

Monthly Market Snapshot

May 2024

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

Market commentary

April 2024 was a challenging month for major asset class markets. The reversing inflation raised fears central banks might delay easing monetary policies. This uncertainty led to negative reactions in risk assets.

Global equities produced negative returns in April, led by a decline in the US and European stock markets. Inflation showed a reverse signal across developed markets, with core inflation remaining persistent. The higher-than-expected inflation print indicated persistent inflation pressures and resilient consumer demand, raising concerns central banks might not cut interest rates as expected. Coupled with sticky inflation, the weaker-than-expected Q1 GDP data raised concerns around a slowdown in US economic growth, contributing to a sell-off in equities. The UK stock market was an exception, ending the month positively, supported by improved growth prospects and inflation conditions. Japanese stocks delivered negative returns over the month, reversing some of the gains since late last year.

Australian equities generated a loss in April, aligned with global markets, dragged down by the industrials sector and small caps, while resources remained flat. The first quarter of 2024 saw Australia's CPI increase more than expected. This uptick, coupled with the stronger-than-expected labour market figures since the RBA's March meeting, suggests risk now sits with a later start date to RBA's first rate cut.

Emerging market equities showed resilience, with a small positive return with Chinese equities continuing its rally, benefiting from government stock market interventions and higher-than-expected GDP, despite broader concerns over the ongoing downturn, the domestic property sector and other headwinds.

Global fixed income markets also suffered from the changes in interest rate expectations. Bond yields rose sharply as the market repriced for a later start of easing cycles, producing negative bond returns across most developed markets except for the UK.

Oil stabilised in April against a backdrop of easing tensions in the Middle East. Gold continued its rally to a new record high on the back of higher demand. Copper saw a notable surge, due to the supply disruptions from the closure of significant mines such as the Cobre Panama.

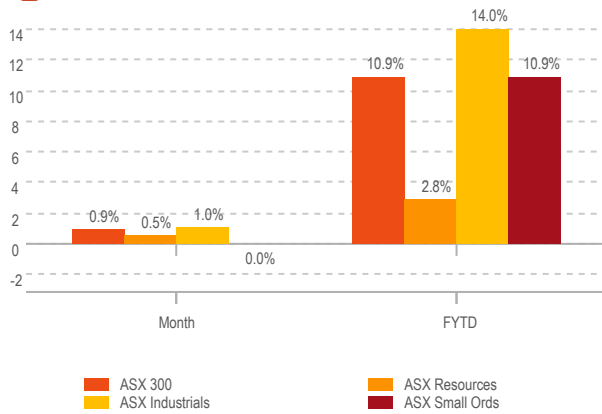
The Australian dollar (AUD) depreciated slightly against the USD, as the prospect of delayed easing by the Federal Reserve this year has boosted the USD. Meanwhile, Japanese Yen (JPY) weakened materially in April, as larger differences in interest rates between Japan and other developed countries put significant pressure on the currency.

Both property and infrastructure suffered significant negative returns, especially Australian listed property, driven by the changing interest rate expectation. The impact of monetary policy is particularly visible for real assets as pricing is highly sensitive to interest rate changes in this sector.

