



WEEKLY UPDATE

14th NOVEMBER 2022

	Price	5 Day % Change	3 Month % Change	1yr % Change
S&P/ASX300	85,344	3.97%	3.43%	-0.18%
MSCI World Ex-Aus. (Unhedged)	13,799	2.45%	0.32%	-8.13%
MSCI World Ex-Aus. (Hedged)	2,231	5.22%	-5.52%	-14.88%
Bloomberg AusBond 0+ Composite	9,494	1.03%	-1.04%	-7.82%
BloombergBarclays Global Agg. (Hedged)	962	1.55%	-4.88%	-12.24%
S&P/ASX300 Property	57,934	5.60%	-2.33%	-12.26%
FTSE EPRA Nareit Global Real Estate (Hedged)	2,586	5.40%	-12.05%	-19.14%
S&P Global Infrastructure (Hedged)	5,827	2.25%	-5.99%	3.09%
Bloomberg All Hedge Fund Index	2,088	N/A	7.06%	7.83%
VIX	22.5	-8.27%	15.31%	38.24%
Bloomberg Commodity Index (USD)	116.88	-0.52%	-5.13%	13.70%
Iron Ore Index (62% Fe Aus. Off. China, USD)	92.50	8.82%	-18.14%	2.78%
LME Copper Spot (USD)	8,441.00	6.78%	3.70%	-14.30%
Coal 1st Future (Newcastle Export, USD)	326.80	-6.49%	-18.50%	115.71%
Brent Crude 1st Future (USD)	95.99	-2.62%	-3.62%	15.83%
LNG 1st Future (Japan/Korea)	27.23	-5.88%	-39.95%	-13.34%
Gold in AUD	2,642	1.65%	4.92%	3.51%
AUDUSD	0.6703	3.60%	-5.67%	-8.10%
AUDEUR	0.6481	-0.28%	-6.23%	1.70%
AUDNZD	1.0979	0.65%	-0.57%	5.39%
AUDGBP	0.5668	-0.34%	-2.75%	3.76%
AUDJPY	93.0870	-1.91%	-1.54%	10.64%

Source: Bloomberg, S&P Dow Jones, MSCI, FTSE Russell, 13th November 2022

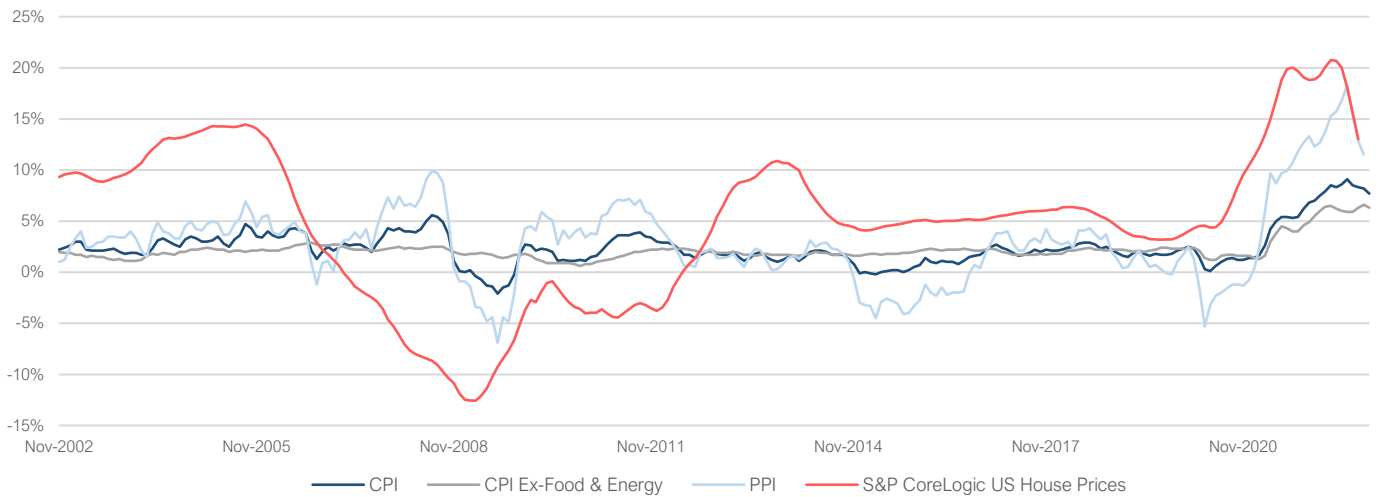
Capital markets moved sharply into “risk on” mode following a surprisingly good American CPI print and news that China would begin to ease coronavirus restrictions. Bond yields and the US dollar fell, and interest-sensitive assets surged. However, Fed officials are still likely to push interest rates substantially higher, albeit at a slowing pace.

