

Monthly Market Snapshot

APRIL 2019

The Monthly Market Snapshot publication provides commentary on the global economy and the performance of financial markets

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Market Commentary

Equity markets strengthened over April as central banks maintained accommodative monetary policy positions amid benign inflation and slowing global growth. The generally positive economic data over the month pushed government bond yields up in most markets. Australian government bond yields were an exception to that trend.

The UK was granted a second, flexible extension to the Brexit deadline on 12 April, averting a “no deal” outcome. Despite the ongoing uncertainties regarding Brexit, UK economic growth has continued to be positive, although growth has been more subdued.

In mid-April, the International Monetary Fund (IMF) met in Washington, where the management of slowing global growth was a key item of discussion. The IMF signalled that they expect growth to pick up as the year progresses amid central bank easing.

With regards to the US and China trade war, the US Secretary of the Treasury Steven Mnuchin indicated a foreseeable end of trade negotiations. He also added that the US is “open to repercussions” if no deal was to be agreed. ECB chief, Mario Draghi stated tariff threats are hurting European confidence.

The Office of the US Trade Representative (USTR) announced its proposed increase from 10% to 25% tariff on another \$300bn of imports from China. In response, China increased their tariff rates on \$60bn of US imports but also allowed exemptions where importers are able to prove that they will be impacted negatively by the additional tariff. Presidents Trump and Xi are expected to resume talks when they meet in Osaka, Japan at the G20 summit in June.

The People’s Bank of China (PBOC) announced that effective May 15, it will lower the reserve requirement ration (RRR) again. Illustrating the “targeted” approach of easing by China, the RRR cut will only apply to mid- and small- sized banks.

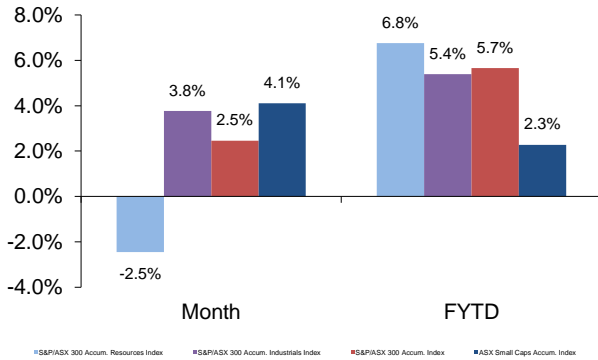
In Australia, the RBA has kept the cash rate unchanged at 1.5%. The AUD remains at the low end of the range that it has traded in recent times. While the RBA has noted that it expects increased infrastructure investment and resources sector activity to be supportive, this is offset by soft household consumption and falling house prices.

In addition, the RBA also released their growth and inflation forecasts. GDP growth was revised down while the unemployment rate remained broadly similar. Core inflation was also revised down.

