

WEEKLY MARKET recap

22 – 25 January 2024

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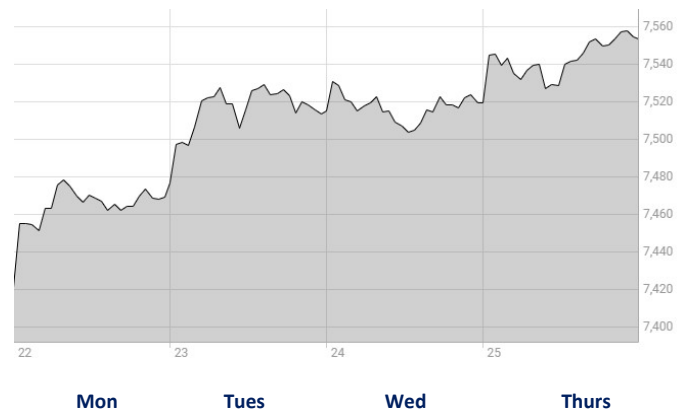
Highlights of the week

- Former Prime Minister Scott Morrison has decided to leave politics after more than sixteen years in Federal Parliament.
- The International Monetary Fund has advised the Reserve Bank of Australia (RBA) to further increase interest rates and both the Federal and State Governments to cut spending to control inflation.

Market Action

Sector	Returns % (excluding distributions)		
	25-Jan-24	19-Jan-24	Change (%)
S&P/ASX 200	7553.2	7417.9	1.8%
All Ordinaries	7782.1	7648.9	1.7%
Small Ordinaries	2897.4	2861.1	1.3%
S&P 500 *	4868.6	4780.9	1.8%
NASDAQ *	15481.9	15055.7	2.8%
FTSE 100 *	7527.7	7459.1	0.9%
Hang Seng *	15899.9	15391.8	3.3%
Nikkei *	36226.5	35466.2	2.1%

S&P/ASX 200 Index - 1 Week Performance



US equity markets rose over the week with the S&P 500 and the NASDAQ up 1.8% and 2.8% respectively as US corporate reporting continues. Technology and semiconductor shares rallied on AI optimism with the Philadelphia semiconductor index reaching record highs. The FTSE100 edged 0.9% higher with higher-than-expected growth in the services sector over January.

The Hang Seng rallied 3.3% on new stimulus by the Chinese Government whilst the Nikkei gained 2.1% as the Bank of Japan left monetary policy unchanged. The S&P/ASX 200 gained 1.8% with all sectors positive over the last 5 days. Materials outperformed, buoyed by economic stimulus in China. Small caps underperformed both mid and large caps, rising by 1.3%.

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

ASX Code	Company	Closing Price	Change*
PNV	Polynovo	\$1.82	18.4%
A2M	A2 Milk Company	\$4.61	11.0%
AWC	Alumina	\$1.12	10.2%
ILU	Iluka Resources	\$7.30	9.3%
PRU	Perseus Mining	\$1.86	8.5%

*Prices as at 3.00PM on 25/01/2024

Polynovo jumped after releasing a trading update indicating a 66% increase in global revenue for the first half of FY24 compared to the same period last year. Perseus Mining rallied after announcing their intention to make a takeover bid for OreCorp Limited. Alumina is up after partner Alcoa Corp provided an update on their joint venture and noted the price of aluminium had risen by more than \$40/t since mid-December. Iluka Resources rose on better-than-expected quarterly results.

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

ASX Code	Company	Closing Price	Change*
LTR	Liontown Resources	\$0.91	-30.9%
NAN	Nanosonics	\$3.04	-26.3%
IEL	IDP Education	\$19.55	-6.9%
MIN	Mineral Resources	\$58.90	-6.7%
BGL	Bellevue Gold	\$1.31	-6.6%

Liontown Resources and Mineral Resources fell as the lithium sector struggles with falling lithium prices. Liontown Resources also revealed \$760 million in debt funding had been withdrawn. Nanosonics crashed after noting smaller hospital budgets had led to lower than anticipated sales. First half revenue fell 2% year on year and operating income down 57% on the prior corresponding period. IDP Education fell after Canada announced it would limit the number of foreign student visas.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
AFI	Australian Foundation Investment Company	2/02/2024	\$0.12	100%

Key Rates Table

Aus. 10-yr Bond Yield	US 10-yr Bond Yield	AUD/USD	AUD/GBP	AUD/EUR	AUD/CNY	AUD/JPY
4.25%	4.16%	0.66	0.52	0.60	4.68	97.10

*Rates as at 3.00PM on 25/01/2024

Topic of the week

For the first time the Australian Government put in place autonomous cyber sanctions, using the framework that it established in December 2021. The sanction was placed on Aleksandr Ermakov, a Russian cybercriminal, for his involvement in the Medibank hack.

Medibank Private Limited suffered a cyber-attack in October 2022, with the personal information of almost ten million customers stolen. The information included names, date of births, Medicare numbers and sensitive health information. Medibank received ransomware demands from the hackers which were not met and most of the stolen information was then published on the dark web. The Australian Signals Directorate and the Australian Federal Police have since been investigating the hack with the help of other foreign agencies, and recently confirmed Ermakov's involvement.

Ermakov is part of Russian ransomware group REvil, known for hacking into networks to extract sensitive data and demanding money from companies to prevent the information being leaked. REvil was responsible for previous attacks on UnitedCare Queensland and JBS Foods in 2021.

The cyber sanctions include "targeted financial sanctions and a travel ban," and also makes it a criminal offence "to provide assets to him, or to use or deal with his assets," punishable with up to 10 years in prison. With his identity revealed, other countries may follow with similar restrictions. It will also limit his ability to continue cybercrime given the need for anonymity. The unveiling of Ermakov also serves as a warning to other cyber criminals, particularly those wishing to target Australia.

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 latest monthly and quarterly inflation data for December 2023.
- The US Q4 corporate earnings season will continue with Alphabet (Google), Microsoft, Meta and Amazon all expected to report.



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