

Monthly Market Snapshot

September 2022

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

Market commentary

The month of September witnessed global selloffs in risk assets in response to interest rate hikes, escalating Russia-Ukraine war, deepening energy crisis and European fiscal stimulus. Concerns about the outlook for the global economy continued to weigh on the markets amid worries that the increasing interest rates around the world will lead to a global recession.

In the US, latest data indicates a slowing yet resilient economy. While headline inflation has come down, core inflation remains elevated. Job growth decelerated a little but remained strong. Although consumer confidence has fallen, spending demand is holding up to date.

Even though natural gas prices fell sharply in recent weeks, Europe faces a worsening energy crisis. Gas shipments from Russia remain very low and uncertainty continues regarding Russian intentions during the coming cold winter months.

Stocks across the world took heavy losses as the US Federal Reserve continuing to raise interest rates sharply destabilised global markets. The US equity market (S&P 500 Index) broke below its mid-June lows and fell back to November 2020 levels, producing a large negative return for the month. Equity markets in general globally produced negative returns in September.

Australian equities also produced a negative return over the month as the market fell to a three-month low. Among the sectors losing ground were real estate, utilities, technology and financial stocks.

Economic activity in China is still weak, given the continued restrictive policy regarding COVID-19. The latest data shows some recovery in retail spending, infrastructure investment and industrial production, but some leading indicators are still in contractionary territory and the housing sector has deteriorated further. Chinese and emerging market equities produced negative returns in September.

Market pricing is forecasting further interest rate hikes and the Fed has advised that it will likely continue to tread an aggressive path of rate rises. This has led to soaring bond yields causing negative returns for bonds. However, in Japan, the Bank of Japan reiterated dovishness and said it was appropriate to persistently continue with monetary easing to support Japan's economy and will ease further if needed.

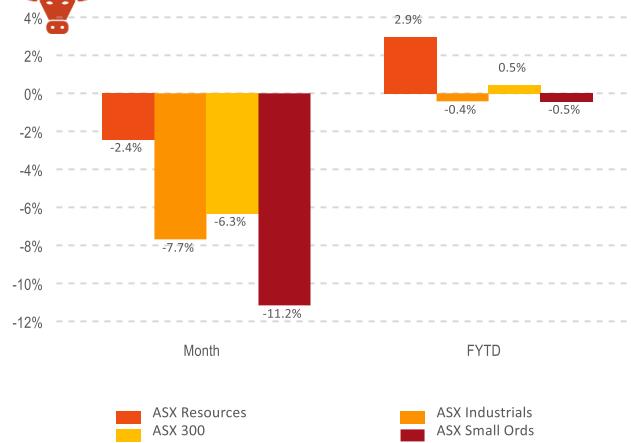
The US dollar continued its ongoing rally, putting more pressure on emerging markets currencies as well as the Japanese Yen and the Euro. Pressured by the weakening currency, Japan and other Asian countries reportedly conducted intervention in markets to support their currencies. The UK announced a series of tax cuts and energy package that fueled concerns about sprawling inflation and contributed to volatility in the GBP. The Australian dollar depreciated against each of the major currencies over the month, thanks to international central banks becoming more hawkish and recent turmoil in global financial markets.

Listed real assets, property and infrastructure, produced a negative return in September in response to rising bond yields and decreasing property prices.

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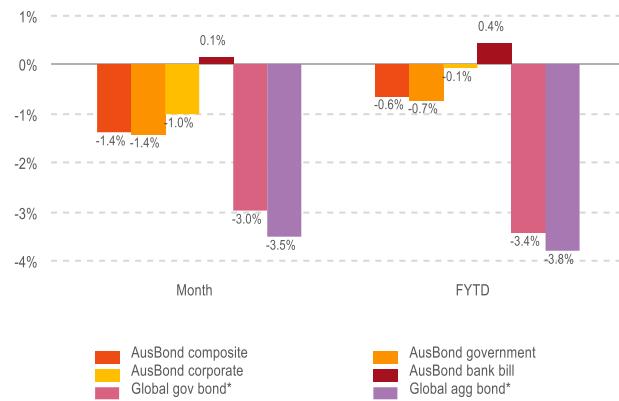
Australian equities



