

# Monthly Market Snapshot

MARCH 2019

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

**FRONTIER**  
ADVISORS



# Market Commentary

While global growth has continued to slow, equity markets were supported by accommodative central bank policies and a de-escalation in US/China trade tensions. The Australian equity market was softer while the UK and China were the strongest performing regions. Over the financial year to date, the US and Chinese equity markets have generated solid returns, while Australia has been softer and the UK and Japanese markets have declined.

In the US, there has been a change in the outlook of the US Federal Reserve. Fed Chairman, Jerome Powell stated in October 2018 “we’re a long way from neutral at this point”; in December “we are right now at the lower end of neutral”; while after the March 2019 FOMC meeting he said interest rates could be on hold for “some time”. This has supported equity markets despite the backdrop of slower growth.

In line with the accommodative central bank positioning, fixed interest yields compressed further over March.

Within the Eurozone, Brexit still remains an uncertainty that could have a range of impacts on markets and the economy.

The government in China has been focusing on deleveraging which has been a major contributor to the decline in economic growth. Credit growth has declined, specifically shadow banking which has contracted sharply. In addition, more recent trade restrictions have started to negatively impact export growth and business investment.

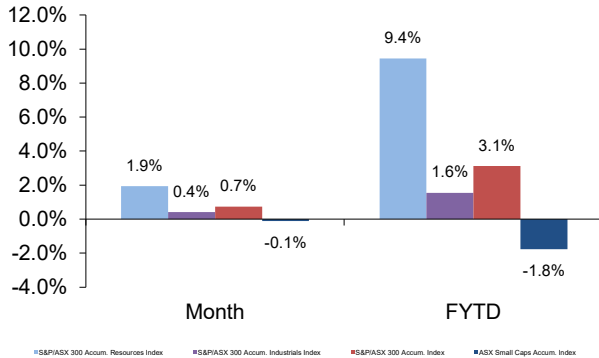
The slowdown in China has contributed to the deteriorating global economic environment. Europe and Japan trade and industrial production has been impacted, particularly in the auto sector. Policy in China has moved to being more stimulatory and credit has started to grow again. A rebound in automobile demand (supported by government policy) is likely, while an increase in infrastructure investment is also part of government policy. However, it remains a gradual approach and it is highly unlikely to be the large stimulus provided in the past.

Domestically, the RBA announced there will be no changes to the cash rate target of 1.5%. The Australian labour market has remained strong with the unemployment rate at 4.9%. It is expected that a further lift in wages growth over time will occur if improvement within the labour market continues.

