

Monthly Market Snapshot

July 2023

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

Market commentary

In July 2023, global stocks enjoyed a large positive month, driven by more resilient than expected economic growth. Financial markets were bolstered by optimistic GDP data, supporting overall positive returns.

US stocks performed well overall, with a slight moderation in the pace of economic growth in the first quarter of 2023. The Technology sector remained flat for the month, while the Purchasing Managers Index (PMI) surveys exceeded expectations, signaling a positive shift in the manufacturing sector. Labor market conditions in the US remained tight, despite some sectors experiencing increasing layoffs.

The Australian stock market ended July higher, but Resources stocks faced a moderate negative impact as commodity prices fell, particularly for key exports like iron ore and coal. The Australian dollar depreciated against most major currencies, largely influenced by the decline in commodity prices.

China and emerging market equities were less positive. China's GDP growth for the first quarter of 2023 surpassed expectations, a positive development driven by strong exports to Russia and ASEAN countries. However, ongoing geopolitical tensions and risks from US investment regulations offset these positive economic outcomes.

Inflation continued to moderate globally, with headline inflation falling due to a decrease in energy prices. However, core inflation rates remained high.

Despite stress in the banking sector, market expectations were for the US Federal Reserve to raise interest rates further, which it did by 25 percentage points early in July. The market also anticipated a pause in interest rate hikes and potential rate cuts later in 2023, contributing to US government bond yields falling. Conversely, European government bond yields rose as the market priced in the European Central Bank (ECB) raising interest rates amid continued wage pressures.

Overall, global bonds produced a small positive return due to falling US yields, while Australian

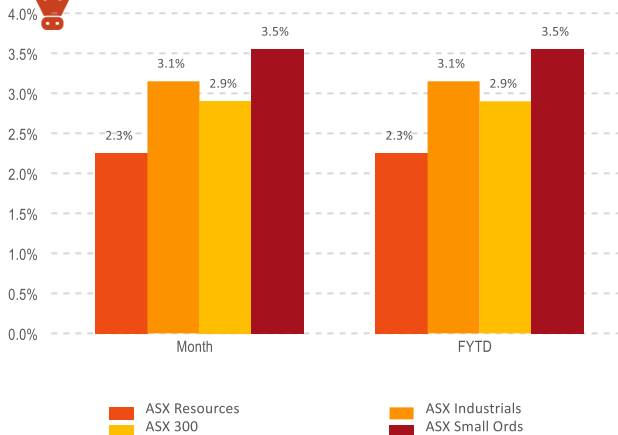
government bonds experienced a moderate negative return with rising yields.

Listed property and infrastructure investments delivered solid positive returns, as market expectations indicated that interest rate hikes were nearing an end. In Australia, residential property prices stabilized after previous declines, attributed to factors such as the return of overseas migrants and a shortage of new homes listing on the market, offsetting the downward pressure of higher interest rates.

