

Market wrap



August 2018

A more upbeat month for shares

- Share market performance was boosted in July as trade tensions eased. Global shares returned 3.2% and 2.5% in hedged and unhedged terms respectively.
- In the US the economic fundamentals remained supportive of markets with quarter two GDP at 4.1%. Good economic news saw the 10-year US Treasury yield lift to 3%.
- While US inflation is at a six and half year high of 2.9%, the US Federal Reserve (Fed) is still likely to continue steadily raising rates.
- Australian shares performed well in the month, particularly the telecommunications sector, returning 1.3%.
- In Europe, the pressure of higher oil prices and trade tensions lessened, supporting returns. The European Central Bank reaffirmed intentions to end quantitative easing but hold interest rates at current levels until at least the middle of 2019.
- In the UK, the equity market remained nervous with the Brexit deadline looming.
- China economic data was a little less positive in the month, impacted by adverse weather and lingering trade-war talk.
- In Australia, the economic data was strong with jobs data showing 50,900 new jobs posted and unemployment at 5.4%. It still seems unlikely that the Reserve Bank of Australia is more likely to raise rates, but the first increase is still some way off.

Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	1.3	14.7	9.2
Global Shares (hedged)	3.2	13.4	12.5
Global Shares (unhedged)	2.5	20.3	13.8
Global Emerging Markets (unhedged)	1.6	12.1	9.3
Global Small Companies (unhedged)	0.6	22.1	14.8
Global Listed Property	0.8	2.9	5.6
Cash	0.2	1.8	2.2
Australian Fixed Income	0.2	3.0	4.2
International Fixed Income	0.0	1.5	4.8

Source: JP Morgan & ANZ Wealth, 31 July 2018.

Indices: Australian Shares - S&P / ASX 300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia Net, 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 AusBond Composite 0+ Yr Index, 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 31/7	% change 1 month	% change 12 months
AUD/USD	0.74	0.0	-7.2
AUD/euro	0.64	0.2	-6.0
AUD/yen	83.0	1.2	-5.9
Trade weighted index	63.5	1.4	-5.7

Source: Bloomberg & ANZ Wealth, 31 July 2018. All foreign exchange rates are rounded to two decimal places where appropriate.

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