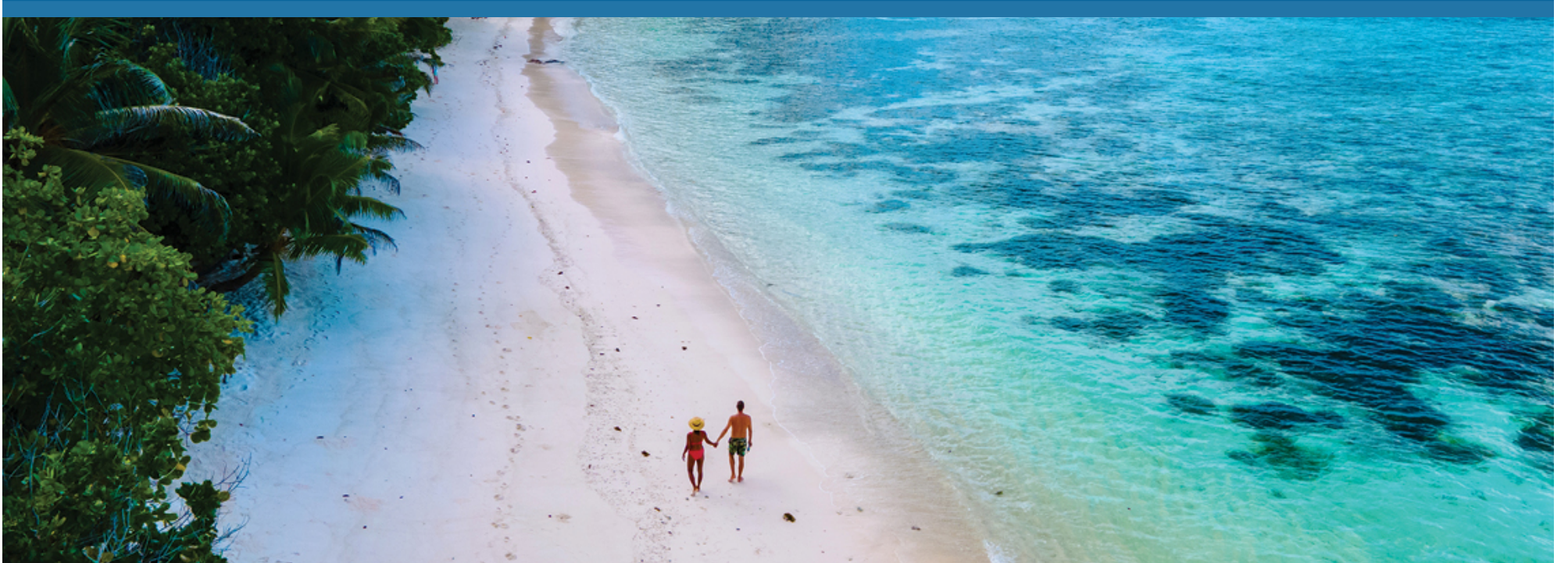


# Our latest update



## January 2024

There is a lot to look forward to in 2024 and we would like to wish you good health, happiness and prosperity for the year ahead.

There were some welcome positives to be found in 2023.

The year ended on a good note for property investors in Perth, Adelaide and Brisbane where house prices rose more than 1% every month on average. Across the country, CoreLogic's national Home Value Index rose 8.1% in 2023, up from the 4.9% drop in 2022. However, house prices in Melbourne, Sydney, Canberra, Hobart and Darwin either fell slightly or remained the same.

Superannuation funds also bounced back after losses in 2022. The median balanced option is expected to return 9.6% in 2023.

The economy grew by 2.1%, the eighth quarter in a row of economic growth, although the rate of growth has slowed a little. Unemployment rose slightly in November to 3.9%. In addition to strong employment growth over the past year, the number of unemployed people has also increased by around 81,000 people, and the unemployment rate has risen by 0.4 percentage points. Iron ore prices rose more than 21% during the year on the back of continued demand from China. Oil prices steadied by year's end but the escalating conflict in the Middle East and the war in Ukraine are causing concerns. The Australian dollar remained under pressure all year and may struggle in 2024 as the US dollar strengthens and our high inflation numbers continue.

---



## Market movements and review video – December 2023

**Stay up to date with what's happened in markets and the Australian economy over the past month.**

Consumer prices eased by more than expected in October. The news that inflation may have been tamed means interest rate rises may be behind us, for now.

Even the Organization for Economic Cooperation and Development (OECD) is optimistic about our economic recovery, predicting rate cuts from late 2024.

The ASX200 regained most of its October losses through November. Hopes the US may be ceasing its interest rate hikes impacted investor sentiment, as did the better than expected inflation figures locally.

Click the video below to view our update.