Source: Refinitiv Datastream



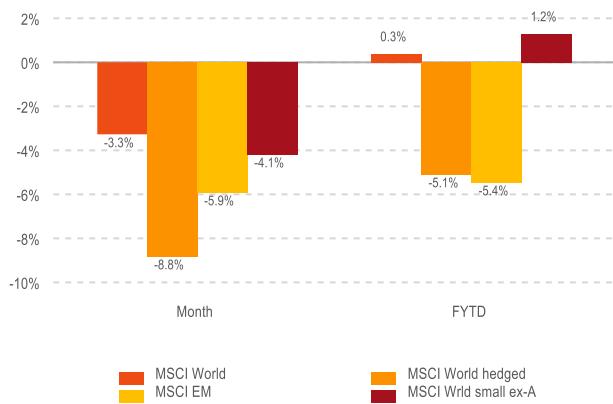
Fixed income



Source: Refinitiv Datastream



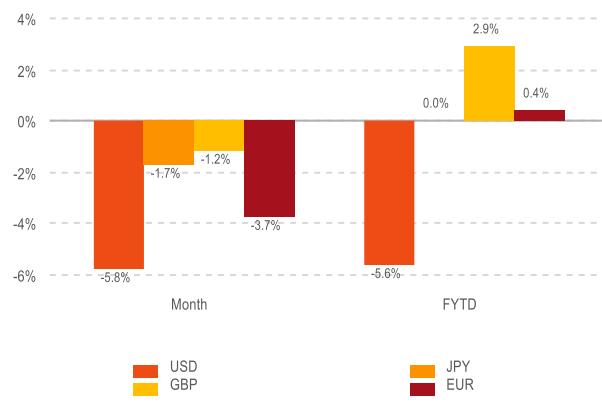
International equities (\$A)



