

Monthly Market Snapshot

July 2022

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



Market commentary

In the month of July, there was further evidence of a slowdown in the global economy and inflation continued to be rise while real wage growth stayed negative.

July saw US equity markets rebound after the dismal end to the last financial year. The S&P 500 ended the month up 9.2% despite the increased risk of recession in the US. The US also experienced two consecutive quarters of negative GDP growth which is the technical definition of an economic 'recession'. However, economists believe it is perhaps still too early for the US National Bureau of Economic Research (the agency that typically classifies US recessions) to label the current period as a recession given the unusual environment where the labour market is still very strong.

Gas supply remains an issue in Europe as Russia continues to scale back gas flow through the Nord Stream 1 pipeline. The European equity markets similarly produced positive returns over the month. The UK equity market also performed well despite the uncertainty in the leadership of the Conservative Party. At the start of July, former Prime Minister Boris Johnson resigned after he lost the support of the parliamentary party.

The Australian share market had a solid rebound from the June fall driven primarily by Financial and Technology stocks. The annual headline inflation rate for Australia as at the end of the June quarter was 6.1% which was the highest rate of headline inflation in Australia since the GST was introduced in 2000. The RBA also raised the cash rate by another 0.5% to 1.85% at its August meeting.

Emerging market stocks were not as positive, led by Chinese equities which were down 4.3%. Economic activity has slowed significantly over the last few months in China due to a rise in COVID-19 cases and lockdown measures.

Globally, bond markets rallied as markets adjusted expectations for how quickly central banks will lift rates. Positive returns for bonds in July follow 12 months of largely negative returns as central banks have moved to begin raising rates.

The Australian dollar finished the month slightly higher against the US dollar after some volatility driven by concerns around a possible global recession, weaker-than-expected US economic

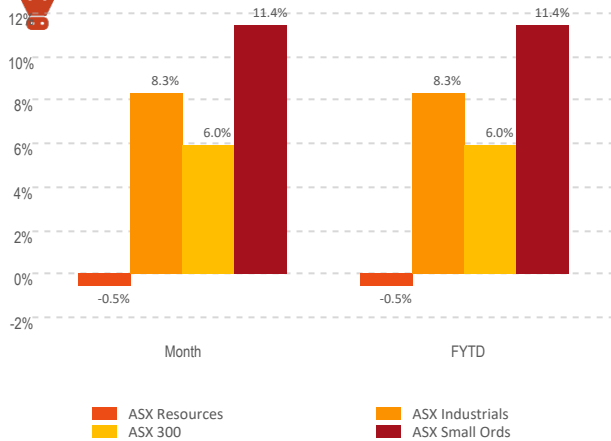
data and the ongoing war in Ukraine.

Australian listed real assets generally outperformed international listed real assets over the month, with Australian property in particular exhibiting strong performance.

