

Weekly Market Recap

28 February – 4 March 2022

Highlights of the week

- The Russian Central Bank announced several measures to protect the value of the Russian rouble including a ban on bond coupon payments to foreign investors, a new 30% commission on foreign currency purchases for individuals, a hike in interest rates to 20% and a requirement for exporters to convert 80% of all revenue back into roubles.
- The price of oil continued to rise as the Organisation of the Petroleum Exporting Countries (OPEC) announced they would not alter their plan to increase oil production only gradually.

Market Action

Equity Indices	Price Returns %		
	4-Mar-22	25-Feb-22	Change (%)
S&P/ASX 200	7110.8	6997.8	1.6%
All Ordinaries	7395.3	7273.6	1.7%
Small Ordinaries	3200.7	3187.7	0.4%
S&P 500 *	4363.5	4288.7	1.7%
NASDAQ *	13537.9	13473.6	0.5%
FTSE 100 *	7238.9	7207.4	0.4%
Hang Seng	22467.3	22901.6	-1.9%
Nikkei	26557.3	25970.8	2.3%

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

International equity markets continued to rally despite the heightened geopolitical tensions following Russia's invasion of Ukraine. The Hang Seng underperformed other markets as investors considered new mandatory COVID-19 testing and the economic impact of a possible lockdown in Hong Kong.

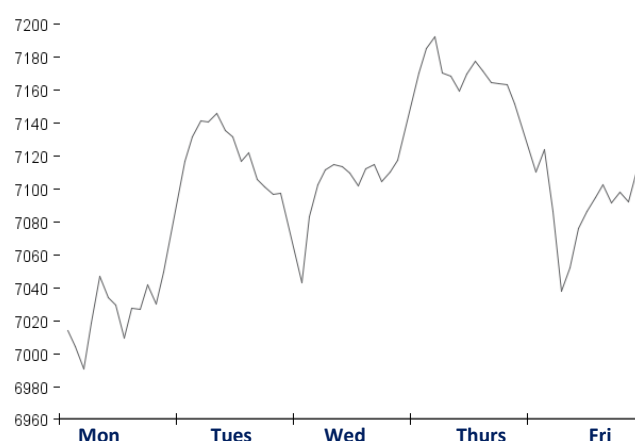
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change
SQ2	Block Inc.	\$152.61	31.50%
WHC	Whitehaven Coal Ltd	\$3.99	25.71%
LYC	Lynas Rare Earths Ltd	\$10.79	20.56%
LTR	Liontown Resources Ltd	\$1.55	18.85%
APX	Appen Limited	\$7.04	15.14%

Prices as at 3.30PM on 04/03/2022

Block rallied from recent lows after reporting financial results that beat market expectations. Whitehaven Coal increased as the coal price continued to rise while Lynas rose after confirming rare earths mineralisation in a new exploratory drill hole near their Mt Weld mine.

S&P/ASX 200 Index – 1 Week Performance



The S&P/ASX 200 outperformed international markets as the Energy and Materials sectors outperformed with the Consumer Staples and Financial sectors the main detractors.

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

ASX Code	Company	Closing Price	Change
MFG	Magellan Financial Group	\$15.38	-22.2%
Z1P	Zip Co Ltd	\$1.70	-18.3%
SFR	Sandfire Resources Ltd	\$5.92	-16.5%
URW	Unibail-Rodamco-Westfield	\$4.64	-10.1%
QBE	QBE Insurance Group Ltd	\$10.70	-9.5%

Magellan fell after reporting fund outflows of approximately \$5.3 billion during February. Zip declined after completing a \$149 million institutional capital raising and QBE fell as investors grew concerned about increased claims from the recent flooding across the East Coast of Australia.

