INFINITY ASSET MANAGEMENT

Weekly Market Report

24 June 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)	1.0%	0.7%	0.6%	5.6%	13.9%
Aust Eq (sml)	S&P/ASX Sml Ords (Accum)	2.1%	-0.1%	-1.6%	5.3%	12.6%
Aust Industrials	S&P/ASX 200 Industrials (Accum)	1.4%	3.4%	1.9%	11.4%	20.1%
Aust Resources	S&P/ASX 200 Resources (Accum)	0.6%	-6.5%	-2.6%	-8.8%	-1.5%
Global Eq (unh)	MSCI AC World (unh) Accum	-0.6%	1.1%	0.7%	13.9%	20.3%
Global Eq (hdg)	MSCI AC World (hdg) Accum	0.2%	1.6%	3.5%	13.6%	21.8%
Global Eq (sml unh)	MSCI World SMID Cap Index	0.2%	-2.3%	-2.5%	1.9%	11.2%
Global Eq (EM unh)	MSCI Emerging Markets (unh) Accum	0.6%	0.6%	3.6%	13.7%	13.1%
AREITs	S&P/ASX 200 AREIT (Accum)	1.9%	2.8%	-0.5%	15.7%	33.0%
GREITs	EPRA NAREIT (ex-Aust) hdg (Accum)	0.1%	0.8%	-1.0%	-2.6%	7.3%
Global Infra (A$ hdg)	S&P Gbl Infrastructure A$ (Hdg) TR	1.3%	-1.4%	4.6%	5.6%	8.1%
Global Infra (A$ unhdg)	S&P Gbl Infrastructure A$ TR	0.6%	-1.8%	2.7%	7.0%	8.9%
Aust Fixed Income	BBerg AusBond Composite Index (0+yrs)	-0.3%	0.8%	0.1%	1.0%	4.1%
Global Fixed Income	Bar Cap Global Agg Index (AUD hdg)	0.1%	1.1%	0.4%	0.1%	3.0%
Aust Cash	BBerg Aust Bond Bank Bill Index	0.0%	0.3%	1.1%	2.2%	4.3%

Bond Mkts	2yr Ylds (%)	Wkly Change	3yr Ylds (%)	Wkly Change	5yr Ylds (%)	Wkly Change	10yr Ylds (%)	Wkly Change
Aust	4.03	15 bps	3.93	14 bps	3.95	12 bps	4.22	11 bps
US	4.73	-3 bps	4.47	-4 bps	4.27	-3 bps	4.26	-2 bps
UK	4.17	-4 bps	4.03	-6 bps	3.93	-6 bps	4.08	-3 bps
Japan	0.32	2 bps	0.34	2 bps	0.56	4 bps	1.00	6 bps
Europe	2.79	-2 bps	2.57	-3 bps	2.42	-1 bps	2.41	0 bps

Commodities	1 Week (%)	1 Mth (%)	3 Mths (%)
Barclays Cmdty Index (TR US$)	-0.1%	-2.7%	4.4%
Gold US$/oz	0.1%	-0.6%	7.2%
Crude Oil (Brent) US$/bbl	0.7%	3.6%	1.6%
Copper	0.1%	-6.4%	9.0%
Iron Ore (Qingdao 62% fines)	-1.2%	-13.9%	-1.2%

S&P/ASX Sectors	1 Week (%)	1 Mth (%)	3 Mths (%)	6 Mths (%)	1 Yr (%)
Energy	1.1%	-4.2%	-6.2%	-7.5%	-7.5%
Materials	-0.2%	-7.2%	-3.5%	-11.5%	-4.9%
Industrials	1.5%	-0.4%	-2.4%	0.6%	2.4%
Consumer Disc	-0.5%	3.8%	-1.9%	9.9%	22.5%
Consumer Staples	1.3%	5.6%	2.6%	1.8%	-7.1%
Healthcare	0.0%	3.1%	3.0%	4.7%	5.2%
Financials	2.0%	4.8%	3.6%	15.1%	25.9%
AREITs	1.7%	2.5%	-0.8%	13.2%	27.2%
IT	1.8%	0.0%	0.2%	28.0%	31.4%
Comm Services	1.3%	3.7%	-3.2%	-4.1%	-1.2%
Utilities	4.8%	1.6%	14.4%	14.7%	5.3%
Banks	1.5%	5.4%	5.0%	16.5%	31.8%

Currencies	FX Rate (%)	1 Week (%)	1 Mth (%)	3 Mths (%)
AUD/USD	66.39	0.4%	0.2%	1.9%
AUD/GBP	52.51	0.9%	0.9%	1.6%
AUD/EUR	62.11	0.8%	1.6%	3.0%
AUD/JPY	106.1560	1.8%	2.0%	7.6%
GBP/USD	1.2643	-0.5%	-0.7%	0.3%
EUR/USD	106.91	-0.4%	-1.4%	-1.1%
USD/JPY	159.8900	1.4%	1.8%	5.6%
Aust TWI	63.6000	1.1%	1.4%	3.6%

Source: Bloomberg, Infinity Asset Management

Commentary

Markets were generally stronger over the week, although global equities on an unhedged basis were slightly lower due to the ongoing rally in the A$ (+0.40%), while Aust bonds were also lower on the back of higher yields at the mid (+26bps) to long end (+23bps) of the curve. While it was a relatively quiet week on the domestic data front with the RBA keeping the cash rate at 4.35%, continued commentary on 'higher-for-longer' with the potential for no cuts in the cash rate through 2024 saw local bond markets sell off. As previously discussed, we believe that the RBA will have scope to reduce the cash rate through 2024 as the economy continues to soften. This week sees monthly CPI data for May with expectations of a slight uptick from April (f'cst 3.8%, +0.2% pcp). Overall, we continue to see the same story domestically – rents, financial services, healthcare and energy prices continuing to rise and be the main impediments to lower inflation. While wage growth has moderated, it still remains elevated to history. In the US, the market will be closely watching both the GDP data (1q24) and PCE inflation data for May. Annualised GDP is set to come in at 3.0% (1.4% q/q), which is broadly flat from the prior period. Overall, the US economy remains sound, although the momentum has softened in recent months. The PCE data is f'cst to show annualised inflation at 2.6% (-0.1% pcp), with PCE inflation flat for the May. In our view, this continues ongoing positive signs in the US regarding the inflationary outlook, and we continue to expect that the Fed will look to reduce cash rates through the 3q24 into 4q24. In China, PMI data will provide a further gauge as to the strength of the economy. We expect the data to be relatively benign with both the manufacturing and non-manufacturing sides of the economy showing a relatively stagnant outlook. More recently, this has translated into weaker Chinese equity markets that continue to be an overhang for Asian/EM equities. However, Chinese bond markets have enjoyed a continued rally with yields falling sharply as the market prepares for increased fiscal and monetary intervention to support the economy. In Europe/UK, the focus continues to be on the upcoming elections, with both incumbent political parties struggling to gain traction, increasing market volatility.

Piers Bolger
Chief Investment Officer
Infinity Asset Management