Weekly Market Report

28 October 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)	-1.6%	0.0%	5.0%	10.4%	24.8%
Aust Eq (sml)	S&P/ASX Sml Ords (Accum)	-1.6%	1.2%	6.9%	8.4%	26.3%
Aust Industrials	S&P/ASX 200 Industrials (Accum)	-1.6%	0.9%	5.4%	15.0%	35.3%
Aust Resources	S&P/ASX 200 Resources (Accum)	-1.6%	-3.1%	3.5%	-3.3%	-1.5%
Global Eq (unh)	MSCI AC World (unh) Accum	-0.5%	3.5%	3.9%	9.0%	28.5%
Global Eq (hdg)	MSCI AC World (hdg) Accum	-0.9%	0.3%	5.2%	10.8%	34.6%
Global Eq (sml unh)	MSCI World SMID Cap Index	-1.4%	-2.5%	2.5%	7.9%	30.1%
Global Eq (EM unh)	MSCI Emerging Markets (unh) Accum	-0.7%	0.9%	5.0%	8.8%	21.0%
AREITs	S&P/ASX 200 AREIT (Accum)	-2.8%	-2.0%	7.6%	17.1%	52.9%
GREITs	EPRA NAREIT (ex-Aust) hdg (Accum)	-0.3%	-2.4%	6.1%	14.8%	30.2%
Global Infra (A$ hdg)	S&P Gbl Infrastructure A$ (Hdg) TR	-1.1%	1.1%	8.6%	14.9%	32.2%
Global Infra (A$ unhdg)	S&P Gbl Infrastructure A$ TR	-0.7%	3.8%	7.6%	13.9%	29.0%
Aust Fixed Income	BBerg AusBond Composite Index (0+yrs)	-0.4%	-1.6%	1.0%	3.2%	6.9%
Global Fixed Income	Bar Cap Global Agg Index (AUD hdg)	-0.2%	-1.4%	1.5%	4.3%	8.5%
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	3.97	11 bps	3.94	12 bps	4.04	14 bps	4.45	18 bps
US	4.10	7 bps	4.05	9 bps	4.06	8 bps	4.24	4 bps
UK	4.17	12 bps	3.96	14 bps	4.10	14 bps	4.23	10 bps
Japan	0.45	1 bps	0.46	1 bps	0.58	0 bps	0.96	-1 bps
Europe	2.12	-6 bps	2.01	-1 bps	2.12	0 bps	2.29	1 bps

Commodities	1 Week (%)	1 Mth (%)	3 Mths (%)
Barclays Cmdty Index (TR US$)	1.6%	0.3%	5.7%
Gold US$/oz	0.7%	3.0%	14.7%
Crude Oil (Brent) US$/bbl	-1.8%	1.9%	-7.7%
Copper	0.5%	-3.8%	5.3%
Iron Ore (Qingdao 62% fines)	1.5%	1.2%	1.8%

S&P/ASX Sectors	1 Week (%)	1 Mth (%)	3 Mths (%)	6 Mths (%)	1 Yr (%)
Energy	-3.2%	-1.4%	-10.1%	-14.4%	-22.9%
Materials	-1.4%	-3.3%	3.8%	-2.7%	0.7%
Industrials	-2.1%	-0.9%	4.5%	7.1%	19.8%
Consumer Disc	-3.1%	-4.4%	-0.6%	9.1%	26.0%
Consumer Staples	-0.2%	-2.3%	-3.5%	2.8%	2.7%
Healthcare	-2.1%	2.9%	-1.4%	8.4%	29.4%
Financials	-1.1%	4.1%	7.7%	19.7%	39.6%
AREITs	-3.3%	-2.5%	6.4%	14.3%	46.4%
IT	-0.4%	-5.9%	11.6%	17.9%	59.2%
Comm Services	-0.3%	1.2%	5.6%	9.1%	12.1%
Utilities	-1.2%	-4.4%	-4.1%	-0.7%	-0.9%
Banks	-0.5%	5.2%	8.1%	22.0%	43.0%

Currencies	FX Rate (%)	1 Week (%)	1 Mth (%)	3 Mths (%)
AUD/USD	66.08	-0.8%	-4.3%	0.9%
AUD/GBP	50.98	-0.6%	-1.2%	0.2%
AUD/EUR	61.19	-0.6%	-1.0%	1.5%
AUD/JPY	100.9690	0.5%	2.9%	0.3%
GBP/USD	1.2963	-0.2%	-3.1%	0.7%
EUR/USD	108.01	-0.1%	-3.2%	-0.5%
USD/JPY	152.7900	1.3%	7.4%	-0.6%
Aust TWI	61.9000	-0.6%	-1.3%	-0.3%

Source: Bloomberg, Infinity Asset Management

Commentary

It was a difficult week for financial markets as rising global bond yields impacted all major asset classes. The rise in yields was off the back of continued strong economic data out of the US, which prompted many investors to reassess the extent of future rate cuts by the US Fed, particularly after the initial 0.50% (50bps) rate cut in Sept, which was viewed as a sign that economic growth and labour market in the US was moderating. However, recent data continues to reflect a sound US economy. While the Fed pointed to a 3.0% terminal Fed Funds rate, we believe that given the current trajectory of the US economy, the potential for the (terminal) Fed Funds rate to be higher (~3.5% - 3.75%) is now being 'priced' by the market. However, we still expect one further rate cut (0.25%) in the US through 2024. Accordingly, the near term rally that we have seen in bond and equity markets through the Sept quarter may dissipate into the back end of the year if investors continue to look to a higher terminal cash rate. In addition, the market is now becoming increasingly more focused on the fiscal position of the US, which is likely to remain under pressure given the current fiscal expansion as well as the proposed policy framework of both Presidential candidates. With the US Govt debt tipping ~123% of GDP, while the Federal deficit sits at 6.3% of GDP, the potential for market interest rates (bond yields) to remain elevated remains. Furthermore, while markets have looked to a Trump victory, the US election remains incredibly close. As we head towards the 5th Nov, markets will continue to remain volatile. Domestically, the focus will be on the release of the 3q24 CPI date (f'cst 2.9% y/y, 0.3% q/q), which will shape the near term direction of cash rates. Should the CPI print be more favourable we expect that the RBA has the ability to lower cash rates at its Dec Board meeting (-0.25%). In China, the deflationary impact on the economy remains as industrial profits continue to decline. With PMI data due this week, we continue to expect further contraction across the economy, with the impact of the recent policy announcement by the Chinese Govt and PBOC beginning to wane. In Europe, the release of CPI and GDP data is set to reaffirm further easing by the ECB going forward, with Germany the major laggard as growth slows.

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