

Monthly Market Snapshot

November 2023

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

Market commentary

November saw a broadly positive market performance, with inflation moderating further across developed markets and softened expectations for further policy tightening. However, some risks persisted, including signs of cooling US growth, volatile oil prices linked to Middle East tensions and the associated uncertainty to the inflation outlook in the short term.

Global equities produced strong returns with declining inflation and resilient economic data, especially in growth stocks and the technology sector. Corporate earnings remain resilient and market expectations for future earnings are still generally positive.

US inflation eased, with the headline and core inflation rate decelerating more than expected, which supported equity prices and eased the upward pressure on bond yields. Softer inflation, primarily driven by falling energy and gasoline prices, led to reduced expectations of a final interest rate hike by the Federal Reserve. However, there were signs of cooling growth, with modest rises in jobless claims, uptick in credit card delinquencies, and a slight fall in retail spending in October, which could be a sign of further moderation to follow in household consumption.

Japanese equities have experienced significant growth in November. Increased foreign inflows, improved corporate earnings, expectations of an end to the negative interest rate policy, and reforms in corporate governance have contributed to the rally. The bullish outlook is influenced by Warren Buffett's Berkshire Hathaway's strategy to invest heavily in Japanese stocks. European equities also produced strong returns, propelled by sharp rises in miners and as Euro Zone bond yields continued to fall amid growing expectations of interest rate cuts.

Emerging market equities showed positive trends. Despite the persistent weakness in the domestic economy, Chinese equities produced mild positive returns, helped by the announcement of various fiscal stimulus measures by the Chinese government aimed at reviving economic activity.

Government bonds retraced some of the recent

losses, bolstered by hopes of central banks nearing the end of their tightening cycles and eased concerns over a potential US government shutdown. US government bond yields fell sharply and the high-yield bond spreads tightened over the month. The entire fixed income market benefited from these developments.

Commodity prices have been volatile since the start of the Israel/Hamas conflict. In November, Brent crude oil prices fell to below \$80 per barrel, influenced by increased US supply and OPEC+ members' doubts over OPEC+ announced voluntary supply cuts.

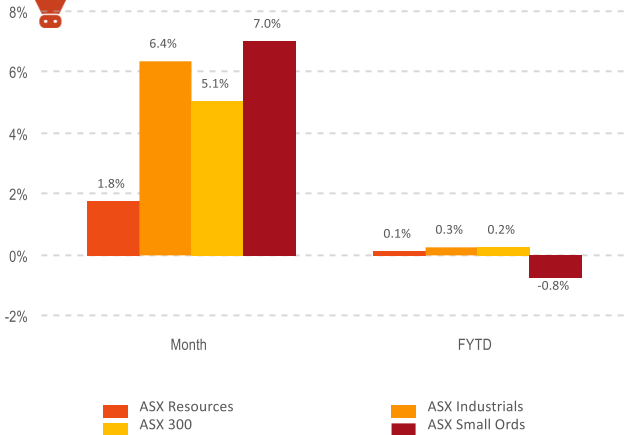
The Australian dollar appreciated against the US dollar in November. The AUD/USD pair likely benefitted from a reduced interest rate differential following the RBA's rate increase in November, and potentially China's announcement of stimulus measures.

Listed property and infrastructure produced large positive returns in November, along with broader equity markets. Australian residential property prices continued to increase and reversed previous falls.