July 2022



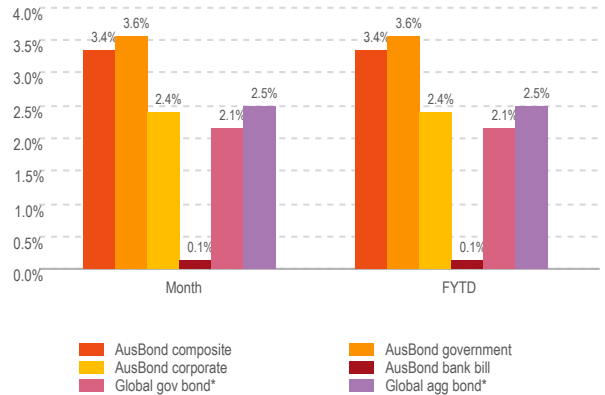
Australian equities



Source: Refinitiv Datastream



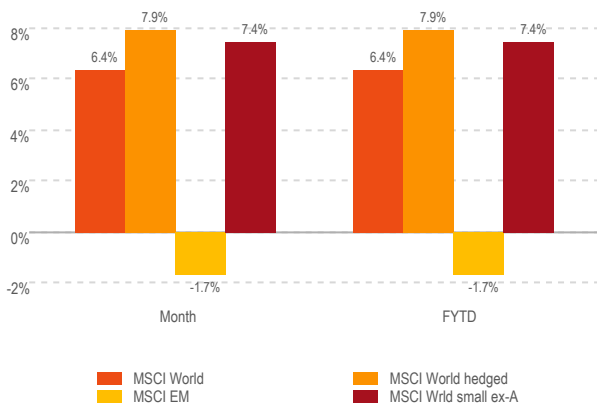
Fixed income



Source: Refinitiv Datastream



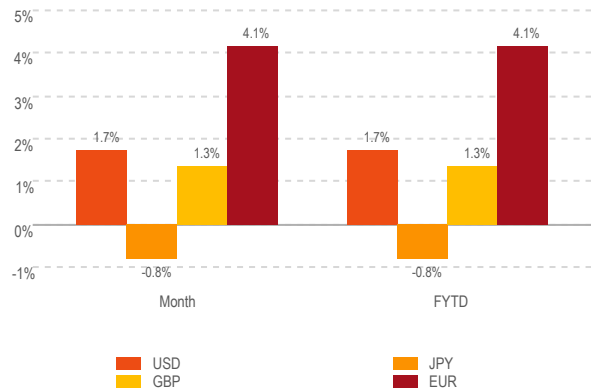
International equities (\$A)