July 2023



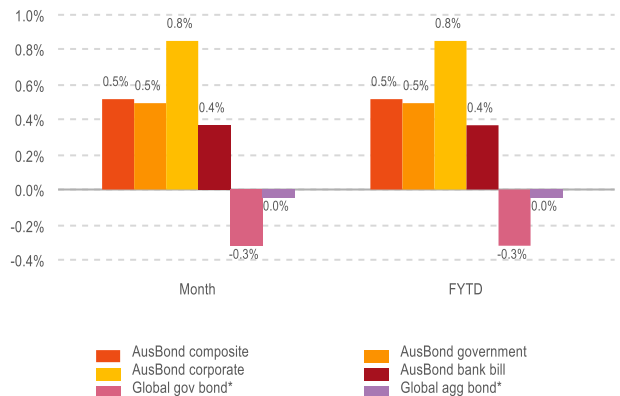
Australian equities



Source: Refinitiv Datastream



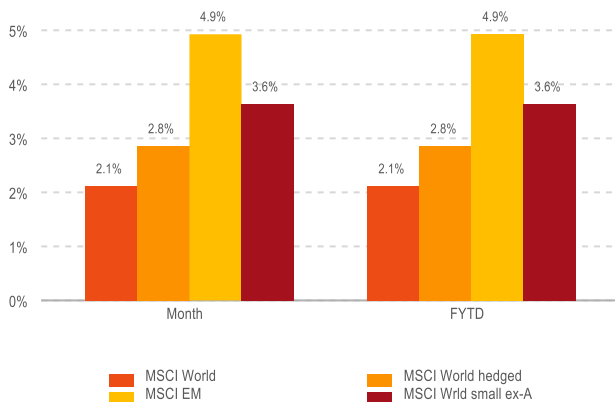
Fixed income



Source: Refinitiv Datastream



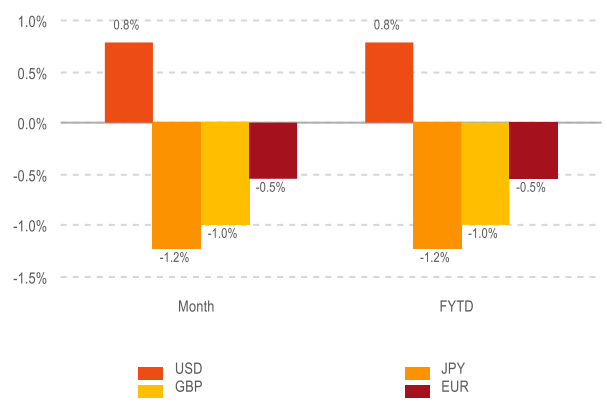
International equities (\$)