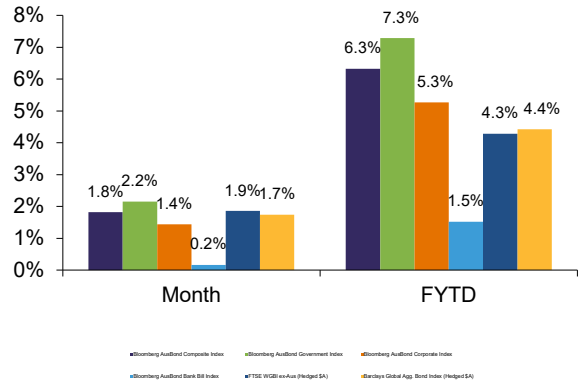
# March 2019



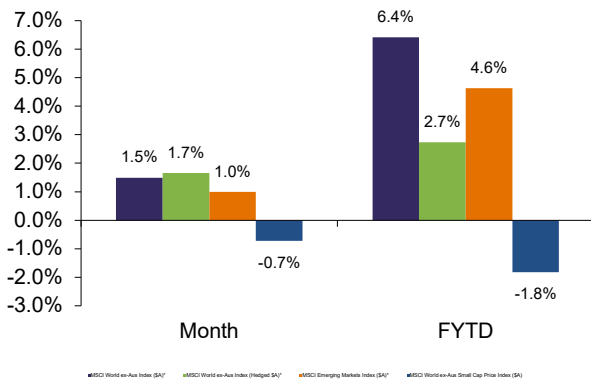
## Australian Equities



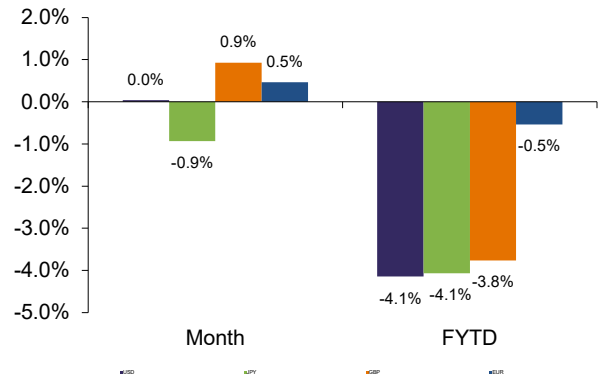
## Fixed Income



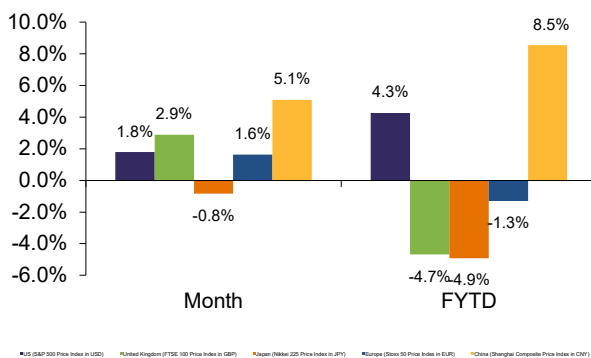
## International Equities (\$A)



