

4th March 2024

US tech stocks hit all-time highs

MARKETS

- **Local and global equity markets broadly trended higher this week with the US technology heavy Nasdaq hitting all-time highs.**
- **In local stock news, Newmont announced it generated US\$2.8 billion in cash in the fourth quarter**, with the company planning to sell six gold mines which it inherited from its acquisition of Newcrest Mining late last year.
- **TPG Telecom shares fell as increasing competition and a high debt burden hit home.** Revenue was up 2% but below consensus, with softer margins hurting earnings.
- **Coles shares rose to a six-month high after the supermarket group announced better than expected earnings**, with better costs and lower slippage (including theft) plus a good start to the quarter.
- **Woodside Energy expects liquified natural gas consumption to rise by 50% over the next decade**, according to their CEO. The company's 2023 profit fell 37% on lower energy prices and asset write-downs, with the company reporting good cost management, profit, and a dividend beat.
- **NextDC shares rose strongly after the company announced its operating earnings rose 5% in the first half.** Revenue climbed 31% with earnings coming in ahead of expectations.

ECONOMICS

- **The Australian monthly inflation indicator was steady at 3.4% in January**, with elevated housing inflation offset by goods discounting, lower fuel, and a fall in international travel prices.
- **Australian retail trade rose by a solid 1.1% in January after an upwardly revised but still large contraction of 2.1% in December.** Spending is weak with annual growth at just 1.1%, near record covid lows.

- **Dwelling prices rose by 0.6% across the eight capital cities in February, the thirteenth consecutive monthly gain**, with prices rising strongly in Brisbane, Adelaide, and Perth. Dwelling prices are now up 10.7% since their most recent trough in January 2023.
- **Australian construction work done rose by 0.7% in the December quarter to be 8.7% higher through the year**. Building work was 1.1% lower with a big fall in residential construction offsetting a gain in non-residential construction. Engineering construction continues to rise strongly.
- **The US economy grew at a 3.2% annualised rate in the December quarter coming in slightly below expectations**.
- **The much-anticipated US PCE deflator, one of the central bank's preferred measures of inflation, came in line with expectations** rising by 0.4% in January to be 2.8% higher on a year ago. This was the smallest gain since February 2021.
- **A number of US central bank officials added to the calls that interest rate cuts will be delayed this year** following stronger than expected inflation and labour market data in January.
- **US new home sales rose by 1.5% in January to a 661,000 annual pace, coming in below expectations**, while two key house price indices showed growth but came in below expectations.
- **A key US manufacturing index rose strongly in February, coming in above expectations**, but remaining in contractionary territory.
- **A key US consumer confidence index fell in February, coming in below expectations**, but remaining in expansionary territory.
- **European central bank president Christine Lagarde said that relatively benign December quarter wage growth data is encouraging**, but not yet enough to give the bank confidence that inflation has been defeated.
- **UK consumer confidence slipped back in February, ending a three-month run of improvements**, suggesting households are not ready to splash out despite growing signs the economy has emerged from its shallow recession.
- **Japan's core consumer inflation slowed for a third straight month in January but beat forecasts whilst landing at the central bank's 2% target**. Ending negative interest rates is close.

- **A Bank of Japan board member sent a strong signal that the case for ending their negative interest rate policy is gaining momentum**, with the bank poised to make its first rate hike since 2007.
- **India's economic growth accelerated in the final three months of 2023, coming in ahead of consensus**. GDP rose by 8.4% from a year ago, boosted by strong private sector investment and a pick-up in services spending.

POLITICS

- **Denmark said it had dropped its investigation into the explosions in 2022 on the Nord Stream pipelines carrying Russian gas to Germany**, becoming the second nation to do so.
- **Sweden cleared the final hurdle to gaining NATO membership, with the approval by Hungary's parliament this week** coming twenty-one months after Sweden submitted its membership bid.
- **China's foreign minister Wang Yi has been invited to Australia for a two-day visit later this month**, as reported by Chinese media.



Chris Lioutas

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