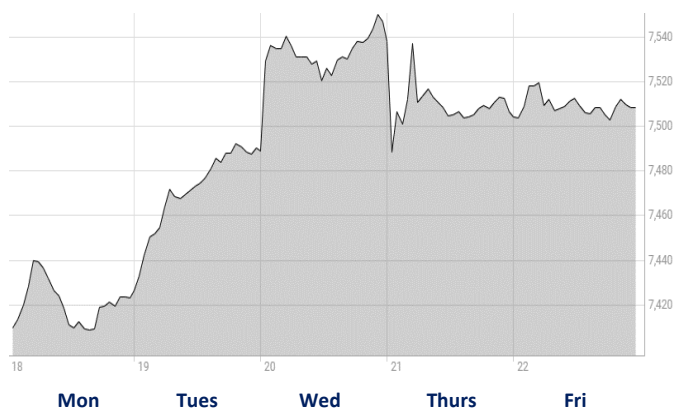
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
NEU	Neuren Pharmaceutical	\$23.87	39.3%
TAH	Tabcorp Holdings	\$0.84	18.7%
LYC	Lynas Rare Earths	\$7.07	11.0%
LTR	Liontown Resources	\$1.53	10.9%
BOE	Boss Energy Ltd	\$4.35	10.7%

*Prices as at 3.00PM on 22/12/2023

Neuren Pharmaceuticals rallied after announcing positive Phase 2 trial results for a treatment for Phelan-McDermid Syndrome. Tabcorp increased after the company announced it was granted a new exclusive wagering and betting licence by the Victorian Government. Boss rose after the company secured its first sales agreement for the supply of uranium to a US power utility to be supplied from its Honeymoon Project in South Australia. Liontown and Lynas rallied despite no significant news being announced.

S&P/ASX 200 Index - 1 Week Performance



The Nikkei increased by 0.5% and is now approaching the prior 33-year-old peak, after the Bank of Japan maintained loose monetary policy settings. The Hang Seng fell 1.0%, continuing its losing streak despite positive performance from the technology sector. The S&P/ASX 200 performed in line with US markets rising by 0.9% with small caps outperforming.

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

ASX Code	Company	Closing Price	Change*
PXA	PEXA Group Limited	\$10.78	-13.0%
MP1	Megaport Limited	\$8.94	-10.9%
TLX	Telix Pharmaceuticals	\$9.47	-9.6%
IPH	IPH Limited	\$6.35	-7.3%
LIC	Lifestyle Communities	\$18.03	-7.2%

PEXA fell after announcing the completion of the acquisition of Smoove PLC, a UK conveyancing technology provider, as well as a trading update that missed market expectations. Telix declined despite announcing a submission to the US Food and Drug Administration for a new agent for imaging kidney cancer. Intellectual property legal company IPH fell after announcing the completion of the acquisition of ROBIC in Canada. Megaport and Lifestyle Communities sold off despite no significant news being announced.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
ARF	Arena REIT	28/12/2023	\$0.044	0%
APA	APA Group	28/12/2023	\$0.265	0%
BWP	BWP Trust	28/12/2023	\$0.09	0%
CHC	Charter Hall Group	28/12/2023	\$0.22	45%
DXS	Dexus	28/12/2023	\$0.267	0%
CIP	Centuria Industrial REIT	28/12/2023	\$0.04	0%
GMG	Goodman Group	28/12/2023	\$0.15	0%
MGR	Mirvac Group	28/12/2023	\$0.045	0%
TCL	Transurban Group	28/12/2023	\$0.30	0%

Topic of the week

The European Union (EU) has reached provisional agreement on new artificial intelligence (AI) regulations that are expected to act as safeguards during the current period of rapid AI development. The new regulations are expected to establish basic principles referred to as "recitals". Recitals are written to make it clear what the objective of a given law is, making it easier to understand and enforce. The EU's data privacy law, which came into force in 2018, contains 173 recitals.

The new regulations, among other things, would bar the use of AI in 'high risk' areas such as emotion recognition in schools and workplaces or the establishment of social scoring systems, similar to what is currently used in China. However, there will be exceptions, for example the use of biometric identification systems for law enforcement purposes that would allow mass surveillance technology in public areas is allowed, as long as there is prior court approval.

Non-compliance with the regulations can lead to fines ranging from €35 million or 7% of global turnover to €7.5 million or 1.5% of turnover, depending on the infringement and size of the company.

The EU was seen as a world leader, and is often credited for, setting the standard for data privacy worldwide, so the regulations are being closely watched. The new AI regulations have been criticised by some for being too early and likely to stymie innovation, with many arguing its regulations such as this that causes European companies to lag behind others in developing new technologies. On the other hand, groups such as the Algorithmic Accountability Lab within Amnesty International have stated that the new regulations do not go far enough in protecting the public.

The new regulations will now have to be formally adopted by both Parliament and Council to become EU law. Parliament's Internal Market and Civil Liberties committees will vote on the agreement in an upcoming meeting.

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%	6.59%	6.79%	7.36%	6.64%	6.89%
Macquarie	6.24%	6.55%	6.65%	6.44%	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

- There will be a shortened trading week, with the ASX closed on both Monday and Tuesday for Christmas Day and Boxing Day.
- Apt Wealth Partners wishes you all the best for the festive season!



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