Source: Refinitiv Datastream



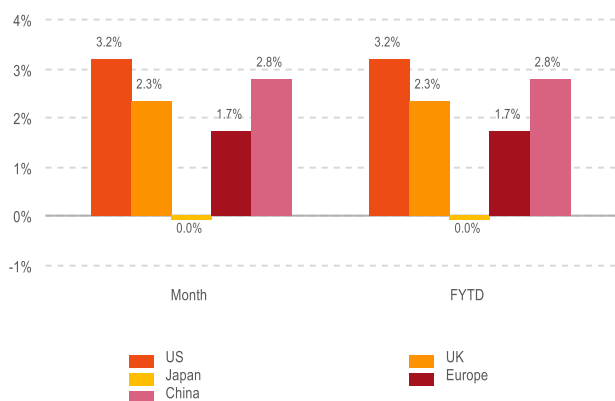
Australian dollar



Source: Refinitiv Datastream



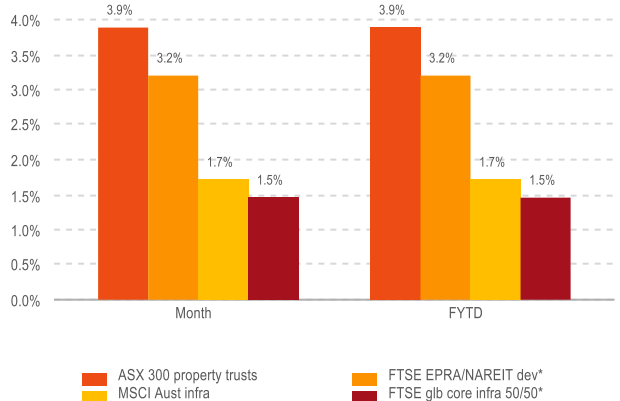
International equities



Source: Refinitiv Datastream











Real assets



Source: Refinitiv Datastream *Hedged A\$

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

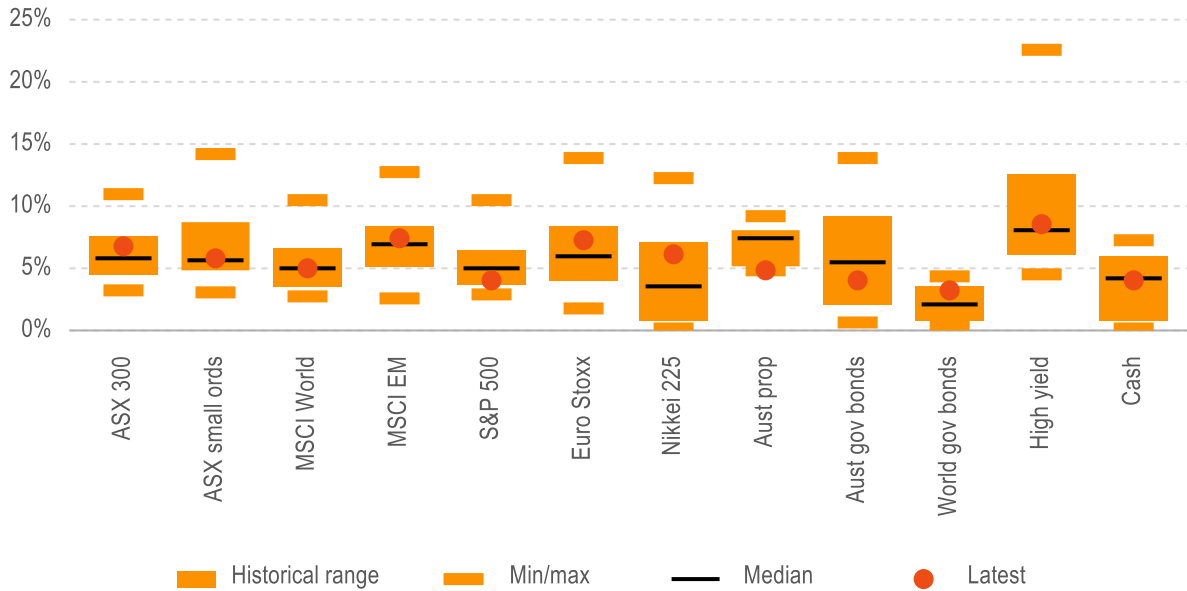
July 2023

	Index Value	Month	3 Months	FY24	1 Year	5 Yr p.a.	
Australian Equities							
	S&P/ASX 300 Accum. Index	7,364	2.9%	2.0%	2.9%	11.1%	7.5%
	S&P/ASX 300 Accum. Industrials Index	10,918	3.1%	1.8%	3.1%	6.3%	6.0%
	S&P/ASX 300 Accum. Resources Index	6,140	2.3%	2.5%	2.3%	25.5%	12.4%
	ASX Small Caps Accum. Index	2,893	3.5%	0.2%	3.5%	0.8%	3.2%
International Equities							
	MSCI World Index (\$A)	5,093	2.1%	6.4%	2.1%	17.5%	11.3%
	MSCI World Index (Hedged \$A)	4,174	2.8%	8.2%	2.8%	11.1%	8.2%
	MSCI Emerging Markets Index (\$A)	1,122	4.9%	6.3%	4.9%	12.2%	3.7%
	MSCI World ex-Aus Small Cap Index (\$A)	618	3.6%	6.5%	3.6%	12.7%	7.3%
	US (S&P 500 Index in USD)*	4,589	3.1%	10.1%	3.1%	11.1%	10.3%
	US Tech (NASDAQ Index in USD)*	14,346	4.0%	17.3%	4.0%	15.8%	13.3%
	United Kingdom (FTSE 100 Index in GBP)*	7,699	2.2%	-2.2%	2.2%	3.7%	-0.1%
	Japan (Nikkei 225 Index in JPY)*	33,172	-0.1%	15.0%	-0.1%	19.3%	8.0%
	Europe (Stoxx 50 Index in EUR)*	4,471	1.6%	2.6%	1.6%	20.6%	4.9%
	China (Shanghai Composite Index in CNY)*	3,291	2.8%	-1.0%	2.8%	1.2%	2.7%
AUD versus ...							
	USD	0.67	0.8%	1.1%	0.8%	-4.6%	-2.1%
	JPY	94.75	-1.2%	6.2%	-1.2%	1.7%	2.8%
