



WEEKLY UPDATE

21st NOVEMBER 2022

	Price	5 Day % Change	3 Month % Change	1yr % Change
S&P/ASX300	85,458	0.13%	2.22%	0.43%
MSCI World Ex-Aus. (Unhedged)	13,742	-0.41%	-1.80%	-9.30%
MSCI World Ex-Aus. (Hedged)	2,220	-0.50%	-5.12%	-15.39%
Bloomberg AusBond 0+ Composite	9,528	0.36%	-0.57%	-7.61%
Bloomberg Barclays Global Agg. (Hedged)	966	0.52%	-3.58%	-11.93%
S&P/ASX300 Property	56,827	-1.91%	-4.48%	-15.32%
FTSE EPRA Nareit Global Real Estate (Hedged)	2,553	-1.26%	-11.25%	-20.43%
S&P Global Infrastructure (Hedged)	5,851	0.42%	-6.33%	5.06%
Bloomberg All Hedge Fund Index	2,085	N/A	6.90%	7.66%
VIX	23.1	2.66%	12.23%	29.09%
Bloomberg Commodity Index (USD)	114.79	-1.78%	-6.15%	12.20%
Iron Ore Index (62% Fe Aus. Off. China, USD)	98.50	6.49%	-4.83%	9.44%
LME Copper Spot (USD)	8,047.00	-4.67%	0.34%	-14.85%
Coal 1st Future (Newcastle Export, USD)	343.45	5.09%	-17.02%	125.21%
Brent Crude 1st Future (USD)	87.62	-8.72%	-9.29%	7.85%
LNG 1st Future (Japan/Korea)	26.39	-3.09%	-54.19%	-29.76%
Gold in AUD	2,624	-0.72%	3.19%	2.70%
AUDUSD	0.6673	-0.45%	-3.53%	-8.30%
AUDEUR	0.6464	-0.26%	-6.06%	1.01%
AUDNZD	1.0853	-1.16%	-1.82%	4.81%
AUDGBP	0.5612	-0.99%	-3.28%	3.95%
AUDJPY	93.6690	0.62%	-0.33%	11.24%

Source: Bloomberg, S&P Dow Jones, MSCI, FTSE Russell, 20th November 2022

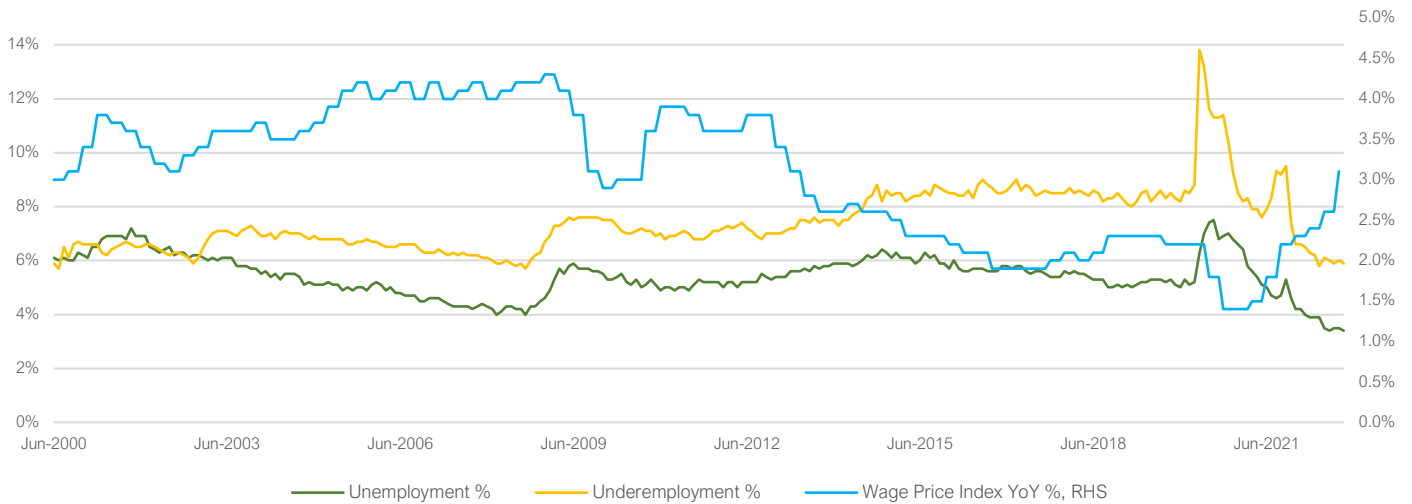
Geopolitics saw several positive developments last week, particularly regarding relations between China and the west. The results of the US mid-term elections became clearer, and the COP27 in Egypt made some small progress related to compensation for countries affected by the adverse effects of climate change.