November 2023



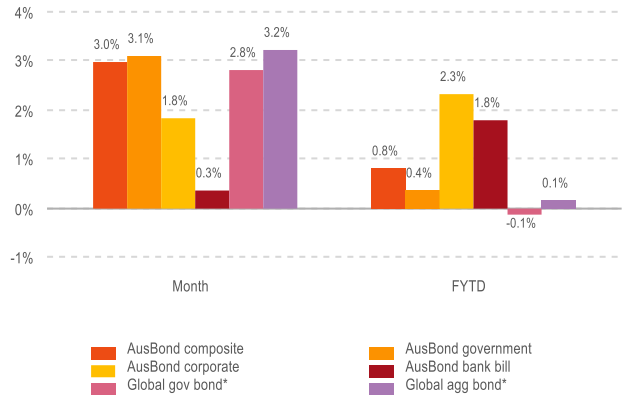
Australian equities



Source: LSEG Datastream



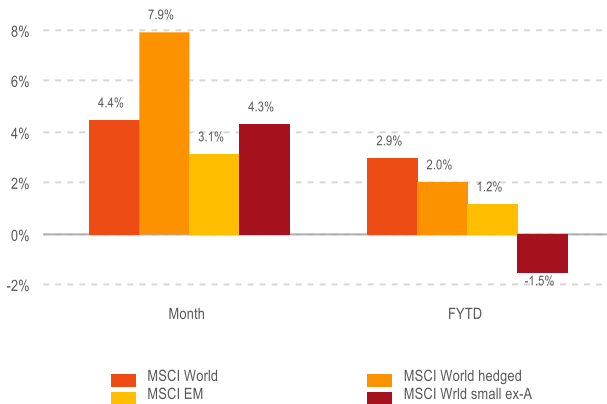
Fixed income



Source: LSEG Datastream



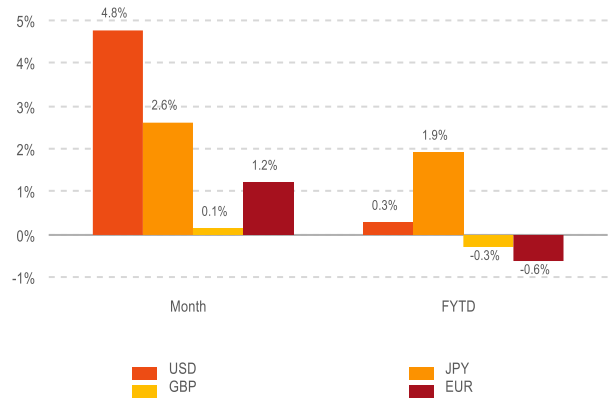
International equities (\$A)