Australian equities broke above the 200-day moving average, despite weaker consumer confidence.

Bitcoin moved against the trend as FTX commenced bankruptcy proceedings.

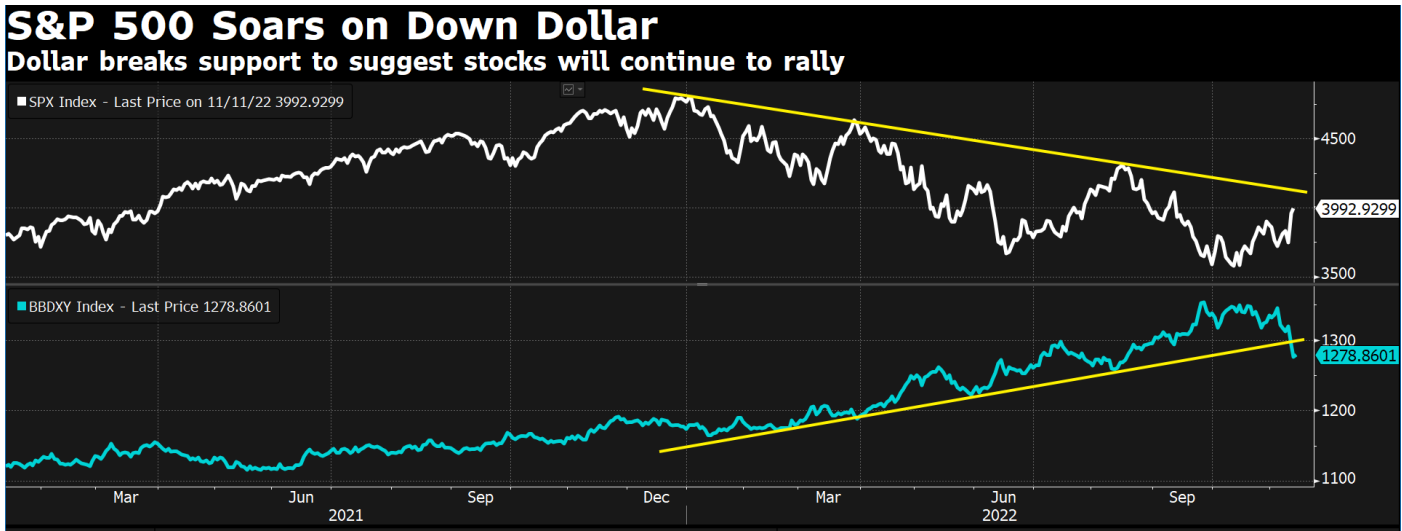
As the G20 meeting takes place in Bali this week, Xi and Biden will meet in person. There will also be an updated energy market outlook from the IEA and OPEC, US activity data and PPI, and CPI updates in the eurozone, the UK, and Japan. Australian unemployment is expected to tick up to 3.6% when released on Thursday.

US Inflation Measures (% YoY)



Source: Bloomberg, S&P CoreLogic, BLS, 13th November 2022

Investor sentiment switched aggressively to “risk on” last week with widespread evidence of short covering across financial markets. The two main drivers of the dramatic moves in market prices were the US CPI figures, followed by the announcement on Friday that Chinese coronavirus restrictions would be eased under a new 20-point plan. Bond yields fell sharply, and equities rallied. Interest-sensitive REITs and growth stocks performed particularly well, with the Nasdaq Composite index surging by more than +7% when the inflation data were released. The very crowded long US dollar trade unwound, and previous laggards such as euros, sterling, yen, and gold outpaced the rise in the Australian dollar.

