

# WEEKLY MARKET recap

11 - 16 February 2024

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## Highlights of the week

- The Australian Securities and Investments Commission (ASIC) has won its first crypto case with a court finding Block Earner had provided an unlicensed financial service.
- Australia retained its AAA credit rating from all three major credit rating agencies.

## Market Action

Sector	Returns % (excluding distributions)		
	16-Feb-24	9-Feb-24	Change (%)
<b>S&amp;P/ASX 200</b>	7655.9	7642.8	0.2%
<b>All Ordinaries</b>	7903.5	7883.0	0.3%
<b>Small Ordinaries</b>	2949.8	2959.7	-0.3%
<b>S&amp;P 500 *</b>	5029.7	4997.9	0.6%
<b>NASDAQ *</b>	15906.2	15793.7	0.7%
<b>FTSE 100 *</b>	7597.5	7595.5	0.0%
<b>Hang Seng *</b>	15944.6	15878.5	0.4%
<b>Nikkei *</b>	38157.9	36863.3	3.5%

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

US equity markets were higher this week with the S&P 500 and the NASDAQ rising 0.6% and 0.7% respectively despite higher-than-expected January inflation data. Annual core inflation remained at 3.9%, again pushing back expectations of a rate cut by the Federal Reserve. The FTSE100 was flat as the UK fell into a recession after successive quarterly GDP contractions of -0.1% and -0.3%.

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

ASX Code	Company	Closing Price	Change*
<b>SYA</b>	Sayona Mining	\$0.05	35.0%
<b>ALU</b>	Altium	\$65.95	29.4%
<b>CXO</b>	Core Lithium	\$0.23	21.6%
<b>DOW</b>	Downer EDI	\$5.10	16.3%
<b>AMP</b>	AMP	\$1.13	15.9%

\*Prices as at 3.00PM on 16/02/2024

Altium jumped 29.4% on a \$68.50 per share takeover offer from Japanese semiconductor company Renesas Electronics. Downer EDI rose 16.3% after beating expectations with a 5.9% increase in net profit after tax to \$721 million. AMP rallied 15.9% after its FY23 results revealed a \$337 million reduction in debt and a 6.5% increase in net profit after tax. AMP is also planning a \$295 million on market share buyback. Lithium producers Sayona Mining and Core Lithium rose 35.0% and 21.6% respectively despite no significant news being released by either miner.

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



The Hang Seng gained 0.4% after returning from the Lunar New Year holiday whilst the Nikkei was up 3.5%, nearing its all-time high. The S&P/ASX 200 edged 0.2% higher as a surprise jump in unemployment increased the likelihood of a rate cut by the Reserve Bank of Australia (RBA). Small caps underperformed both mid and large cap companies, falling by -0.3%.

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

ASX Code	Company	Closing Price	Change*
<b>STX</b>	Strike Energy	\$0.30	-28.6%
<b>DTL</b>	Data3	\$7.90	-19.2%
<b>PME</b>	Pro Medicus	\$87.98	-17.7%
<b>FBU</b>	Fletcher Building	\$3.30	-15.9%
<b>GNC</b>	Graincorp	\$7.29	-14.6%

Strike Energy surrendered -28.6% after well testing revealed gas-water contact at its South Erregulla Project. Data3 lost -19.2% despite posting an 11.1% increase in revenue and a 25.5% increase in net profit after tax over the first half of FY24. Fletcher Building is down -15.9% after reporting a net loss of NZ\$120 million for the half year due to weak trading conditions. The company is looking to sell its Australian Tradelink business and also announced the departures of its CEO and Chairman. Graincorp dropped -14.6% after forecasting lower crop volumes and weaker FY24 earnings.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
CGF	Challenger Limited	20/02/2024	\$0.13	100%
CPU	Computershare Limited	20/02/2024	\$0.40	20%
DHG	Domain Holdings Australia Limited	20/02/2024	\$0.02	100%
MFG	Magellan Financial Group Limited	20/02/2024	\$0.29	50%
VCX	Vicinity Centres	20/02/2024	\$0.06	0%
WES	Wesfarmers Limited	20/02/2024	\$0.91	100%
AGL	AGL Energy Limited	21/02/2024	\$0.26	0%
CBA	Commonwealth Bank of Australia	21/02/2024	\$2.15	100%
JBH	JB Hi-Fi Limited	22/02/2024	\$1.58	100%
VUK	Virgin Money UK PLC	22/02/2024	\$0.04	0%
WHC	Whitehaven Coal Limited	23/02/2024	\$0.07	100%
GUD	GUD Holdings Limited	23/02/2024	\$0.19	100%

## Key Rates Table

Aus. 10-yr Bond Yield	US 10-yr Bond Yield	AUD/USD	AUD/GBP	AUD/EUR	AUD/CNY	AUD/JPY
4.20%	4.26%	0.65	0.52	0.61	4.64	97.91

\*Rates as at 3.00PM on 16/02/2024

## Topic of the week

The US Consumer Price Index rose 0.3% in January and 3.1% on a year-on-year basis. This was the largest increase in four months and resulted in the consumer price index reading coming in above economist's expectations of 0.2% for the month and of 2.9% on a year-on-year basis. The more closely watched Core inflation remained stubbornly high, up 0.4% in January albeit flat at 3.9% on a year-on-year basis.

The main contributor to the higher-than-expected inflation was shelter which was up 0.6% for the month, due to the increased cost of rental housing. Motor vehicle insurance and medical also saw increases over the month.

The surprise result has pushed back expectations of the timing and the amount of rate cuts. Markets had been pricing in an initial rate cut by the US Federal Reserve in March with a 90% likelihood, which quickly fell to 8.5% after the data release. The current probability of a 0.25% rate cut in March sits at 10.5% and is most likely to now occur in June. Markets were also pricing in a total of six rate cuts to occur in 2024 which fell to four rate cuts after the inflation reading release.

Inflation and the corresponding monetary policy decisions by Central Banks are likely to be the primary driver of markets in the near term. The S&P500 and the Nasdaq fell -1.4% and -1.8% respectively on the day of the inflation data release.

## 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 BHP, Cochlear, Rio Tinto and Woolworths all expected to report.
- The US Q4 corporate earnings season will continue with Walmart, NVIDIA, Newmont, Block and Berkshire Hathaway all expected to report.



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