May 2024



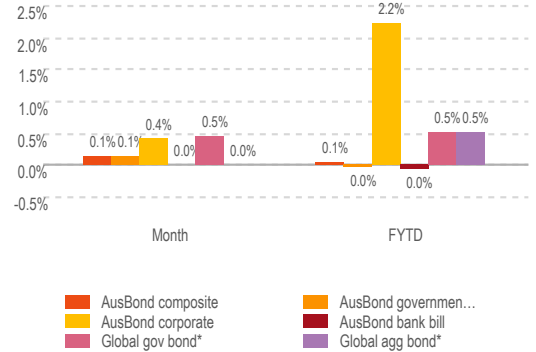
Australian equities



Source: LSEG Datastream



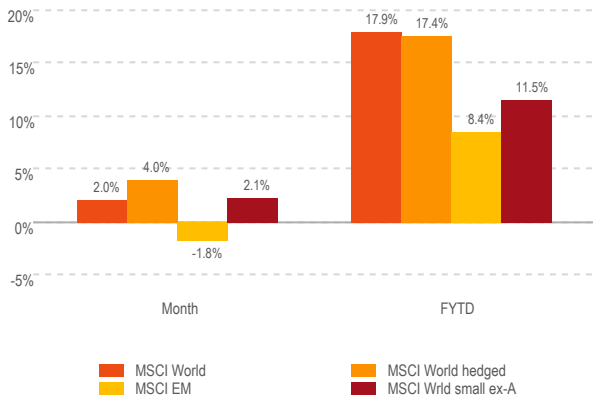
Fixed income



Source: LSEG Datastream



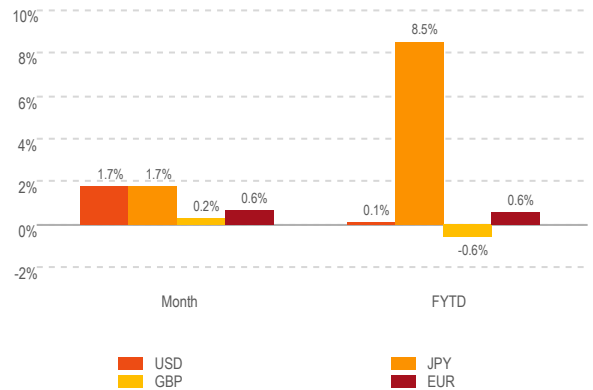
International equities (\$A)