Source: LSEG Datastream



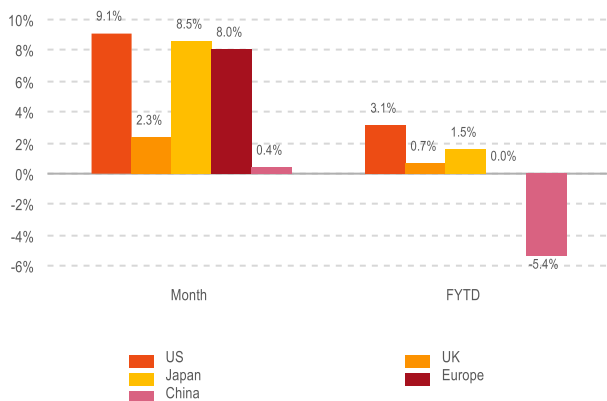
Australian dollar



Source: LSEG Datastream



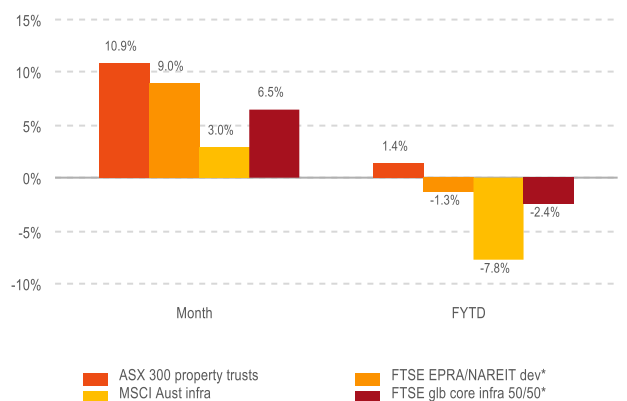
International equities



Source: LSEG Datastream











Real assets



Source: LSEG Datastream *Hedged A\$

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

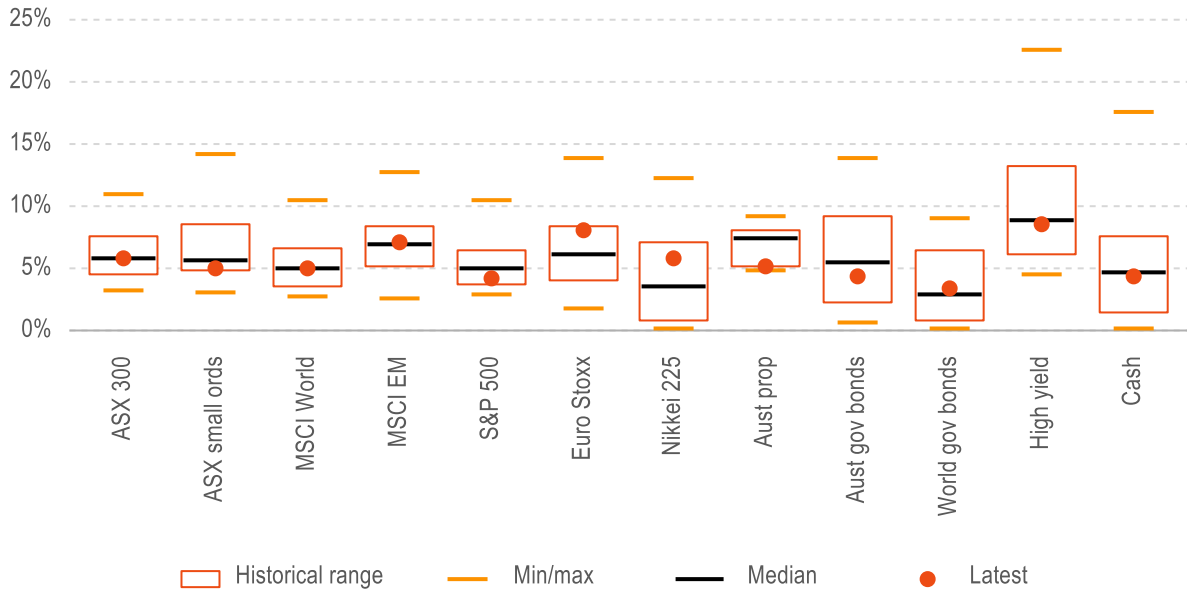
November 2023

	Index Value	Month	3 Months	FY24	1 Year	5 Yr p.a.	
Australian Equities							
	S&P/ASX 300 Accum. Index	7,039	5.1%	-1.8%	0.2%	8.7%	
	S&P/ASX 300 Accum. Industrials Index	10,439	6.4%	-2.4%	0.3%	6.9%	
	S&P/ASX 300 Accum. Resources Index	5,864	1.8%	-0.3%	0.1%	14.9%	
	ASX Small Caps Accum. Index	2,739	7.0%	-2.9%	-0.8%	4.0%	
International Equities							
	MSCI World Index (\$A)	5,107	4.4%	-0.7%	2.9%	12.1%	
	MSCI World Index (Hedged \$A)	4,141	7.9%	1.1%	2.0%	8.9%	
	MSCI Emerging Markets Index (\$A)	1,075	3.1%	-1.3%	1.2%	4.3%	
	MSCI World ex-Aus Small Cap Index (\$A)	584	4.3%	-5.0%	-1.5%	7.8%	
	US (S&P 500 Index in USD)*	4,568	8.9%	1.3%	2.6%	10.6%	
	US Tech (NASDAQ Index in USD)*	14,226	10.7%	1.4%	3.2%	14.2%	
	United Kingdom (FTSE 100 Index in GBP)*	7,454	1.8%	0.2%	-1.0%	1.3%	
	Japan (Nikkei 225 Index in JPY)*	33,487	8.5%	2.7%	0.9%	8.4%	
	Europe (Stoxx 50 Index in EUR)*	4,382	7.9%	2.0%	-0.4%	6.7%	
	China (Shanghai Composite Index in CNY)*	3,030	0.4%	-2.9%	-5.4%	3.2%	
AUD versus ...							
	USD	0.66	4.8%	2.5%	0.3%	-1.9%	
	JPY	97.77	2.6%	3.3%	1.9%	3.3%	
	GBP	0.52	0.1%	2.6%	-0.3%	-1.8%	