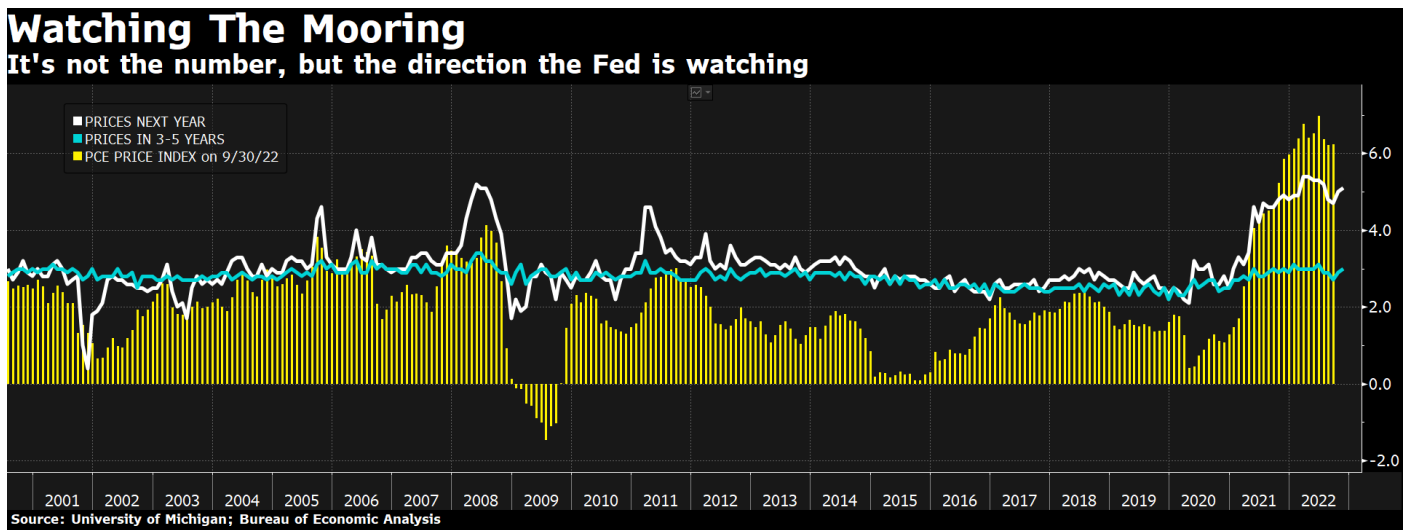


Source: Bloomberg

American October consumer prices rose by less than expected, with annual growth slowing from +8.2% in September to +7.7%. More importantly, the core figure ex-food and energy fell from +6.6 % to +6.3% year-on-year. The core series is seen as an indicator of future inflation, so the weaker reading was well received. Moreover, the drop came despite an acceleration in the highly weighted shelter series, from +0.7% in August and September to +0.8%. The shelter reading will likely reverse course in the coming months since it tends to lag US house prices by roughly a year. House prices have fallen sharply since May, stoking confidence that inflation may have peaked. However, that view may be tested this week as PPI inflation, another leading indicator of consumer prices, may show signs of levelling out at +7.2% yoy.

Several speeches by Federal Reserve officials echoed Jerome Powell’s post-FOMC presentation, guiding investors to expect a slowing in the pace of American interest rate rises. The market expects the Fed to raise by +0.5% in December, with another +0.5% expected over the following two meetings. That would lift the Federal Funds policy rate to 4.75%-5.0% by the end of March, where the rate is now expected to peak. Although the softening core CPI numbers are a welcome development, slightly firmer inflation expectations in Friday’s University of Michigan survey will likely keep the Fed on

course to maintain tighter policy. 1yr inflation expectations held at +5.1%, while 5yr-10yr expectations rose from +2.9% to +3.0%.