Source: Refinitiv Datastream



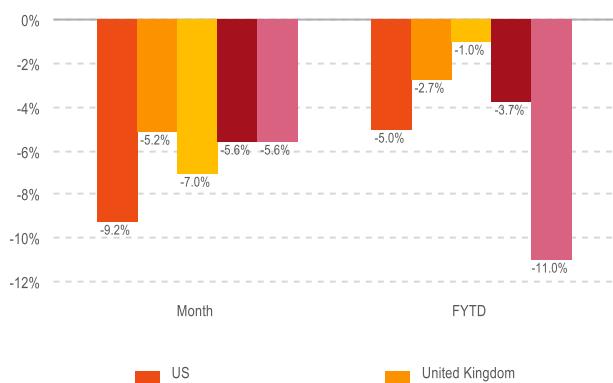
Australian dollar



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

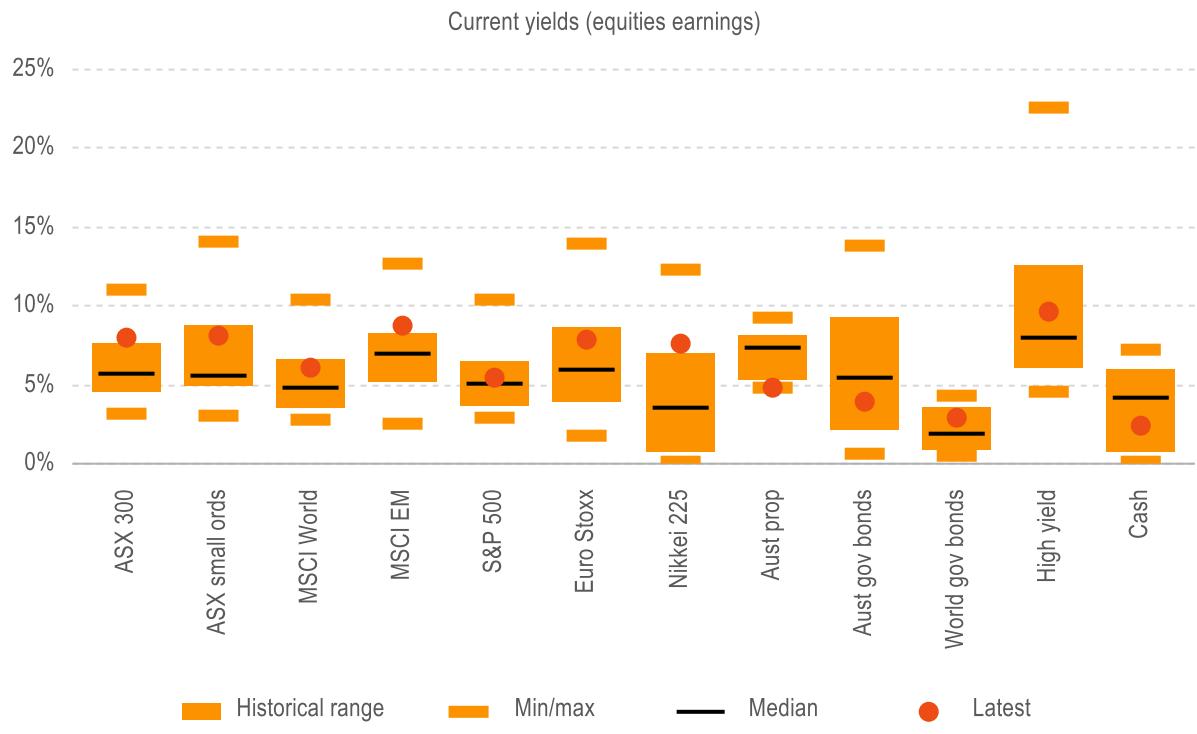
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	Index Value	Month	3 Months	FYTD	1 Year	5 Yr p.a.
Australian Equities						
 S&P/ASX 300 Accum. Index	6,457	-6.3%	0.5%	0.5%	-8.0%	6.8%
S&P/ASX 300 Accum. Industrials Index	9,697	-7.7%	-0.4%	-0.4%	-13.8%	5.1%
S&P/ASX 300 Accum. Resources Index	5,203	-2.4%	2.9%	2.9%	16.4%	13.7%
ASX Small Caps Accum. Index	2,616	-11.2%	-0.5%	-0.5%	-22.6%	4.1%
International Equities						
 MSCI World Index (\$A)	4,143	-3.3%	0.3%	0.3%	-9.7%	9.6%
MSCI World Index (Hedged \$A)	3,306	-8.9%	-5.1%	-5.1%	-17.3%	5.3%
MSCI Emerging Markets Index (\$A)	983	-5.9%	-5.4%	-5.4%	-19.2%	2.2%
MSCI World ex-Aus Small Cap Index (\$A)	524	-4.1%	1.2%	1.2%	-15.8%	6.5%
US (S&P 500 Index in USD)*	3,586	-9.3%	-5.3%	-5.3%	-16.8%	7.3%
US Tech (NASDAQ Index in USD)*	10,576	-10.5%	-4.1%	-4.1%	-26.8%	10.2%
United Kingdom (FTSE 100 Index in GBP)*	6,894	-5.4%	-3.8%	-3.8%	-2.7%	-1.3%
Japan (Nikkei 225 Index in JPY)*	25,937	-7.7%	-1.7%	-1.7%	-11.9%	5.0%
Europe (Stoxx 50 Index in EUR)*	3,318	-5.7%	-4.0%	-4.0%	-18.0%	-1.6%
China (Shanghai Composite Index in CNY)*	3,024	-5.6%	-11.0%	-11.0%	-15.2%	-2.0%
AUD versus ...						
 USD	0.65	-5.8%	-5.6%	-5.6%	-9.8%	-3.7%
JPY	93.95	-1.7%	0.0%	0.0%	16.6%	1.2%
GBP	0.58	-1.2%	2.9%	2.9%	8.8%	0.0%
EUR	0.66	-3.7%	0.4%	0.4%	6.5%	-0.1%
