

## Weekly Market Recap

14 – 18 March 2022

## Highlights of the week

- Hong Kong's Hang Seng rallied after Chinese Vice-Premier, Liu He, announced at a meeting of the Financial Stability and Development Committee that the Government would 'actively release policies favourable to markets.'
- The oil price fell after the Chinese Government ordered the lockdown of an entire province in an effort to control a COVID-19 outbreak with other major cities also seeing new restrictions which is expected to reduce the demand for oil.

## Market Action

Equity Indices	Price Returns %		
	18-Mar-22	11-Mar-22	Change (%)
S&P/ASX 200	7294.4	7063.6	3.3%
All Ordinaries	7571.2	7339.5	3.2%
Small Ordinaries	3281.2	3179.7	3.2%
S&P 500 *	4411.7	4259.5	3.6%
NASDAQ *	13614.8	13130.0	3.7%
FTSE 100 *	7385.3	7099.1	4.0%
Hang Seng	21501.2	20890.3	2.9%
Nikkei	26652.9	25690.4	3.7%

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

The S&P500, NASDAQ and FTSE100 all rallied despite both the US Federal Reserve and the Bank of England raising interest rates. The Nikkei increased even as the Bank of Japan stated there was no intention to tighten monetary policy in stark contrast to other Central Banks. The Hang Seng rallied following the announcement of possible regulatory support for capital markets.

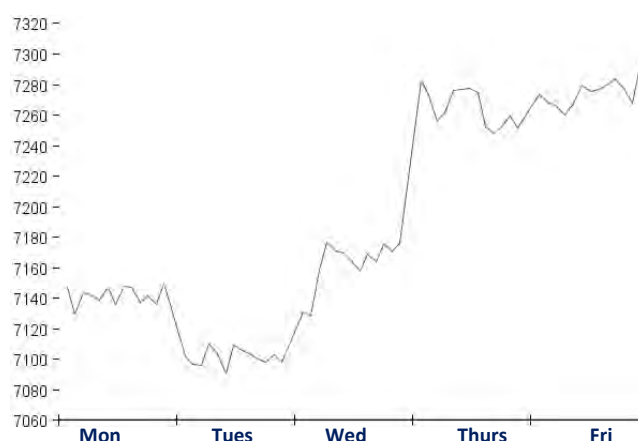
## S&amp;P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change
UWL	Uniti Group Limited	\$4.10	26.39%
ELD	Elders Limited	\$13.59	12.87%
SQ2	Block Inc.	\$168.51	11.42%
JHG	Janus Henderson Group PLC	\$48.23	10.87%
PDL	Pendal Group Limited	\$4.85	10.73%

Prices as at 3.30PM on 18/03/2022

Uniti rallied on reports of a possible \$4.50 cash per share takeover offer. Elders increased after announcing that Financial Year 2021 Earnings Before Interest and Tax was expected to be 20% to 30% higher than the prior corresponding period. Fund managers Janus and Pendal rose despite no company specific news being announced.

S&amp;P/ASX 200 Index – 1 Week Performance



The S&P/ASX 200 performed in-line with international markets as the Financials, Information Technology and Health Care sectors outperformed, while Materials the worst performing sector for the second consecutive week.

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

ASX Code	Company	Closing Price	Change
NIC	Chalice Mining Limited	\$7.12	-9.3%
Z1P	IGO Limited	\$11.87	-7.8%
PBH	Gold Road Resources Limited	\$1.67	-7.5%
Z1P	Zip Co Limited	\$1.61	-5.9%
RIO	Megaport Limited	\$12.99	-5.9%

Copper and gold miners Chalice, Gold Road and IGO fell as commodity prices declined. Megaport declined following a \$39 million sell down by the founder, Bevan Slattery. Zip fell as the buy now, pay later sector faced increased scrutiny over whether it should be governed by the National Consumer Credit Protection Act.