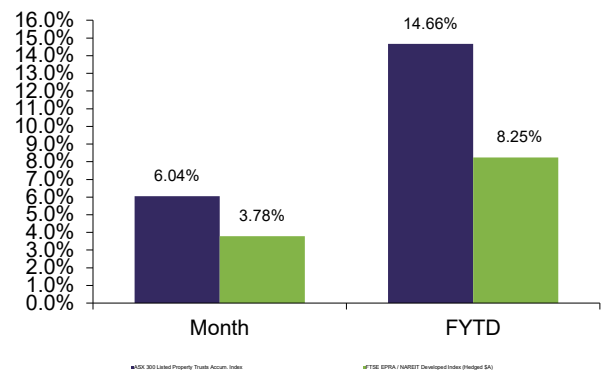
## Australian Dollar



## International Equities











## Property



Source: Bloomberg

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

# MARCH 2019

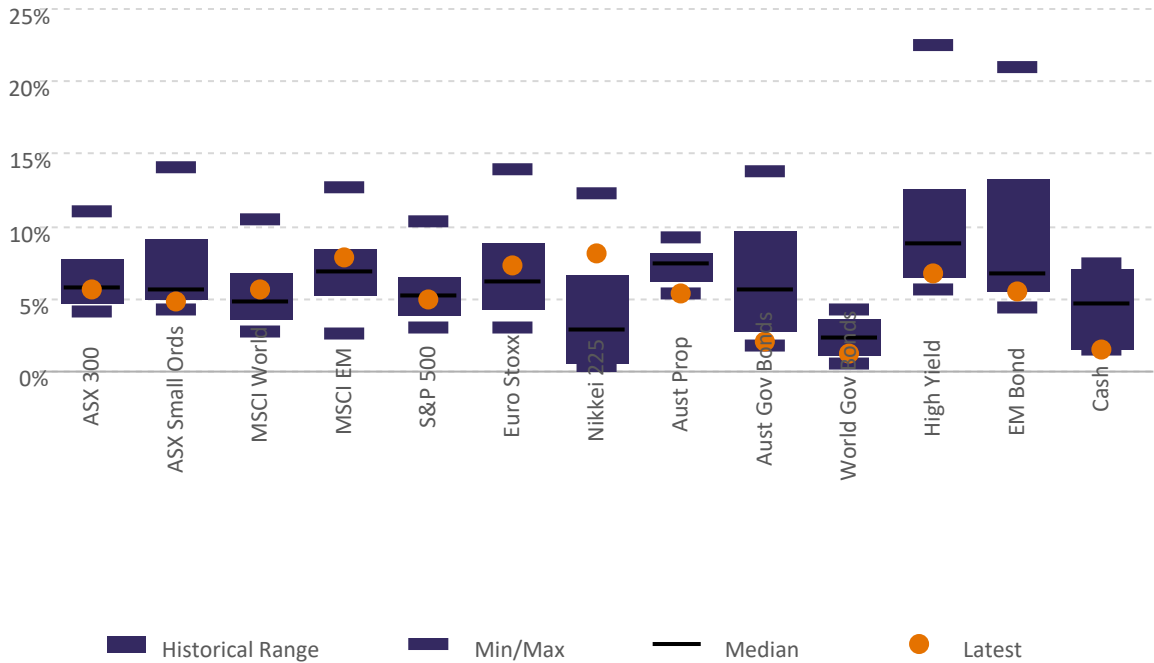
	Index value	Month	3 months	FYTD	1 year
<b>Australian Equities</b>					
 S&P/ASX 300 Accum. Index	64,216	0.7%	10.9%	3.1%	11.7%
S&P/ASX 300 Accum. Industrials Index	124,957	0.4%	9.0%	1.6%	8.3%
S&P/ASX 300 Accum. Resources Index	29,782	1.9%	18.8%	9.4%	26.9%
ASX Small Caps Accum. Index	7,997	-0.1%	12.6%	-1.8%	5.8%
<b>International Equities</b>					
 MSCI World ex-Aus Index (\$A)*	9,659	1.5%	11.5%	6.4%	12.3%
MSCI World ex-Aus Index (Hedged \$A)*	1,705	1.7%	12.6%	2.7%	6.5%
MSCI Emerging Markets Index (\$A)*	689	1.0%	8.9%	4.6%	0.0%
MSCI World ex-Aus Small Cap Index (\$A)	575	-0.7%	12.3%	-1.8%	4.7%
US (S&P 500 Index in USD)	2,834	1.8%	13.1%	4.3%	7.3%
United Kingdom (FTSE 100 Index in GBP)	7,279	2.9%	8.2%	-4.7%	3.2%
Japan (Nikkei 225 Index in JPY)	21,206	-0.8%	6.0%	-4.9%	-1.2%
Europe (Stoxx 50 Index in EUR)	3,352	1.6%	11.7%	-1.3%	-0.3%
China (Shanghai Composite Index in CNY)	3,091	5.1%	23.9%	8.5%	-2.5%
<b>AUD versus ...</b>					
 USD	0.71	0.0%	0.7%	-4.1%	-7.6%
JPY	78.49	-0.9%	0.7%	-4.1%	-3.8%
GBP	0.54	0.9%	-2.5%	-3.8%	-0.4%
EUR	0.63	0.5%	2.1%	-0.5%	1.5%
<b>Property</b>					
 ASX 300 Listed Property Trusts Accum. Index	55,487	6.0%	14.4%	14.7%	25.9%
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)*	2,805	3.8%	14.5%	8.2%	16.2%
<b>Oil and Commodities</b>					
 Crude Oil (\$/bbl)	60	5.1%	32.4%	-18.9%	-7.4%
Copper Spot (\$/tonne)	6,487	-1.1%	9.0%	-2.1%	-2.9%
Gold Spot (\$/ounce)	1,299	-1.8%	0.3%	1.1%	-4.9%
<b>Australian Fixed Interest</b>					
 Bloomberg AusBond Composite Index	9,875	1.8%	3.4%	6.3%	7.2%
Bloomberg AusBond Government Index	10,332	2.2%	3.9%	7.3%	8.1%
Bloomberg AusBond Corporate Index	10,132	1.4%	2.9%	5.3%	6.0%
Bloomberg AusBond Bank Bill Index	8,900	0.2%	0.5%	1.5%	2.0%
<b>Global Fixed Interest</b>					
 FTSE WGBI ex-Aus (Hedged \$A)	2,400	1.9%	2.5%	4.3%	4.4%
Barclay's Global Agg. Bond Index (Hedged \$A)	-	1.7%	2.8%	4.4%	4.6%
<b>Fixed Income (yields) as at ...</b>					
 Australia Bank Bill	31-Mar-19	28-Feb-19	31-Dec-18	30-Jun-18	31-Mar-18
Australia 10-Year Government Bond	1.77	1.87	2.09	2.10	2.02
US 10-Year Government Bond	1.78	2.10	2.32	2.63	2.60
UK 10-Year Government Bond	2.41	2.72	2.68	2.86	2.74
Germany 10-Year Government Bond	1.00	1.30	1.28	1.28	1.35
Japan 10-Year Government Bond	-0.07	0.18	0.24	0.30	0.50
	-0.08	-0.02	0.00	0.04	0.05