Upcoming S&P/ASX 200 Dividend Dates

	Company	Estimated Dividend Ex-date	Estimated Dividend Per Share	Franking
AFG	Australian Finance Group Ltd	7/03/2022	\$0.07	100%
ALU	Altium Limited	7/03/2022	\$0.21	100%
BEN	Bendigo and Adelaide Bank	7/03/2022	\$0.27	100%
CSL	CSL Limited	7/03/2022	\$1.46	0%
NST	Northern Star Resources Ltd	7/03/2022	\$0.10	100%
PRU	Perseus Mining Ltd	7/03/2022	\$0.01	0%
QBE	QBE Insurance Group Ltd	7/03/2022	\$0.19	10%
REA	REA Group Ltd	7/03/2022	\$0.75	100%
RHC	Ramsay Health Care Ltd	7/03/2022	\$0.49	100%
SGM	Sims Ltd	7/03/2022	\$0.41	44%
SUL	Super Retail Group Ltd	7/03/2022	\$0.27	100%
VEA	Viva Energy Group Ltd	7/03/2022	\$0.03	100%
ILU	Iluka Resources Ltd	8/03/2022	\$0.12	100%
LOV	Lovisa Holdings Ltd	8/03/2022	\$0.37	30%
QUB	Qube Holdings Ltd	8/03/2022	\$0.03	100%
SHL	Sonic Healthcare Ltd	8/03/2022	\$0.40	100%
SIQ	Smartgroup Corporation Ltd	8/03/2022	\$0.49	100%
AX1	Accent Group Ltd	9/03/2022	\$0.03	100%
BXB	Brambles Ltd	9/03/2022	\$0.15	30%
CGC	Costa Group Holdings Ltd	9/03/2022	\$0.05	100%
IMD	Imdex Ltd	9/03/2022	\$0.02	100%
SXL	Southern Cross Media Group	9/03/2022	\$0.05	100%
GEM	G8 Education Limited	10/03/2022	\$0.03	100%
IFL	Insignia Financial Ltd	10/03/2022	\$0.12	100%
MMS	McMillan Shakespeare Ltd	10/03/2022	\$0.34	100%
PPT	Perpetual Ltd	10/03/2022	\$1.12	100%
RIO	Rio Tinto Ltd	10/03/2022	\$6.63	100%
RWC	Reliance Worldwide Corporation	10/03/2022	\$0.06	20%
S32	South32 Ltd	10/03/2022	\$0.12	100%
DRR	Deterra Royalties Ltd	11/03/2022	\$0.12	100%
KLS	Kelsian Group Ltd	11/03/2022	\$0.07	100%
WTC	Wisetech Global Ltd	11/03/2022	\$0.05	100%

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	2.29%	2.99%	3.79%	2.79%	3.19%	3.94%
Macquarie	2.19%	2.74%	3.99%	2.39%	2.99%	4.19%

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

Topic of the week

The Australian Prudential and Regulatory Authority (APRA) recently released private hospital insurance coverage statistics for the 2021 December quarter. The report showed that over 11.6 million Australians are covered by a private hospital insurance policy representing approximately 44.9% of Australia's population, a 0.8% increase from the 44.1% coverage in the 2020 December quarter but a 2.5% decrease from the high in the 2015 June Quarter.

A key reason for the declining membership in recent years was rising premiums which resulted in younger people opting not to take out private health insurance. The driver of the rising premiums is Australia's ageing population and increased longevity as older people tend to require more medical care. As a result of Australia's 'risk equalisation' framework policyholders paid similar premiums irrespective of age or medical history. As a result, younger people were effectively subsidising older policyholders.

In response, and to encourage younger people to take out private health insurance policies, the Federal Government has introduced a number of incentives since 2019 including 'age-based discounts' for people aged between 18 and 29 as well as allowing private health insurers to offer higher excesses in exchange for lower premiums. Other reforms introduced included enabling family policies to cover children up to the age of 30 from 25 and increasing policy transparency and comparability by adopting industry wide tier rankings of policies into gold, silver and bronze categories. The Government also introduced reforms for the costs of prosthetics which had been one of the largest contributors to rising costs.

These changes were in addition to the existing Medicare Levy Surcharge and Lifetime Health Cover loading.

The reforms appear to be working with both the number of policies and overall population coverage stabilising and beginning to increase quarter by quarter. However, it is unclear whether the recent increase was wholly driven by the reforms, or the disruption caused by the COVID-19 pandemic. During COVID-19 private health insurance companies enabled the suspension of policies for financial hardship. These suspensions are now unwinding and reflecting in the participation numbers. Furthermore, there has been a delay in recent premium rate increases as some private health insurers pass COVID-19 savings back to policyholders fewer claims were made during lockdowns. As annual premium increases resume, often a trigger for people to review policies, it is uncertain whether there will be an increase in policy cancellations. There are also concerns around the accuracy of the data as APRA uses the Australian Bureau of Statistics population data, which is released with a six-month delay. As a result of border and travel restrictions the population data may not be as accurate.

Recent measures highlight the successive Federal Government's remain supportive of the hybrid public Medicare and Private Health Insurance model. It will likely be some time before there is confidence that private health insurance population coverage is increasing again because of recent reforms. Increased population coverage would be beneficial for private health insurers, but stable population coverage with a growing population would still result in growing total policyholder numbers.

What to expect for the week ahead

- The Commonwealth Bank will release the Household Spending Intentions report which combined with the release of the Westpac March Consumer Confidence reading will give an insight into spending on major household items and the frequenting of restaurants and cafés.
- Reserve Bank of Australia Governor, Phillip Lowe, will participate in a panel discussion at the Banking 2022 Conference which may give further insight into future monetary policy following the March Monetary Policy Meeting held this week.




1800 801 277


aptwealth.com.au
info@aptwealth.com.au

Sydney • Melbourne • Geelong


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