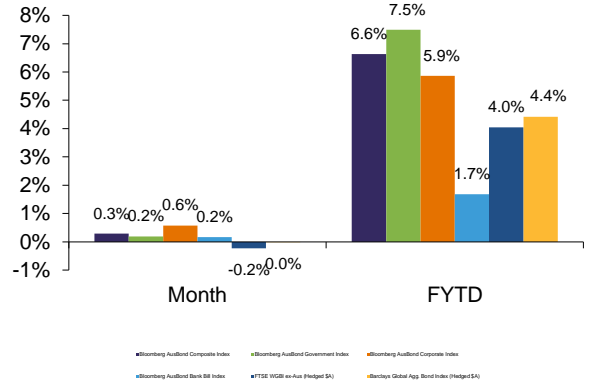
April 2019



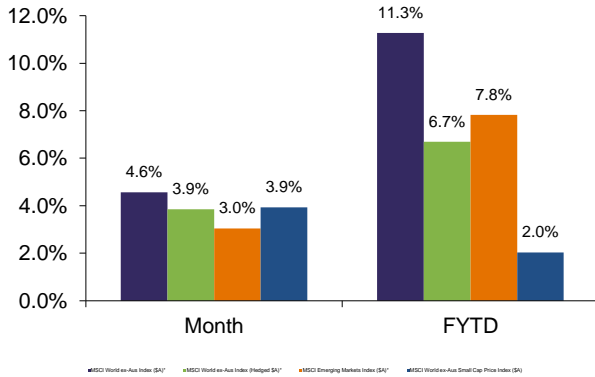
Australian Equities



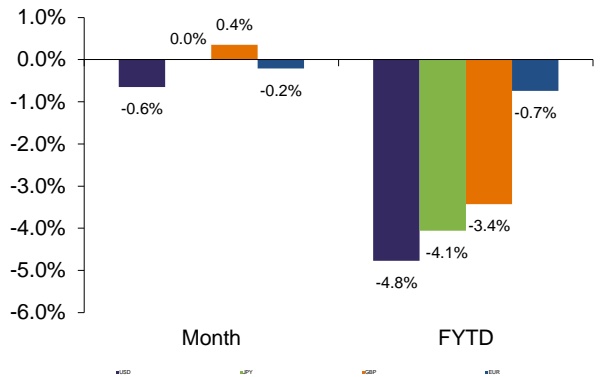
Fixed Income



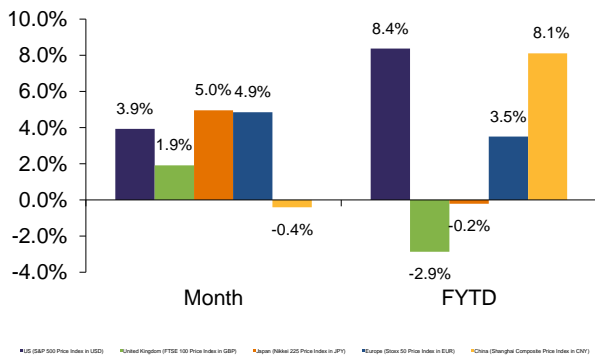
International Equities (\$A)



