

WEEKLY MARKET recap

27 – 31 March 2023

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Highlights of the week

- Australian inflation rate eased from 7.4% in January to 6.8% in February.
- Chris Minns has been sworn in as the NSW Premier.

Market Action

Sector	Returns % (excluding distributions)		
	31-Mar-23	24-Mar-23	Change (%)
S&P/ASX 200	7174.5	6953.9	3.2%
All Ordinaries	7369.2	7136.6	3.3%
Small Ordinaries	2820.0	2705.8	4.2%
S&P 500	4050.8	3948.7	2.6%
NASDAQ	12013.5	11787.4	1.9%
FTSE 100	7564.3	7499.6	0.9%
Hang Seng	20309.1	20049.6	1.3%
Nikkei	27782.9	27419.6	1.3%

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

US equity markets rallied as banking sector concerns eased with the S&P 500 and the NASDAQ rising by 2.6% and 1.9% respectively. First Citizens Bank agreed to acquire the collapsed Silicon Valley Bank, purchasing US\$72 billion of assets at a US\$16.5 billion discount. The FTSE 100 rebounded 0.9% with both retail sales and consumer sentiment returning to 1-year highs.

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

ASX Code	Company	Closing Price	Change*
LTR	Liontown Resources	\$2.58	80.4%
UMG	United Malt Group	\$4.73	37.4%
SYR	Syrah Resources	\$1.83	23.5%
AKE	Allkem	\$11.96	19.7%
CHN	Chalice Mining	\$7.40	19.2%

*Prices as at 3.00PM on 31/03/2023

Liontown leaped 80.4% after rejecting a \$2.50 per share takeover bid from Albemarle Corporation, an American specialty chemicals company. United Malt Group jumped 37.4%, also upon receiving a takeover offer whereby French maltster, Malteries Soufflet proposed to acquire United Malt Group at \$5 per share. Syrah rose 23.5% this week after upgrading its Balama Ore Reserve estimate, with its graphite reserves now able to support a 50+ year mine life. Allkem climbed 19.7% following a 27% increase in resources at its Olaroz basin whilst Chalice Mining gained 19.2% after revealing a roughly 50% increase in resources at its Gonnevillle deposit.

S&P/ASX 200 Index - 1 Week Performance



The Hang Seng gained 1.3%, boosted by news of tech giant Alibaba splitting into six businesses and publicly listing five of the spin-offs. The Nikkei also rose 1.3% as Japanese core inflation fell to 3.1%. The S&P/ASX 200 rallied 3.2%, driven by gains in the Materials and Utilities sectors. Small caps outperformed both mid and large cap companies, rising by 4.2%.

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

ASX Code	Company	Closing Price	Change*
SQ2	Block Inc.	\$103.48	-5.8%
QUB	Qube Holdings	\$2.87	-4.7%
BKW	Brickworks	\$22.73	-4.3%
HMC	HMC Capital	\$3.57	-3.0%
HVN	Harvey Norman	\$3.61	-3.0%

Block slid another -5.8% due to the Hindenburg Research report on the company released late last week. Qube fell -4.7% despite confirming the option to acquire 200Ha of land following National Intermodal Corporation's acquisition of land at Beveridge. Brickworks was down -4.3% despite increasing its dividend payout with management noting "a period of weaker demand is expected" ahead. HMC Capital lost -3.0% after announcing an equity raising to acquire 11 private hospitals in a \$1.2 billion deal. Harvey Norman also fell -3.0% as its shares went ex-dividend for a 13c per share interim dividend.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
ARB	ARB Corporation	5/04/2023	\$0.32	100%
BKW	Brickworks Limited	6/04/2023	\$0.23	100%

Topic of the week

The Reserve Bank of Australia (RBA) Board Meeting for Monetary Policy Decisions will be held next Tuesday, with the major consideration being whether to raise the interest rate for the 11th meeting in a row. The consecutive interest rate hikes by the RBA have been aimed at taming inflation which has rapidly risen since the start of 2021. However, monthly inflation data for February released this week suggests that inflation has already peaked, placing the next rate hike in doubt.

Monetary Policy is used by central banks to control economic activity and inflation and their relationship is described in two stages by the RBA: "Changes to the monetary policy affect interest rates in the economy" and "Changes to interest rates affect economic activity and inflation."

The first stage consists of the decisions made at the RBA Board Meetings. Usually involving moving the cash rate, the RBA can also

change the yield on government bonds through purchases or provide low-cost funding to other financial institutions. These changes affect the interest rates for loans between financial institutions and deposit or lending rates.

These new rates then affect demand and inflation as a part of the second stage. Lowering interest rates is used to induce spending and investment as savings deposits provide less return. This creates higher demand for products and services that usually outstrips current supply, creating pressure to raise prices leading to higher inflation. Increasing interest rates creates the mirroring effect with higher savings, lower spending, lower demand, and a downward pressure on prices. Different central bank cash rates also affect currency exchange rates leading to changes in import and export prices and hence inflation. By managing the cash rate and other monetary policies, the RBA aims to maintain an inflation rate target of 2%.

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	5.57%	6.24%	6.84%	5.82%	6.34%	6.94%
NAB	5.59%	6.04%	6.44%	5.99%	6.14%	6.79%
Macquarie	5.29%	5.49%	5.45%	5.54%	5.65%	5.69%

*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

- The US Bureau of Labor Statistics will release the Job Openings and Labor Turnover Survey for February 2023. US job data has been resilient as of late, allowing the Federal Reserve to further raise interest rates.
- Both the Australian Bureau of Statistics (ABS) and the US Bureau of Economic Analysis will release their respective country's International Trade in Goods and Services Data for February 2023.



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