	EUR	0.61	1.2%	2.0%	-0.6%	-1.1%	
Real Assets							
	ASX 300 Listed Property Trusts Accum. Index	1,370	10.9%	-4.5%	1.4%	4.5%	
	FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,398	9.0%	-1.7%	-1.3%	-0.9%	
	MSCI Australia Infrastructure	1,163	3.0%	-3.6%	-7.8%	5.4%	
	FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,229	6.5%	0.9%	-2.4%	4.3%	
Oil and Commodities							
	Crude Oil (US\$/bbl)	75.6	-7.4%	-9.6%	7.0%	8.2%	
	Copper Spot (US\$/tonne)	8,388	4.5%	-0.2%	0.8%	6.1%	
	Gold Spot (US\$/ounce)	2,038	2.1%	4.9%	6.4%	10.8%	
Australian Fixed Interest							
	Bloomberg AusBond Composite Index	9,600	3.0%	-0.5%	0.8%	0.4%	
	Bloomberg AusBond Government Index	9,839	3.1%	-0.7%	0.4%	0.2%	
	Bloomberg AusBond Corporate Index	10,657	1.8%	0.5%	2.3%	1.8%	
	Bloomberg AusBond Bank Bill Index	9,456	0.3%	1.0%	1.8%	1.4%	
Global Fixed Interest							
	Bloomberg Global Gov. Bond Index (Hedge \$A)	339	2.8%	0.4%	-0.1%	0.0%	
	Bloomberg Global Agg. Bond Index (Hedge \$A)	982	3.2%	0.5%	0.1%	0.2%	
Fixed Income (yields) as at ...							
		Nov 2023	Oct 2023	Aug 2023	Jun 2023	Nov 2022	Nov 2018
	Australia Bank Bill	4.29	4.17	4.05	4.14	2.95	1.88
	Australia 10-Year Government Bond	4.39	4.94	4.04	4.00	3.54	2.59
	US 10-Year Government Bond	4.34	4.91	4.10	3.81	3.70	3.01
	UK 10-Year Government Bond	4.18	4.52	4.36	4.39	3.16	1.37
	Germany 10-Year Government Bond	2.45	2.81	2.47	2.39	1.95	0.31
	Japan 10-Year Government Bond	0.67	0.95	0.64	0.40	0.25	0.09