	GBP	0.52	-1.0%	-1.9%	-1.0%	-9.5%	-1.7%
	EUR	0.61	-0.5%	1.1%	-0.5%	-11.6%	-0.9%
Real Assets							
	ASX 300 Listed Property Trusts Accum. Index	1,414	3.9%	1.9%	3.9%	-0.1%	4.5%
	FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,476	3.2%	2.0%	3.2%	-9.9%	-0.1%
	MSCI Australia Infrastructure	1,293	1.7%	-2.6%	1.7%	4.7%	7.0%
	FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,345	1.5%	-1.3%	1.5%	-5.2%	5.2%
Oil and Commodities							
	Crude Oil (US\$/bbl)	81.8	15.8%	6.6%	15.8%	-19.3%	3.2%
	Copper Spot (US\$/tonne)	8,800	5.7%	2.6%	5.7%	11.0%	7.0%
	Gold Spot (US\$/ounce)	1,968	2.7%	-1.1%	2.7%	11.6%	10.0%
Australian Fixed Interest							
	Bloomberg AusBond Composite Index	9,574	0.5%	-2.5%	0.5%	-1.5%	0.6%
	Bloomberg AusBond Government Index	9,851	0.5%	-3.0%	0.5%	-2.4%	0.4%
	Bloomberg AusBond Corporate Index	10,503	0.8%	-0.6%	0.8%	1.8%	1.7%
	Bloomberg AusBond Bank Bill Index	9,326	0.4%	1.0%	0.4%	3.1%	1.2%
Global Fixed Interest							
	Bloomberg Global Gov. Bond Index (Hedge \$A)	338	-0.3%	-0.9%	-0.3%	-3.9%	0.0%
	Bloomberg Global Agg. Bond Index (Hedge \$A)	980	0.0%	-0.8%	0.0%	-3.6%	0.2%
Fixed Income (yields) as at ...							
		Jul 2023	Jun 2023	Apr 2023	Jun 2023	Jul 2022	Jul 2018
	Australia Bank Bill	4.10	4.14	3.61	4.14	1.65	1.88
	Australia 10-Year Government Bond	4.06	4.00	3.39	4.00	3.08	2.66
	US 10-Year Government Bond	3.95	3.81	3.43	3.81	2.64	2.96
	UK 10-Year Government Bond	4.31	4.39	3.72	4.39	1.86	1.33
	Germany 10-Year Government Bond	2.47	2.39	2.32	2.39	0.83	0.44
	Japan 10-Year Government Bond	0.61	0.40	0.38	0.40	0.18	0.06

