

# WEEKLY MARKET recap

29 January – 2 February 2024



## Highlights of the week

- Bluescope Steel and Liberty Steel will receive \$200 million in funding from the Federal Government to support the steel industry.
- Australia's annual inflation rate has fallen to a two-year low of 4.1%.

## Market Action

Sector	Returns % (excluding distributions)		
	2-Feb-24	25-Jan-24	Change (%)
<b>S&amp;P/ASX 200</b>	7694.4	7553.2	1.9%
<b>All Ordinaries</b>	7925.7	7782.1	1.8%
<b>Small Ordinaries</b>	2968.2	2897.4	2.4%
<b>S&amp;P 500 *</b>	4906.2	4868.6	0.8%
<b>NASDAQ *</b>	15361.6	15481.9	-0.8%
<b>FTSE 100 *</b>	7622.2	7527.7	1.3%
<b>Hang Seng *</b>	15566.2	15899.9	-2.1%
<b>Nikkei *</b>	36011.5	36226.5	-0.6%

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

US equity markets were mixed over the week with the S&P 500 up 0.8% and the NASDAQ down -0.8%. NASDAQ underperformed, with its higher allocation to technology shares, retreated on falling expectations of an interest rate cut in March. The FTSE100 rose 1.3% as the Bank of England maintained its cash rate at 5.25% and UK job vacancies falling by the largest amount in three years.

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

ASX Code	Company	Closing Price	Change*
<b>MP1</b>	Megaport	\$12.87	36.5%
<b>NIC</b>	Nickel Industries	\$0.76	27.0%
<b>TAH</b>	Tabcorp Holdings	\$0.83	12.2%
<b>PDN</b>	Paladin Energy	\$1.38	11.8%
<b>BOE</b>	Boss Energy	\$6.11	9.4%

\*Prices as at 3.00PM on 02/02/2024

Megaport jumped 36.5% after beating their quarterly earnings target with growth in all regions. Megaport saw a 31% increase in revenue and a 38% increase in gross margin compared to the previous corresponding period. Nickel Industries rallied 27.0% after reporting record production and sales volume in its quarterly update. It also announced a higher final dividend of 2.5c per share and a US\$100 million on-market share buyback. Uranium producers, Paladin Energy and Boss Energy continue to rally, up 11.8% and 9.4% respectively.

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



The Hang Seng lost -2.1% as a Hong Kong court orders China Evergrande Group to liquidate whilst the Nikkei slipped -0.6% due to a stronger yen. The S&P/ASX 200 rallied 1.9% on a larger than expected fall in inflation. Gains were driven by the Real Estate and Energy sectors. Small caps outperformed both mid and large cap companies, rising by 2.4%.

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

ASX Code	Company	Closing Price	Change*
<b>GOR</b>	Gold Road Resources	\$1.50	-12.3%
<b>LTM</b>	Arcadium Lithium Plc	\$7.27	-11.3%
<b>CHN</b>	Chalice Mining	\$0.94	-10.3%
<b>AGL</b>	AGL Energy	\$8.21	-6.8%
<b>RRK</b>	Regis Resources	\$2.02	-6.5%

Gold producers, Gold Road Resources, Chalice Mining and Regis Resources were down -12.3%, -10.3% and -6.5% respectively. Gold Road reported a production fall over the December quarter whilst Regis's Tropicana Gold Project is the subject of a royalty dispute between South32 and previous project owner, IGO. Chalice Mining's longest serving non-executive director has announced his intention to resign. Chalice Mining has also been impacted by the crash in nickel prices which it also produces. Arcadium Lithium continues to fall with the price of lithium., down -11.3%.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
RMD	Resmed	07/02/2024	\$0.05	0%

## Key Rates Table

Aus. 10-yr Bond Yield	US 10-yr Bond Yield	AUD/USD	AUD/GBP	AUD/EUR	AUD/CNY	AUD/JPY
3.99%	3.90%	0.66	0.52	0.61	4.68	96.53

\*Rates as at 3.00PM on 02/02/2024

## Topic of the week

The last year has seen the price of uranium double. The rally has been brought on by limited supply and a rising demand from countries wanting to use nuclear energy to reach net-zero targets, causing the uranium price to rise to its highest level in sixteen years.

The major driver of demand is the need for nuclear energy to create electricity, as countries attempt to move away from fossil fuels. There are currently 440 nuclear reactors around the world and a further 57 reactors are being built across 17 nations. The World Nuclear Association has forecasted that the demand for uranium will reach 130,000 tonnes by 2040 compared to the current 65,650 tonnes. In December 2023, 22 countries including US, UK, Canada, Japan, France, and the United Arab Emirates pledged to triple nuclear generation capacity by 2050.

The UK Department of Energy Security has announced £300 million in funding to begin a high-tech, high assay, low enriched uranium (HALEU) nuclear fuel program that would provide 24GW of power by 2050. The US Department of Energy also has plans to award up

to \$500 million in HALEU enrichment contracts and separate contracts for the deconversion of HALEU at a minimum of \$2 million per recipient.

The uranium price further increased when Kazatomprom, the world's largest uranium miner, downgraded its production forecast for the next two years, citing a shortage of sulphuric acid. Sulphuric acid is critical to Kazatomprom's operations, used as a leaching agent to dissolve uranium oxides. Kazatomprom also warned of construction delays at its new deposits which further impacted production goals. Other global uranium supply concerns include a coup in Niger which has Africa's highest grade uranium mines, sanctions on supply from Russia, falling uranium inventories and production delays at other producers such as Cameco and Peninsula Energy.

Domestically, Australia has no plans to move into nuclear energy despite having the world's largest uranium reserves, instead focusing on renewables such as wind and solar.

## 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	6.15%	6.09%	6.19%	6.34%	6.29%	6.39%

\*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 corporate reporting season has begun with AGL, Transurban and ANZ expected to report next week.
- The US Q4 corporate earnings season will continue with Eli Lilly, Spotify, Paypal and Uber all expected to report.



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