INFINITY
ASSET MANAGEMENT

Weekly Market Report

1 July 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)	0.6%	1.0%	-1.1%	4.2%	12.1%
Aust Eq (sml)	S&P/ASX Sml Ords (Accum)	0.1%	-1.4%	-4.5%	2.8%	9.3%
Aust Industrials	S&P/ASX 200 Industrials (Accum)	0.5%	3.3%	0.3%	9.8%	17.8%
Aust Resources	S&P/ASX 200 Resources (Accum)	0.8%	-6.0%	-5.2%	-10.5%	-3.2%
Global Eq (unh)	MSCI AC World (unh) Accum	-0.2%	1.7%	-0.1%	12.7%	17.1%
Global Eq (hdg)	MSCI AC World (hdg) Accum	0.2%	2.5%	3.5%	13.0%	19.5%
Global Eq (sml unh)	MSCI World SMID Cap Index	-0.5%	-1.9%	-2.7%	1.6%	8.2%
Global Eq (EM unh)	MSCI Emerging Markets (unh) Accum	0.0%	3.5%	2.2%	9.7%	12.2%
AREITs	S&P/ASX 200 AREIT (Accum)	-1.4%	0.4%	-5.6%	10.2%	24.6%
GREITs	EPRA NAREIT (ex-Aust) hdg (Accum)	0.2%	0.7%	-0.5%	-2.3%	4.4%
Global Infra (A$ hdg)	S&P Gbl Infrastructure A$ (Hdg) TR	-1.4%	-2.8%	2.6%	4.9%	5.8%
Global Infra (A$ unhdg)	S&P Gbl Infrastructure A$ TR	-1.7%	-3.4%	0.0%	5.7%	5.6%
Aust Fixed Income	BBerg AusBond Composite Index (0+yrs)	-0.4%	0.8%	-0.8%	0.2%	3.7%
Global Fixed Income	Bar Cap Global Agg Index (AUD hdg)	-0.5%	0.8%	0.2%	-0.5%	2.7%
Aust Cash	BBerg Aust Bond Bank Bill Index	0.1%	0.4%	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	4.23	20 bps	4.16	22 bps	4.15	20 bps	4.41	19 bps
US	4.75	3 bps	4.55	10 bps	4.38	12 bps	4.40	16 bps
UK	4.22	3 bps	4.12	8 bps	4.02	8 bps	4.17	9 bps
Japan	0.37	6 bps	0.36	3 bps	0.59	4 bps	1.06	6 bps
Europe	2.83	3 bps	2.61	3 bps	2.48	5 bps	2.50	8 bps

Commodities	1 Week (%)	1 Mth (%)	3 Mths (%)
Barclays Cmdty Index (TR US$)	-1.5%	-1.5%	2.4%
Gold US$/oz	-0.4%	-0.1%	3.3%
Crude Oil (Brent) US$/bbl	-0.2%	5.1%	0.2%
Copper	-0.6%	-4.6%	7.9%
Iron Ore (Qingdao 62% fines)	4.2%	-7.5%	6.3%

S&P/ASX Sectors	1 Week (%)	1 Mth (%)	3 Mths (%)	6 Mths (%)	1 Yr (%)
Energy	2.8%	-1.6%	-6.9%	-5.6%	-7.4%
Materials	0.2%	-6.5%	-5.9%	-13.4%	-6.4%
Industrials	-0.8%	-0.9%	-5.1%	-0.8%	0.2%
Consumer Disc	-0.1%	3.1%	-2.9%	8.4%	19.3%
Consumer Staples	0.4%	4.6%	0.2%	0.5%	-6.9%
Healthcare	1.4%	4.3%	1.9%	4.5%	7.2%
Financials	0.7%	5.1%	2.7%	14.0%	23.1%
AREITs	-2.6%	-0.9%	-6.8%	8.1%	19.9%
IT	2.8%	1.5%	2.8%	27.7%	28.0%
Comm Services	0.4%	2.6%	-4.9%	-5.5%	-2.4%
Utilities	-0.2%	3.5%	12.1%	13.5%	6.3%
Banks	0.2%	5.0%	3.6%	15.0%	28.0%

Currencies	FX Rate (%)	1 Week (%)	1 Mth (%)	3 Mths (%)
AUD/USD	66.77	0.3%	0.4%	2.9%
AUD/GBP	52.79	0.6%	1.1%	2.1%
AUD/EUR	62.20	0.3%	1.4%	3.0%
AUD/JPY	107.4080	1.1%	2.6%	9.1%
GBP/USD	1.2649	-0.3%	-0.7%	0.8%
EUR/USD	107.35	0.0%	-1.0%	-0.1%
USD/JPY	160.8600	0.8%	2.3%	6.1%
Aust TWI	63.3000	-0.2%	0.3%	2.9%

Source: Bloomberg, Infinity Asset Management

Commentary

Markets were slightly mixed over the week. While equity markets were higher, bond markets and other interest rate sensitive sectors (i.e. infrastructure) sold off. The domestic equity market was able to shrug off the slightly higher than f'cst monthly CPI figures (act 4.0%, +0.2% to f'cst) with bond yields rising along all parts of the yield curve, with the most pronounced move at the long end of the curve. We are now starting to see some flattening of the domestic yield curve as the 2-10yr spread (+19bps) continues to narrow. While the CPI print was above market f'csts, we continue to expect that the RBA will remain on hold when it next meets in August and will await the 2q24 CPI figure before making any assessment on rates. While the CPI number was lower than market estimates, it was only 0.2% higher, and given the volatile nature of the m/m figures, we do not see anything material that would warrant a policy shift from the RBA. We believe that the domestic economy is slowing while the labour market also continues to cool, highlighted by the recent weak jobs vacancy numbers (-2.7% q/q). While the new financial year brings additional govt rebates and tax cuts for households, we do not see this being spent on discretionary demand given the continued high cost of living in key areas such as housing, food, utilities, transport and financial services. In addition, the low national savings ratio (0.9%) is well below long term averages and highlights the parlous state of savings across many households. Given the RBA has previously highlighted a 4q25 timeline for inflation to hit its target, we see no reason while it should be more aggressive, given the economic environment continues to slow as inflationary expectations moderate. This week the release of the RBA minutes will provide a further gauge as to the views of the RBA, while both building approvals (f'cst +1.7%) and retail sales (f'cst +0.3%) for May will also be closely watched by the market. In the US, the focus on the ISM data along with jobless numbers and non-farm payrolls (f'cst +190k, -37k pcp) will be the main focus for markets. While the US labour market has remained resilient over the last few years, hiring has slowed and with that the broader economy. This will continue to play into a 3q24 US Fed rate cut 3q24 if maintained.

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