

# Yovich & Co. Weekly Market Update

11<sup>th</sup> November 2024

## Market News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week 1 <sup>st</sup> November	12559.28	8379.65	3272.01	8177.15	42052.19	18239.92	0.9074	0.60	4.75%
Week Close 8 <sup>th</sup> November	12770.33	8552.57	3452.30	8072.39	43988.99	19286.78	0.9060	0.5967	4.75%
<b>Change</b>	1.68%	2.06%	5.51%	-1.28%	4.61%	5.74%	-0.16%	-0.54%	0.00%

This week’s markets reflected a mix of local resilience and global reactions to the U.S. election outcome. The NZX 50G gained 1.68%, supported by New Zealand’s steady economic outlook, while Australia’s All Ordinaries rose 2.06%, bolstered by strong commodity performance in anticipation of U.S. energy policy shifts. China’s Shanghai Composite led with a 5.51% gain, driven by domestic stimulus, while the U.K.’s FTSE declined 1.28% on renewed trade concerns.

In the U.S., the Dow Jones and NASDAQ surged 4.61% and 5.74%, respectively, as investors embraced “Trump trades,” favouring financial, energy, and tech sectors. Amid market buoyancy, inflation concerns are focused on the potential delay of rate cuts. Investors are closely watching upcoming U.S. economic data, including the CPI report on November 13. Currency movements saw the New Zealand Dollar soften against both the AUD and USD, reflecting the strength in Australian resources and optimism around the new U.S. administration.

These shifts underscore anticipation of regulatory changes, tax cuts, and support for traditional industries in the U.S., impacting global markets and reshaping investor sentiment.

## Weekly Market Movers

The biggest movers of the Week ending 8 <sup>th</sup> November 2024			
Up		Down	
Serko	13.07%	Vulcan Steel	-8.99%
NZX	9.63%	The a2 Milk Company	-6.72%
Fletcher Building	5.67%	Sky Network Television	-4.40%
Spark	5.56%	Channel Infrastructure NZ	-3.33%
Air New Zealand	4.85%	Tourism Holdings	-3.03%

Source: Iress

## Investment News

### RBNZ: Financial Stability Maintained Amid Easing Interest Rates and Economic Challenges:

The RBNZ November Financial Stability Report update: The RBNZ’s November Financial Stability Report highlights that New Zealand’s financial system risks remain controlled, though economic challenges persist. Deputy Governor Christian Hawkesby notes that falling interest rates, as inflation subsides, are reducing debt servicing costs and making mortgages more manageable. Despite pressures from rising unemployment, banks expect only a modest increase in non-performing loans. New Zealand’s banks are well-positioned to support households and businesses through current challenges, including geopolitical tensions. The RBNZ continues to encourage competition in banking and is progressing with the Deposit Takers Act, aiming to launch the Depositor Compensation Scheme by mid-2025.

## **Briscoe Group Limited (BGP.NZ) – Margin pressure weighs on profitability**

Briscoe Group is navigating tough conditions, with profit margins under pressure. Sales for Q3 2025 were mostly flat, with Homeware up slightly (+0.6%) but Rebel Sport down (-0.9%). The company projects full-year profits of NZ\$70-77 million, about 13% lower than last year, reflecting margin challenges. The forecast has been adjusted to NZ\$75.4 million, with a slight drop expected in Q4 sales and further margin compression.

Despite these headwinds, the Overweight rating is held by Jarden, given Briscoe's history of steady growth and its reasonable valuation at 13x PE, supporting confidence in its longer-term outlook.

## **Market Spotlight: Global Markets Amid Potential US Economic Policy Shifts**

The recent U.S. presidential election, resulting in Donald Trump's return to the White House, has significantly influenced global financial markets. Investors are responding to anticipated policy shifts, leading to notable movements across various asset classes.

### **Equity Markets Surge**

U.S. stock markets experienced substantial gains following the election. The Dow Jones Industrial Average soared nearly 1,300 points to a record 43,499, the Nasdaq Composite climbed 425 points to 18,860, and the S&P 500 increased by 103 points to 5,887. This rally was driven by sectors expected to benefit from Trump's prospective policies, such as deregulation and tax reductions.

Financial stocks, particularly banks, led the gains, with the Financial Select Sector SPDR ETF rising 5.8%. Energy, consumer-discretionary, industrials, and tech stocks also showed strong performance, while rate-sensitive sectors like real estate and utilities lagged.

### **Currency and Commodity Movements**

The U.S. dollar strengthened, with the ICE U.S. Dollar Index recording its biggest one-day gain since March 2023. Bitcoin, seen as a proxy for a Trump victory, surged about 18% to a record high of 81,745.92.

### **Bond Market Reactions**

U.S. Treasury yields increased amid expectations of larger deficits under a potential Trump presidency and signs of persistent economic growth. The yield on the 10-year note reached its highest level since July. This surge reflects investor concerns that Trump's proposed economic policies—such as substantial tax cuts and increased fiscal spending—could lead to larger budget deficits and heightened inflationary pressures.

### **Crude Oil Soars Amid Anticipated U.S. Policy Shifts**

Following Trump's election victory, crude oil prices surged, with WTI crude rising by 3% to over \$88 per barrel. Investors are anticipating a pro-energy stance under the new administration, including reduced restrictions on fossil fuel production and potential support for domestic oil and gas industries. This optimism has led to increased demand in energy stocks and commodities linked to traditional energy sectors.

The rise in oil prices also reflects broader inflationary pressures, as increased demand coupled with constrained global supply could drive prices higher. Analysts warn that while oil's rally may benefit energy producers, sustained high prices could add inflationary stress on global economies reliant on energy imports.

## Global Market Responses

International markets exhibited varied reactions. European stock markets, which initially rose, later reversed their gains. The Mexican peso and Chinese yuan fell on fears of renewed trade tensions.

While the immediate market response has been positive, analysts caution that factors such as rising Treasury yields, and potential inflationary pressures might present challenges for the bull market in the long term.

In summary, the 2024 U.S. presidential election has prompted significant movements in financial markets, reflecting investor anticipation of policy changes under the new administration. The coming weeks will be crucial in determining the sustainability of these trends as more detailed policy plans emerge especially the data around inflation.

## Upcoming Dividends: 12<sup>th</sup> November to 12<sup>th</sup> December.

Description	Security	ExDivDate	BooksClose	Gross Dividend Amount	Pay Date
ANZBANKGRP	ANZ	13-Nov-24	14-Nov-24	91.8524	20-Dec-24
PROPINDY	PFI	14-Nov-24	15-Nov-24	2.3733	26-Nov-24
VITALHEALTH	VHP	27-Nov-24	28-Nov-24	2.6675	12-Dec-24
MANAWA	MNW	28-Nov-24	29-Nov-24	5.5556	6-Dec-24
HALGLASS	HLG	5-Dec-24	6-Dec-24	34.291	13-Dec-24

Source: Iress

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