Real Assets						
 ASX 300 Listed Property Trusts Accum. Index	1,226	-13.6%	-6.9%	-6.9%	-21.1%	3.1%
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,397	-11.8%	-10.5%	-10.5%	-19.7%	-0.5%
MSCI Australia Infrastructure	1,117	-11.8%	-10.8%	-10.8%	-4.8%	3.5%
FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,250	-10.8%	-7.4%	-7.4%	-2.7%	4.7%
Oil and Commodities						
 Crude Oil (US\$/bbl)	79.9	-11.2%	-25.7%	-25.7%	6.3%	9.1%
Copper Spot (US\$/tonne)	7,683	-2.1%	-6.9%	-6.9%	-14.1%	3.6%
Gold Spot (US\$/ounce)	1,674	-2.6%	-7.4%	-7.4%	-4.9%	5.5%
Australian Fixed Interest						
 Bloomberg AusBond Composite Index	9,347	-1.4%	-0.6%	-0.6%	-11.4%	0.8%
Bloomberg AusBond Government Index	9,676	-1.4%	-0.7%	-0.7%	-11.8%	0.8%
Bloomberg AusBond Corporate Index	10,074	-1.0%	-0.1%	-0.1%	-9.2%	1.5%
Bloomberg AusBond Bank Bill Index	9,068	0.1%	0.4%	0.4%	0.5%	0.9%
Global Fixed Interest						
 Bloomberg Global Gov. Bond Index (Hedge \$A)	333	-3.0%	-3.4%	-3.4%	-11.4%	0.0%
Bloomberg Global Agg. Bond Index (Hedge \$A)	955	-3.5%	-3.8%	-3.8%	-12.8%	-0.2%
Fixed Income (yields) as at ...						
 Australia Bank Bill	2.71	2.04	1.14	1.14	0.01	1.60
Australia 10-Year Government Bond	3.95	3.61	3.69	3.69	1.49	2.84
US 10-Year Government Bond	3.80	3.13	2.97	2.97	1.53	2.33
UK 10-Year Government Bond	4.09	2.80	2.24	2.24	1.02	1.37
Germany 10-Year Government Bond	2.11	1.53	1.37	1.37	-0.19	0.46
Japan 10-Year Government Bond	0.25	0.23	0.23	0.23	0.06	0.06