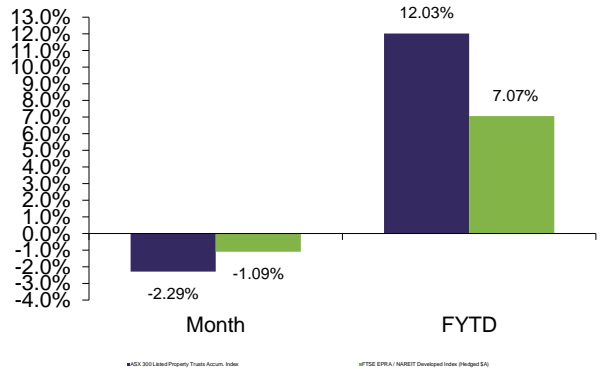
Australian Dollar



International Equities











Property



Source: Bloomberg

Details of the indexes are in the table on the next page

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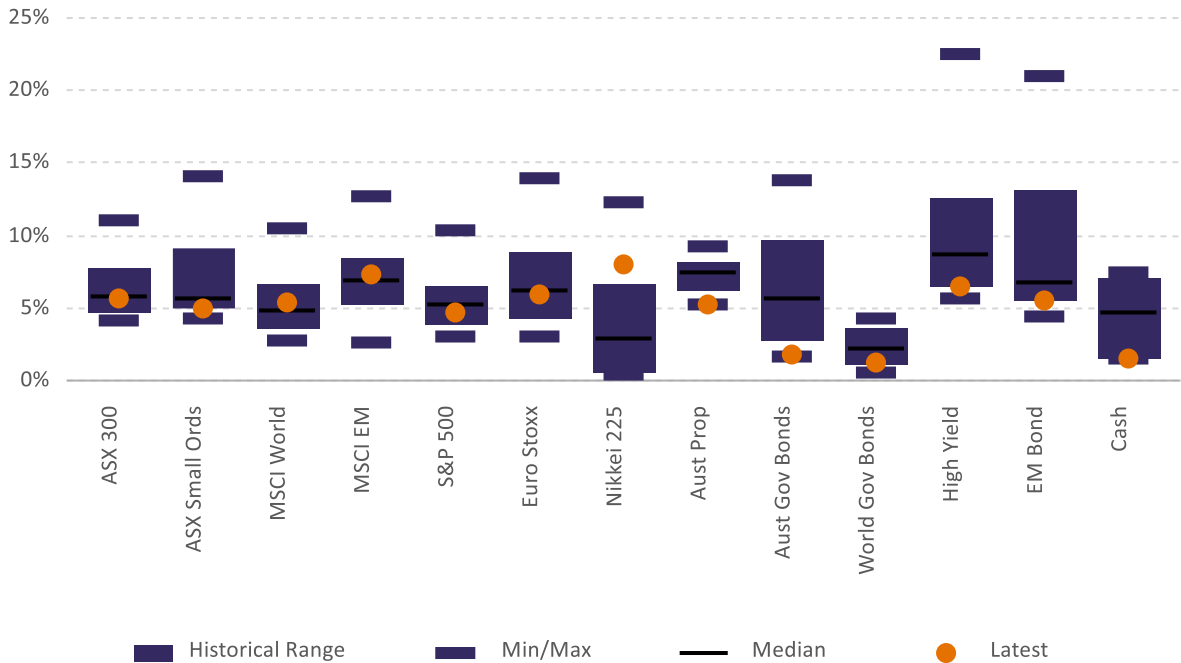
	Index value	Month	3 months	FYTD	1 year
Australian Equities					
 S&P/ASX 300 Accum. Index	65,797	2.5%	9.4%	5.7%	10.3%
S&P/ASX 300 Accum. Industrials Index	129,676	3.8%	10.2%	5.4%	9.7%
S&P/ASX 300 Accum. Resources Index	29,051	-2.5%	6.3%	6.8%	13.1%
ASX Small Caps Accum. Index	8,326	4.1%	11.0%	2.3%	7.2%
International Equities					
 MSCI World ex-Aus Index (\$A)*	10,099	4.6%	12.0%	11.3%	14.3%
MSCI World ex-Aus Index (Hedged \$A)*	1,771	3.9%	9.2%	6.7%	8.4%
MSCI Emerging Markets Index (\$A)*	710	3.0%	6.9%	7.8%	1.8%
MSCI World ex-Aus Small Cap Index (\$A)	597	3.9%	9.6%	2.0%	6.3%
US (S&P 500 Index in USD)	2,946	3.9%	8.9%	8.4%	11.2%
United Kingdom (FTSE 100 Index in GBP)	7,418	1.9%	6.4%	-2.9%	-1.2%
Japan (Nikkei 225 Index in JPY)	22,259	5.0%	7.1%	-0.2%	-0.9%
Europe (Stoxx 50 Index in EUR)	3,515	4.9%	11.2%	3.5%	-0.6%
China (Shanghai Composite Index in CNY)	3,078	-0.4%	19.1%	8.1%	-0.1%
AUD versus ...					
 USD	0.71	-0.6%	-3.0%	-4.8%	-6.4%
JPY	78.50	0.0%	-0.7%	-4.1%	-5.0%
GBP	0.54	0.4%	-1.7%	-3.4%	-0.9%
EUR	0.63	-0.2%	-0.3%	-0.7%	1.0%
Property					
 ASX 300 Listed Property Trusts Accum. Index	54,215	-2.3%	5.5%	12.0%	18.0%
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)*	2,775	-1.1%	3.0%	7.1%	11.7%
Oil and Commodities					
 Crude Oil (\$/bbl)	64	6.3%	18.8%	-13.8%	-6.8%
Copper Spot (\$/tonne)	6,427	-0.9%	4.5%	-3.0%	-5.1%
Gold Spot (\$/ounce)	1,286	-1.0%	-3.4%	0.1%	-5.3%
Australian Fixed Interest					
 Bloomberg AusBond Composite Index	9,903	0.3%	3.1%	6.6%	7.9%
Bloomberg AusBond Government Index	10,352	0.2%	3.4%	7.5%	8.9%
Bloomberg AusBond Corporate Index	10,189	0.6%	2.9%	5.9%	6.7%
Bloomberg AusBond Bank Bill Index	8,915	0.2%	0.5%	1.7%	2.0%
Global Fixed Interest					
 FTSE WGBI ex-Aus (Hedged \$A)	2,394	-0.2%	1.5%	4.0%	4.6%
Barclay's Global Agg. Bond Index (Hedged \$A)	-	0.0%	1.8%	4.4%	5.0%
Fixed Income (yields) as at ...					
 Australia Bank Bill	30-Apr-19	31-Mar-19	31-Jan-19	30-Jun-18	30-Apr-18
Australia 10-Year Government Bond	1.56	1.77	2.06	2.10	2.03
US 10-Year Government Bond	1.79	1.78	2.24	2.63	2.77
UK 10-Year Government Bond	2.50	2.41	2.63	2.86	2.95
Germany 10-Year Government Bond	1.19	1.00	1.22	1.28	1.42
Japan 10-Year Government Bond	0.01	-0.07	0.15	0.30	0.56
	-0.04	-0.08	0.01	0.04	0.06

