Weekly Market Report

23 September 2024

Asset Class	Asset Class	1 Week (%)	1 Mth (%)	3 Mths (%)	6 Mths (%)	1 Yr (% p.a.)
Aust Eq (lge)	S&P/ASX 200 (Accum)	1.1%	3.2%	6.7%	7.6%	20.5%
Aust Eq (sml)	S&P/ASX Sml Ords (Accum)	2.1%	2.0%	2.7%	1.1%	15.0%
Aust Industrials	S&P/ASX 200 Industrials (Accum)	0.9%	3.8%	10.1%	12.1%	30.8%
Aust Resources	S&P/ASX 200 Resources (Accum)	1.8%	1.2%	-4.1%	-6.6%	-6.8%
Global Eq (unh)	MSCI AC World (unh) Accum	0.2%	0.4%	2.1%	2.9%	20.1%
Global Eq (hdg)	MSCI AC World (hdg) Accum	1.2%	0.7%	3.2%	6.8%	25.8%
Global Eq (sml unh)	MSCI World SMID Cap Index	1.1%	0.9%	8.0%	5.3%	21.6%
Global Eq (EM unh)	MSCI Emerging Markets (unh) Accum	1.0%	0.4%	0.4%	3.9%	11.9%
AREITs	S&P/ASX 200 AREIT (Accum)	1.3%	9.6%	12.5%	12.0%	46.2%
GREITs	EPRA NAREIT (ex-Aust) hdg (Accum)	-1.1%	2.6%	14.2%	13.1%	22.6%
Global Infra (A$ hdg)	S&P Gbl Infrastructure A$ (Hdg) TR	0.3%	3.5%	9.9%	15.0%	20.9%
Global Infra (A$ unhdg)	S&P Gbl Infrastructure A$ TR	-0.5%	3.2%	9.1%	12.1%	17.9%
Aust Fixed Income	BBerg AusBond Composite Index (0+yrs)	-0.5%	0.5%	2.8%	2.8%	6.9%
Global Fixed Income	Bar Cap Global Agg Index (AUD hdg)	-0.4%	0.8%	3.6%	4.0%	8.4%
Aust Cash	BBerg Aust Bond Bank Bill Index	0.0%	0.3%	1.1%	2.2%	4.4%

Bond Mkts	2yr Ylds (%)	Wkly Change	3yr Ylds (%)	Wkly Change	5yr Ylds (%)	Wkly Change	10yr Ylds (%)	Wkly Change
Aust	3.66	12 bps	3.54	13 bps	3.57	15 bps	3.96	15 bps
US	3.59	4 bps	3.48	7 bps	3.50	10 bps	3.74	12 bps
UK	3.93	14 bps	3.69	16 bps	3.74	13 bps	3.90	14 bps
Japan	0.39	-1 bps	0.39	-1 bps	0.50	-1 bps	0.85	0 bps
Europe	2.23	5 bps	2.03	6 bps	2.07	7 bps	2.21	9 bps

Commodities	1 Week (%)	1 Mth (%)	3 Mths (%)
Barclays Cmdty Index (TR US$)	1.5%	2.2%	-2.2%
Gold US$/oz	1.5%	4.3%	12.9%
Crude Oil (Brent) US$/bbl	2.4%	-4.7%	-10.2%
Copper	0.9%	1.9%	-2.1%
Iron Ore (Qingdao 62% fines)	-0.4%	-5.5%	-12.6%

S&P/ASX Sectors	1 Week (%)	1 Mth (%)	3 Mths (%)	6 Mths (%)	1 Yr (%)
Energy	2.2%	-4.7%	-11.6%	-16.1%	-23.4%
Materials	2.0%	0.4%	-3.3%	-6.5%	-5.3%
Industrials	-1.0%	0.9%	9.0%	5.6%	13.1%
Consumer Disc	1.6%	-0.4%	8.3%	7.8%	25.0%
Consumer Staples	-0.3%	-1.4%	2.9%	5.7%	3.7%
Healthcare	-0.9%	-3.3%	0.5%	5.2%	19.2%
Financials	1.4%	6.4%	12.1%	15.9%	36.0%
AREITs	1.3%	9.6%	10.5%	9.9%	40.7%
IT	1.8%	3.1%	16.3%	15.6%	51.8%
Comm Services	0.3%	-0.5%	7.0%	3.5%	8.3%
Utilities	3.4%	0.7%	-4.3%	9.0%	4.8%
Banks	1.7%	7.6%	13.6%	19.3%	42.1%

Currencies	FX Rate (%)	1 Week (%)	1 Mth (%)	3 Mths (%)
AUD/USD	68.10	0.9%	0.2%	2.5%
AUD/GBP	51.13	0.1%	-0.6%	-2.7%
AUD/EUR	61.00	0.6%	0.5%	-1.8%
AUD/JPY	97.9970	3.2%	-0.1%	-7.7%
GBP/USD	1.3320	0.8%	0.8%	5.3%
EUR/USD	111.64	0.3%	-0.3%	4.4%
USD/JPY	143.9000	2.3%	-0.3%	-9.9%
Aust TWI	62.2000	1.1%	0.2%	-2.2%

Source: Bloomberg, Infinity Asset Management

Commentary

Financial markets, led by equities rallied over the week after the US Fed announced a 0.50% cut (to 5.0%) to the official cash rate. The move by the Fed was at odds with our assessment of only a 25bps cut, but comments from the Fed Chair reiterated the view that inflationary pressures are now within its target 2-3% band, with moderation in the labour market along with some slowing in the economy providing the opportunity for a larger initial rate cut. The release of US PCE data (f'cst 2.3% y/y, -0.2% pcp) along with U. of Mich economic surveys and labour market jobless claims will be the major focus this week. Markets are now pricing a further 2-3 rate cuts (75bps) by the end of the year, with potentially five plus cuts through 2025, with a target long term cash rate of 3.0%. However, the size of the rate cut did little to spur global bond markets with yields actually rising across the curve after the decision. We now see global bonds as trading around fair value with the likelihood that yield curves will continue to steepen as central banks push cash rates lower over the back end of 2024 into 2025. The move by the Fed saw the A$ rally over the week, finishing above US$0.68 for the first time in CY24. With the RBA set to meet this week we expect no change in the domestic policy rate (4.35%). With only one further meeting left in 2024, the odds of a domestic rate cut have reduced, and more so given the labour market data from last week with the Un rate remaining steady at 4.2%. However, the rise in part time employment (above f'cst at 47.5k) was offset by a decline in FT employment (-3.1k, -63k pcp). In addition, underemployment has steadily risen (6.7%), reflecting that the underlying employment market remains soft. In addition to the RBA decision, mthly CPI is also set for release with expectations that (f'cst) CPI will drop to 2.7% y/y (-0.6% pcp). Any move below 3.0% will be welcomed by the market, but monthly data remains volatile and is unlikely to move the RBA. In China, the release of PMI data will also be closely watched. The Chinese economy continues to stagnate, with the manufacturing sector continuing to contract. With the malaise in property markets continuing, we expect further stimulus packages, with the ongoing weakness in China further exacerbating the challenges in commodity markets.

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