

Asset Class	Asset Class	1 Week (%)	1 Mth (%)	3 Mths (%)	6 Mths (%)	1 Yr (% p.a.)
Aust Eq (lge)	S&P/ASX 200 (Accum)	1.7%	2.7%	6.3%	7.5%	15.5%
Aust Eq (sml)	S&P/ASX Sml Ords (Accum)	4.2%	0.0%	2.6%	0.2%	9.6%
Aust Industrials	S&P/ASX 200 Industrials (Accum)	0.7%	3.3%	10.1%	11.8%	25.5%
Aust Resources	S&P/ASX 200 Resources (Accum)	5.7%	0.7%	-6.0%	-5.8%	-11.1%
Global Eq (unh)	MSCI AC World (unh) Accum	1.5%	0.0%	2.1%	5.4%	16.4%
Global Eq (hdg)	MSCI AC World (hdg) Accum	2.3%	0.5%	2.5%	7.7%	20.9%
Global Eq (sml unh)	MSCI World SMID Cap Index	2.4%	2.2%	6.9%	5.6%	16.5%
Global Eq (EM unh)	MSCI Emerging Markets (unh) Accum	0.9%	-2.0%	-0.1%	4.1%	8.0%
AREITs	S&P/ASX 200 AREIT (Accum)	3.2%	6.6%	11.6%	12.3%	37.3%
GREITs	EPRA NAREIT (ex-Aust) hdg (Accum)	2.4%	6.6%	14.8%	15.8%	18.7%
Global Infra (A\$ hdg)	S&P Gbl Infrastructure A\$ (Hdg) TR	1.6%	3.6%	9.5%	15.4%	17.8%
Global Infra (A\$ unhdg)	S&P Gbl Infrastructure A\$ TR	0.9%	3.1%	9.2%	14.0%	15.6%
Aust Fixed Income	BBerg AusBond Composite Index (0+yrs)	0.7%	1.0%	2.9%	3.8%	6.2%
Global Fixed Income	Bar Cap Global Agg Index (AUD hdg)	0.3%	1.4%	3.7%	4.9%	8.3%
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	Commodities	1 Week (%)	1 Mth (%)	3 Mths (%)
										1 Week (%)	1 Mth (%)	3 Mths (%)
Aust	3.53	-15 bps	3.40	-15 bps	3.41	-17 bps	3.81	-15 bps	Barclays Cmnty Index (TR US\$)	2.1%	0.9%	-4.9%
US	3.58	-9 bps	3.44	-10 bps	3.43	-6 bps	3.65	-5 bps	Gold US\$/oz	2.9%	2.8%	10.6%
UK	3.80	-9 bps	3.54	-10 bps	3.62	-10 bps	3.77	-9 bps	Crude Oil (Brent) US\$/bbl	-0.1%	-9.0%	-11.4%
Japan	0.39	0 bps	0.40	-1 bps	0.51	-2 bps	0.85	-5 bps	Copper	2.4%	2.0%	-4.4%
Europe	2.21	0 bps	2.01	-1 bps	2.02	-1 bps	2.15	-2 bps	Iron Ore (Qingdao 62% fines)	0.9%	0.3%	-12.8%

S&P/ASX Sectors	1 Week (%)	1 Mth (%)	3 Mths (%)	6 Mths (%)	1 Yr (%)	Currencies	FX Rate (%)	1 Week (%)	1 Mth (%)	3 Mths (%)
Energy	2.7%	-9.4%	-12.5%	-16.5%	-27.8%	AUD/USD	67.13	0.8%	0.7%	1.5%
Materials	4.1%	0.5%	-5.9%	-5.9%	-9.7%	AUD/GBP	51.10	0.3%	-0.8%	-2.0%
Industrials	1.5%	4.0%	9.8%	8.1%	11.8%	AUD/EUR	60.54	0.3%	0.1%	-2.1%
Consumer Disc	1.5%	-2.1%	7.2%	6.0%	20.1%	AUD/JPY	94.5250	-0.9%	-4.0%	-9.2%
Consumer Staples	0.5%	-1.3%	4.5%	5.1%	2.0%	GBP/USD	1.3136	0.5%	1.5%	3.5%
Healthcare	0.8%	-0.3%	4.4%	7.8%	16.1%	EUR/USD	110.88	0.5%	0.6%	3.6%
Financials	-0.2%	3.9%	11.8%	14.8%	29.7%	USD/JPY	140.8100	-1.7%	-4.6%	-10.5%
AREITs	3.2%	6.5%	9.6%	10.2%	32.2%	Aust TWI	61.6000	0.5%	-0.5%	-2.4%
IT	1.1%	9.6%	13.1%	13.7%	41.5%					
Comm Services	0.1%	-0.8%	7.5%	1.9%	4.5%					
Utilities	1.6%	-1.5%	-2.5%	6.2%	2.3%					
Banks	-0.7%	4.5%	12.6%	18.0%	34.2%					

Source: Bloomberg, Infinity Asset Management

Commentary

Markets enjoyed a solid recovery over the week. Sectors that have experienced some negative performance recently (i.e. domestic/global small caps) rallied strongly as markets baked in the rate cut from the Fed's FOMC meeting this week. While initial expectations were for a 50bps (0.50%) rate cut, with Aug monthly CPI above f'cst (actual +0.3%, +0.1% to f'cst), investors have dialled back the Fed's move to a 25bps (0.25%) rate cut (to 5.25%). We have continually taken the view that the Fed will be cautious in reducing rates and a major rate cut is simply not warranted. While (m/m) economic data has been patchy and shows that the economy is moderating, labour markets remain steady, while inflationary pressures continue to move lower. A supersized rate cut (50bps >) would indicate that the US economy is weaker than the economic data suggests. In our view this could facilitate a further sell off in financial markets with investors taking the view that the Fed was too slow in reducing cash rates. We see 75bps decline in the cash rate (to 4.75%) by CY24, with the potential for additional cuts through 1h25. Our neutral cash rate for the US remains in the 3.50%-4.00% range. Outside the Fed meeting there is a raft of housing and retail sales data out of the US. With expectations of ongoing Fed rate cuts, this has the ability to further stimulate the housing and retail markets on the back of increased disposable incomes. Furthermore, ongoing declines in oil prices should also provide a further buffer for individuals in addition to have a positive impact on reducing inflationary expectations. In Europe, the ECB cut cash rates by a further 0.25% (to 3.5% for the Deposit Facility Rate), although comments from the ECB signalled that future rate cuts cannot be assured given the macro backdrop. In Japan, markets will be focused on the CPI release (f'cst 3.0% y/y, +0.2% pcp), which could further see the JPY strengthen as the potential for further rate hike by the BoJ remains on the table. That said, the BoJ would want to avoid the calamitous market turmoil from its prior hike in late July. Domestically, employment data (f'cst 4.2% Un rate, steady pcp) will be the major data point. With the RBA holding steady any potential rate cuts (in CY24), strength in the labour market will be pivotal to this, irrespective of ongoing inflationary pressures.

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