## Upcoming S&P/ASX 200 Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Estimated Dividend Per Share	Franking
ADH	Adairs Limited	21/03/2022	\$0.08	100%
NWH	NRW Holdings Limited	21/03/2022	\$0.06	100%
ALX	Atlas Arteria	22/03/2022	\$0.21	0%
BKL	Blackmores Limited	22/03/2022	\$0.63	100%
EHL	Emeco Holdings Limited	22/03/2022	\$0.01	100%
SEK	Seek Limited	23/03/2022	\$0.23	100%
VRT	Virtus Health Limited	23/03/2022	\$0.12	100%
API	Australian Pharmaceuticals Limited	24/03/2022	\$0.03	100%
HLS	Healius Limited	24/03/2022	\$0.10	100%
SPK	Spark New Zealand Limited	24/03/2022	\$0.12	0%
ABC	ADBRI Limited	25/03/2022	\$0.07	100%

## Topic of the week

During the week the US Federal Reserve Open Committee (FOMC) increased the official Federal Funds Rate by 0.25% to a target range of between 0.25% and 0.5%. US equity markets rallied on the news with many market participants expecting a 0.5% increase given the level of inflation in the economy. Inflationary pressures have been gaining momentum with Russia's invasion of Ukraine driving oil, gas, wheat and other commodity prices higher, while news of citywide lockdowns in China as a result of the 'COVID zero' policy having also increased supply chain concerns. The longer inflationary pressures persist, the more ingrained it becomes in the psychology of households and businesses leading a reinforcing wage-price as employees push for higher wages to compensate for rising consumer prices, and employers respond by raising prices even further to cover their higher costs.

As part of their statement, the FOMC also released their median projections which showed the Federal Funds Rate is expected to reach 1.9% by the end of the year which would equate to six 0.25% rate increases. Australia is now the only Anglosphere country to not raise rates this year with New Zealand, the United Kingdom, Canada and now the US having already done so. The Reserve Bank of Australia (RBA) is expected to begin raising rates in July with markets already pricing in five interest rate rises by the end of 2022.

At the Australian Banking Association Summit in Sydney last week the RBA Governor, Philip Lowe, stated that borrowers needed to start preparing for rising rates while also noting that many borrowers and lenders had little to no experience with an interest rate-rise cycle. Australian banks have already lifted their longer-term fixed rates in order to pass on increased international wholesale borrowing costs as offshore markets have raised their interest rates and also in anticipation of the coming domestic rate rises.

Interest rate rises work to slow the economy and reduce inflation by decreasing the demand for credit, but their effectiveness' can differ from country to country. An example of this is a comparison between the US and Australian residential real estate markets. In the US it is more common for mortgages to be fixed for a full 30-year term whereas in Australia it is often more common to have a variable rate mortgage. This should theoretically result in any rate rise taking longer to impact US households than Australian households. The level of indebtedness among households and businesses will also have an impact. In any case it is almost certain that rate rises are coming in Australia with the key question now being when and at what level they will finally stabilise.

## 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	2.29%	3.14%	4.14%	2.49%	3.34%	4.24%
NAB	2.19%	3.19%	4.29%	2.79%	2.39%	4.44%
Macquarie	2.19%	2.74%	3.99%	2.39%	2.89%	4.19%

\*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 Bureau of Statistics (ABS) will release the monthly Household Spending Indicator which will give an insight into household consumption following COVID-19 lockdowns and the current environment of increased inflation and geopolitical tensions.
- The ABS will also release the February labour market estimates which will also provide an insight into current industry employment trends.
- The results of the South Australian State Election will also be announced.




1800 801 277


[aptwealth.com.au](http://aptwealth.com.au)  
[info@aptwealth.com.au](mailto:info@aptwealth.com.au)

Sydney • Melbourne • Geelong


**PROFESSIONAL PRACTICE**  
 FINANCIAL PLANNING ASSOCIATION of AUSTRALIA

WEALTH PARTNERS

The information provided in this publication does not constitute financial product advice. The information is of a general nature only and does not take into account your individual objectives, financial situation or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice. Apt Wealth Partners (AFSL and ACL 436121 ABN 49 159 583 847) and Apt Wealth Home Loans (powered by Smartline ACL 385325) recommends that you obtain professional advice before making any decision in relation to your particular requirements or circumstances.