

# WEEKLY MARKET recap

13 - 17 May 2024

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## Highlights of the week

- The US annual inflation rate fell from 3.5% to 3.4% in April. Annual core inflation fell from 3.8% to 3.6%.
- Copper prices reached an all-time high intraweek, breaking the US\$5/lb for the first time.

## Market Action

Sector	Returns % (excluding distributions)		
	17-May-24	10-May-24	Change (%)
<b>S&amp;P/ASX 200</b>	7816.2	7754.2	0.8%
<b>All Ordinaries</b>	8085.1	8027.3	0.7%
<b>Small Ordinaries</b>	3045.4	3049.8	-0.1%
<b>S&amp;P 500 *</b>	5297.1	5214.1	1.6%
<b>NASDAQ *</b>	16698.3	16346.3	2.2%
<b>FTSE 100 *</b>	8438.7	8381.4	0.7%
<b>Hang Seng *</b>	19376.5	18537.8	4.5%
<b>Nikkei *</b>	38920.3	38074.0	2.2%

\*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 1.6% and 2.2% respectively, buoyed by the easing inflation rate. All sectors except Consumer Discretionary rose over the week, with gains led by the rate-sensitive Information Technology and Real Estate sectors. The FTSE100 gained 0.7%, as the UK exited recession with GDP rising 0.6% in the March quarter.

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

ASX Code	Company	Closing Price	Change*
<b>ALL</b>	Aristocrat Leisure	\$46.00	17.5%
<b>GUD</b>	GUD Holdings	\$11.07	13.5%
<b>EMR</b>	Emerald Resources	\$3.80	12.4%
<b>HLI</b>	Helia Group	\$4.09	10.5%
<b>BGL</b>	Bellevue Gold	\$1.88	10.4%

\*Prices as at 3.00PM on 17/05/2024

Aristocrat Leisure jumped 17.5% this week after reporting a 6.1% increase in revenue and a 16.8% increase in net profit after tax compared to the prior corresponding period. It also announced a \$350 million on market share buyback. GUD Holdings climbed 13.5% on its trading update which confirmed its previous earnings guidance. Helia Group rose 10.5% after announcing an \$100 million on market share buyback. Gold producers Emerald Resources and Bellevue Gold rose 12.4% and 10.4% respectively, as the price of gold rallied on rate cut hopes.

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



The Hang Seng climbed 4.5%, driven by government intervention benefiting property and financial companies whilst the Nikkei rose 2.2%, on a tech rally. The S&P/ASX 200 returned 0.8%, with labour market data renewing hopes of near-term rate cuts. Gains were led by the Consumer Discretionary and Materials sectors. Small caps underperformed both mid and large caps, edging -0.1% lower.

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

ASX Code	Company	Closing Price	Change*
<b>FBU</b>	Fletcher Building	\$2.68	-16.4%
<b>CTT</b>	Cettire	\$2.70	-15.4%
<b>IRE</b>	Iress	\$7.76	-9.7%
<b>DHG</b>	Domain Holdings	\$2.86	-7.4%
<b>PNV</b>	Polynovo	\$2.11	-6.6%

Fletcher Building dropped -16.4% after advising of weaker market conditions in both Australia and New Zealand and will now fall short of its previous earnings guidance of \$540-560 million. The company now forecasts full year earnings to be between \$500-530 million. Iress lost -9.7% after being hit by a cyber-attack with stolen credentials used to access its OneVue business. Cettire, Domain Holdings and Polynovo are down -15.4%, -7.4% and -6.6% respectively with no significant news being released by the companies.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
AMC	Amcors Limited	21/05/2025	\$0.19	0%
ORI	Orica Limited	23/05/2024	\$0.19	0%

## 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%	4.37%	0.67	0.53	0.61	4.72	103.81

\*Rates as at 3.00PM on 17/05/2024

## Topic of the week

Treasurer Jim Chalmers delivered his third Federal Budget, and in addition to measures intended to help ease the cost of living and address the housing crisis, green businesses were major benefactors due to the 'Future Made in Australia' policy. Whilst the policy and some measures had been announced previously, the Government provided more detail in the Budget with the full Future Made in Australia package calculated to cost \$22.7 billion, with the goal of turning Australia into a renewable energy superpower.

Using a new framework named the National Interest Framework, there will be two 'streams' of industries eligible to receive investment from the government. The first stream is the 'net zero transformation' group which currently consists of the renewable hydrogen, green metals, and low carbon liquid fuels. The second group consists of critical minerals and clean energy manufacturing such as solar panels and batteries.

The Government will introduce production subsidies for green hydrogen and critical minerals. The subsidy is planned to be \$2 per kilogram of hydrogen produced from 2027-2028 onwards and will run for 10 years at an estimated cost of \$6.7 billion. \$7.0 billion will also be used on a similar tax incentive for the refining and processing of 31 critical minerals.

Solar panel manufacturers and battery makers will also be able to access subsidies and grants with \$1.5 billion allocated to build the domestic supply chain and reduce dependency on China which is currently responsible for approximately 80% of global production.

Some other programs include a \$1.7 billion 'innovation fund' which will support other technologies and facilities related to the priority industries and a further \$1.5 billion over seven years for the Australian Renewable Energy Agency.

## 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	6.14%	6.35%	6.45%	6.34%	6.55%	6.65%

\*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 Reserve Bank of Australia (RBA) will release their minutes from their Monetary Policy Meeting earlier this month. At the meeting, the RBA maintained the cash rate at 4.35% for the fourth straight month.
- The Australian Bureau of Statistics (ABS) will release the latest Labour Force data for April.



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