*Price Index

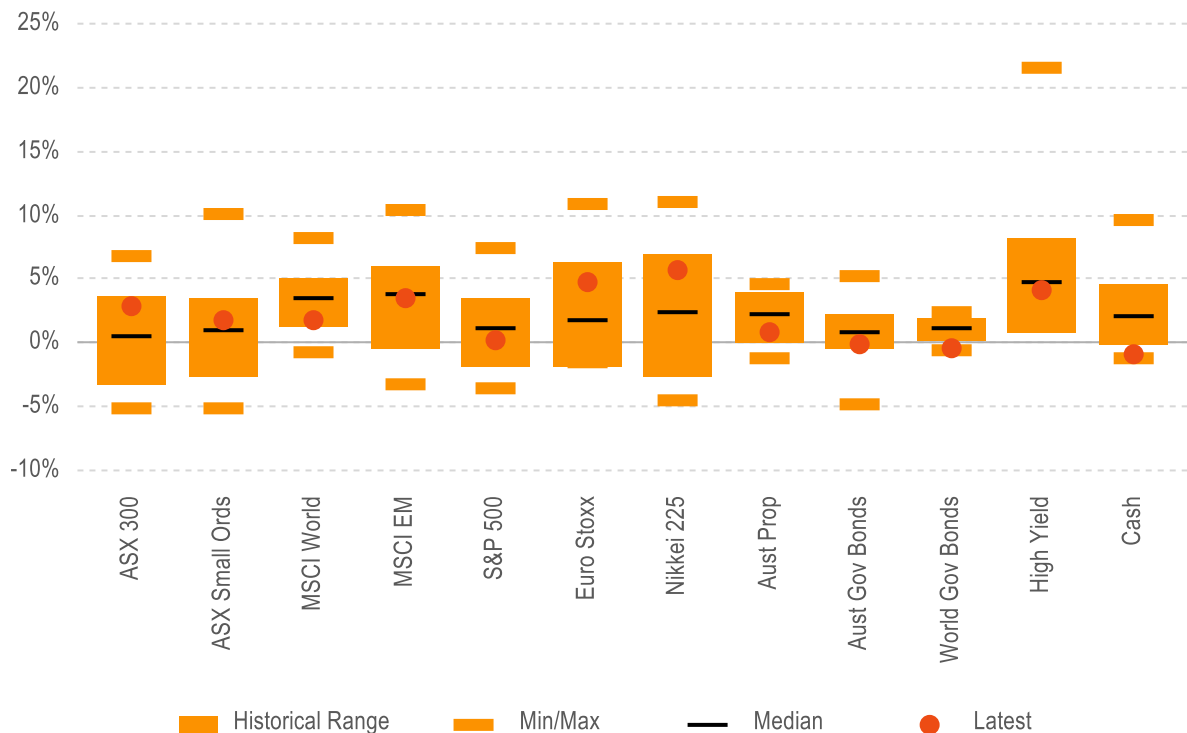
Asset class yields relative to history

Current yields (equities earnings)



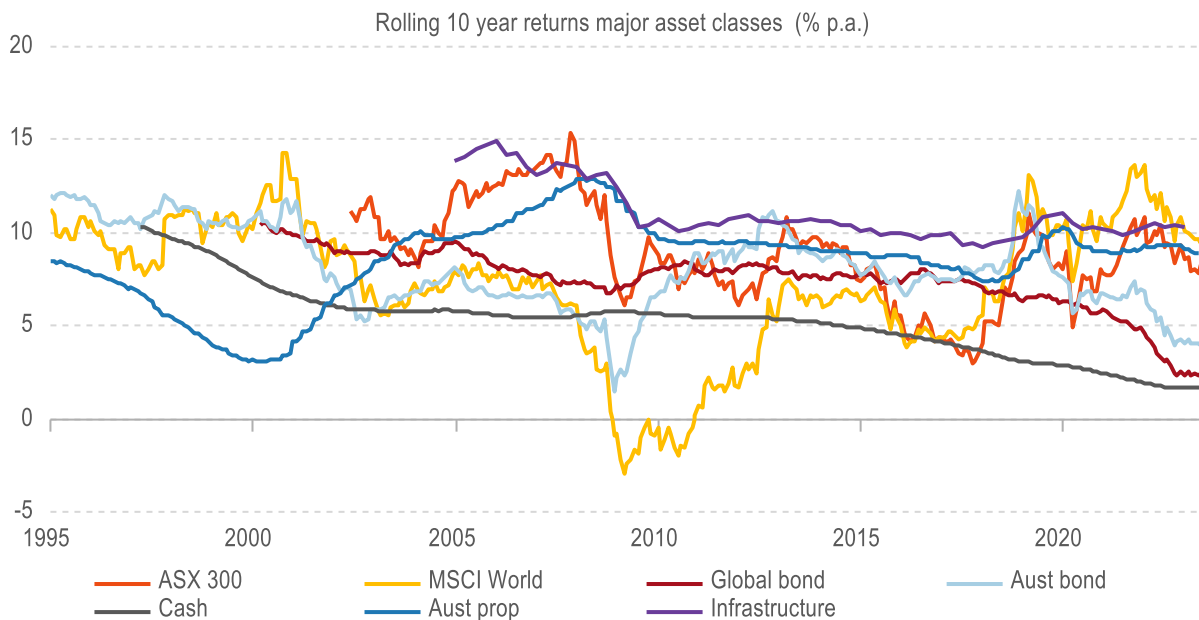
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Relative yields (vs bond or cash yield)