*Price Index

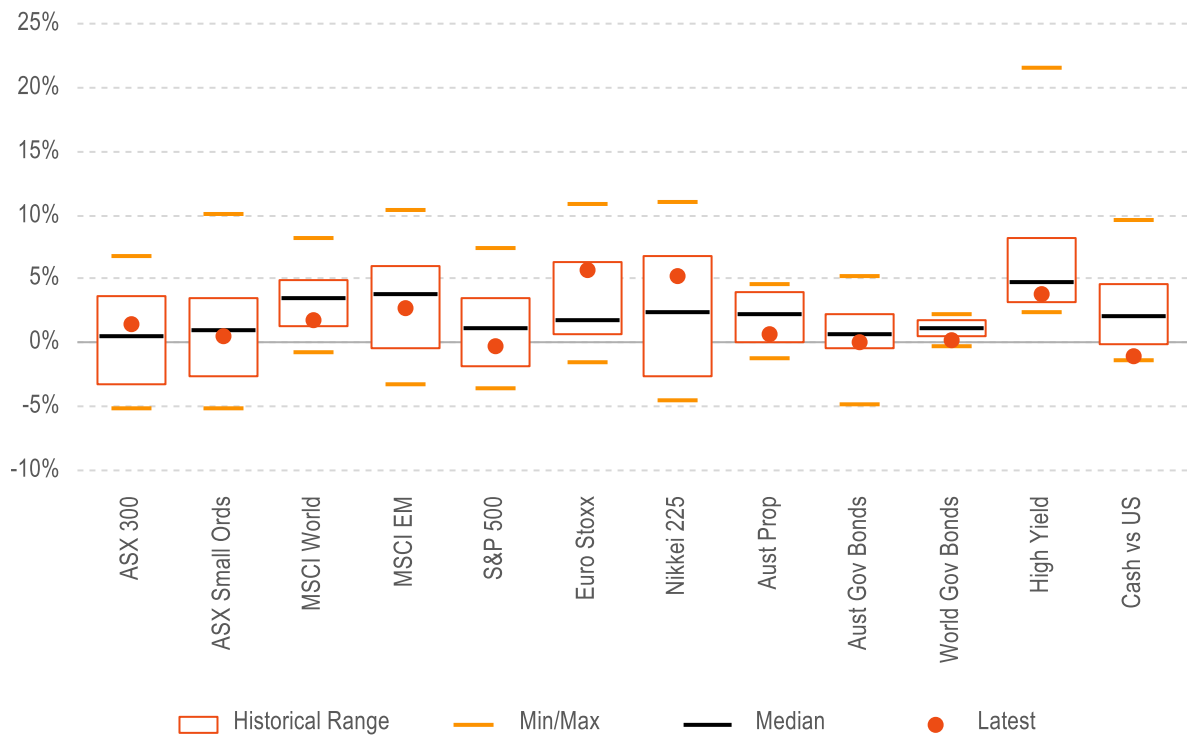
Asset class yields relative to history

Yields (equities earnings) at Nov 2023



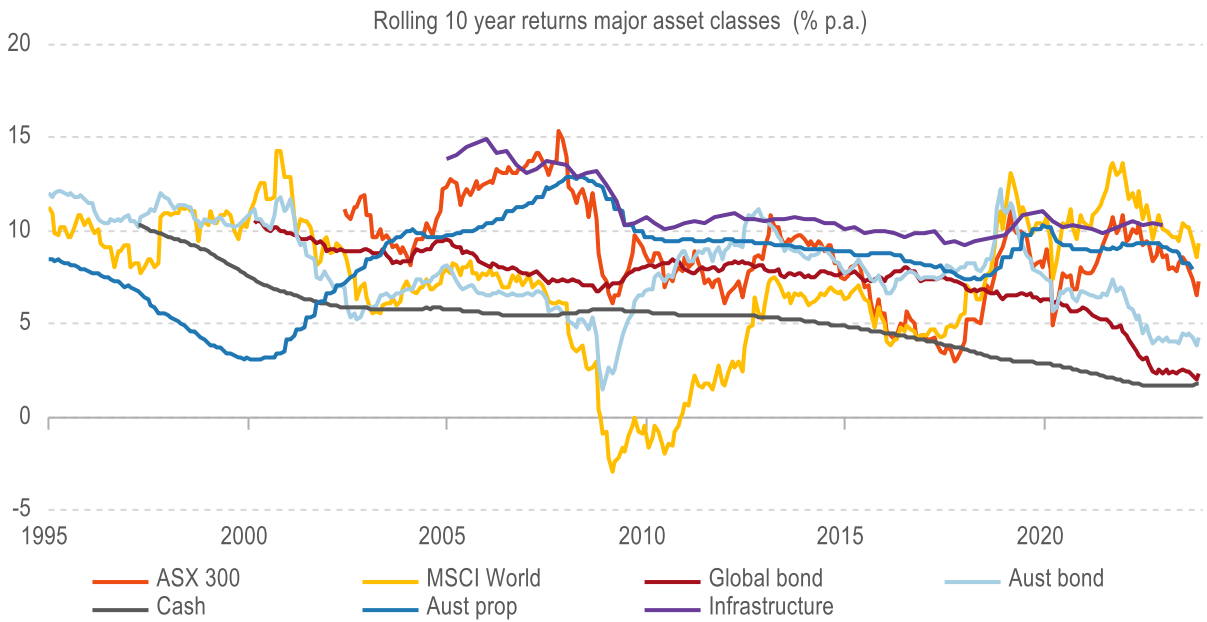
Source: LSEG Datastream

