

Brent Crude w/w	Gold (US\$/oz) w/w	ASX 200 w/w	MSCI World w/w	AUD/USD
+4.9%	-3.4%	+0.2%	+0.1%	69.56 -1.0%

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Global markets

Markets continued to gyrate as rising global bond yields, high oil prices, concerns about AI capital expenditure and persistent inflation data challenged investors. Over the week the ASX 200 rose 0.2% and global equities were flat (MSCI World +0.1%), while gold fell 3.4% and iron ore fell 4.2%. September closed weak, with all major equity and bond indices lower. Unhedged global equities was the one positive, helped by a 3.1% monthly fall in the A\$ against the US\$.

Oil and the Middle East

To combat higher oil prices, the G7 agreed to release a further 100mn barrels of diesel and other petroleum reserves through the International Energy Agency. Tanker traffic through the Strait of Hormuz remains below pre-war levels, although oil flow is rising as Saudi Arabia and the UAE pivot supply through pipelines that bypass it. Brent crude rose a further 4.9% over the week and is now up 41.3% over the past year. Both plan further pipeline investment, while the US blockade crimps Iranian exports and a third US aircraft carrier heads to the region.

US data and the Fed

US payrolls (29k) missed market estimates, with downward revisions to the prior two months. The unemployment rate held at 4.2%. European bond yields fell 20bp over the week as markets priced a softer growth outlook. This reduces the near-term likelihood of a Fed hike, although inflation remains the Fed's main concern ahead of the November mid-term elections.

The Australian outlook

We believe the RBA will wait until its December Board meeting, although a November rise remains possible. This week the focus is on US PMI and consumer sentiment data, and in Australia on consumer confidence and the RBA minutes. Domestically, the Information Technology sector led the market (+7.3%) while Resources lagged (-0.6%). We expect confidence to keep waning, adding to a difficult near-term growth backdrop. This may see the RBA pause, but inflation above 3.5% does not rule out further hikes.

Asset class returns

	1 wk	1 mth	3 mths	6 mths	1 yr p.a.
Aust Eq (lge) S&P/ASX 200 (Accum)	+0.2%	-3.4%	-0.6%	+3.0%	-0.1%
Aust Eq (sml) S&P/ASX Sml Ords (Accum)	-0.7%	-3.6%	-2.2%	+1.3%	-10.8%
Aust Industrials S&P/ASX 200 Industrials (Accum)	+0.5%	-2.9%	-2.2%	+1.4%	-9.2%
Aust Resources S&P/ASX 200 Resources (Accum)	-0.6%	-4.6%	+3.2%	+6.8%	+31.2%
Global Eq (unh) MSCI AC World (unh) Accum	+0.1%	+2.1%	+0.9%	+13.7%	+8.7%
Global Eq (hdg) MSCI AC World (hdg) Accum	-0.5%	-0.3%	+1.8%	+15.7%	+17.4%
Global Eq (sml unh) MSCI World SMID Cap Index	-0.7%	-3.6%	-2.4%	+8.3%	+11.1%
Global Eq (EM unh) MSCI Emerging Markets (unh) Accum	-0.5%	+2.6%	-0.6%	+19.1%	+20.2%
AREITs S&P/ASX 200 AREIT (Accum)	-0.2%	-5.6%	-11.8%	-0.4%	-19.5%
GREITs EPRA NAREIT (ex-Aust) hdg (Accum)	-1.9%	-5.7%	-8.0%	-0.5%	+3.7%
Global Infra (A\$ hdg) S&P Gbl Infrastructure A\$ (Hdg) TR	-0.5%	-3.8%	-7.8%	-6.4%	+4.5%
Global Infra (A\$ unhdg) S&P Gbl Infrastructure A\$ TR	-0.1%	-2.0%	-8.9%	-8.5%	-2.5%
Aust Fixed Income BBerg AusBond Composite (0+yrs)	+0.3%	-0.5%	-1.2%	+1.4%	-0.4%
Global Fixed Income Bar Cap Global Agg Index (AUD hdg)	-0.2%	-1.5%	-2.1%	-1.0%	-0.6%
Aust Cash BBerg Aust Bond Bank Bill Index	+0.1%	+0.3%	+1.1%	+2.2%	+4.1%

Source: Bloomberg, Infinity.

S&P/ASX sectors

	1 wk	1 mth	3 mths	6 mths	1 yr
Energy	-1.0%	-1.5%	+13.3%	-5.9%	+28.6%
Materials	-0.4%	-5.4%	-0.6%	+7.7%	+25.3%
Industrials	+0.5%	-1.6%	-6.3%	+0.4%	-8.0%
Consumer Disc	+2.6%	-2.8%	-9.4%	+4.7%	-22.1%
Consumer Staples	-0.2%	-3.6%	-1.8%	+1.4%	+10.1%
Healthcare	-1.2%	-1.3%	+16.8%	+14.5%	-18.5%
Financials	+0.2%	-3.0%	-3.4%	-3.8%	-6.7%
AREITs	-0.3%	-5.7%	-12.3%	-2.1%	-22.1%
IT	+7.3%	-3.6%	-2.5%	+12.6%	-41.6%
Comm Services	+1.8%	-3.8%	-4.3%	-10.0%	-18.4%
Utilities	+0.6%	-3.7%	+5.0%	-7.2%	-1.8%
Banks	-0.2%	-3.4%	-3.3%	-9.3%	-9.1%

Bond markets — yields & weekly change

	2yr %	3yr %	5yr %	10yr %
Australia	4.91 -11bp	4.89 -12bp	4.97 -7bp	5.34 -3bp
United States	4.82 -3bp	4.95 +2bp	5.05 +7bp	5.27 +11bp
United Kingdom	4.82 -2bp	4.86 -1bp	4.91 -1bp	5.37 0bp
Japan	1.92 -2bp	2.10 -4bp	2.37 -4bp	3.09 +1bp
Europe	3.08 -20bp	3.14 -19bp	3.24 -18bp	3.46 -14bp

Currencies

Pair	Rate	1 wk	1 mth	3 mths
AUD/USD	69.56	-1.0%	-3.4%	+0.2%
AUD/GBP	52.52	-1.0%	-1.4%	+1.0%
AUD/EUR	61.81	+0.2%	-0.4%	+1.9%
AUD/JPY	109.7680	-0.6%	-2.5%	-2.0%
GBP/USD	1.3241	0.0%	-2.1%	-0.8%
EUR/USD	112.55	-1.2%	-3.1%	-1.6%
USD/JPY	157.8500	+0.4%	+1.0%	-2.2%
Aust TWI	64.4000	-1.2%	-3.0%	-1.1%

Commodities

	1 wk	1 mth	3 mths
Barclays Cmdty (TR US\$)	-1.9%	-0.7%	+16.1%
Gold (US\$/oz)	-3.4%	-6.5%	-0.9%
Crude Oil (Brent)	+4.9%	+10.8%	+41.3%
Copper	-2.8%	-1.2%	+7.5%
Iron Ore (Qingdao 62%)	-4.2%	-8.1%	-6.3%

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