Source: Bloomberg

*Net dividends reinvested

Asset Class Yields Relative to History

Current Yields (equities earnings)



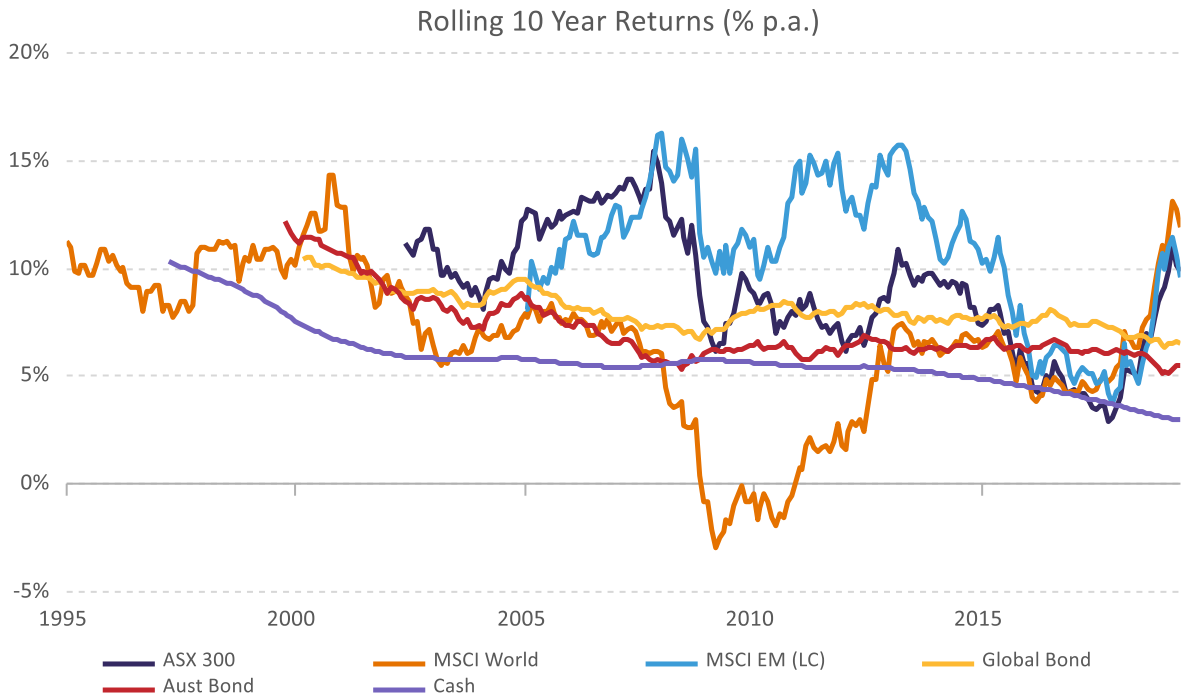
Source: Thomson Reuters Datastream

Relative Yields (vs bond or cash yield)

