

# WEEKLY MARKET recap

8 - 12 January 2024

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## Highlights of the week

- Australia's annual inflation rate eased to 4.3% in November, a two-year low.
- The Federal Government will provide \$24 million in grants for tourism reliant companies in Cairns and far North Queensland with the region affected by heavy flooding.

## Market Action

Sector	Returns % (excluding distributions)		
	12-Jan-24	5-Jan-24	Change (%)
<b>S&amp;P/ASX 200</b>	7489.0	7489.1	0.0%
<b>All Ordinaries</b>	7720.5	7718.4	0.0%
<b>Small Ordinaries</b>	2887.8	2848.8	1.4%
<b>S&amp;P 500 *</b>	4780.2	4688.7	2.0%
<b>NASDAQ *</b>	14970.2	14510.3	3.2%
<b>FTSE 100 *</b>	7576.6	7723.1	-1.9%
<b>Hang Seng *</b>	16302.0	16646.0	-2.1%
<b>Nikkei *</b>	35049.9	33288.3	5.3%

\*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 2.0% and 3.2% respectively. The market rally was tempered by an above expectations annual December inflation reading of 3.4%, a 0.3% increase from November. The FTSE 100 fell -1.9% as markets await UK GDP data. Banks and food retailers weighed on the index this week.

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

ASX Code	Company	Closing Price	Change*
<b>AWC</b>	Alumina	\$1.09	21.1%
<b>BOE</b>	Boss Energy	\$5.13	20.1%
<b>PDN</b>	Paladin Energy	\$1.21	19.2%
<b>TLX</b>	Telix Pharmaceuticals	\$10.48	9.7%
<b>JBH</b>	JB Hi-Fi	\$57.74	8.6%

\*Prices as at 3.00PM on 12/01/2024

Alumina jumped 21.1% after Alcoa announced the end to production at its Kwinana Alumina Refinery due to the high cost of operations. Boss Energy and Paladin Energy rallied with both the respective Departments of Energy of the UK and the US announcing their intention to launch nuclear fuel programmes. The price of uranium has since reached US\$93/lb, a 16 year high. Telix Pharmaceuticals rose after revealing a 214% increase in revenue in FY23 on the previous financial year and potential plans to list on the NASDAQ. JB Hi-Fi is up 8.6% following strong retail trade data, particularly for household goods.

### S&P/ASX 200 Index - 1 Week Performance



The Nikkei rallied 5.3% and is now at a 34-year high, with the Bank of Japan expected to maintain its loose monetary policy for longer whilst the Hang Seng lost 2.1%, amidst falling investor confidence for China's economic recovery. The S&P/ASX 200 was flat despite the positive inflation data. Small caps outperformed both mid and large cap companies, rising by 1.4%.

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

ASX Code	Company	Closing Price	Change*
<b>CXO</b>	Core Lithium	\$0.21	-19.2%
<b>SYA</b>	Sayona Mining	\$0.06	-14.1%
<b>CHN</b>	Chalice Mining	\$1.29	-12.8%
<b>WBT</b>	Weebit Nano	\$3.63	-11.7%
<b>LTM</b>	Arcadium Lithium Plc	\$8.94	-9.4%

Lithium producer Core Lithium, Sayona Mining and Arcadium Lithium Plc led losses for the week as the lithium price continues to fall. An oversupply of the metal compounded with weak demand from China and slower electric vehicle take-up in the US has seen the price fall around 85% from its peak in November 2022. Core Lithium has halted its mining operations and will only be processing stockpiled ore until the price recovers. Weebit Nano and Chalice Mining have fallen -11.7% and -12.8% respectively despite no significant news being announced by either company.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
No upcoming dividends this week.				

## Topic of the week

The Federal Government has appointed Dr Craig Emerson to head the review into the supermarket sector and the current competition laws. The review was originally announced in September last year and will examine the Food and Grocery Code of Conduct, a voluntary and industry-led code signed in 2015 by major grocers Aldi, Coles, Woolworths, and Metcash, as prescribed under the *Competition and Consumer Act 2010*. The Code was created "to improve standards of business behaviour in the food and grocery sector." In the face of the current cost-of-living crisis, supermarkets have been accused of profiteering despite profit margins having remained relatively stable.

Food price inflation data from 2023 has shown that consumer food prices were increasing faster than wholesale food prices. Based on data from the Australia Bureau of Statistics (ABS), a sample basket

of food products saw a 0.7% increase in their manufacturing output price over the last year whilst supermarket prices for a similar sample of goods had risen by 3.2%.

The Prime Minister, Anthony Albanese has stated that the government will be "looking at every option," including the possibility of changing the voluntary and industry led nature of the code to become compulsory. The code would be enforced by either the Australian Competition & Consumer Commission (ACCC) or the government. Other potential changes include improving consumer rights, harsher fines for supermarkets or requiring supermarkets to display information regarding their pricing. However, price caps will not be considered as a possible solution. The review is expected to be completed by June 30, 2024.

## 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%	6.74%	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

- The Australian Bureau of Statistics will release the Labour Force data updated to December 2023.
- The US Q4 Corporate Earnings Season will continue with Goldman Sachs and Morgan Stanley expected to report.



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