

# WEEKLY MARKET recap

## 17 – 21 February 2025



### Highlights of the week

- The Reserve Bank of Australia reduced the official cash rate by 0.25% to 4.1% whilst the Reserve Bank of New Zealand cut rates by 0.5% to 3.75% and guided for further rate cuts as New Zealand continues to grapple with a recession.
- Australia's unemployment rate increased by 0.1% to 4.1%, in line with market expectations.

### Market Action

Sector	Returns % (excluding distributions)		
	21-Feb-25	17-Feb-25	Change (%)
<b>S&amp;P/ASX 200</b>	8295.7	8562.7	-3.1%
<b>All Ordinaries</b>	8571.6	8831.3	-2.9%
<b>Small Ordinaries</b>	3221.6	3234.6	-0.4%
<b>S&amp;P 500 *</b>	6117.5	6115.1	0.0%
<b>NASDAQ *</b>	19962.4	19945.6	0.1%
<b>FTSE 100 *</b>	8663.0	8764.7	-1.2%
<b>Hang Seng *</b>	23238.4	21814.4	6.5%
<b>Nikkei *</b>	38680.6	39461.5	-2.0%

\*US, UK, European and Asian prices refer to the previous day's close

US equity markets finished the week relatively flat with the S&P 500 (+0.0%) slightly underperforming the NASDAQ (+0.1%) following a sell off on Thursday driven by ongoing uncertainty around tariffs and a weak earnings report from Walmart, which also impacted other retailers. The FTSE100 fell 1.1% as new data showed surprising strength in the UK labour market which raised questions around the prospects for further rate cuts by the Bank of England.

### S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
<b>DHG</b>	Domain Holdings Aus	\$4.36	49.3%
<b>A2M</b>	The a2 Milk Company	\$7.69	32.3%
<b>MP1</b>	Megaport Limited	\$11.16	26.1%
<b>CTD</b>	Corporate Travel	\$17.79	17.1%
<b>NEC</b>	Nine Entertainment	\$1.75	16.7%

\*Prices as at 3.00PM on 21/02/2025

Domain rallied after the company received a non-binding takeover offer from US Real Estate company CoStar with Nine Entertainment also rising given its 60% ownership stake. Megaport rallied 26.1% after guiding for FY25 revenue growth of between 11% and 14% with growth across all regions. Corporate Travel and A2 Milk also rose after reporting half-year earnings results which beat market expectations.

### S&P/ASX 200 Index - 1 Week Performance



The Hang Seng rallied 6.5% with technology stock Alibaba beating revenue forecasts whilst the Nikkei fell 2.0% as higher than expected inflation in Japan raised the prospects of higher interest rates, which also sparked a sharp appreciation in the yen. The S&P/ASX 200 slipped 2.9%, dragged down by a sharp selloff in the major banks. Small caps outperformed large companies but still fell -0.4%.

### S&P/ASX 200 - Bottom five of the week

ASX Code	Company	Closing Price	Change*
<b>AMP</b>	AMP Limited	\$1.38	-20.9%
<b>MIN</b>	Mineral Resources Ltd	\$27.00	-20.8%
<b>BEN</b>	Bendigo and Adelaide	\$10.93	-17.7%
<b>SPK</b>	Spark New Zealand Ltd	\$34.83	-15.5%
<b>NAB</b>	National Australia Bank	\$34.83	-15.5%

