

Monthly Market Snapshot

November 2021

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



Market commentary

Global markets experienced elevated volatility during the month, primarily attributable to the emergence of a potentially more transmissible COVID-19 variant, Omicron. News of the spread of the new variant resulted in a sell off in equities.

While US economic data was generally positive over the month, this was overshadowed by the news of the Omicron variant. Consequently, the travel and leisure sectors were negatively impacted the most followed by the retail sector. That said, US equities produced a relatively small negative return for the month compared to the rest of the world.

In Europe, the economic outlook is mixed. While the overall Eurozone Purchasing Managers Index (PMI) survey rebounded after three consecutive months of decline, there is some divergence in economic data between the underlying countries. The severity of the latest COVID-19 wave has been more acute in countries with lower vaccination levels, such as Germany, and the reintroduction of restrictive measures in response weighed on sentiment.

The Australian equities market outperformed most of its global developed peers in November, driven mainly by strong performance within the Resources sector. In addition, economic activity is rebounding in Australia as the economy recovers post lockdowns.

The oil price fell over the month on concerns of potential lower demand given the increased possibility of countries reimposing lockdowns and travel restrictions due to Omicron. In addition, the decision by the US Strategic Petroleum Reserve to increase the supply of oil into the market, likely also contributed to the downward pressure on the oil price.

Global leaders gathered in Glasgow at the start of the month for the UN Climate Change Conference (COP 26) where there were several announcements made in areas including coal, deforestation and methane emissions, but there was no general consensus that outcomes had been achieved as hoped. However, climate change is an area where China and US agreed to work together during the summit.

During the month, US President Biden announced that Jerome Powell would be reappointed for a second four-year term as US Federal Reserve Chairman, subject to approval by the Senate. This removed speculation that perhaps Powell would be replaced by a new appointee. There remains ongoing focus on inflation and the response by the US Fed, with the potential acceleration of tapering of the quantitative easing program and interest rate rises occurring sooner than anticipated.

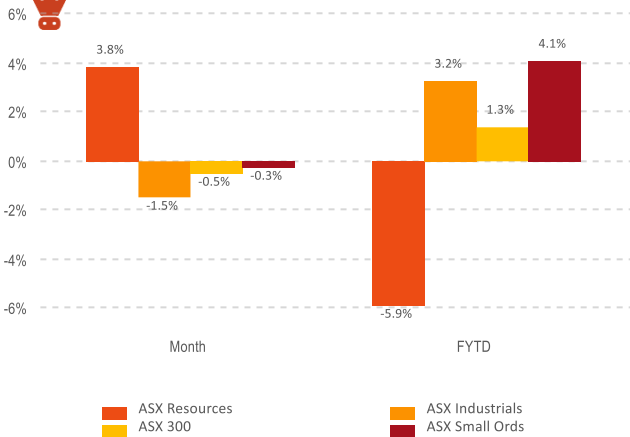
Given the overall risk sentiment globally due to Omicron, there was a movement to 'safe haven' assets, with government bond yields falling and the US dollar appreciating. The Australian dollar depreciated relative to major currencies over November, which had a positive impact on unhedged international investments over the month.

Australian listed real assets outperformed global counterparts, partially driven by the larger decrease in Australian bond yields.

