

For the week ending Friday, 22 September 2017

## Quote of the week <sup>1</sup>

“Strive not to be a success, but rather to be of value”: Albert Einstein (1879 - 1955).

## Market summary <sup>2</sup>

- The **S&P/ASX200 index** dropped slightly over the week, falling **0.23%** to **5682**.
- The **Aussie Dollar** gave up over half a percent against the US, closing the week at **\$US0.7954**.

## Key data <sup>3, 4</sup>

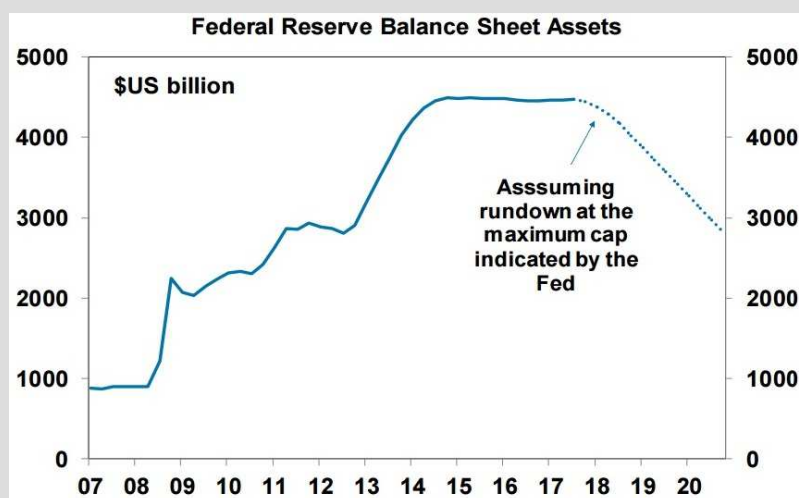
- **CoreLogic's Home Value** index recorded slowing capital city **house price growth of 0.3%** in August, bringing the annual rate down to **9.7%**.
- **New Zealand's GDP** expanded by **0.8%** in the June quarter and **2.5%** over the year.
- The annual rate of **inflation** in the **Eurozone** was confirmed at **1.5%** over the year to August, driven largely by energy, services, food and alcohol price increases.

## In the News <sup>3, 4</sup>

- The **Commonwealth Bank** announced it will offload its **CommInsure** life insurance division to Hong Kong-based **AIA Group** for an expected **\$3.8 billion**.
- **Rio Tinto** will conduct another share buyback for **\$US2.5 billion** of its shares funded by the recent **Coal & Allied** sale.
- **Wesfarmers** is considering its biggest acquisition in a decade as it examines a bid for sodium cyanide maker **Cyanco Holdings**, believed to be worth around **\$US650 million**.

## 'Eye-opener of the week <sup>5</sup>

The US Federal Reserve has confirmed it will start reducing its balance sheet and slowly reversing some of the quantitative easing that has occurred since the GFC. Consensus expectations for US interest rates are still gradual rate rises over the next 18-24 months, which should take some pressure of the \$A. Since QE began in 2008, the Fed's balance sheet reached around \$4.5 trillion in October 2014 and has been maintained at that level ever since. Three years later, the Fed will begin letting bonds mature without making new purchases.



## Sources

1. brainyquote.com 2. Commsec. 3. Business Spectator 4. Australian Financial Review 5. Bloomberg, Federal Reserve, AMP Capital