Source: Bloomberg

\*Net dividends reinvested

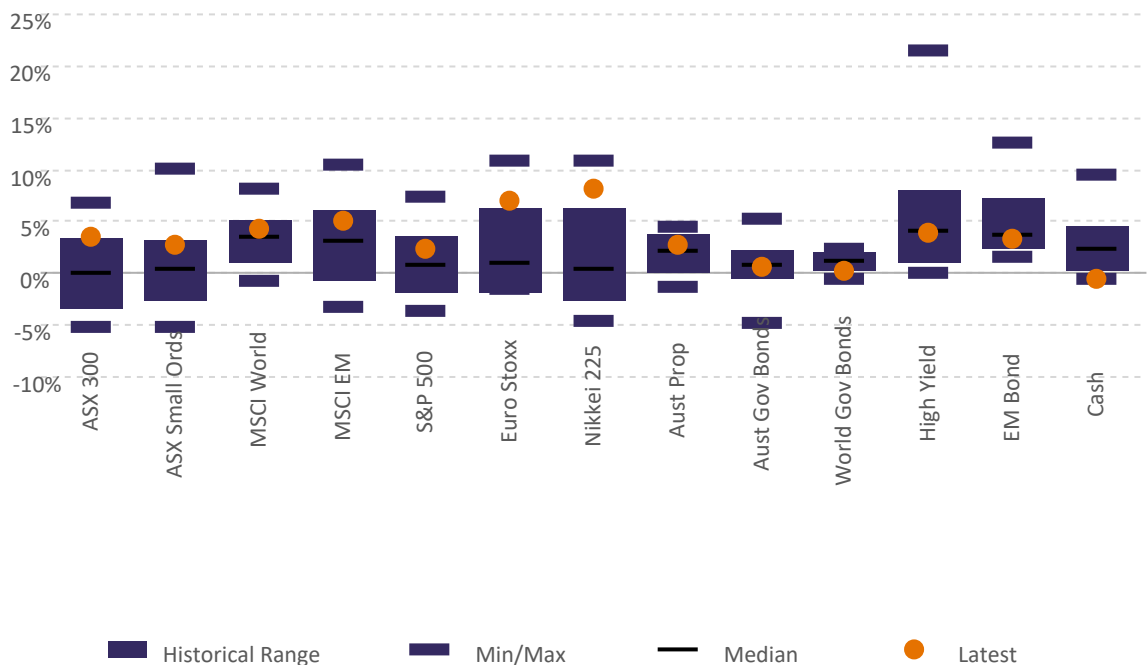
# Asset Class Yields Relative to History