Source: Refinitiv Datastream



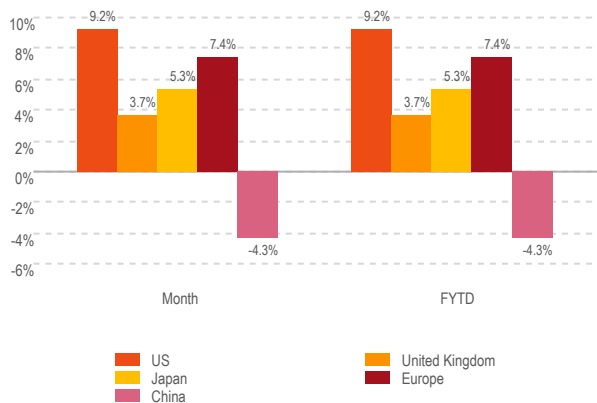
Australian dollar



Source: Refinitiv Datastream



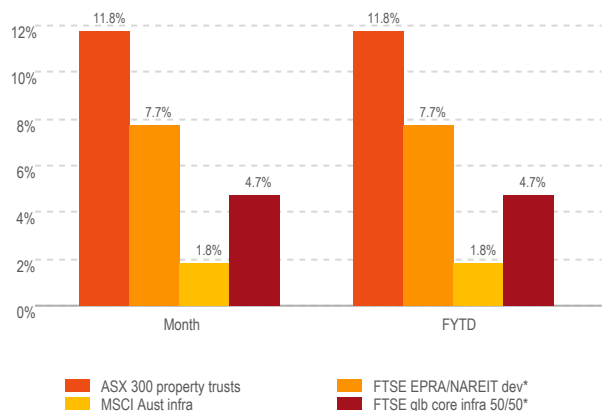
International equities



Source: Refinitiv Datastream











Real assets



Source: Refinitiv Datastream *Hedged A\$

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

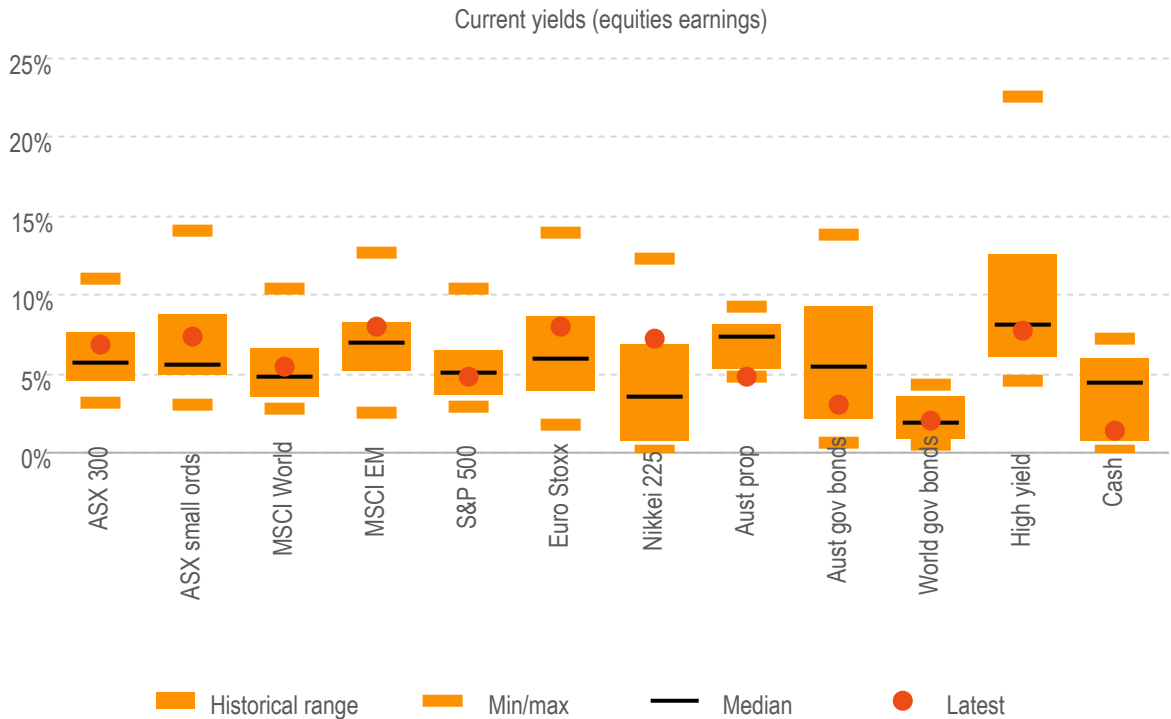
July 2022

	Index Value	Month	3 Months	FYTD	1 Year	5 Yr p.a.
 Australian Equities						
S&P/ASX 300 Accum. Index	6,933	6.0%	-6.2%	6.0%	-2.6%	8.2%
S&P/ASX 300 Accum. Industrials Index	10,648	8.3%	-4.3%	8.3%	-2.0%	6.9%
S&P/ASX 300 Accum. Resources Index	5,247	-0.5%	-11.3%	-0.5%	-4.2%	14.3%
ASX Small Caps Accum. Index	2,957	11.4%	-9.9%	11.4%	-10.9%	7.4%
 International Equities						
MSCI World Index (\$A)	4,408	6.4%	0.5%	6.4%	-4.3%	11.8%
MSCI World Index (Hedged \$A)	3,758	7.9%	-1.1%	7.9%	-5.5%	9.0%
MSCI Emerging Markets Index (\$A)	1,028	-1.7%	-4.7%	-1.7%	-16.4%	3.8%
MSCI World ex-Aus Small Cap Index (\$A)	558	7.4%	0.2%	7.4%	-9.7%	9.1%
US (S&P 500 Index in USD)*	4,130	9.1%	0.0%	9.1%	-6.5%	10.8%
US Tech (NASDAQ Index in USD)*	12,391	12.3%	0.5%	12.3%	-16.2%	14.2%
United Kingdom (FTSE 100 Index in GBP)*	7,423	3.5%	-1.6%	3.5%	4.9%	0.1%
Japan (Nikkei 225 Index in JPY)*	27,802	5.3%	3.6%	5.3%	0.1%	6.9%
Europe (Stoxx 50 Index in EUR)*	3,708	7.3%	-2.5%	7.3%	-9.9%	1.3%
China (Shanghai Composite Index in CNY)*	3,253	-4.3%	6.8%	-4.3%	-4.6%	0.0%
 AUD versus ...						
USD	0.70	1.7%	-2.0%	1.7%	-5.1%	-2.5%
JPY	93.19	-0.8%	0.0%	-0.8%	15.0%	1.1%