Relative yields (vs bond or cash yield) at Nov 2023

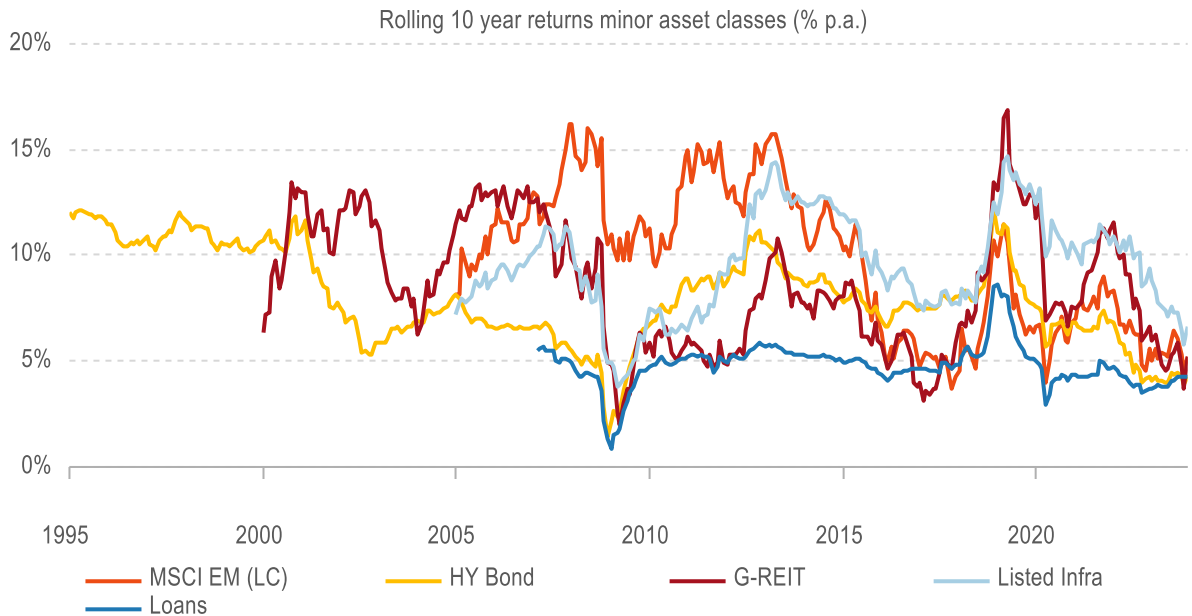


Source: LSEG Datastream

Asset class long-term returns

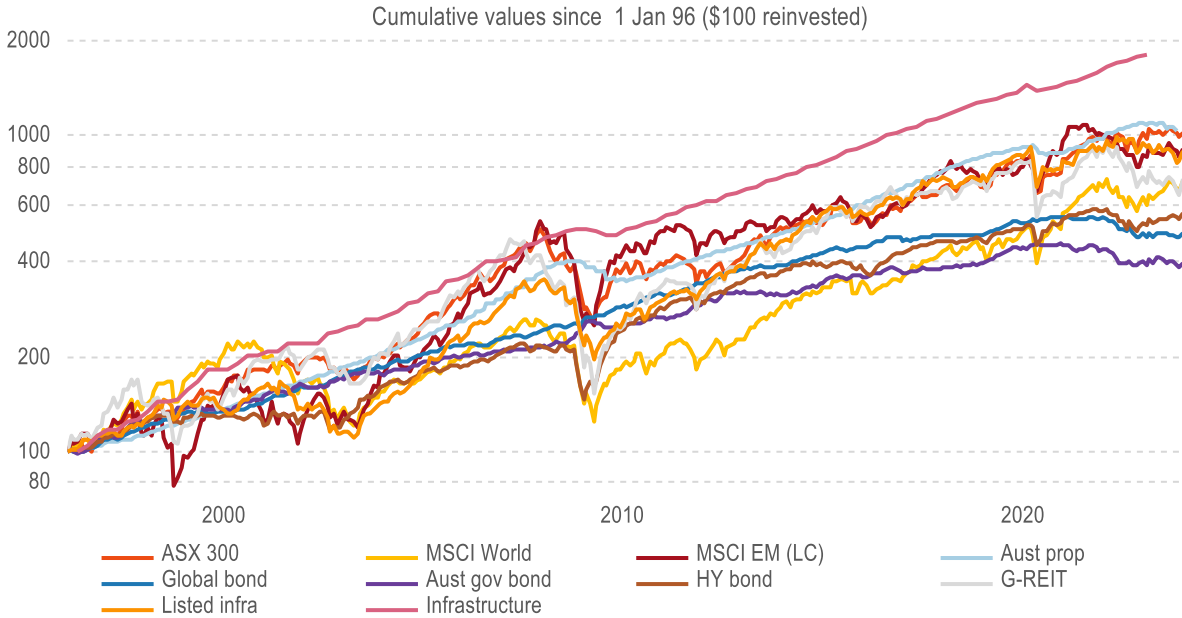