Current Yields (equities earnings)



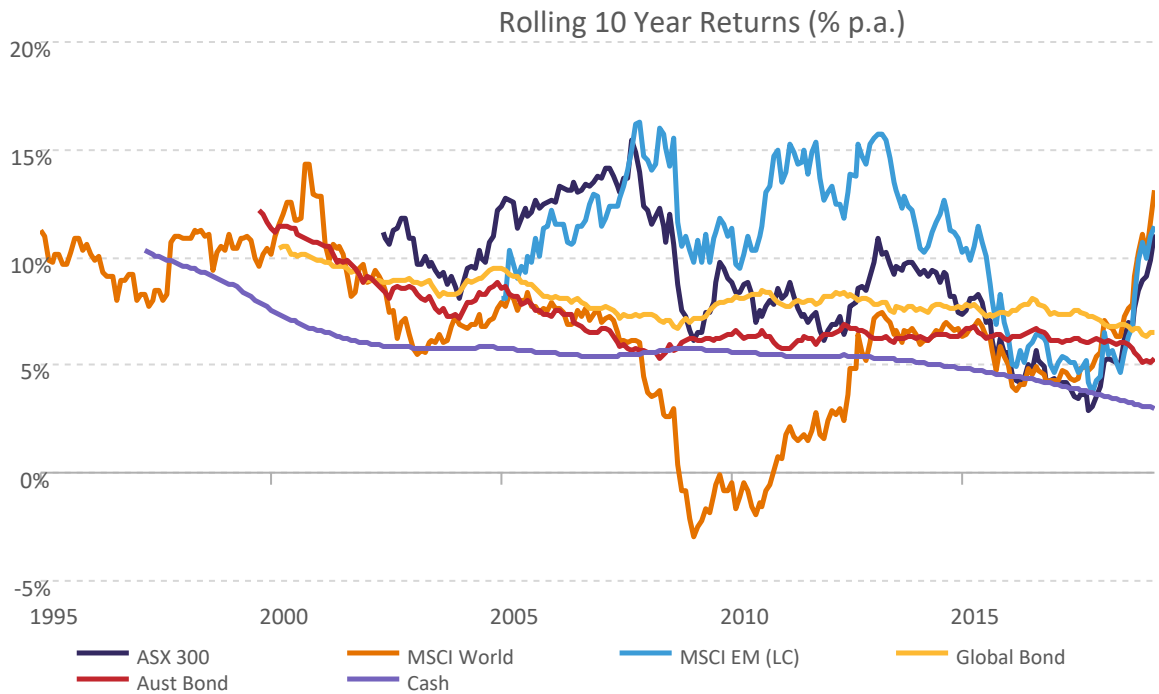
Source: Thomson Reuters Datastream

Relative Yields (vs bond or cash yield)

