



Highlights of the week

- The Organisation for Economic Co-operation and Development (OECD) has forecast Australian GDP to grow at 1.5% in 2024.
- The Reserve Bank of Australia (RBA) has kept the interest rate on hold at 4.35%.

Market Action

Sector	Returns % (excluding distributions)		
	10-May-24	3-May-24	Change (%)
S&P/ASX 200	7754.2	7633.7	1.6%
All Ordinaries	8027.3	7902.2	1.6%
Small Ordinaries	3049.8	3000.8	1.6%
S&P 500 *	5214.1	5064.2	3.0%
NASDAQ *	16346.3	15841.0	3.2%
FTSE 100 *	8381.4	8172.2	2.6%
Hang Seng *	18537.8	18207.1	1.8%
Nikkei *	38074.0	38236.1	-0.4%

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

US equity markets were higher with the S&P 500 and the NASDAQ returning 3.0% and 3.2% respectively, with weaker labour market data renewing hopes of rate cuts. All sectors rose over the week with the Utilities and Information Technology sectors leading gains. The FTSE100 rallied 2.6%, reaching a new record high as the Bank of England maintained its cash rate at 5.25%.

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

ASX Code	Company	Closing Price	Change*
LTR	Liontown Resources	\$1.40	14.3%
AUB	AUB Group	\$31.78	12.7%
PNV	Polynovo	\$2.26	12.2%
LIC	Lifestyle Communities	\$13.64	12.1%
PDN	Paladin Energy	\$16.53	11.0%

*Prices as at 3.00PM on 10/05/2024

Liontown Resources jumped 14.3% signing a contract for the delivery and commissioning of a Paste Plant facility for its Kathleen Valley Lithium Project. AUB Group rallied 12.7% after forecasting net profit after tax for this financial year to be at the top end of previous guidance of \$161 - \$171 million. Polynovo rallied 12.2% after reporting record monthly revenue in April which also represented a 75% increase on the prior corresponding period. Paladin Energy rose 11.0% for the week and reached a 12-year intra-week high driven by the rise in uranium prices.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng gained 1.8% on new policy support for China's property sector and a recovery in both exports and imports whilst the Nikkei lost -0.4%, dragged down by chip related companies. The S&P/ASX 200 returned 1.6%, with gains driven by the Energy and Utilities sectors. Small caps performed in line with both mid and large caps as the RBA left the cash rate unchanged at its meeting.

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

ASX Code	Company	Closing Price	Change*
SIQ	Smartgroup Corp.	\$8.20	-8.5%
SGM	Sims	\$10.85	-7.4%
SPK	Spark New Zealand	\$3.99	-6.5%
JBH	JB Hi-Fi	\$56.48	-6.4%
PPT	Perpetual	\$22.14	-5.5%

Smartgroup Corporation lost -8.5% despite recording increases in average monthly revenue in 2024 compared to the second half of 2023. Sims fell -7.4% with management warning that the high competition for scrap metal and increased freight costs will result in weaker earnings. JB Hi-Fi fell -6.4% after its sales update noted a challenging and competitive retail market. Perpetual eased -5.5% after announcing a proposal whereby global investment firm KKR, will acquire Perpetual's Wealth Management and Corporate Trust businesses for \$2.175 billion.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
ANZ	ANZ Group Holdings Limited	13/05/2024	\$0.83	65%
MQG	Macquarie Group Limited	13/05/2024	\$3.85	40%

Key Rates Table

Aus. 10-yr Bond Yield	US 10-yr Bond Yield	AUD/USD	AUD/GBP	AUD/EUR	AUD/CNY	AUD/JPY
4.38%	4.46%	0.66	0.53	0.61	4.69	102.86

*Rates as at 3.00PM on 10/05/2024

Topic of the week

Earlier this week, Victorian Treasurer Tim Pallas delivered his 10th State Budget, built around three main stated focuses, helping families, remaining fiscally disciplined, and building for the future. The two main problems the Budget aims to tackle are high inflation and workforce shortages.

The biggest beneficiaries of the Budget were families and home buyers. A cash-for-kids scheme valued at \$287 million will provide a \$400 bonus for students and an additional \$200 for families to spend on sporting memberships, uniforms, and equipment. \$139 million will be invested into attracting and retaining teachers. \$211 million will be allocated to domestic violence services. Home buyers will see \$700 million added to the Homebuyer Fund share equity scheme. Small businesses will see their payroll tax-free threshold increased to \$1 million by 2025, and the removal of the business insurance duty over 10 years whilst \$40 million will help fund start-ups via LaunchVic.

On the other hand, some previously announced projects have been cut or delayed. Melbourne Airport Rail Link will receive no new money from the state and will be delayed by at least four years whilst three community hospitals announced in 2018 will likely not be built. 29 school upgrades and 30 government run childcare centres were also announced to have been delayed. Victoria's household waste levy and fire levy will be increased by roughly \$41 and \$35 respectively.

The Victorian government is also reducing its expenditure by \$298 million, driven by lowering advertising spending and selling its office spaces.

The budget is forecast to be in a \$2.2 billion deficit this financial year but will achieve a \$1.5 billion surplus in the next financial year. Victoria's net debt is forecast to reach \$187.8 billion in 2028.

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 US Bureau of Labor Statistics will release the latest Consumer Price Index, updated for April.
- Australian Treasurer, Jim Chalmers will deliver the 2024-25 Federal Budget.



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