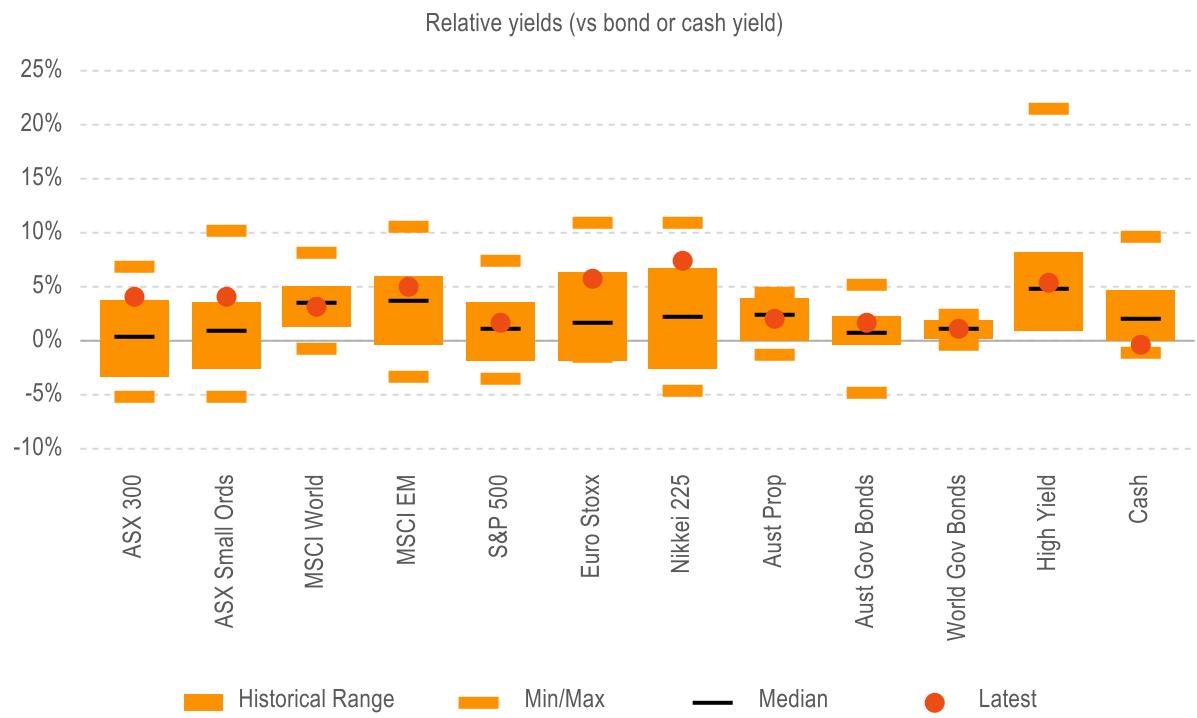
Source: Refinitiv Datastream

*Price Index

Asset class yields