Source: LSEG Datastream



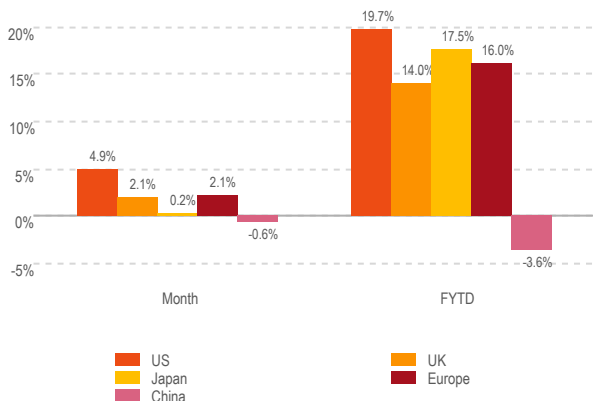
Australian dollar



Source: LSEG Datastream



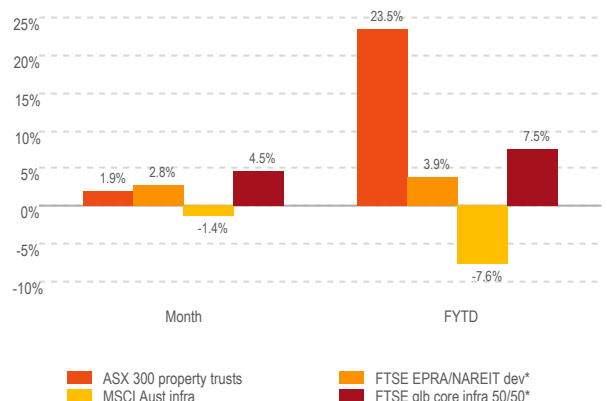
International equities



Source: LSEG Datastream











Real assets



Source: LSEG Datastream *Hedged AS

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

May 2024

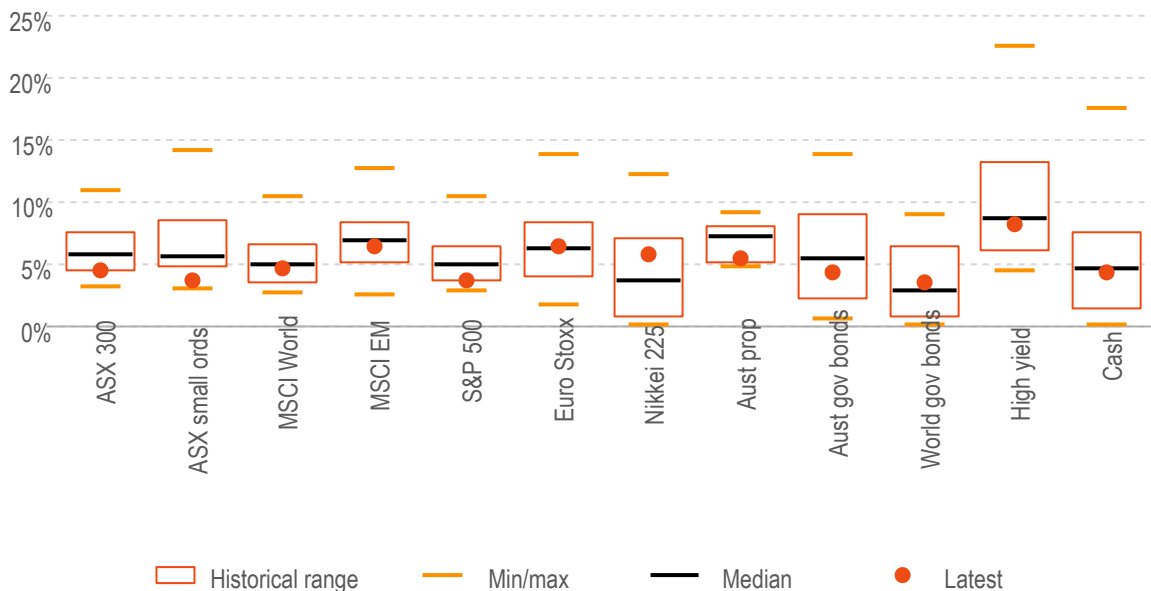
	Index Value	Month	3 Months	FY2
Australian Equities				
 S&P/ASX 300 Accum. Index	7,651	0.9%	1.1%	10.9
S&P/ASX 300 Accum. Industrials Index	11,668	1.0%	-0.2%	14.0
S&P/ASX 300 Accum. Resources Index	5,891	0.5%	5.2%	2.8 ^c
ASX Small Caps Accum. Index	3,023	0.0%	1.5%	10.9
International Equities				
 MSCI World Index (\$A)	5,802	2.0%	1.6%	17.9
MSCI World Index (Hedged \$A)	4,766	4.0%	4.0%	17.4
MSCI Emerging Markets Index (\$A)	1,139	-1.8%	1.4%	8.4 ^c
MSCI World ex-Aus Small Cap Index (\$A)	656	2.1%	0.8%	11.5
US (S&P 500 Index in USD)*	5,278	4.8%	3.6%	18.6
US Tech (NASDAQ Index in USD)*	16,735	6.9%	4.0%	21.4
United Kingdom (FTSE 100 Index in GBP)*	8,275	1.6%	8.5%	9.9 ^c
Japan (Nikkei 225 Index in JPY)*	38,488	0.2%	-1.7%	16.0
Europe (Stoxx 50 Index in EUR)*	4,984	1.3%	2.2%	13.3
China (Shanghai Composite Index in CNY)*	3,087	-0.6%	2.4%	-3.6
AUD versus ...				
 USD	0.66	1.7%	1.8%	0.1 ^c
JPY	104.08	1.7%	6.6%	8.5 ^c
GBP	0.52	0.2%	1.4%	-0.6