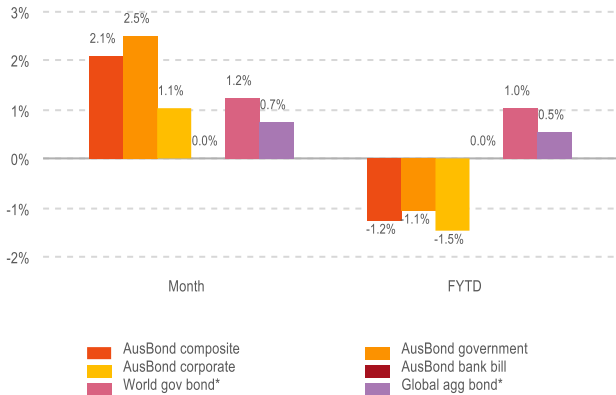
November 2021



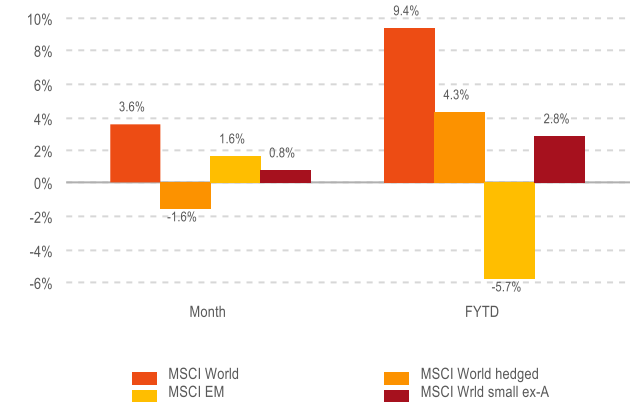
Australian equities



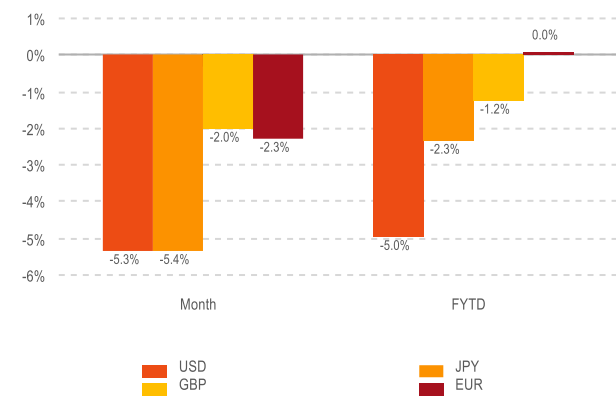
Fixed income



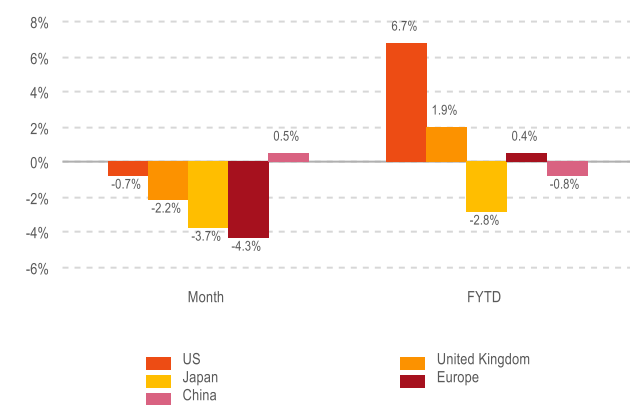
International equities (\$A)