GBP	0.57	1.3%	0.6%	1.3%	8.4%	-1.2%
EUR	0.69	4.1%	1.2%	4.1%	10.2%	0.1%
 Real Assets						
ASX 300 Listed Property Trusts Accum. Index	1,484	11.8%	-8.4%	11.8%	0.1%	7.3%
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,692	7.7%	-5.3%	7.7%	-7.1%	3.3%
MSCI Australia Infrastructure	1,283	1.8%	-1.9%	1.8%	12.3%	5.6%
FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,559	4.7%	1.4%	4.7%	8.9%	7.5%
 Oil and Commodities						
Crude Oil (US\$/bbl)	101.4	-5.8%	-3.2%	-5.8%	37.7%	15.3%
Copper Spot (US\$/tonne)	7,931	-3.9%	-18.8%	-3.9%	-19.1%	4.7%
Gold Spot (US\$/ounce)	1,764	-2.4%	-7.6%	-2.4%	-3.6%	6.8%
 Australian Fixed Interest						
Bloomberg AusBond Composite Index	9,724	3.4%	0.9%	3.4%	-9.1%	1.5%
Bloomberg AusBond Government Index	10,092	3.6%	1.2%	3.6%	-9.4%	1.5%
Bloomberg AusBond Corporate Index	10,323	2.4%	0.4%	2.4%	-7.6%	2.0%
Bloomberg AusBond Bank Bill Index	9,041	0.1%	0.2%	0.1%	0.2%	0.9%
 Global Fixed Interest						
Bloomberg Global Gov. Bond Index (Hedge \$A)	352	2.1%	0.3%	2.1%	-7.5%	1.2%
Bloomberg Global Agg. Bond Index (Hedge \$A)	1,017	2.5%	0.6%	2.5%	-8.1%	1.2%
 Fixed Income (yields) as at ...	Jul 2022	Jun 2022	Apr 2022	Jun 2022	Jul 2021	Jul 2017
Australia Bank Bill	1.65	1.14	0.21	1.14	0.02	1.59
Australia 10-Year Government Bond	3.08	3.71	3.18	3.69	1.16	2.70
US 10-Year Government Bond	2.64	3.09	2.89	2.97	1.27	2.29
UK 10-Year Government Bond	1.86	2.38	1.91	2.24	0.57	1.22
Germany 10-Year Government Bond	0.83	1.51	0.94	1.37	-0.45	0.54
Japan 10-Year Government Bond	0.18	0.23	0.22	0.23	0.02	0.07