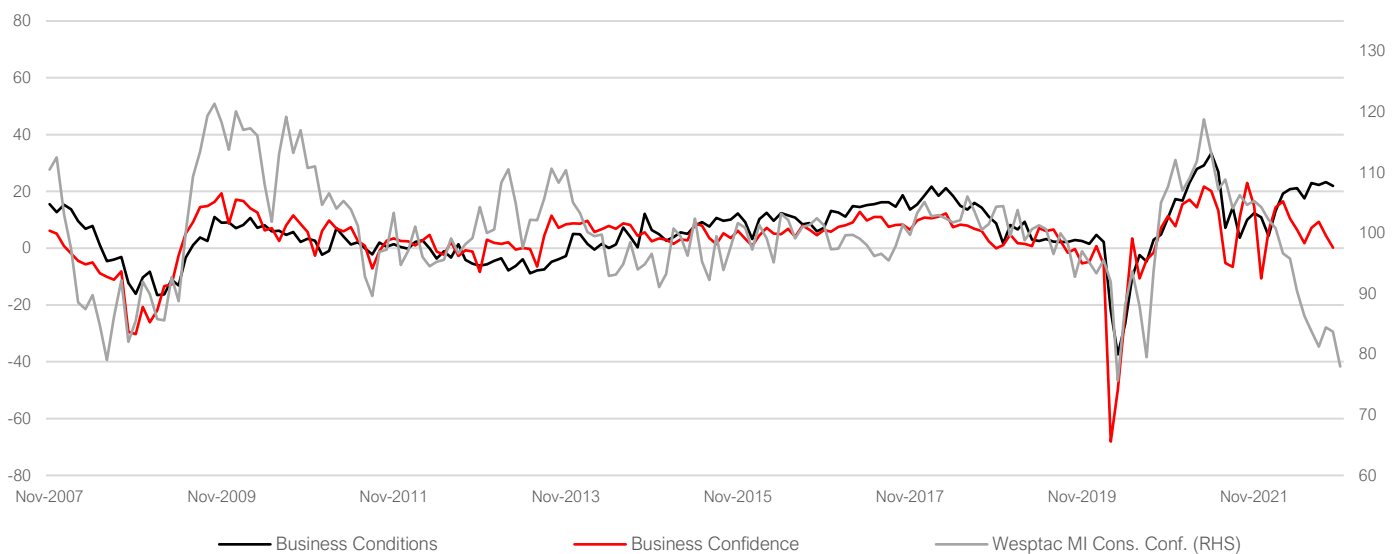
Source: Bloomberg

The mid-term elections saw Republicans likely to gain control of the House of Representatives, and it was announced yesterday that the Democrats would retain a slim majority in the Senate. The result will likely prevent Democrats from dramatically increasing spending, while the risks of another debt-ceiling stand-off with Republicans are also somewhat reduced.

Trump-backed candidates did not perform as well as he would have hoped. The former President told the public to expect a “major announcement” tomorrow, which is believed to be that he will run again in 2024. However, the decisive gubernatorial victory by Florida’s Ron DeSantis suggests that he may no longer be the most likely to win the Republican nomination.

Investors shrugged off contagion worries as cryptocurrency exchange FTX teetered on the verge of collapse. Bankruptcy proceedings were formally commenced on Friday, with Bermudan police and regulators also investigating. The price of Bitcoin has fallen by more than -20% over the last week to US\$ 16,892.

Australian Business & Consumer Confidence Surveys



Source: Bloomberg, NAB, Westpac, 13th November 2022

From a purely technical perspective, the surge in equity prices may have a little further to run before meeting significant resistance. The July rally in the S&P 500 failed at the 200-day moving average, and the index seems likely to challenge the

same moving average at around 4,100. However, earnings expectations continue to be revised downwards, and evidence of a severe slowdown in economic growth is mounting. In addition, technology stocks continue to weigh, with Facebook the latest company to announce large-scale layoffs.

Australian shares have surged above the 200-day moving average. Business confidence remains elevated, despite rapidly falling consumer confidence.

Company data have been somewhat mixed. Medibank has revealed more details of the scale of the recent data breach, while shares in Xero fell by more than -10% after earnings were released on Thursday before recovering most of the losses on Friday. On the other hand, shares in Origin Energy rose by more than +30% last week after a surprise bid from Brookfield and MidOcean.

The turmoil surrounding investment manager Perpetual continued last week, with stockbroker and wealth manager Shaw and Partners expressing interest in acquiring Perpetual's private client business should the bidding consortium seek to divide the group. Any deal would be conditional on Perpetual terminating the acquisition of Pental. However, Pental has asked the court to compel Perpetual to proceed with the acquisition, despite Perpetual requesting a delay.

This week, Australian October unemployment is expected to rise from 3.5 %to 3.6%. The RBA minutes are not expected to add significant additional information beyond that published earlier this month in the Statement on Monetary Policy.