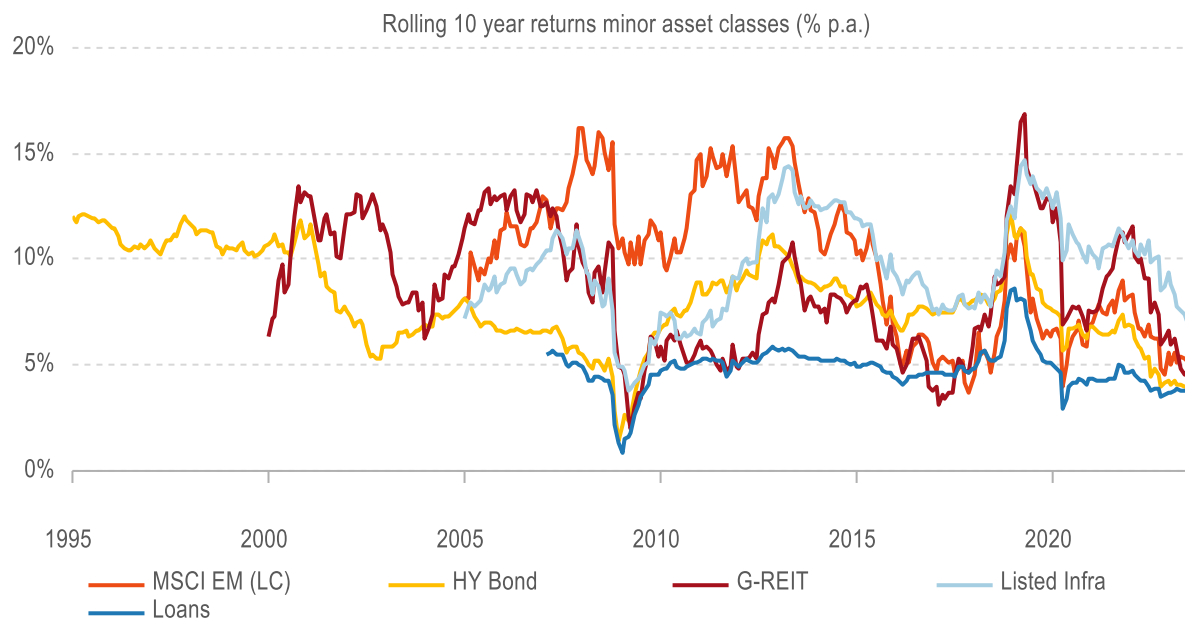


Source: Refinitiv Datastream

Asset class long-term returns

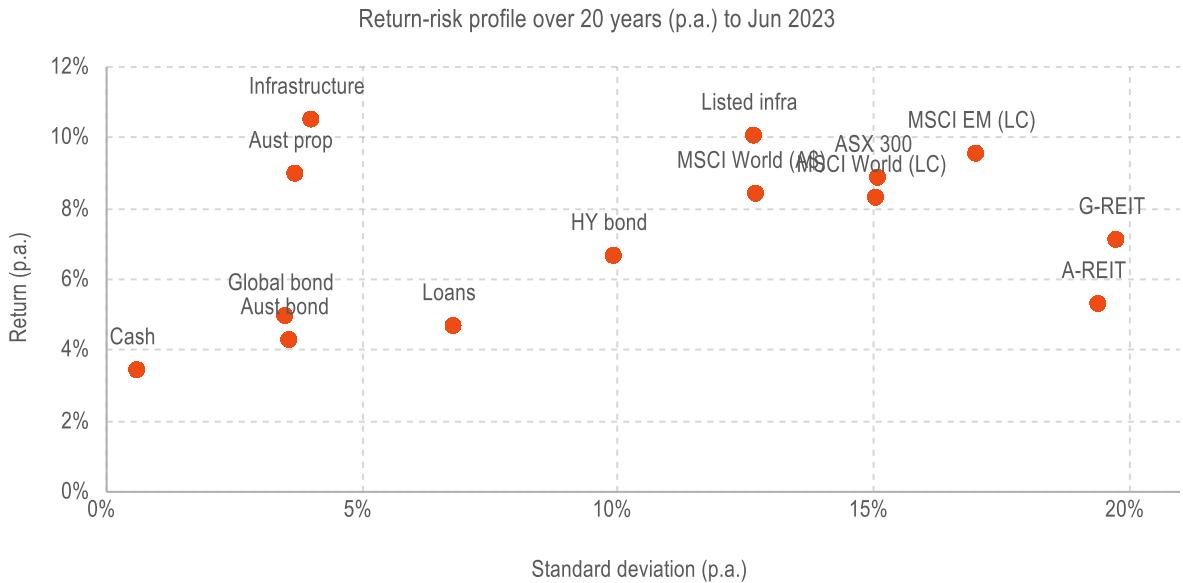