Australia's much stronger wage and employment data suggests that interest rates may need to rise more than currently priced.

Federal Reserve speakers also continued to push for more, but likely slower, tightening as US inflation cooled. But consumer spending remained robust in October.

The latest FOMC minutes and global flash PMIs will be released into a market that will likely see lower trading volumes this week due to the Thanksgiving holidays in the US.

Australian Labour Market



Source: Bloomberg, ABS, 20th November 2022

There were plenty of crosscurrents to keep investors occupied last week. Equities and property retraced but largely held on to the substantial gains of the previous week. Infrastructure and bonds made small gains.

OPEC cut expected demand for crude in its energy market outlook as concerns build over the outlook for global growth. Iron ore and coal rose, while copper, oil and LNG prices fell over the week.

An apparent thawing of relations between China and both the US and Australia was a welcome development at the G20 meetings in Bali. The Chinese and Americans agreed to restart cooperation on climate change. All cooperation had been suspended in August after House Speaker Nancy Pelosi's visit to Taiwan. Over the weekend, the COP27 agreed to establish a loss and damage fund as the US withdrew opposition. However, many questions were left unanswered, such as who should contribute to the fund. The meeting also failed to secure any further action on the causes of climate change.

As more mid-term election results were finalised, Republicans took control of the House of Representatives with a small majority, as expected. Nancy Pelosi stepped down from her role as the leader of House Democrats, while Donald Trump's announcement that he would run for president a third time in 2024 failed to achieve the reception he would have hoped.

American producer prices seemed to confirm that underlying inflationary pressures have peaked. But October retail sales rose by +8.3% yoy, outpacing prices and underlining the fact that the consumer is still spending money. The labour market has also shown few signs of easing, despite some high-profile tech sectors layoff announcements that now include Amazon. A procession of Federal Reserve speakers highlighted the need for more tightening, although the next rate rise seems likely to be reduced to a +0.50% move in mid-December.

Australian October employment data was surprisingly strong on Thursday. The headline unemployment rate dropped from 3.5% to a new record low of 3.4%. Third-quarter wages also rose slightly more than expected by +3.1% yoy, up from +2.6% yoy in the June quarter, according to the ABS. Recent speeches by RBA officials have highlighted that inflation risks are skewed to the upside. On Tuesday, the November Board minutes also revealed that a +0.50% rate rise was discussed as an alternative to the +0.25% increase that passed. Surprisingly, the market is only pricing a roughly 70% chance of a +0.25% rise in December, when it appears that there is a genuine risk that they may add +0.50% before the next meeting in February. The Bank also critically assessed its forward guidance efforts during the pandemic, deciding to avoid specific rate path guidance in the future.

British inflation made a new forty-year high of +11.1% in October. The Chancellor unveiled a new "austerity" budget that included spending cuts and higher taxes.

The PBOC warned of accelerated inflation due to changes in overall demand, pledging to back growth while maintaining stable prices. Reuters reported that government advisers will recommend a modest 2023 GDP growth target of 4.5%-5.5%.

