

Market wrap



November 2017

Global and local shares surge

- The US remains buoyant with business and consumer confidence elevated. The US share market (S&P 500) keeps powering along supported by solid earnings and accommodative policy.
- Trump's tax reforms continue to progress with the House passing the Senate's 2018 budget. This provided additional confidence that the US Federal Reserve (Fed) will raise rates towards the end of this year as expected with Powell nominated to replace Yellen.
- Prime Minister Abe's re-election in Japan will maintain 'Abenomics' growth policies. October saw Japan's third consecutive month of double digit growth in exports and Japanese earnings remain very strong.
- Catalonia's declaration of independence from Spain had little impact on broader European markets that continue to be supported by solid business survey data and European Central Bank (ECB) policy support.
- Following 5 months of soft returns Australian shares rallied strongly in October supported by signs that downward earnings revisions stabilised and improved modestly. Returns were led by mid/small caps and resources. The Australian dollar softened over the month.

Major asset class performance (%)

| Asset classes | 1 month | 12 months | 5 years (p.a.) |
|---|---------|-----------|----------------|
| Australian Shares | 4.0 | 15.9 | 10.2 |
| Global Shares (hedged) | 2.7 | 23.5 | 15.6 |
| Global Shares (unhedged) | 4.3 | 22.0 | 18.8 |
| Global Emerging Markets (unhedged) | 5.9 | 25.5 | 11.4 |
| Global Small Companies (unhedged) | 3.8 | 25.4 | 20.7 |
| Global Listed Property | -0.5 | 5.1 | 10.3 |
| Cash | 0.1 | 1.8 | 2.4 |
| Australian Fixed Income | 1.1 | 1.6 | 4.1 |
| International Fixed Income | 0.5 | 1.9 | 5.1 |

Source: JP Morgan & ANZ Wealth, 31 October 2017.

Indices: Australian Shares - S&P / ASX300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia, Global Emerging Markets - MSCI Emerging Free Net in AUD (unhedged), Global Small Companies (unhedged) - MSCI World Small Cap ex Australia, Global Listed Property - FTSE EPRA/NAREIT Developed Rental Index ex Australia (hedged), Cash - Bloomberg Bank Bill, Australian Fixed Income - Bloomberg Composite Bond All Maturities, International Fixed Income - Barclays Global Aggregate Bond Index (hedged).

Please note: Past performance is not indicative of future performance.

Currency

| Exchange rates | At close on 31/10 | % change 1 month | % change 12 months |
|-----------------------------|-------------------|------------------|--------------------|
| AUD/USD | 0.77 | -2.27 | 0.6 |
| AUD/euro | 0.66 | -0.9 | -5.1 |
| AUD/yen | 87.0 | -1.3 | 9.1 |
| Trade weighted index | 64.9 | -2.0 | -0.2 |

Source: Bloomberg & ANZ Wealth, 31 October 2017. All foreign exchange rates are rounded to two decimal places where appropriate.

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