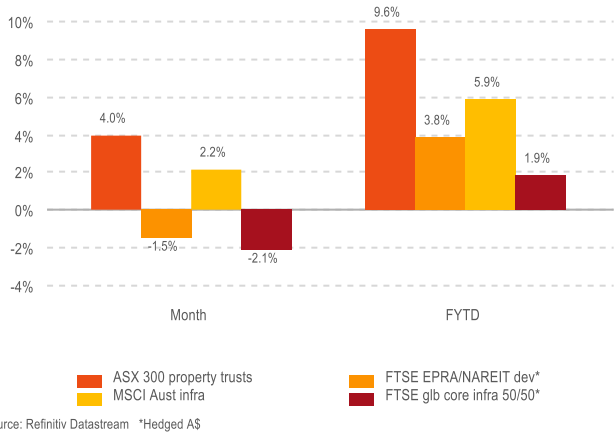
Australian dollar



International equities











Real assets



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

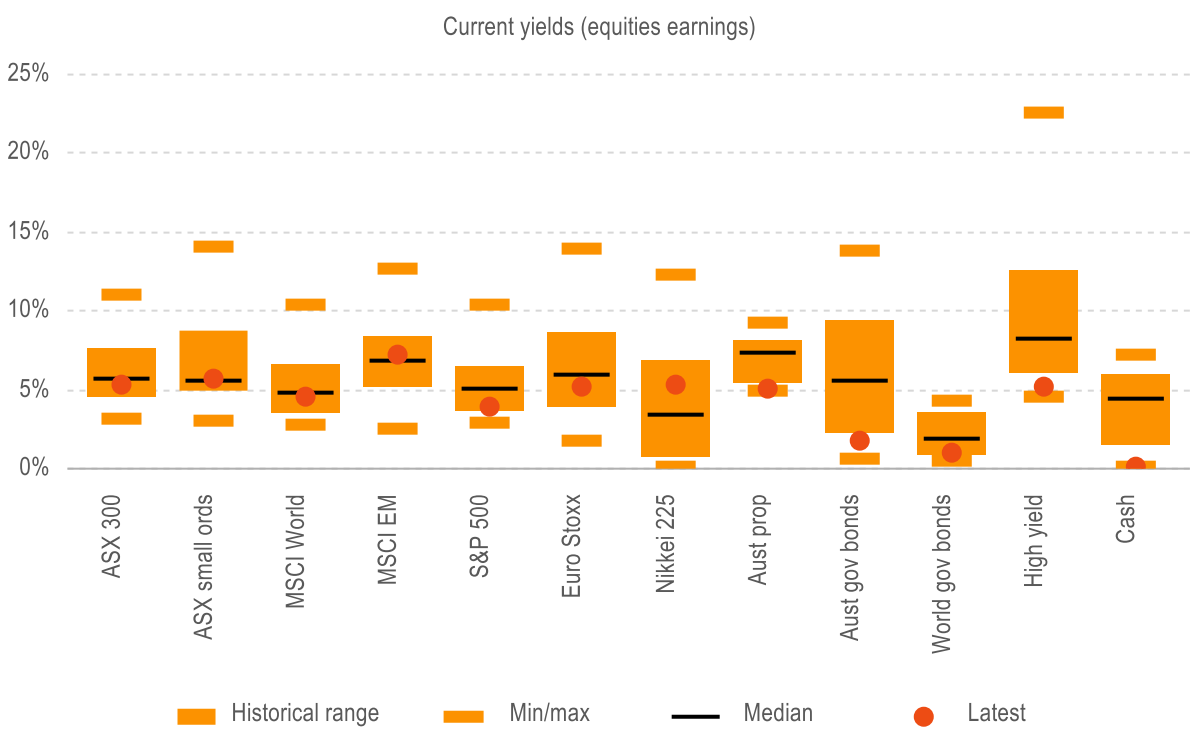
November 2021

	Index Value	Month	3 Months	FYTD	1 Year	5 Yr p.a.
 Australian Equities						
S&P/ASX 300 Accum. Index	7,272	-0.5%	-2.3%	1.3%	16.0%	10.3%
S&P/ASX 300 Accum. Industrials Index	11,420	-1.5%	-2.0%	3.2%	16.8%	9.5%
S&P/ASX 300 Accum. Resources Index	4,979	3.8%	-3.6%	-5.9%	12.3%	13.7%
ASX Small Caps Accum. Index	3,489	-0.3%	-1.5%	4.1%	18.4%	11.7%
 International Equities						
MSCI World Index (\$A)	4,899	3.6%	2.1%	9.4%	26.6%	15.6%
MSCI World Index (Hedged \$A)	4,143	-1.6%	-0.2%	4.3%	23.1%	13.7%
MSCI Emerging Markets Index (\$A)	1,235	1.6%	-4.1%	-5.7%	6.7%	10.4%
MSCI World ex-Aus Small Cap Index (\$A)	633	0.8%	-1.6%	2.8%	24.7%	13.0%
US (S&P 500 Index in USD)*	4,567	-0.8%	1.0%	6.3%	26.1%	15.8%
US Tech (NASDAQ Index in USD)*	15,538	0.3%	1.8%	7.1%	27.4%	23.9%
United Kingdom (FTSE 100 Index in GBP)*	7,059	-2.5%	-0.8%	0.3%	12.7%	0.8%
Japan (Nikkei 225 Index in JPY)*	27,822	-3.7%	-1.0%	-3.4%	5.3%	8.7%
Europe (Stoxx 50 Index in EUR)*	4,063	-4.4%	-3.2%	0.0%	16.3%	5.9%
China (Shanghai Composite Index in CNY)*	3,564	0.5%	0.6%	-0.8%	5.1%	1.9%
 AUD versus ...						
USD	0.71	-5.3%	-2.6%	-5.0%	-3.4%	-0.9%
JPY	81.15	-5.4%	0.7%	-2.3%	5.7%	-0.7%
GBP	0.54	-2.0%	0.9%	-1.2%	-3.2%	-2.2%
EUR	0.63	-2.3%	2.0%	0.0%	2.4%	-2.1%
 Real Assets						