AMP fell 20.9%, despite reporting a 15.1% increase in underlying net profit, after the dividend was cut in order to invest back into the business. Mineral Resources fell 20.8% after reporting a decline in revenue and an underlying profit loss which raised market concerns around debt serviceability. Bendigo and Adelaide Bank declined 17.7% after reporting cash earnings down 1.1% on the prior corresponding period.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
STO	Santos Limited	24/02/2025	\$0.16	0%
VCX	Vicinity Centres	24/02/2025	\$0.06	0%
AGL	AGL Energy Limited	25/02/2025	\$0.23	100%
AMC	AMCOR PLC	25/02/2025	\$0.20	0%
BGA	Bega Cheese Limited	25/02/2025	\$0.06	100%
CGF	Challenger Limited	25/02/2025	\$0.15	100%
DRR	Deterra Royalties Limited	25/02/2025	\$0.09	100%
HMC	HMC Capital Limited	25/02/2025	\$0.06	100%
TAH	Tabcorp Holding Limited	25/02/2025	\$0.01	0%
WES	Wesfarmers Limited	25/02/2025	\$0.95	100%
BEN	Bendigo and Adelaide Bank Limited	26/02/2025	\$0.30	100%
FMG	Fortescue Metals Group Limited	26/02/2025	\$0.50	100%
TLC	The Lottery Corporation	26/02/2025	\$0.08	100%
TLS	Telstra Group Limited	26/02/2025	\$0.10	100%
BPT	Beach Energy Limited	27/02/2025	\$0.03	100%
PME	Pro Medicus Limited	27/02/2025	\$0.25	100%
WHC	Whitehaven Coal Limited	27/02/2025	\$0.09	100%
AMP	AMP Limited	28/02/2025	\$0.01	20%
CTD	Corporate Travel Limited	28/02/2025	\$0.10	0%
ORA	Orora Limited	28/02/2025	\$0.05	0%

## Key Rates Table

Aus. 10-yr Bond Yield	US 10-yr Bond Yield	AUD/USD	AUD/GBP	AUD/EUR	AUD/CNY	AUD/JPY
4.21%	4.34%	0.64	0.51	0.61	4.63	96.17

\*Rates as at 3.00PM on 21/02/2025

## Topic of the week

Last week the Australian Federal Government Treasurer, Jim Chalmers, instructed the Australian Prudential Regulation Authority (APRA) to relax how student HECS debts are treated when banks conducted loan serviceability tests. APRA is the primary regulatory agency responsible for ensuring banks are managing their risks appropriately to protect the safety of deposits and the stability of the financial system. Under current responsible lending rules, banks are required to take a prospective homeowner's HECS debts into account when determining how much they can borrow. There is no specific APRA regulation instructing banks to treat HECS debts differently.

The Federal Treasurer has argued that given a person has no obligation to make HECS repayments unless they earn at least \$54,435, and if a person loses their job, their HECS repayments are suspended, it should not be treated like other debts such as personal loans.

This week, APRA released a draft guide for how banks should treat HECS debt, along with a statement acknowledging that HECS debts were different to most other debt obligations but considering HECS repayments in loan serviceability was 'generally appropriate.' APRA's draft regulation enables banks to exclude HECS debts where a borrower is expected to pay off their HECS debt within 12 months with banks also able to remove HECS debts from debt to income (DTI) regulatory reporting.

The Federal Treasurer's instruction is most likely politically motivated with housing affordability a key issue in the lead up to the election. Any relaxation will allow prospective homeowners to borrow more but the shift is unlikely to solve the core issue impacting long term housing affordability, being the lack of housing supply. As another demand focused government policy, it will provide further support to existing house prices.

## Home Loan Rates

Lender	Owner Occupier (Variable)	Owner Occupier (2 Year Fixed)	Owner Occupier (5 Year Fixed)	Investor (Variable)	Investor (2 Year Fixed)	Investor (5 Year Fixed)
CBA	6.49%	6.44%	6.84%	6.69%	6.49%	6.94%
NAB	6.44%	5.89%	6.24%	6.96%	5.99%	6.44%
Macquarie	6.14%	5.55%	5.69%	6.34%	5.69%	5.85%

\*Based on a 25-year, \$450,000 loan with principal and interest repayments and a Loan to-Value ratio of 70%.

## What to expect for the week ahead

- The Australian corporate reporting season will continue with Ampol, Woolworths, Coles, Endeavour and Ramsay Health Care all expected to report.
- The Australian Bureau of Statistics will report the monthly consumer price index (CPI) indicator as well as detail changes to the CPI basket weights as part of an annual review.
- Germany will hold a snap Federal election on Sunday following the collapse of the current government.



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