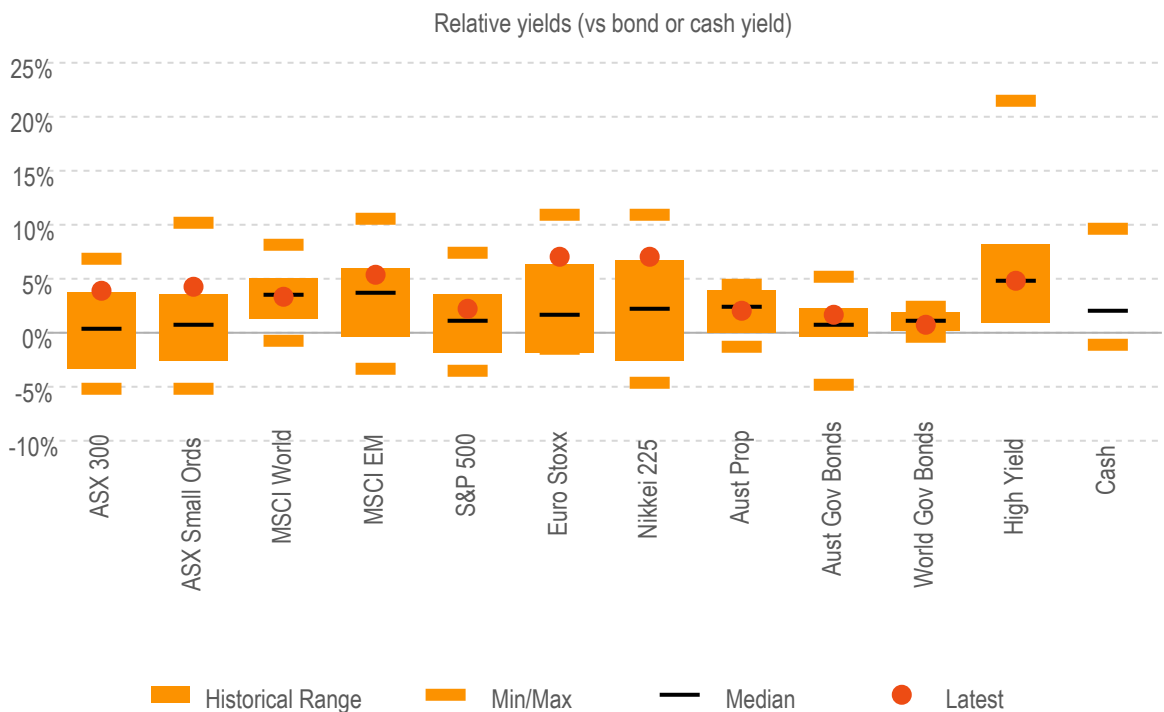
Source: Refinitiv Datastream

*Price Index

Asset class yields relative to history