ASX 300 Listed Property Trusts Accum. Index	1,692	4.0%	2.6%	9.6%	21.4%	10.2%
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,855	-1.5%	-1.5%	3.8%	24.5%	6.4%
MSCI Australia Infrastructure	1,207	2.2%	1.5%	5.9%	5.1%	4.6%
FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,397	-2.1%	-2.1%	1.9%	10.5%	8.8%
 Oil and Commodities						
Crude Oil (US\$/bbl)	66.2	-20.8%	-3.5%	-10.1%	46.0%	6.0%
Copper Spot (US\$/tonne)	9,516	-3.0%	-0.1%	1.8%	25.7%	10.4%
Gold Spot (US\$/ounce)	1,780	0.2%	-1.5%	0.8%	0.3%	8.7%
 Australian Fixed Interest						
Bloomberg AusBond Composite Index	10,382	2.1%	-3.0%	-1.2%	-3.2%	3.3%
Bloomberg AusBond Government Index	10,808	2.5%	-3.2%	-1.1%	-3.5%	3.4%
Bloomberg AusBond Corporate Index	10,901	1.1%	-2.5%	-1.5%	-1.8%	3.8%
Bloomberg AusBond Bank Bill Index	9,022	0.0%	0.0%	0.0%	0.0%	1.1%
 Global Fixed Interest						
FTSE WGBI ex-Aus (Hedged \$A)	2,612	1.2%	-0.1%	1.0%	-1.3%	3.3%
Barclay's Global Agg. Bond Index (Hedged \$A)	1,100	0.7%	-0.5%	0.5%	-0.8%	3.3%
 Fixed Income (yields) as at ...						
	Nov 2021	Oct 2021	Aug 2021	Jun 2021	Nov 2020	Nov 2016
Australia Bank Bill	0.02	0.01	0.01	0.01	0.02	1.61
Australia 10-Year Government Bond	1.73	2.07	1.16	1.51	0.91	2.74
US 10-Year Government Bond	1.44	1.56	1.30	1.44	0.84	2.37
UK 10-Year Government Bond	0.81	1.03	0.62	0.72	0.31	1.42
Germany 10-Year Government Bond	-0.34	-0.15	-0.38	-0.20	-0.57	0.28
Japan 10-Year Government Bond	0.06	0.09	0.02	0.05	0.03	0.02