relative to history

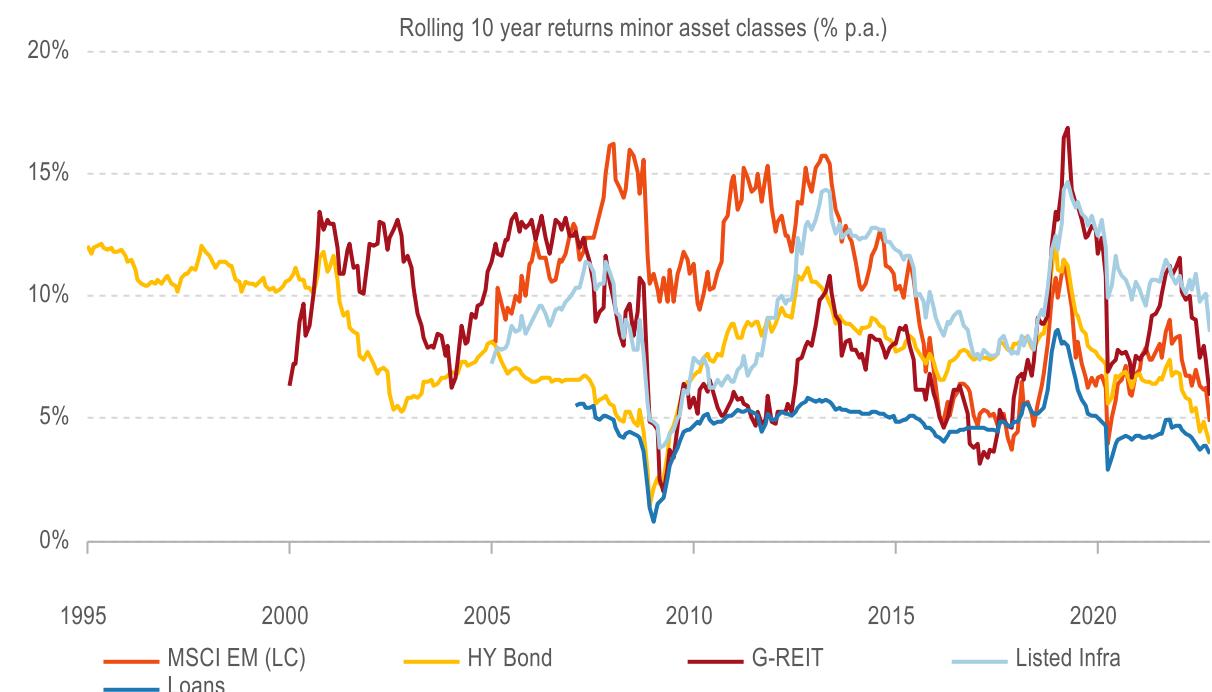
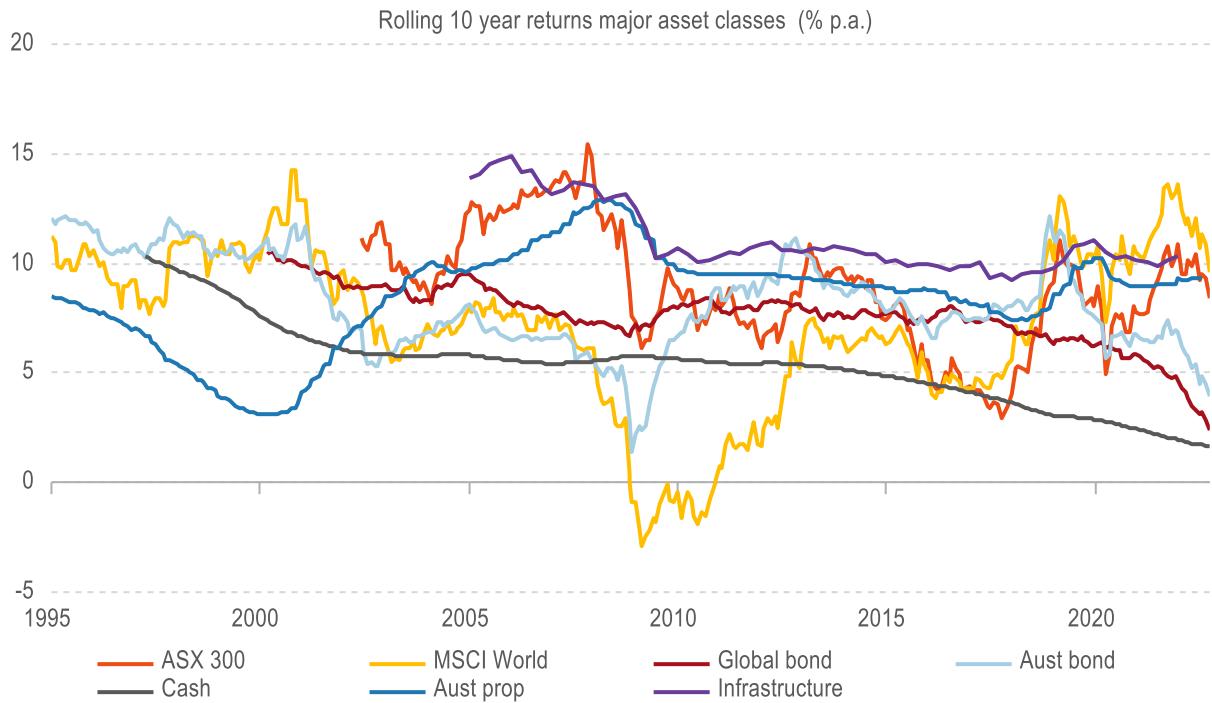