There will be more detail on activity in the US, while the eurozone, UK and Japan will see updated inflation data. The G20 will meet in Bali, including a face-to-face meeting between Xi Jinping and Joe Biden. The IEA and OPEC will also update their energy market outlooks.



S&P/ASX 300 Index



Source: Bloomberg, S&P Dow Jones 13th November 2022

Significant Upcoming Data:

	Monday	Tuesday	Wednesday	Thursday	Friday
Australia		RBA Minutes	Wage Price Index; Westpac Leading Index	Employment	
US		PPI; Empire Manuf. Survey;	Retail Sales; Ind. Prod.; Business Inventories; NAHB Housing Market Index; TIC Flows; Import/Export Prices; MBA Mortgage Apps	Housing Starts; Building Permits; Philly Fed.; Kansas City Fed. Manuf. Activity; Weekly Jobless Claims	Leading Index; Existing Home Sales
Europe	EZ Ind. Prod; Swiss Prod. & Imp. Prices; Finnish CPI UK Rightmove House Prices	EZ, Dutch & Danish Q3 GDP; EZ, Swedish PES & UK Unempl.; ZEW Survey; Spanish, French & Swedish CPI; German WSale Prices; EZ, Norwegian, Irish & Dutch Trade; Norwegian Cons. Conf.	UK CPI & PPI; Italian CPI; Irish Property Prices	EZ CPI & Constr. Output; Swiss, Spanish & Italian Trade; Dutch Unempl; EU 27 New Car Reg.;	UK Ret. Sales & GfK Cons. Conf.; Swiss Ind. Output; Norwegian Q3 GDP; Swedish Unempl.; Irish Cons. Conf.;
Japan		Q3 GDP; Ind. Production;	Core Machine Orders; Tertiary Ind. Index	Trade	Nat. CPI
China	[1yr Med. Term Lending Rate; FDI]	Ind. Production; Ret. Sales; Fixed Asset & Prop. Inv.; Surveyed Jobless; Resi. Prop. Sales	New Home Prices		

US earnings

The retail sector will be under focus as Walmart, Target, Home Depot, Macy's, Lowe's and Foot Locker all report. Also keep an eye out for Nvidia's results as the market will take a cue in terms of semiconductor inventory build up and the impact on AI chip manufactures from Chinese restrictions placed by the Biden administration.

Monday 14th Tyson Foods (TSN), Li Auto (Li), Tower Semiconductor (TSEM), Oatley (OTLY)

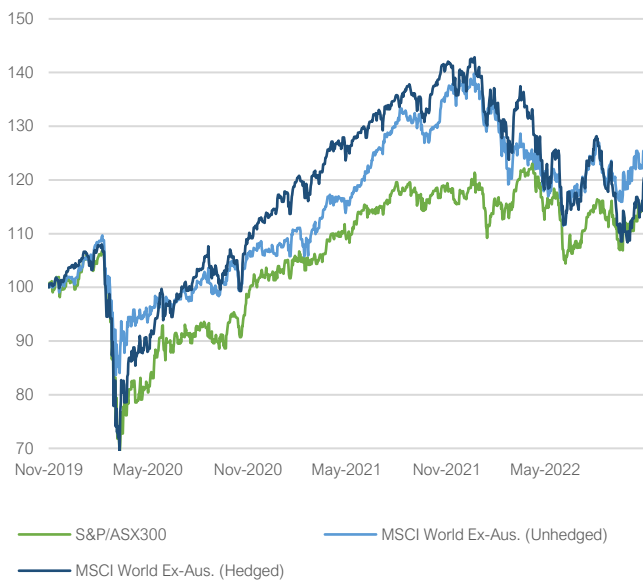
Tuesday 15th Walmart (WMT), Home Depot (HD), Tencent Music (TME), Advance Auto Parts (AAP)

Wednesday 16th Nvidia (NVDA), Target (TGT), Lowe's (LOW), Bath & Body Works (BBWI), Cisco (CSCO)