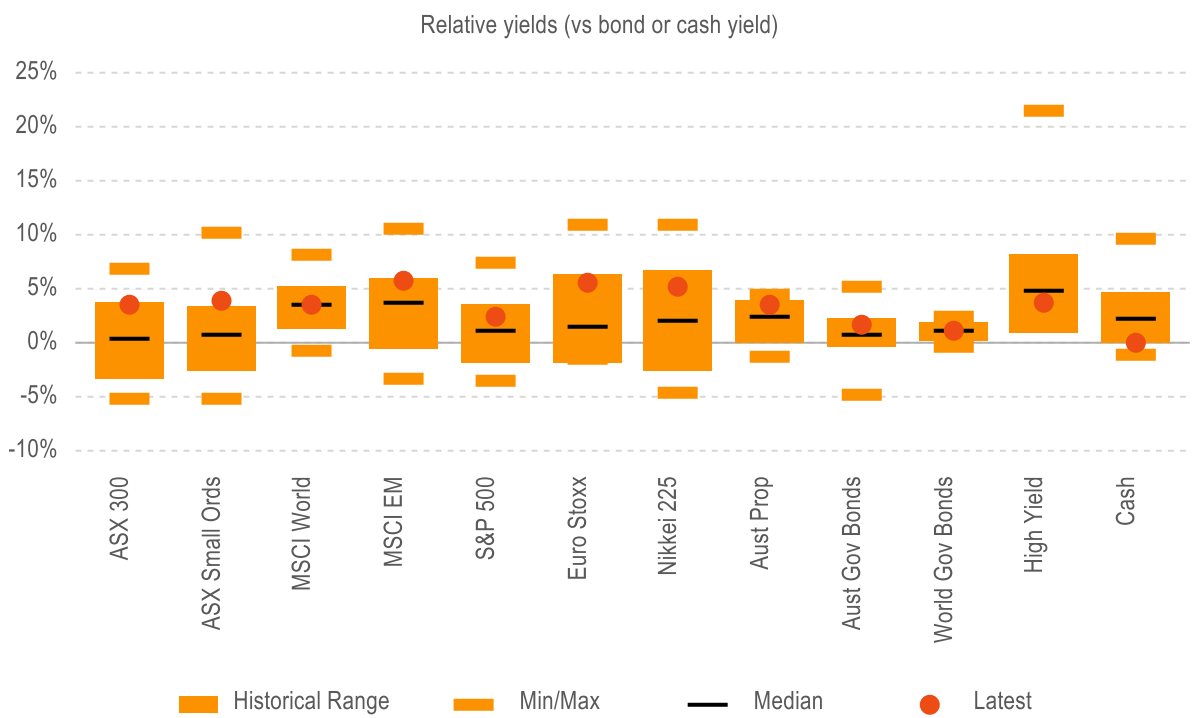
Source: Refinitiv Datastream

*Price Index

Asset class yields relative to history