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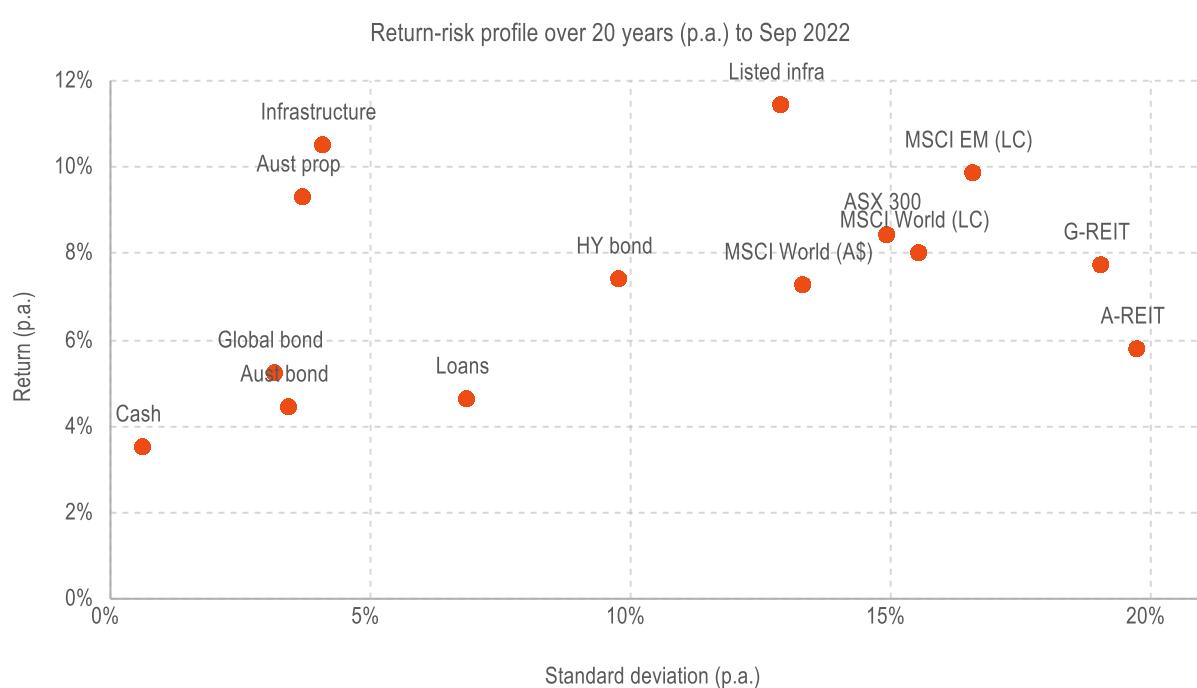
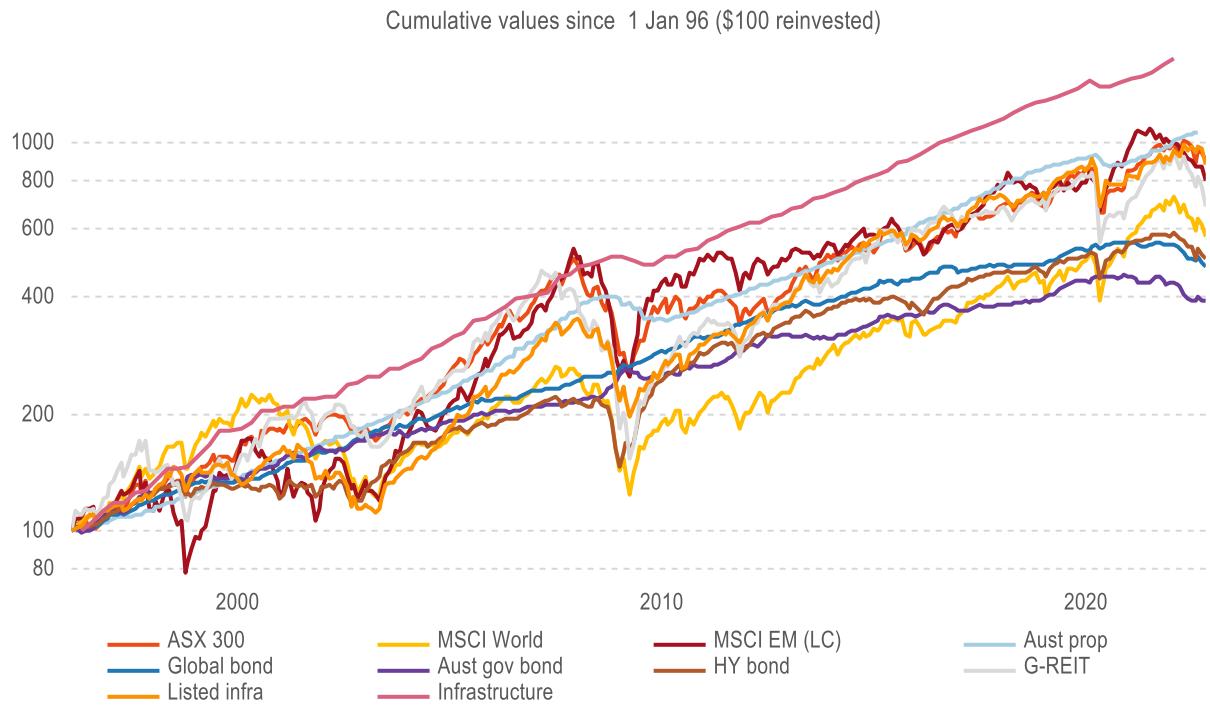


Source: Refinitiv Datastream

Asset class long-term returns



Asset class long-term returns



Source: Refinitiv Datastream



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