BHP appears to have received the support of the Oz Minerals board to acquire the copper producer for a cash price of A\$28.25 per share. The deal values the company at A\$9.6 billion.

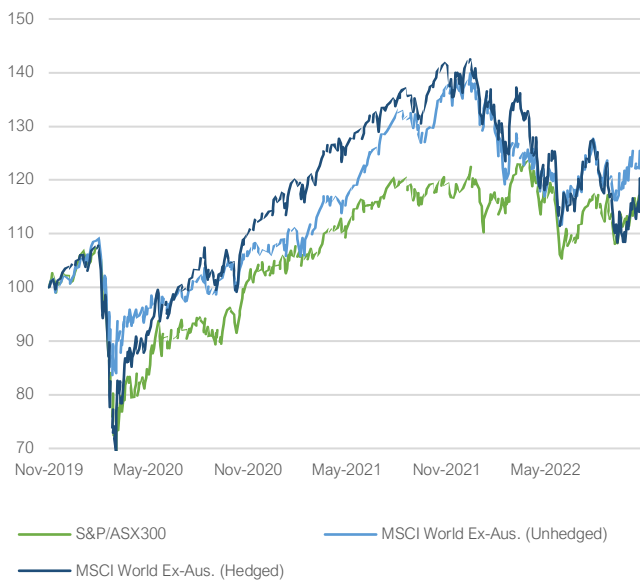
A court ruling on damages may make the opportunistic takeover bid for Perpetual by the Regal / EQT / Shaw & Partners consortium less likely to be successful. The proposal was conditional on the Perpetual acquisition of Pental not going ahead. The ruling clarifies that Pental may be able to seek an unquantified sum of damages and other remedies if the consortium pushes forward, adding an unknown potential cost to any transaction.

Major global equity indices continue to trade close to their 200-day moving average. But following a large US derivative expiry last Friday and likely thinner volumes due to the Thanksgiving holidays this week, it may be a while before any clear momentum signal appears. However, this week will still see the FOMC minutes and latest flash PMIs published, which could lead to higher volatility during a period of lower liquidity. The OECD will also produce its latest economic outlook.

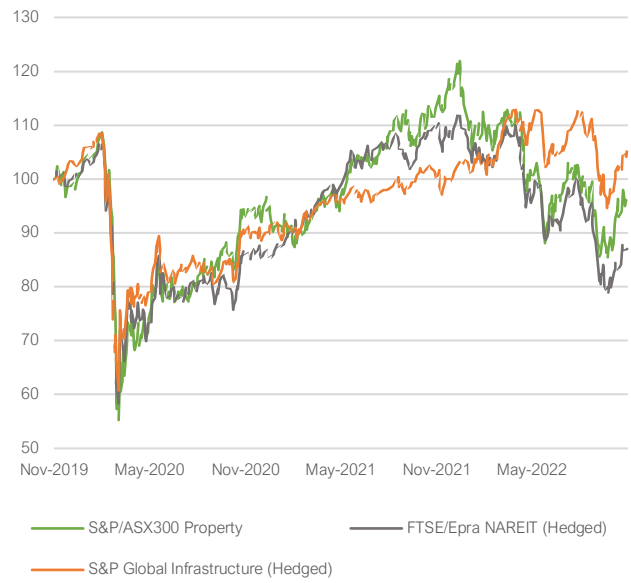
Significant Upcoming Data:

	Monday	Tuesday	Wednesday	Thursday	Friday
Australia			S&P Global Flash PMIs		
US	Chicago Fed. Nat. Activity Index;	Richmond Fed. Manuf. Index;	FOMC Minutes; S&P Global Flash PMIs; Durable Goods Orders; UMich Cons. Sent.; New Home Sales; MBA Mortgage Apps; Weekly Jobless Claims	Thanksgiving	
Europe	German PPI; Swiss M3 Money Supply; Swedish Ind. Capacity	OECD Economic Outlook; EZ Curr. Acc.; UK Public Finances; Danish & Belgian Consumer Conf. Dutch House Prices; Finnish Unempl.	S&P Global Flash PMIs; EZ Cons. Conf.; Norwegian Credit Growth Indic.	Swedish Riksbank Int. Rates; IFO Survey; Norwegian Unemp.; French Bus. & Manuf. Conf.; Finnish PPI;	German & Danish Ret. Sales; German GfK, French & Italian Cons. Conf.; Italian Manuf. Conf & Econ. Sent.; Swedish & Spanish PPI; German govt. Spending; German Q3 GDP (Final);
Japan	Tokyo Condos for Sale		Labour Thanksgiving	Jibun Bank Flash PMIs; Leading/Coinc. Index; Dept. Store Sales; Machine Tool Orders	Tokyo CPI; PPI Services;
China	1yr/5yr Prime Loan Rate				[Industrial Profits]

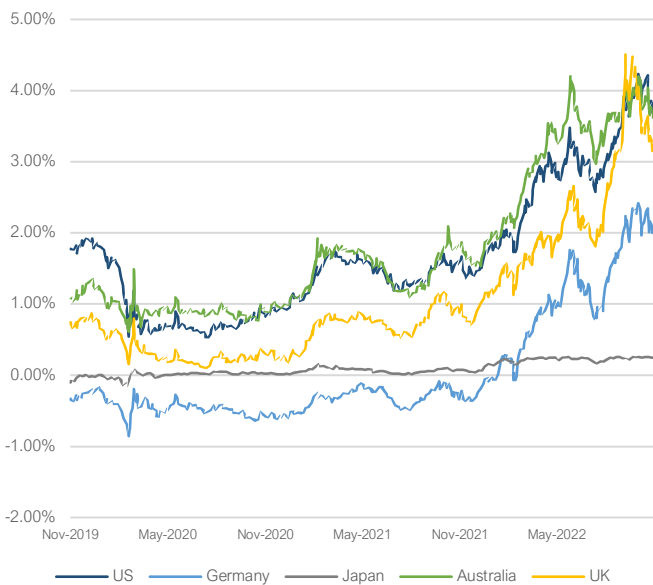
3Yr Equity Indices (Rebased to 100)



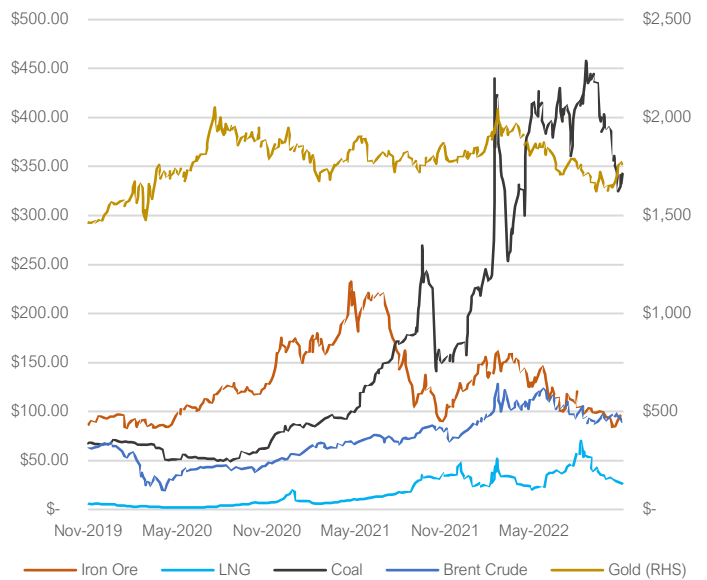
3Yr Prop. & Infrac. Indices (Rebased to 100)



10Yr Government Bond Yields (%)



Commodity Prices (US\$)



Source: Bloomberg, S&P Dow Jones, MSCI, FTSE Russell, 20th November 2022

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