

Monthly Market Snapshot

June 2024

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

Market commentary

In the month of June 2024, investment performance was mixed, as markets assessed economic and inflation data, and the likely impact on central banks' interest rates.

Developed market equities in aggregate produced positive returns, but again this was primarily driven by US equities, and specifically the Technology sector, especially companies with growing AI capabilities. The US Fed continued to leave rates unchanged and the expectation of the pace of future interest rate cuts is now a lot more modest than earlier in the year.

Equities performance in the rest of the developed world was negative in June. European equities were down, impacted by increased volatility following the announcement of snap elections in the UK and France. The European Central Bank (and the Bank of Canada) made their first interest rate cuts in June.

Australian equities in aggregate were roughly flat in June. However, Resources stocks were significantly down in the month, as iron ore and industrial metals commodity prices fell. While oil prices increased in June, amid ongoing conflict in the Middle East.

Stronger than anticipated monthly inflation data, increased the possibility that the RBA will make a further rate hike in the future and further delayed the expectation of rate cuts.

Emerging market equities produced a positive return in the month. Indian equities were particularly strong, with the results of the general election, although somewhat not as expected, delivering reduced uncertainty for markets. However, Chinese equities were particularly weak. Improving manufacturing and export performance was offset by continued weakness in domestic demand and the ongoing property sector crisis.

Government bonds achieved solid positive returns in June. Bonds yields fell globally as economic growth data was weaker. However, corporate bond returns were more positive as credit spreads continue to fall.

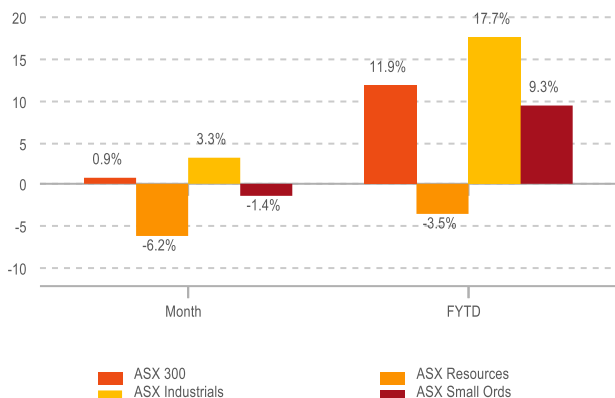
The Australian dollar was relatively stable against the US dollar in June, with continued uncertainty regarding global growth and future interest rate moves. The Japanese Yen continued to weaken, as although the Bank of Japan is gradually adjusting monetary policy its interest rates remain material divergent from the rest of the world. The Euro also weakened, as the European Central Bank made its first interest rate cut in June.

Listed property recorded small positive returns in June supported by the fall in bond yields. Australian infrastructure also experienced positive returns. While international infrastructure declined as Utilities continued to be impacted by regulatory policies.

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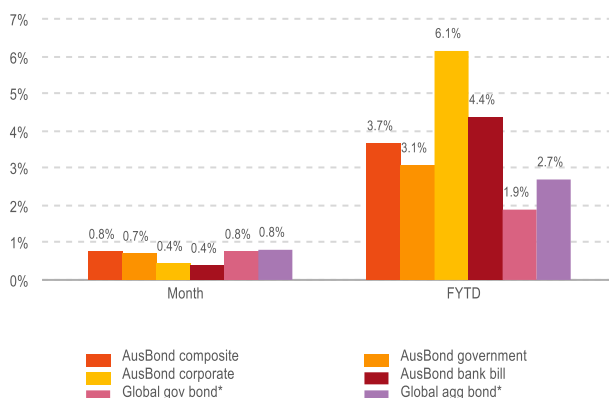
Australian equities



Source: LSEG Datastream



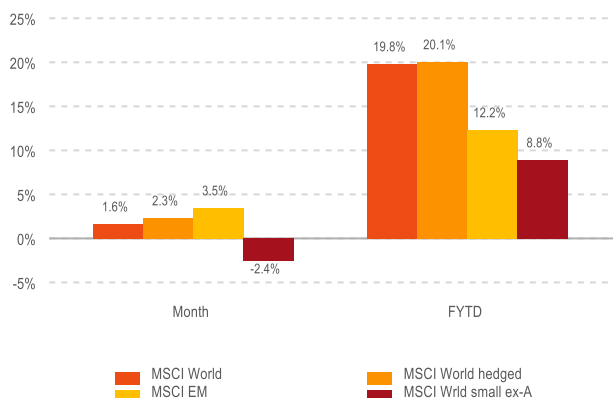
Fixed income



Source: LSEG Datastream



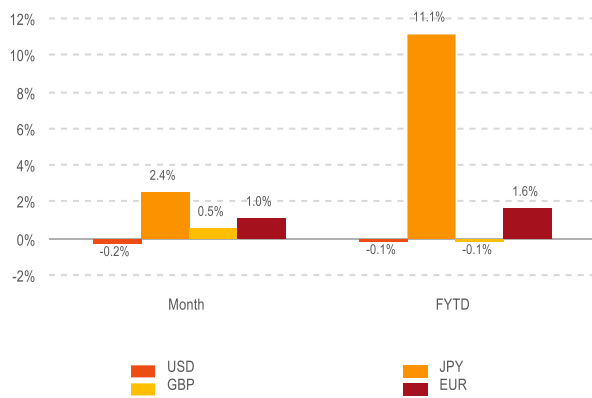
International equities (\$A)



Source: LSEG Datastream



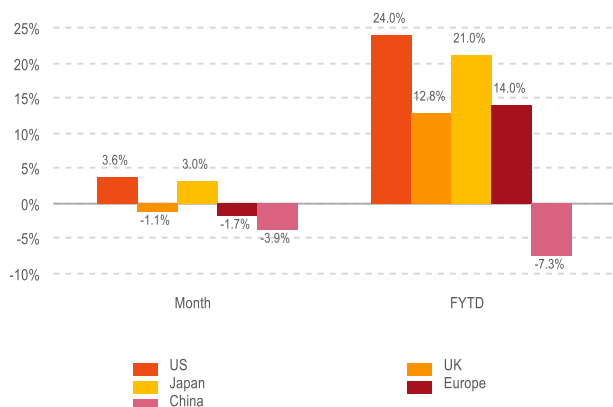
Australian dollar



Source: LSEG Datastream



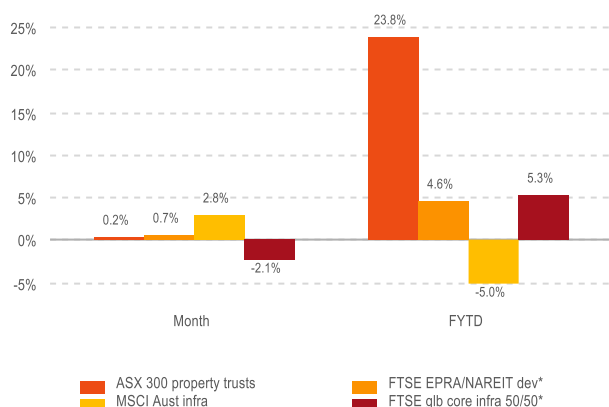
International equities



Source: LSEG Datastream



Real assets



Source: LSEG Datastream *Hedged A\$

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



Frontier Level 17, 130 Lonsdale Street
Melbourne, Victoria 3000
Tel: +61 3 8648 4300

www.frontieradvisors.com.au
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