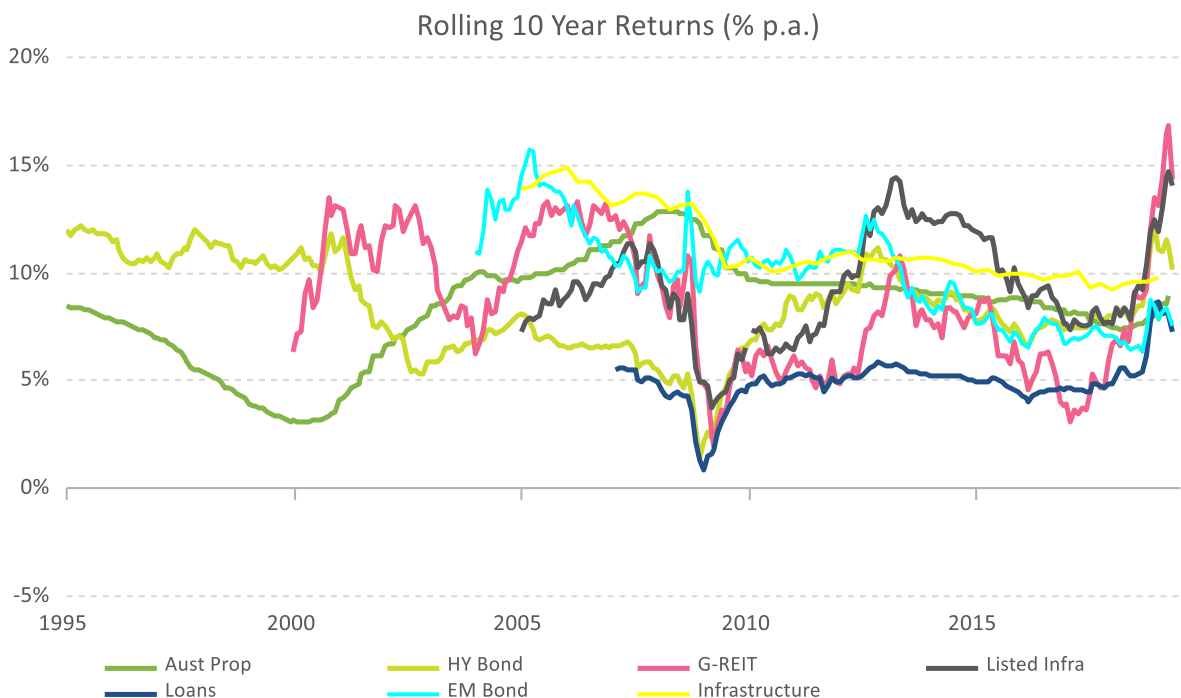


Source: Thomson Reuters Datastream

Asset Class Long-Term Returns



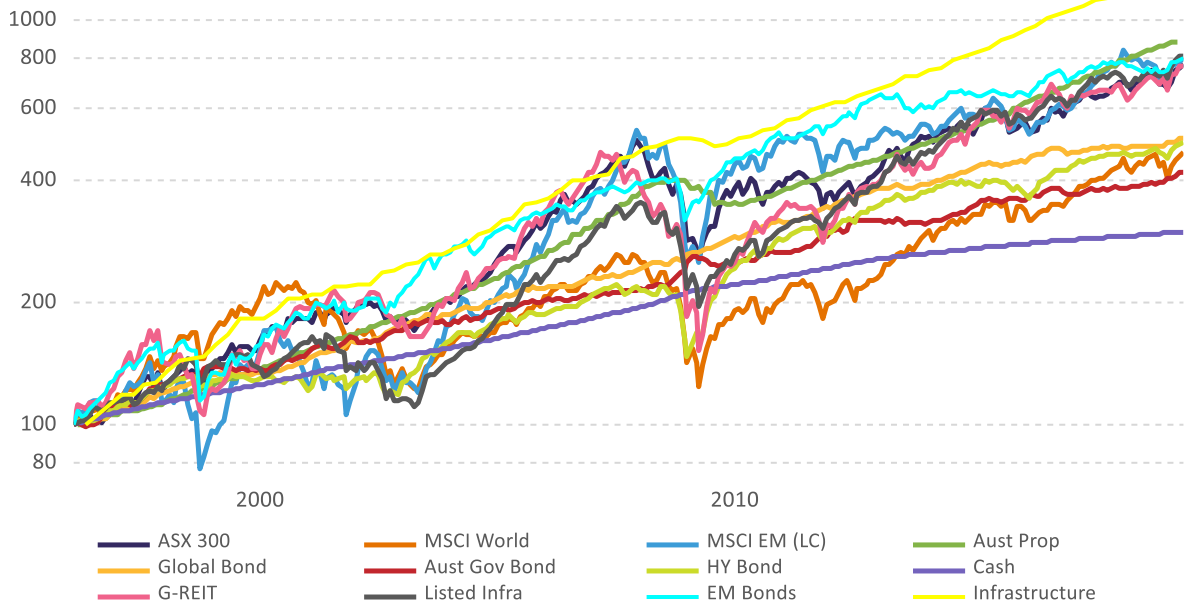
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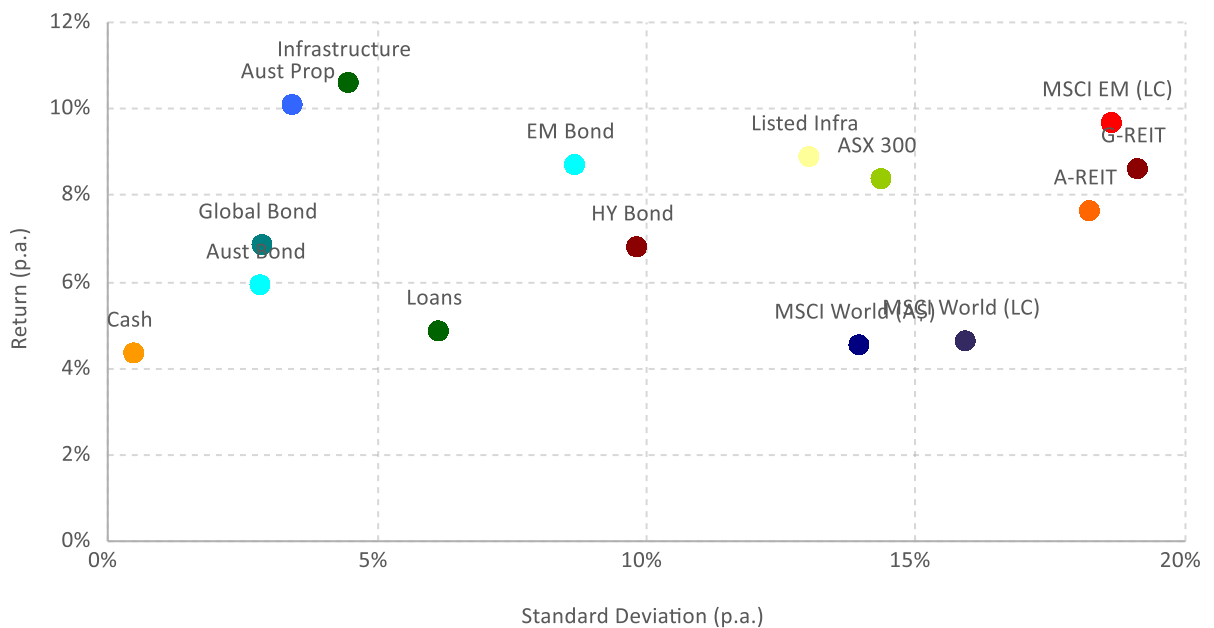
Asset Class Long-Term Returns

Cumulative Values since 1/1/1996 (\$100 reinvested)



Source: Thomson Reuters Datastream

Return-Risk Profile over 20 Years (p.a.) to Apr 19



Source: Thomson Reuters Datastream

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