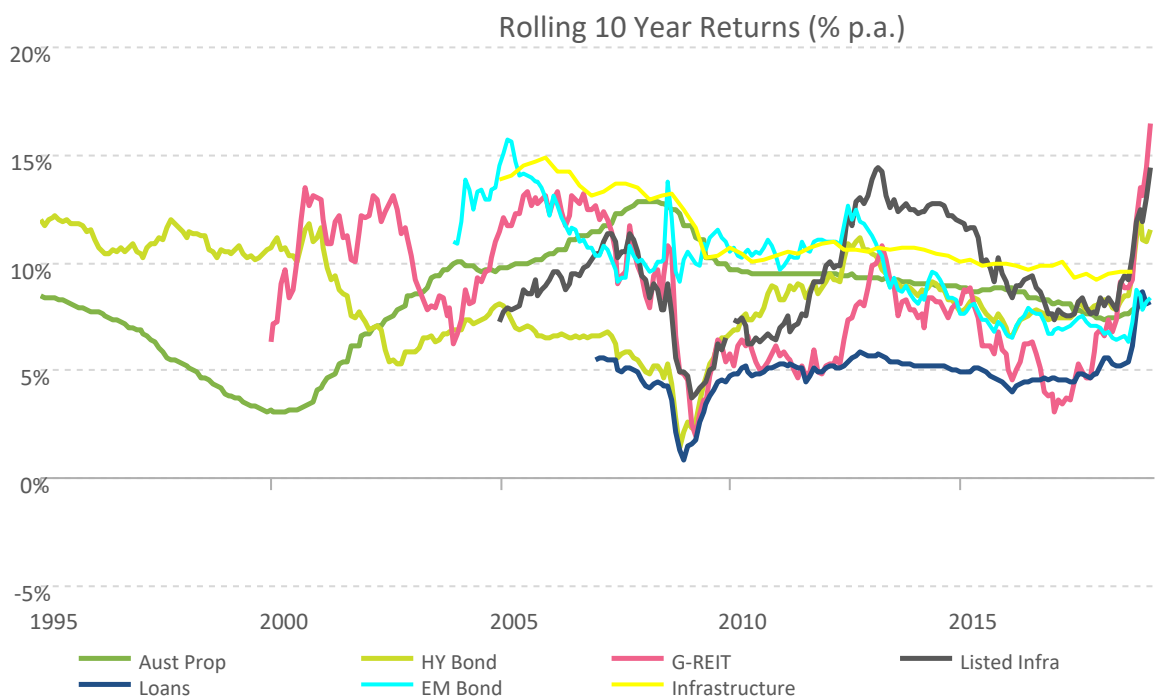


Source: Thomson Reuters Datastream

# Asset Class Long-Term Returns



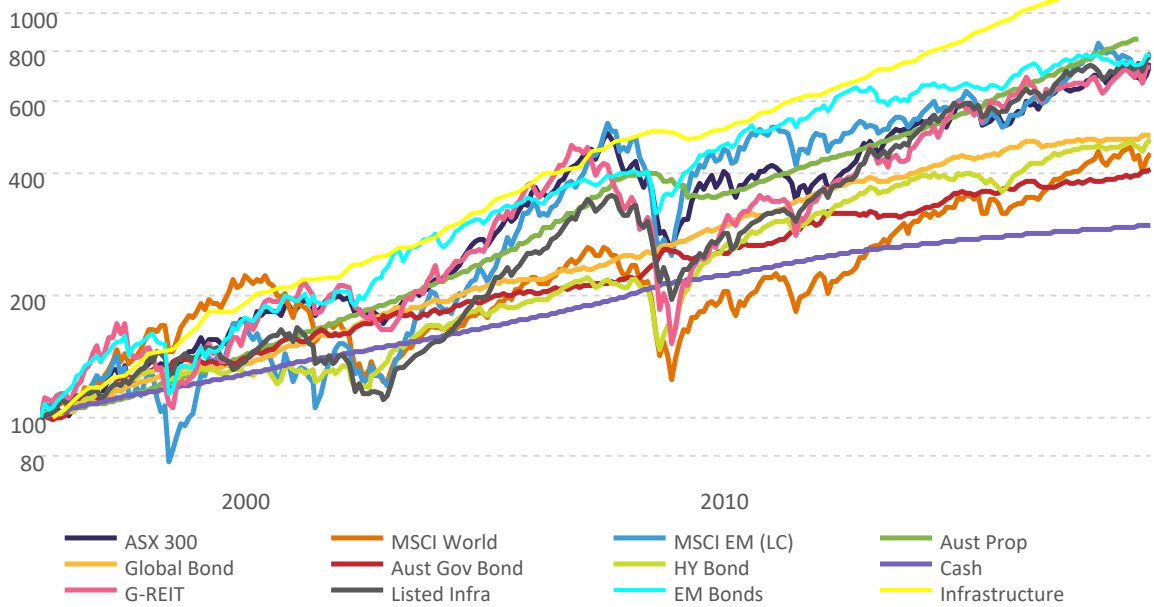
Source: Thomson Reuters Datastream



Source: Thomson Reuters Datastream

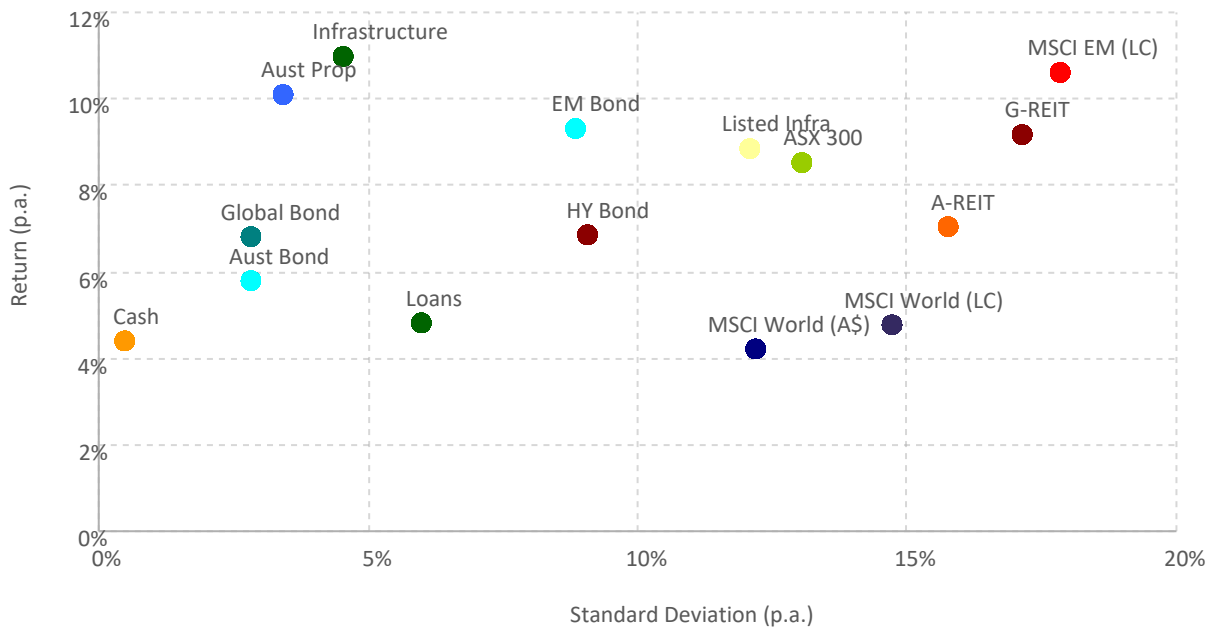
# Asset Class Long-Term Returns

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



Source: Thomson Reuters Datastream

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



Source: Thomson Reuters Datastream

**Frontier Advisors**

Level 16, 222 Exhibition Street

Melbourne, Victoria 3000

Tel: +61 3 8648 4300

**[www.frontieradvisors.com.au](http://www.frontieradvisors.com.au)**

**[@frontier\\_adv](#)**

Frontier does not warrant the accuracy of any information or projections in this paper and does not undertake to publish any new information that may become available. While this information is believed to be reliable, no responsibility for errors or omissions is accepted by Frontier or any director or employee of the company.

The advice in this paper does not take into account investors' particular objectives, financial situation or needs. Investors should consider the appropriateness of the contents of this paper in light of these matters and seek individual advice prior to taking action on any of the issues raised in this paper or making any investment decisions. Investors should obtain and read the applicable Product Disclosure or Information Statement before making a decision on acquiring any financial products. Frontier Advisors Pty Ltd does not provide taxation advice and investors should seek their own independent taxation advice from a registered tax agent.

ACN 074 287 406 AFS Licence No. 241266

© Frontier Advisors

**FRONTIER**  
ADVISORS