EUR	0.61	0.6%	1.9%	0.6 ^c
Real Assets				
 ASX 300 Listed Property Trusts Accum. Index	1,636	1.9%	3.1%	23.5
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,448	2.8%	0.9%	3.9 ^c
MSCI Australia Infrastructure	1,139	-1.4%	-3.8%	-7.6
FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,410	4.5%	7.3%	7.5 ^c
Oil and Commodities				
 Crude Oil (US\$/bbl)	78.0	-6.6%	-1.6%	10.4
Copper Spot (US\$/tonne)	9,913	0.2%	18.0%	19.1
Gold Spot (US\$/ounce)	2,331	1.5%	13.9%	21.6
Australian Fixed Interest				
 ICE BofA Australia Broad Market Index	392	0.4%	-0.6%	2.9 ^c
ICE BofA Australia Government Index	1,520	0.4%	-0.6%	2.4 ^c
ICE BofA Australia Corporate Index	469	0.8%	0.7%	6.3 ^c
ICE BofA Australian Dollar 3-Month Deposit Offered Rate Constant Maturity Index	336	0.4%	1.1%	4.0 ^c
Global Fixed Interest				
 FTSE World Government Bond Index	712	0.5%	-0.7%	0.5 ^c
FTSE World Broad Investment Grade A Bond Index	239	0.0%	-0.7%	0.5 ^c
Fixed Income (yields) as at ...				
	May 2024	Apr 2024	Feb 2024	Jun 2
Australia Bank Bill	4.29	4.31	4.30	4.1 ^c
Australia 10-Year Government Bond	4.41	4.42	4.15	4.0 ^c
US 10-Year Government Bond	4.49	4.68	4.24	3.8 ^c
UK 10-Year Government Bond	4.32	4.35	4.12	4.3 ^c
Germany 10-Year Government Bond	2.65	2.58	2.40	2.3 ^c
Japan 10-Year Government Bond	1.07	0.87	0.71	0.4 ^c