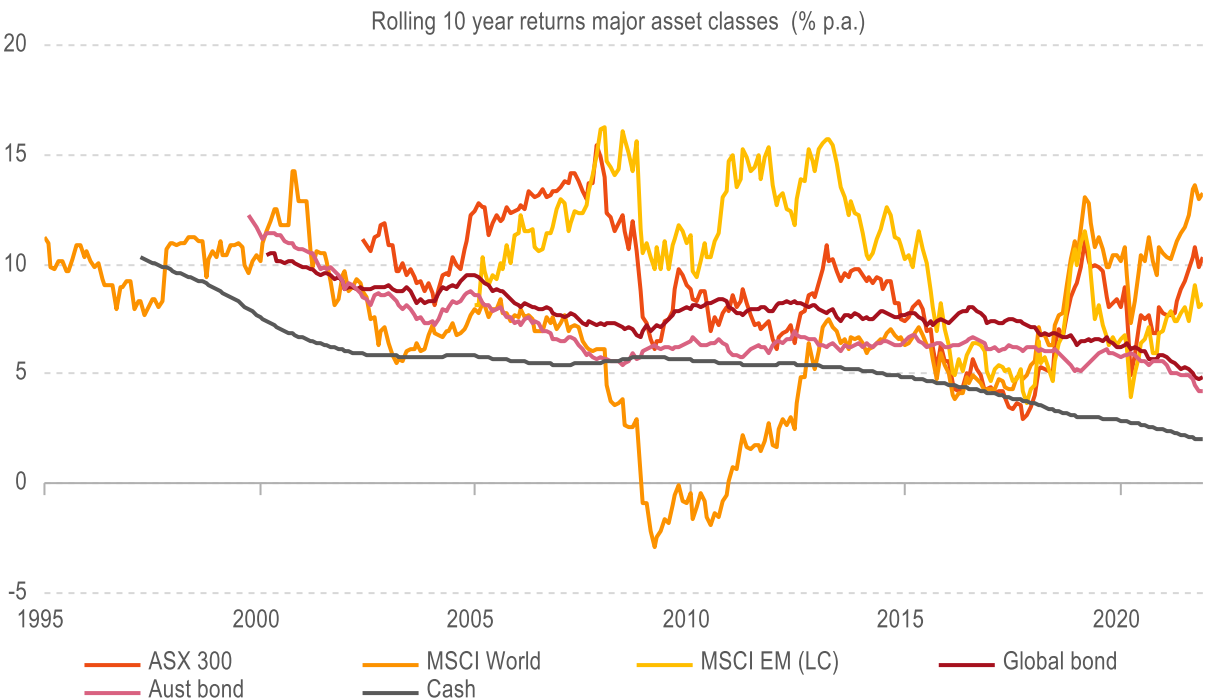


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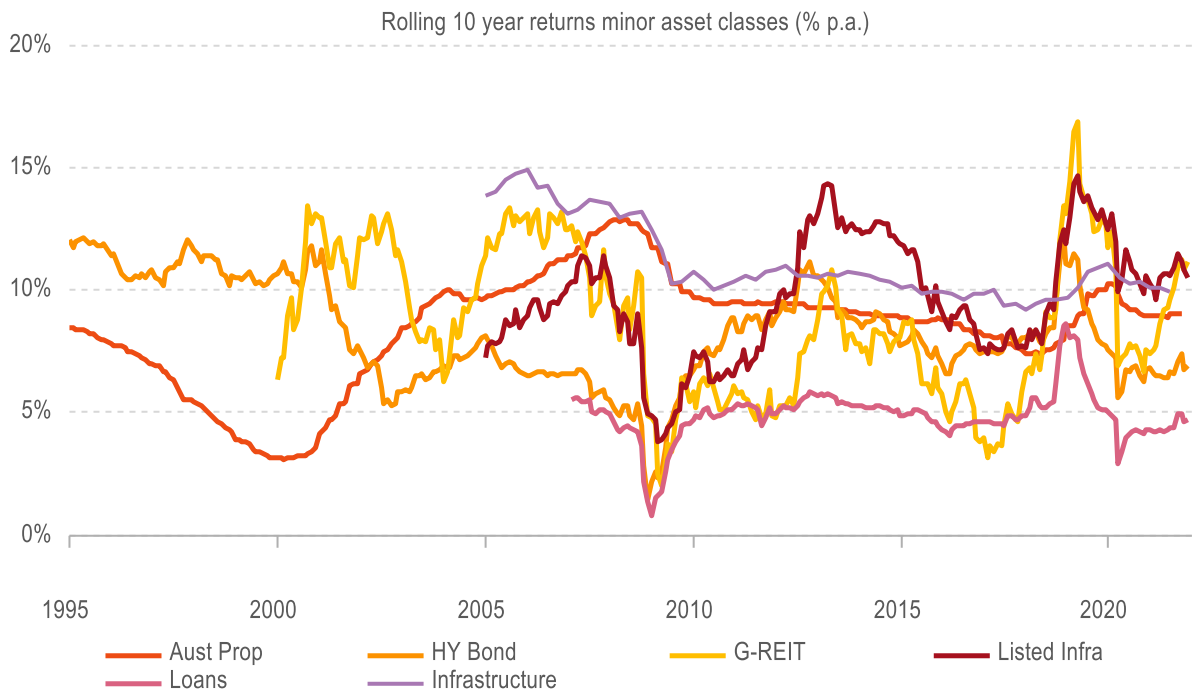