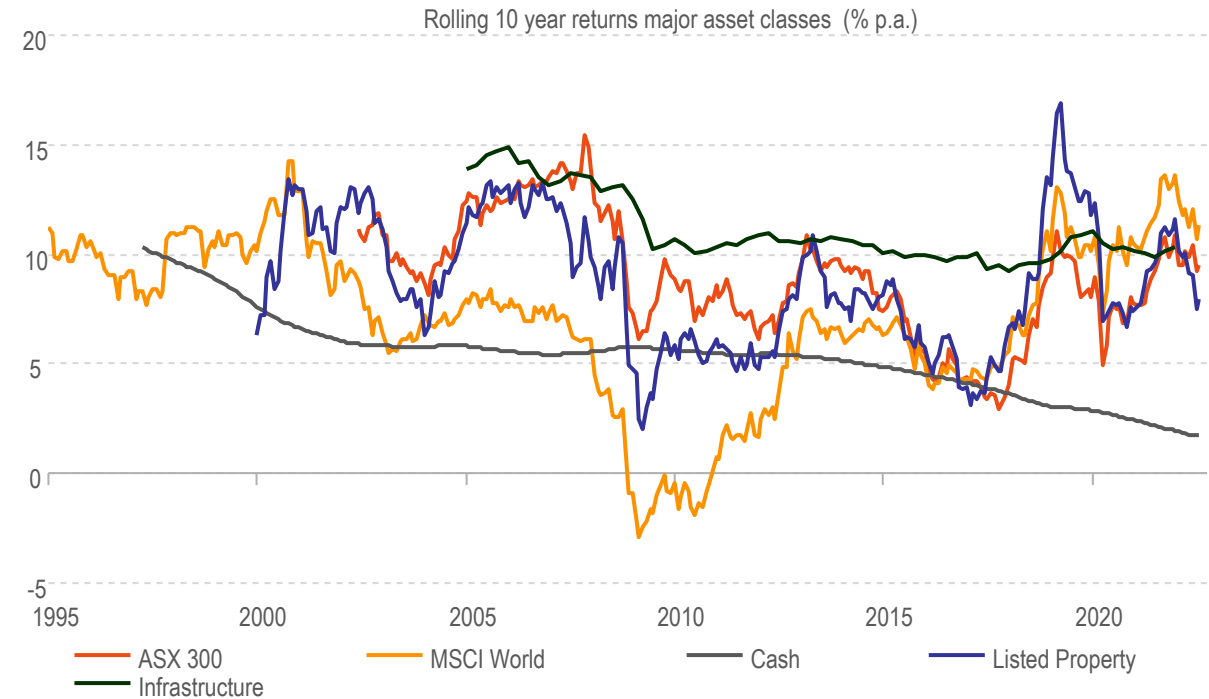


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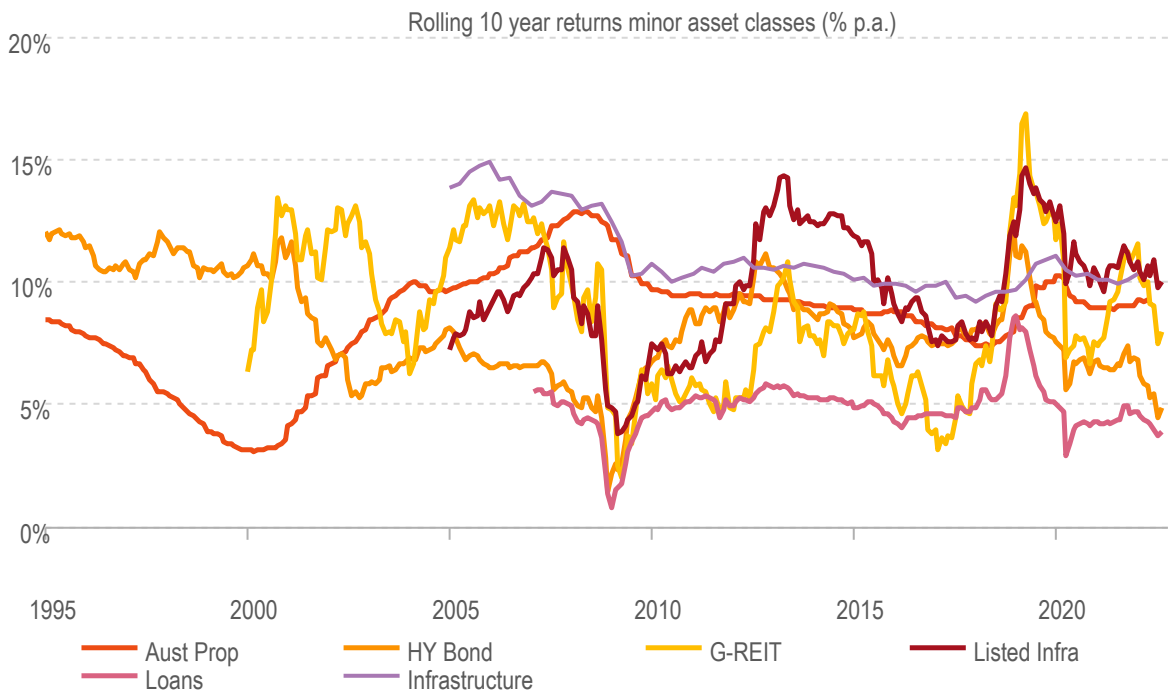


