

# WEEKLY MARKET recap

## 15 – 19 January 2024



### Highlights of the week

- The Federal Court ruled that the Barossa offshore gas project would not risk any Indigenous heritage sites, dismissing the case brought by Tiwi Islanders and allowing Santos to continue construction.
- The Australian unemployment rate remained flat at 3.8%.

### Market Action

| Sector                  | Returns % (excluding distributions) |           |            |
|-------------------------|-------------------------------------|-----------|------------|
|                         | 19-Jan-24                           | 12-Jan-24 | Change (%) |
| <b>S&amp;P/ASX 200</b>  | 7417.9                              | 7489.0    | -0.9%      |
| <b>All Ordinaries</b>   | 7648.9                              | 7720.5    | -0.9%      |
| <b>Small Ordinaries</b> | 2861.1                              | 2887.8    | -0.9%      |
| <b>S&amp;P 500 *</b>    | 4780.9                              | 4780.2    | 0.0%       |
| <b>NASDAQ *</b>         | 15055.7                             | 14970.2   | 0.6%       |
| <b>FTSE 100 *</b>       | 7459.1                              | 7576.6    | -1.6%      |
| <b>Hang Seng *</b>      | 15391.8                             | 16302.0   | -5.6%      |
| <b>Nikkei *</b>         | 35466.2                             | 35049.9   | 1.2%       |

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

The S&P 500 was flat over the shortened week whilst the NASDAQ rose 0.6% due to the higher concentration of technology companies. Technology shares rallied on Taiwan Semiconductor Manufacturing's outlook, which forecast 20% revenue growth due to the high demand for AI chips. The FTSE100 fell -1.6% after the UK recorded its first increase to inflation in 10 months, now at 4.0%.

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

| ASX Code   | Company               | Closing Price | Change* |
|------------|-----------------------|---------------|---------|
| <b>BOE</b> | Boss Energy           | \$5.39        | 11.0%   |
| <b>TLX</b> | Telix Pharmaceuticals | \$11.26       | 10.8%   |
| <b>DTL</b> | Data3                 | \$9.07        | 9.3%    |
| <b>NWL</b> | Netwealth Group       | \$17.20       | 7.7%    |
| <b>ING</b> | Inghams Group         | \$4.29        | 7.3%    |

\*Prices as at 3.00PM on 19/01/2024

Boss Energy climbed 11.0% this week as the price of uranium surpassed US\$100/lb. Uranium shares also benefited from, the world's largest producer of uranium, Kazatomprom downgrading its production forecast citing a shortage of sulphuric acid. Telix Pharmaceuticals continued to rally following the FY23 trading update and the plan to list on the NASDAQ. Data3 rose 9.3% after upgrading net profit before tax guidance from \$27-29 million to between \$30-31 million. Netwealth and Inghams rose 7.7% and 7.3% respectively for the week despite no major announcements.

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



The Hang Seng fell -5.6% after missing quarterly GDP expectations and recording a third successive month of deflation whilst the Nikkei gained 1.2%. The S&P/ASX 200 fell -0.9% this week, driven by the Materials and Real Estate sectors. Tight labour market data has pushed back expectations of rate cuts this year. Small caps performed in line with both mid and large caps, also rising by 0.9%.

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

| ASX Code   | Company            | Closing Price | Change* |
|------------|--------------------|---------------|---------|
| <b>LTR</b> | Liontown Resources | \$1.20        | -20.0%  |
| <b>SYA</b> | Sayona Mining      | \$0.04        | -20.0%  |
| <b>CHN</b> | Chalice Mining     | \$1.08        | -17.8%  |
| <b>HLS</b> | Healius            | \$1.32        | -16.8%  |
| <b>EVN</b> | Evolution Mining   | \$3.16        | -16.5%  |

Lithium companies continued to underperform as the lithium price continues to fall driven by an oversupply of the metal and falling demand. Liontown Resources and Sayona Mining led losses, both down by -20.0%. Gold producers, Chalice Mining and Evolution Mining fell -17.8% and -16.5% respectively for the week. Evolution Mining's quarterly update disappointed shareholders with weaker than expected production, especially during a period of high gold prices. Healius is down -16.8% despite no major news released by the company.

## Upcoming Dividend Dates

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

## Key Rates Table

| Aus. 10-yr Bond Yield | US 10-yr Bond Yield | AUD/USD | AUD/GBP | AUD/EUR | AUD/CNY | AUD/JPY |
|-----------------------|---------------------|---------|---------|---------|---------|---------|
| 4.30%                 | 4.16%               | 0.66    | 0.52    | 0.60    | 4.69    | 97.60   |

\*Rates as at 3.00PM on 19/01/2024

## Topic of the week

The World Bank released the latest edition of the Global Economic Prospects Report, a semi-annual report that looks at the economic situation and prospects for both emerging markets and developing economies. Forecasts by the World Bank predict global growth to decelerate for a third consecutive year. This is attributed to the tightening of monetary policies by Central Banks as they seek to combat inflation as well as weak global trade growth.

Inflation across most of the world has seen considerable falls from the peaks experienced in 2022. However, it is still at elevated levels compared to Central Bank targets in most advanced economies and in over half of emerging market and developing economies (EMDEs). Inflation is expected to remain above targets in the near term, with restrictive monetary policies likely to remain as a result.

Excluding recessions, global trade growth was at its lowest level in five decades. Goods were limited by weak industrial production numbers and although services fared better, activity was below previous projections.

The World Bank has estimated that global growth for 2023 was 2.6%. With the current economic conditions, they are forecasting a growth rate of 2.4% for 2024 and 2.7% for 2025, below the 3.1% average of the 2010s. Advanced economies are the major contributors, with growth expected to fall from 1.5% to 1.2% this year whereas developing economies are expected to grow at 3.9%. However, a large proportion of developing and low-income nations will remain worse off than pre-COVID.

## 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 Reserve Bank of Australia (RBA) will release its quarterly Bulletin covering the economy and the financial system.
- The US Q4 corporate earnings season will continue with Netflix, Visa and Tesla all expected to report.



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