Source: Refinitiv Datastream

Asset class long-term returns

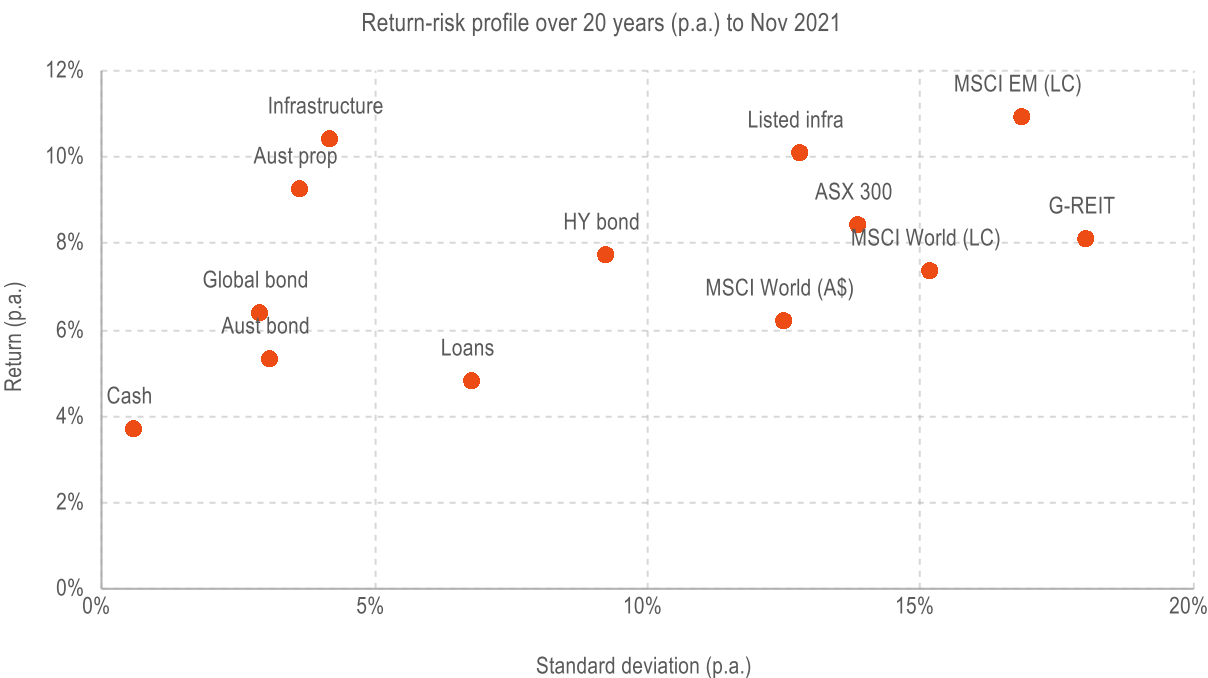
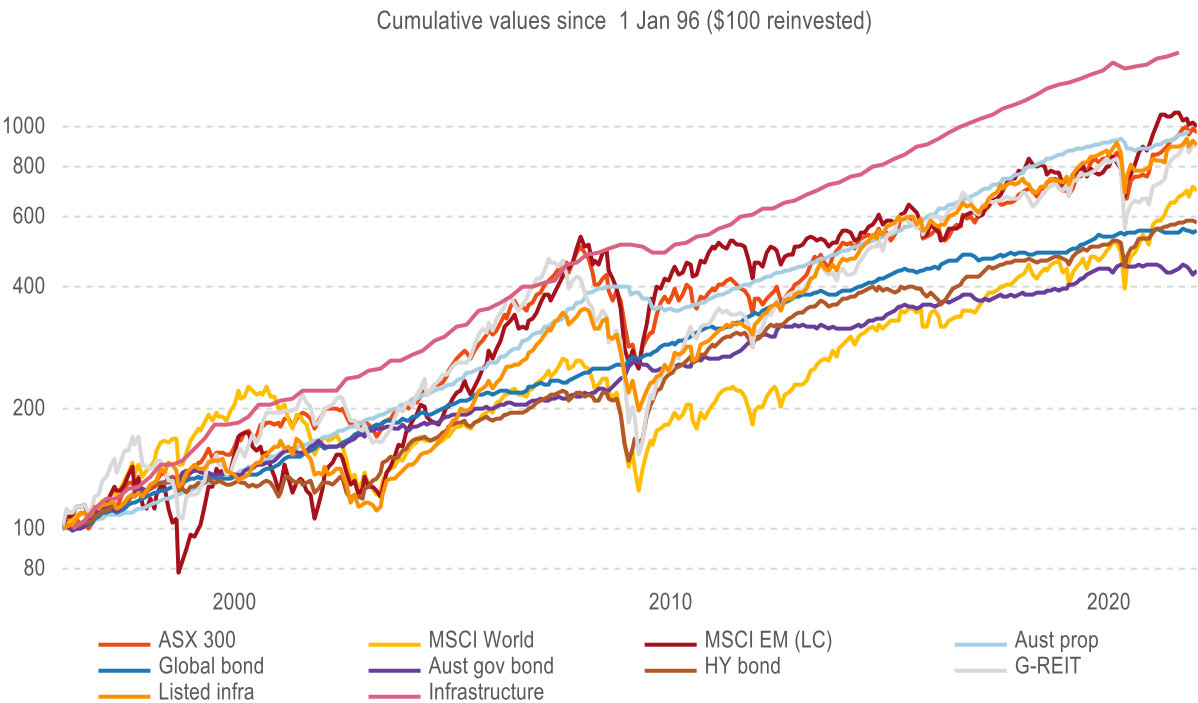


Source: Refinitiv Datastream



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Asset class long-term returns



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