Source: Refinitiv Datastream

Asset class long-term returns



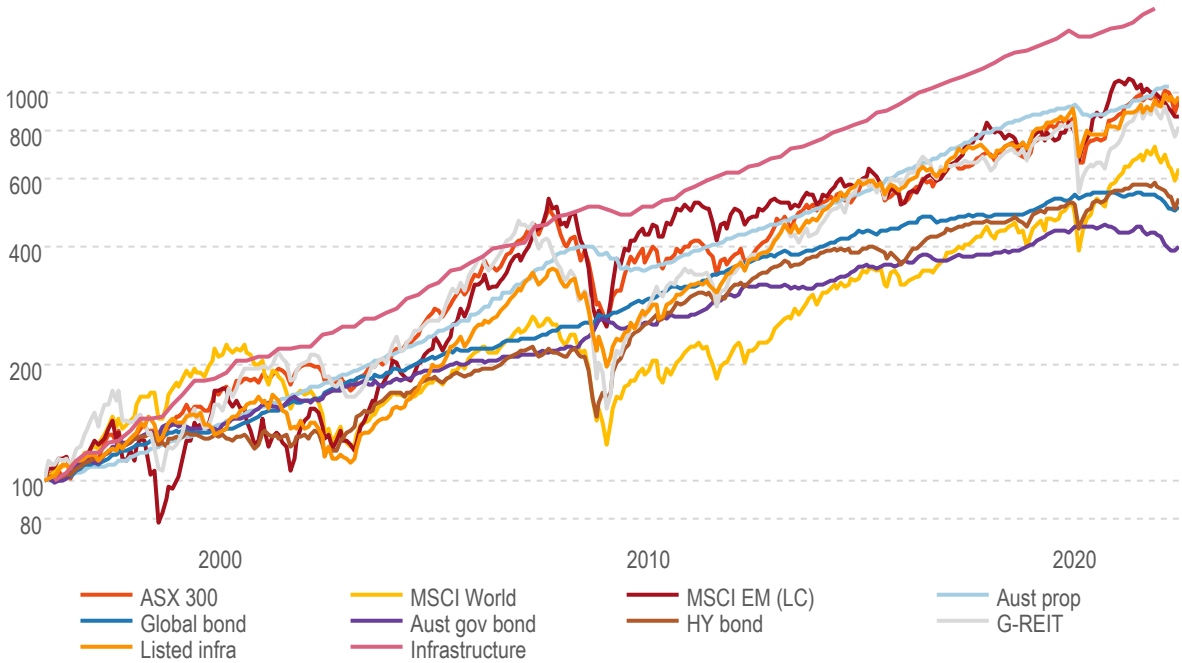
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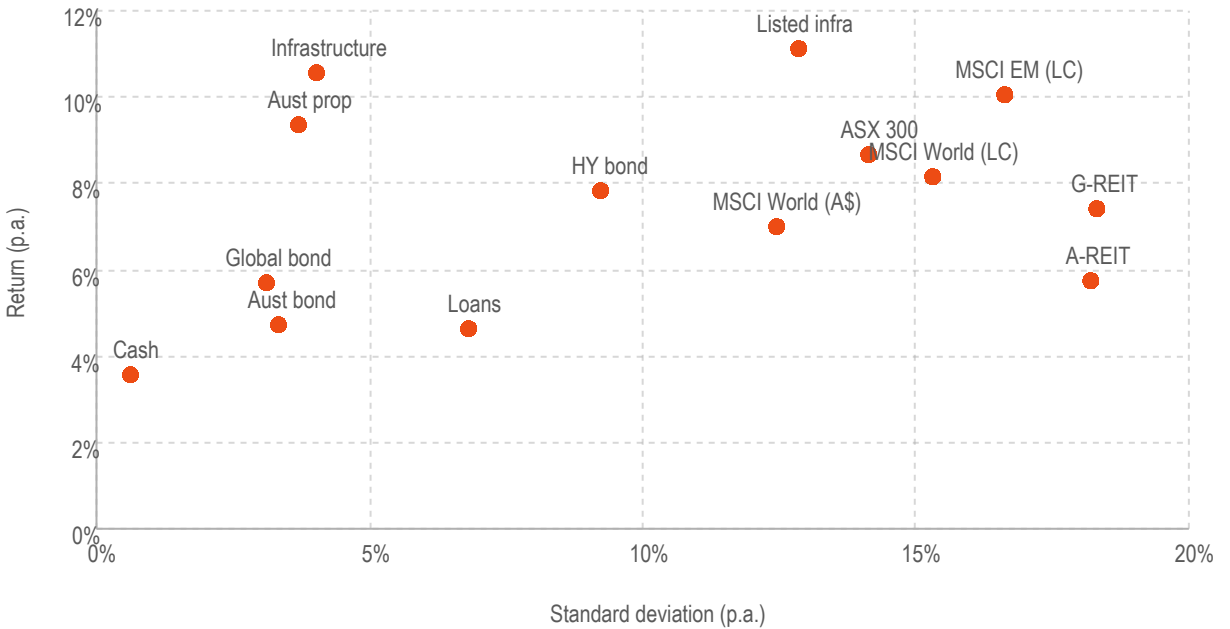
Asset class long-term returns

Cumulative values since 1 Jan 96 (\$100 reinvested)



Source: Refinitiv Datastream

Return-risk profile over 20 years (p.a.) to Jul 2022



Source: Refinitiv Datastream



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