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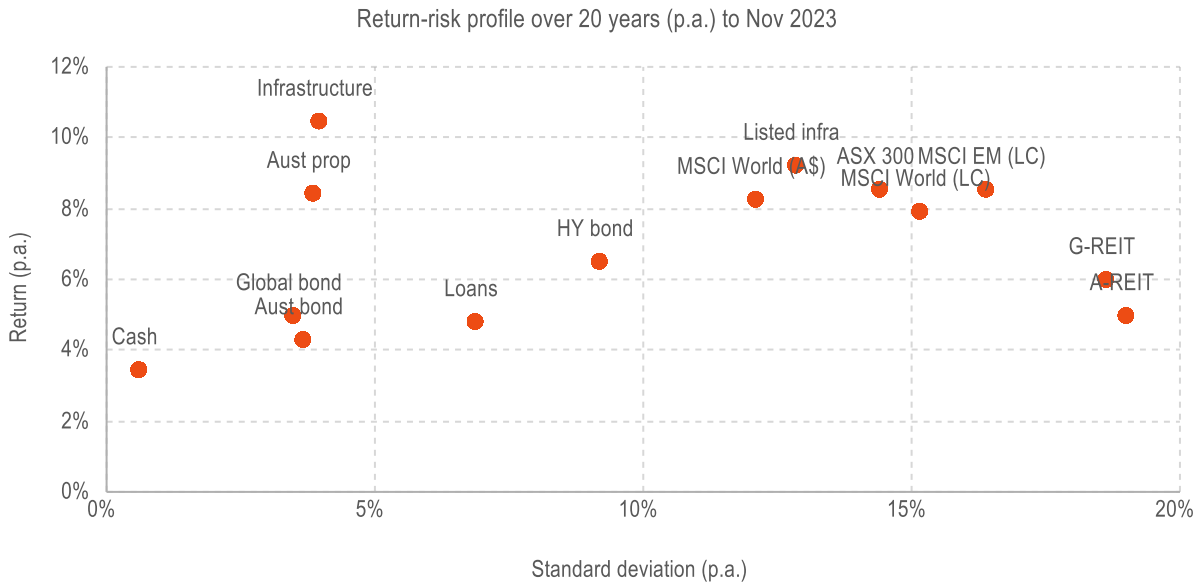


Source: LSEG Datastream

Asset class long-term returns



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