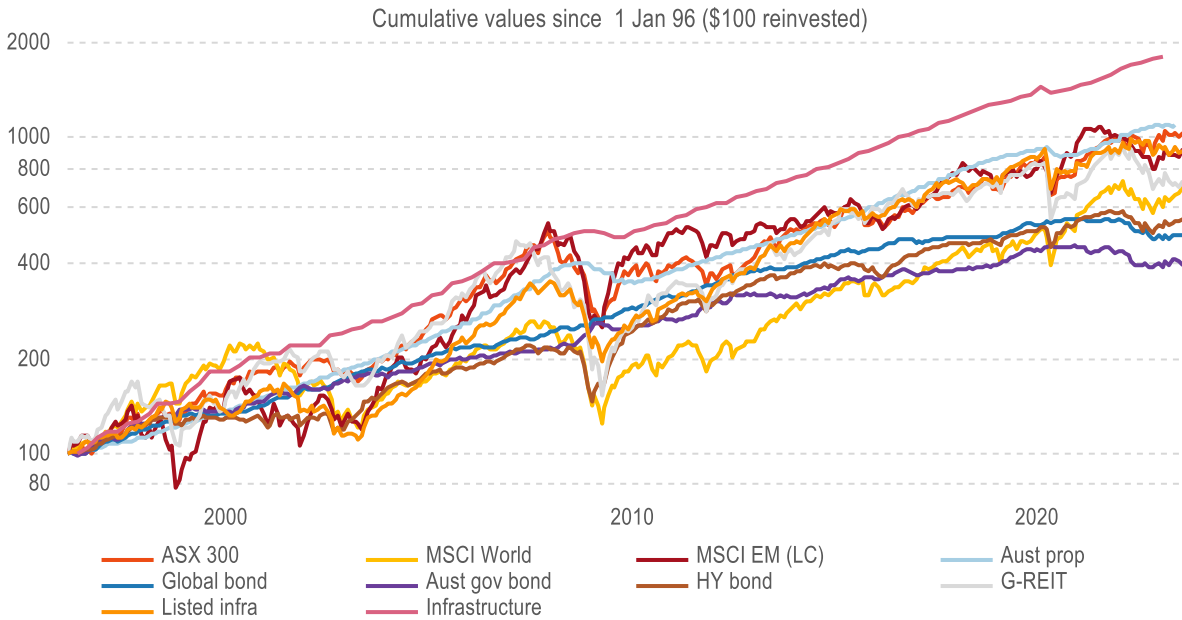


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Asset class long-term returns





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