*Please get in touch if you'd like assistance with your personal financial situation.*

0:00 / 1:39





## 2023 Year in Review

**Australia's economy stubbornly defied predictions during 2023, dashing any hopes that we might begin to return to some kind of normal.**

Some had expected an end to the Reserve Bank's continued cash rate rises during the year. Instead, inflation has been a stubborn foe and we saw five rate rises. On a positive note, superannuation funds bounced back after losses in 2022 with SuperRatings reporting the median balanced option can expect returns of 9.6% in 2023.<sup>i</sup>

### The big picture

Global economic forecasts for 2023 were also beset by a number of wild cards during the year. While many economists were predicting recession in the United States and Europe and a rebound in China, the year ended differently with no recession in the US, Europe struggling but doing better than expected and China still battling some headwinds.

October brought concerns of a wider Middle East conflict, the International Monetary Fund saying that an escalation of the conflict could be far-reaching, affecting tourism, trade, and investment.<sup>ii</sup>

### Inflation and interest rates

In Australia, economic growth slowed a little on 2022's result but still delivered a better return than forecast. The economy grew by 2.1% although a larger-than-expected increase in the population is putting extra pressure on housing and prices, keeping inflation higher.<sup>iii</sup> It was the eighth quarter in a row of economic growth.

Inflation remains high but many believe we have seen the end of interest rate rises for 2024. The latest figures show the rate of inflation dropped from 4.9% in October to 4.3% in November.

New dwelling prices rose 5.5% in the 12 months to November while rents rose 7.1%. Electricity prices were up by 10.7% for the year and food and non-alcoholic beverages increased by 4.6%. The Reserve Bank raised the cash rate five times in 2023 to finish the year at 4.35%.<sup>iv</sup>

### Sharemarkets

Global sharemarkets ended 2023 on a more positive note. In the US, welcome news from the Federal Reserve of an end to rate hikes saw stocks and bonds soar in the final weeks of the year. During the year, the Dow Jones index increased by 13.7% and the Nasdaq by 43.4%. There was mixed news in Asian markets with a jump of 28.2% on the Nikkei 225 but China's Shanghai Composite fell 3.7%.<sup>v</sup>

Australia's sharemarket may not have experienced the heady double-digit returns of some global markets but it ended the year with a gain of almost 8%, marking its best performance since 2021.<sup>vi</sup>

### Commodities

Despite big falls from the peaks of 2022, commodity prices remain high across the board.

Iron ore, Australia's biggest export, rose more than 21% as the Chinese government continues to create strong demand by stimulating property and infrastructure development.



Oil prices saw some spikes during the year but steadied by December. However, the World Bank notes that conflicts in the Middle East and Ukraine, could cause a major oil price shock, pushing global commodity markets into uncharted waters.<sup>vii</sup>

As the US dollar gathers strength and Australia’s high inflation figures persist, the Australian dollar is under pressure. It ended the year where it began after recovering from a slide in the second half of the year.

## Property market

While rising interest rates usually dampen property prices, by year’s end we saw a remarkable turnaround for some cities in another result that upended forecasts.

CoreLogic’s national Home Value Index rose 8.1% in 2023, up from the 4.9% drop in 2022 with a patchy performance across the country.<sup>viii</sup>

House prices rose at more than 1% every month on average in Perth, Adelaide, and Brisbane in the second half of the year. While Melbourne values dropped in November and December, Sydney and Canberra prices barely moved, and Hobart and Darwin prices fell slightly.

## Looking ahead

As floods and storms ravage the eastern states and bushfires break out in the west, another tumultuous Australian summer might be mirrored by a chaotic year for the economy both in Australia and overseas.

The RBA expects economic growth to remain subdued but resilient in 2024, and is confident that inflation will continue to fall slightly throughout the year.<sup>ix</sup>

Worldwide, China’s spluttering economy and the outcome of the US presidential election may cause ripple effects across the globe, meanwhile markets will be nervously watching the ongoing conflicts overseas which have the potential to create broader economic challenges.

Whatever the year ahead brings, we are here for you.

i <https://www.afr.com/policy/tax-and-super/super-balances-grow-almost-10pc-thanks-to-tech-rally-20240103-p5euwb>  
ii <https://www.imf.org/en/Blogs/Articles/2023/12/01/middle-east-conflict-risks-reshaping-the-regions-economies>  
iii <https://www.abs.gov.au/media-centre/media-releases/australian-economy-grew-02-cent-september-quarter>  
iv [Monthly CPI indicator rose 4.3% annually to November 2023 | Australian Bureau of Statistics \(abs.gov.au\)](#)  
v <https://www.businesstoday.in/markets/story/global-market-performance-heres-how-global-equity-markets-major-currencies-performed-in-2023-411391-2023-12-31>  
vi <https://www.abc.net.au/news/2023-12-29/asx-markets-business-live-news-dec29-2023/103271578>  
vii [October 2023 Commodity Markets Outlook: Under the Shadow of Geopolitical Risks \[EN/AR/RU/ZH\] - World | ReliefWeb](#)  
viii <https://www.corelogic.com.au/news-research/news/2023/australian-home-values-surge-in-2023>  
ix <https://www.rba.gov.au/speeches/2023/sp-ag-2023-11-13.html>