Source: LSEG Datastream

*Price Index

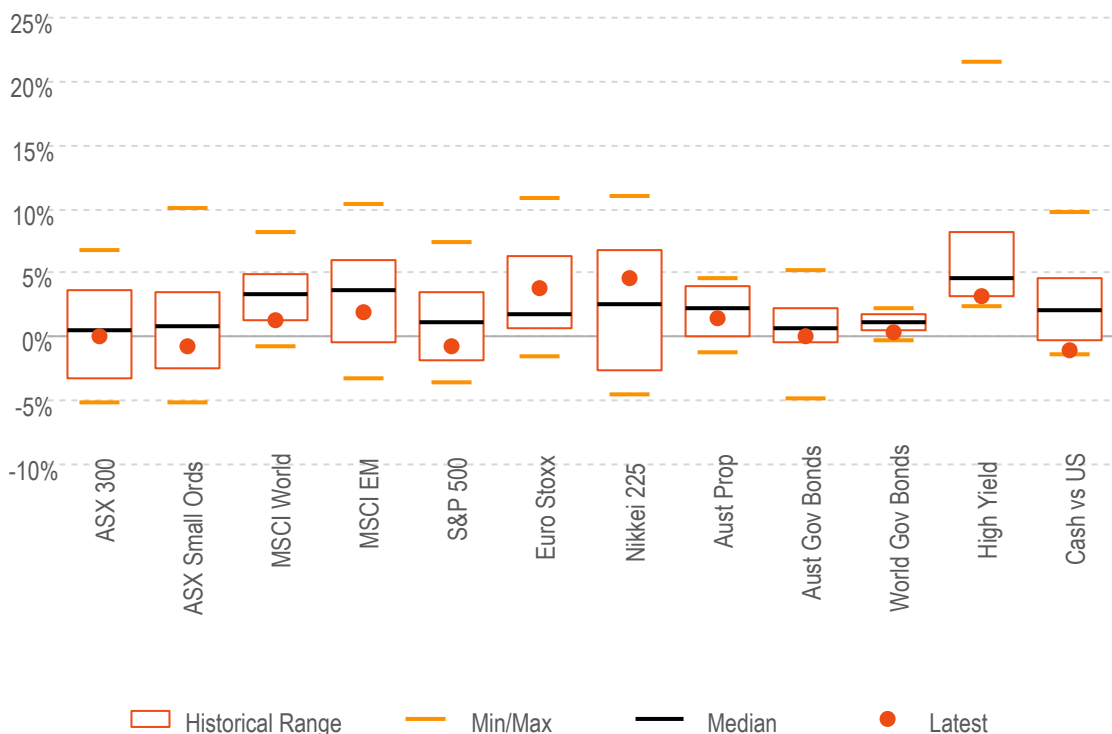
Asset class yields relative to history

Yields (equities earnings) at May 2024



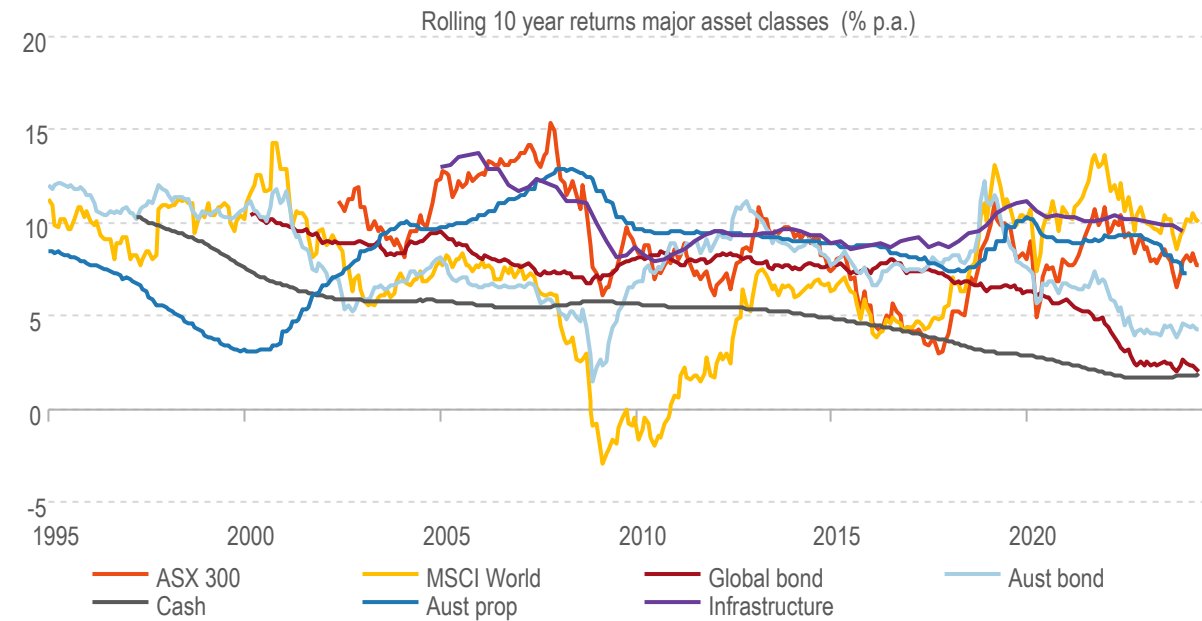
Source: LSEG Datastream

