

WEEKLY MARKET recap

2 - 9 February 2024



Highlights of the week

- Woodside Energy Group and Santos Limited have ended merger talks.
- The Reserve Bank of Australia held the cash rate at 4.35%.

Market Action

Sector	Returns % (excluding distributions)		
	9-Feb-24	2-Feb-24	Change (%)
S&P/ASX 200	7642.8	7694.4	-0.7%
All Ordinaries	7883.0	7925.7	-0.5%
Small Ordinaries	2959.7	2968.2	-0.3%
S&P 500 *	4997.9	4906.2	1.9%
NASDAQ *	15793.7	15361.6	2.8%
FTSE 100 *	7595.5	7622.2	-0.4%
Hang Seng *	15878.5	15566.2	2.0%
Nikkei *	36863.3	36011.5	2.4%

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

US equity markets rallied this week with the S&P 500 and the NASDAQ up 1.9% and 2.8% respectively despite tight labour market data further pushing back expectations of rate cuts. Gains were led by the Communication Services and Consumer Discretionary sectors. The FTSE100 eased -0.4%, dragged down by housebuilder Barratt which agreed to purchase rival Redrow in an all-share deal.

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

ASX Code	Company	Closing Price	Change*
LTR	Liontown Resources	\$1.12	13.1%
IFL	Insignia Financial	\$2.29	10.6%
BLD	Boral	\$5.85	10.2%
WBT	Weebit Nano	\$3.75	9.0%
LNW	Light & Wonder	\$134.23	8.9%

*Prices as at 3.00PM on 09/02/2024

Liontown Resources rebounded 13.1% this week, leading lithium producers up after a slight recovery in the metal price. Insignia Financial climbed 10.6% after appointing ex-AMP Australia CEO Scott Harley as CEO. Boral rose 10.2% after beating first half FY24 expectations and upgrading full-year earnings guidance to \$330-350 million, up from \$300-330 million in its November 2023 guidance. Weebit Nano and Light & Wonder finished up 9.0% and 8.9% respectively despite no significant news being released by either company.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng gained 2.0% as the Chinese Government announced further economic stimulus whilst the Nikkei was up 2.4% due to a weaker yen. The S&P/ASX 200 retreated -0.7% as reporting season got underway, dragged down by the Energy and Materials sectors. Small caps outperformed both mid and large cap companies, only falling by -0.3%.

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

ASX Code	Company	Closing Price	Change*
NIC	Nickel Industries	\$0.65	-16.4%
WAF	West African Resources	\$0.87	-10.8%
SLR	Silver Lake Resources	\$1.08	-9.8%
WHC	Whitehaven Coal	\$7.50	-9.8%
BOE	Boss Energy	\$5.28	-6.7%

West African Resources retreated -10.8% after downgrading 2024 production guidance and forecasting increased operating costs. Silver Lake Resources fell -9.8% after announcing a proposed merger deal with Red5. Whitehaven Coal declined -9.8% despite receiving approval from the Queensland Government for its Winchester South Coal Mine. Boss Energy (-6.7%) led uranium miners down as Cameco, one of the world's largest uranium producers announced plans to increase production.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
ARG	Argo Investments Limited	16/02/2024	\$0.17	100%

Key Rates Table

Aus. 10-yr Bond Yield	US 10-yr Bond Yield	AUD/USD	AUD/GBP	AUD/EUR	AUD/CNY	AUD/JPY
4.14%	4.15%	0.65	0.51	0.60	4.62	97.02

*Rates as at 3.00PM on 09/02/2024

Topic of the week

This week, the Australian government announced the 'New Vehicle Efficiency Standard' proposal, a plan to put in a yearly emissions cap on new passenger and light commercial vehicles sold in Australia. The new standards are intended to encourage vehicle suppliers to develop and sell fuel efficient, low or zero emission vehicles.

Under the plan, each car manufacturer will have an average CO₂ target for vehicles that they sell. If their average exceeds the target, the manufacturer will need to trade credits with a different manufacturer or pay a fine of \$100 per g/km of CO₂ above the target. The targets will be lowered each year until 2028 when it will have caught up to other countries.

For each new car in 2028, the proposal is estimated to save around \$1,000 in fuel each year and \$17,000 over the vehicle's life. By 2035,

the plan is forecast to reduce carbon emissions by close to 100 million tonnes and by 2050, the plan is forecast to reduce carbon emissions by 369 million tonnes. In addition, the reduction in air pollution is predicted to save \$5 billion in health benefits.

The price of electric vehicles (EVs) are also expected to fall due to the proposal. EV manufacturers would be able to trade their credits to other manufacturers and use the returns to lower the costs of their vehicles.

The Australian Government is currently seeking feedback on the plan with online submissions open until the 4th of March. If everything goes smoothly, the proposal is set to come into effect in January 2025.

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 will continue with JB Hi-Fi, CSL, Macquarie Group and AMP all expected to report.
- The US Q4 corporate earnings season will continue with Airbnb, Coca-Cola and Coinbase all expected to report.



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