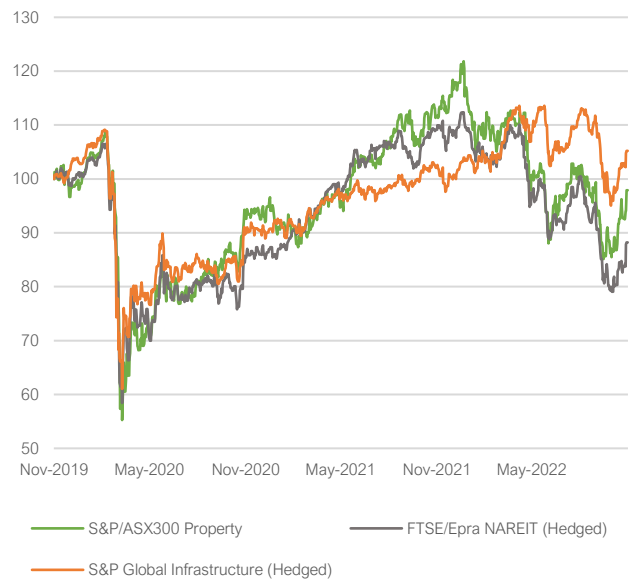
Thursday 17th Alibaba (BABA), Macy's (M), Kohl's (KSS), Palo Alto Networks (PANW), Applied Material (AMAT), Ross Stores (ROST)

Friday 18th JD.com (JD), Foot Locker (FL)

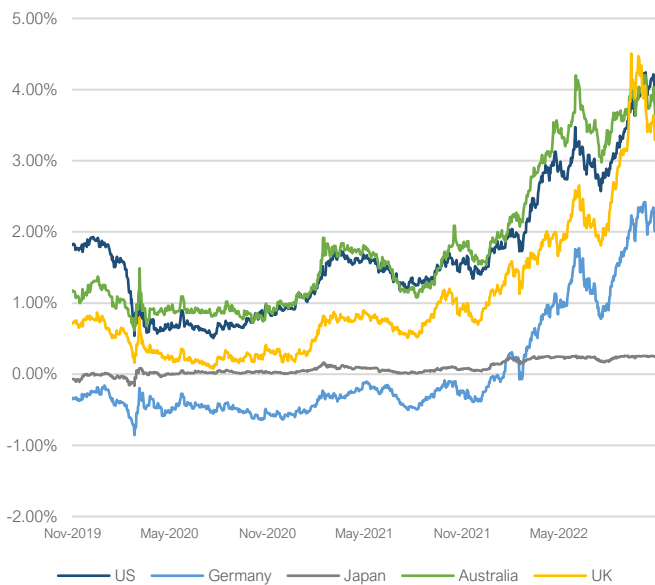
3Yr Equity Indices (Rebased to 100)



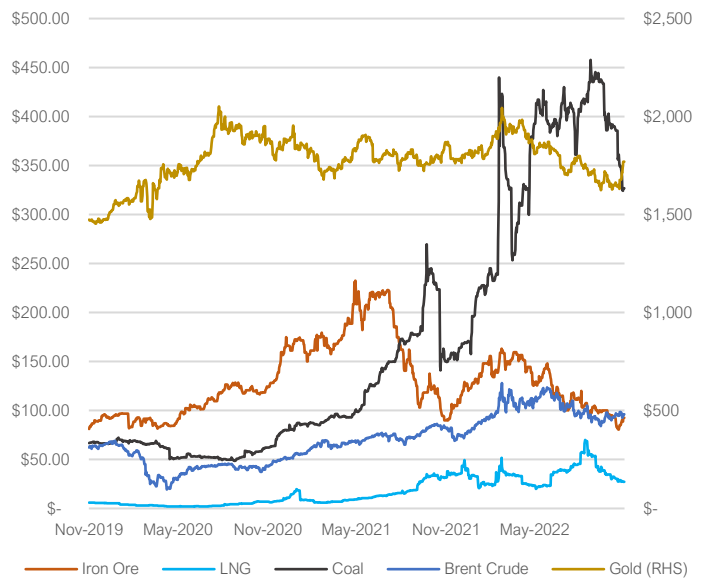
3Yr Prop. & Infr. Indices (Rebased to 100)



10Yr Government Bond Yields (%)



Commodity Prices (US\$)



Source: Bloomberg, S&P Dow Jones, MSCI, FTSE Russell, 13th November 2022

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