

# Monthly Market Snapshot

October 2024

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

# Market commentary

In October, global markets faced uncertainties as pre-US election positioning, rising bond yields, and mixed economic signals impacted market sentiment.

Most equity indices posted small losses in Australian dollar hedged terms. The US equity market fell, in part reflecting cautious positioning ahead of the upcoming US presidential election. Offsetting that, economic data pointed to resilience in the US economy, backed by employment and wage growth, services demand and stable household consumption, despite consumer confidence remaining low. The US Federal Reserve's transition to cutting rates has reduced fears of a US recession, and fiscal policy has been expansionary on balance.

European equity markets experienced a larger fall, impacted by softer economic data and broader concerns about regional growth. In contrast, Japan's equity market saw modest gains, benefiting from a shift in investor sentiment following the election results.

Australian equities fell, impacted mainly by the Resources sector. Australian equities stumbled as third-quarter core inflation data signaled that the Reserve Bank of Australia may hold off on interest rate cuts longer than anticipated. In Australia, the headline inflation rate remains higher than in other advanced economies.

Emerging market equities produced small positive returns, impacted by the Chinese market which gave back some of the previous month's very strong returns. The lack of details in Chinese fiscal stimulus announcements led the market sentiment to turn more cautious.

Bond markets produced negative returns as government bond yields surged. US 10-year Treasury yields increased by around 50 basis points. Australian 10-year government bond yields also moved materially higher. This shift reflected investor reassessments of growth and the inflation outlook, as well as uncertainties ahead of the US presidential election.

Commodity prices were volatile for the month. Copper prices rallied initially in response to

stimulus measures in China, but the rally was tempered as questions emerged over the scale and long-term effects of the policies. Gold prices have risen sharply in 2024 and extended the rally in October, driven by rising geopolitical risks and expectations for US Federal Reserve rate cuts.

Most central banks have transitioned to cutting rates as the inflation outlook has improved. The US Federal Reserve cut its policy rate in September and futures pricing is indicative of further rate cuts in 2025, while the ECB and Bank of Canada have delivered multiple rate cuts since June. The Reserve Bank of Australia has retained a more hawkish posture. Current market pricing indicates rate cuts are not expected until 2025.

The Australian dollar fell against the US dollar, reflecting weaker growth sentiment. The US dollar strengthened, fueled by adjustments in expectations for US monetary policy settings and the relative differential in rate paths across other major central banks.

Listed property and listed infrastructure sectors experienced negative returns, impacted by the rising bond yields.

# October 2024



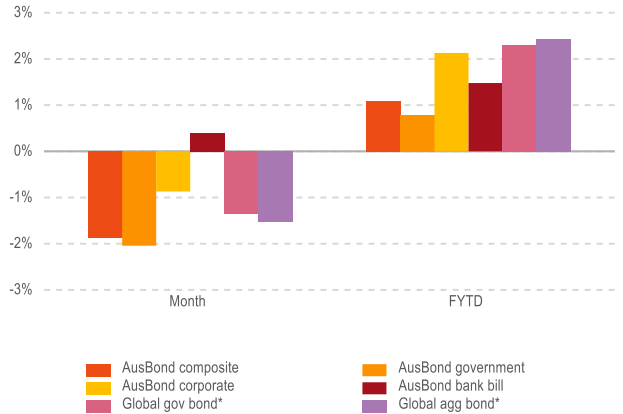
## Australian equities



Source: LSEG Datastream



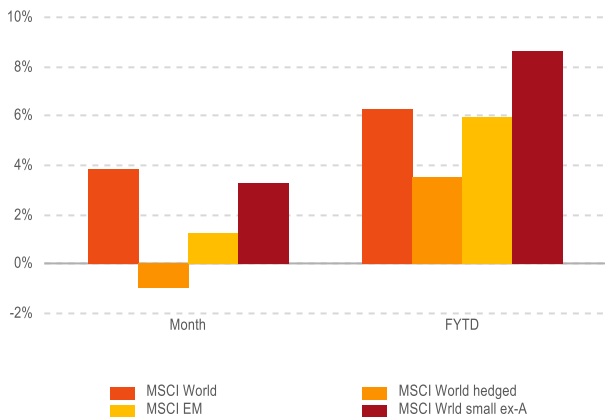
## Fixed income



Source: LSEG Datastream



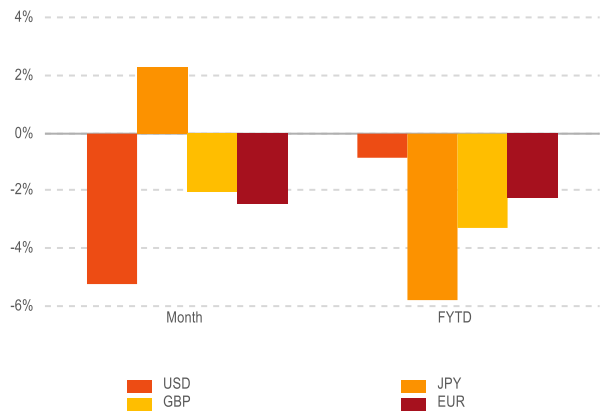
## International equities (\$)



Source: LSEG Datastream



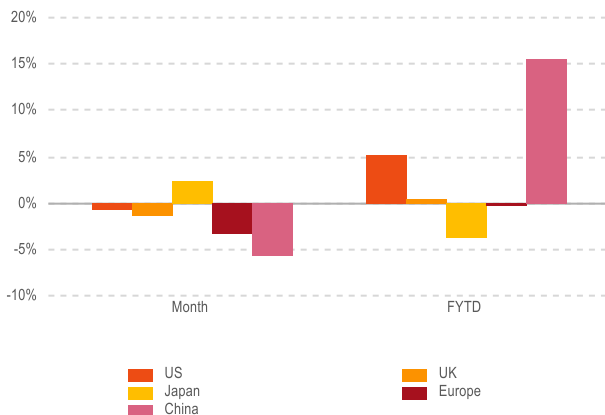
## Australian dollar



Source: LSEG Datastream



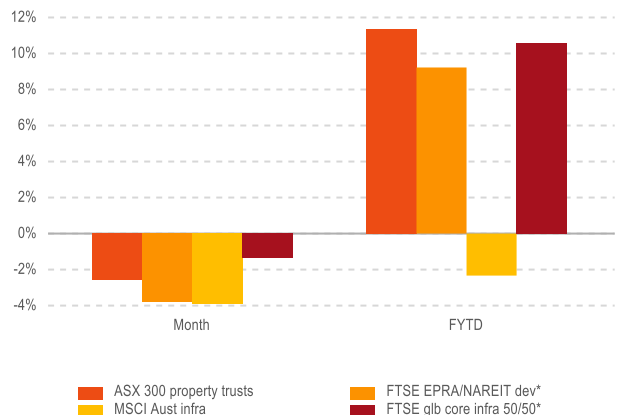
## International equities



Source: LSEG Datastream



## Real assets



Source: LSEG Datastream \*Hedged A\$

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



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