Relative yields (vs bond or cash yield) at May 2024

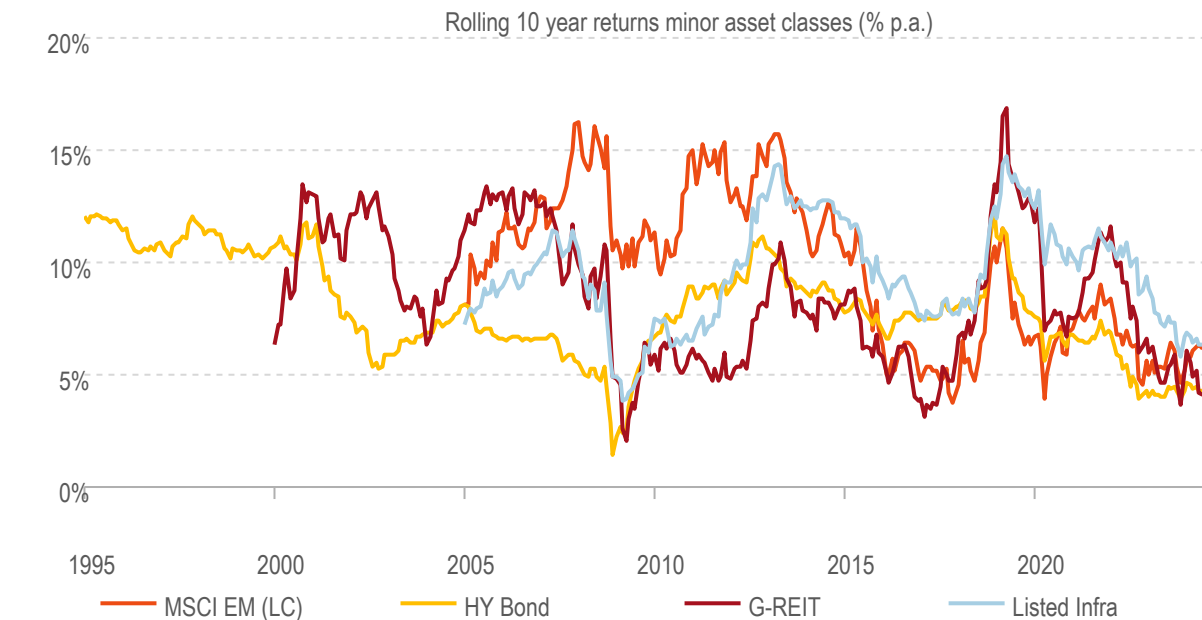


Source: LSEG Datastream

Asset class long-term returns



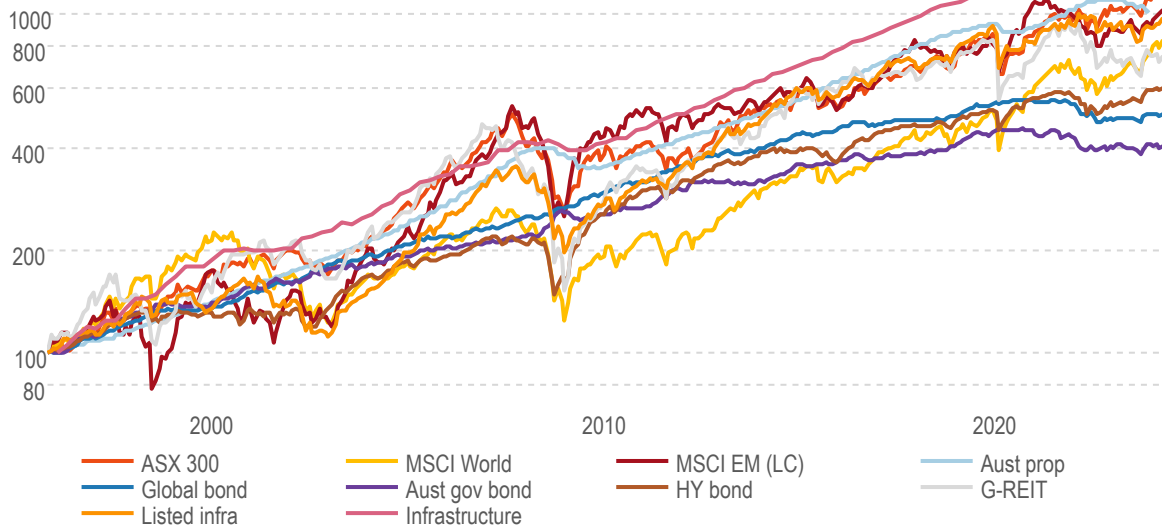
Source: LSEG Datastream



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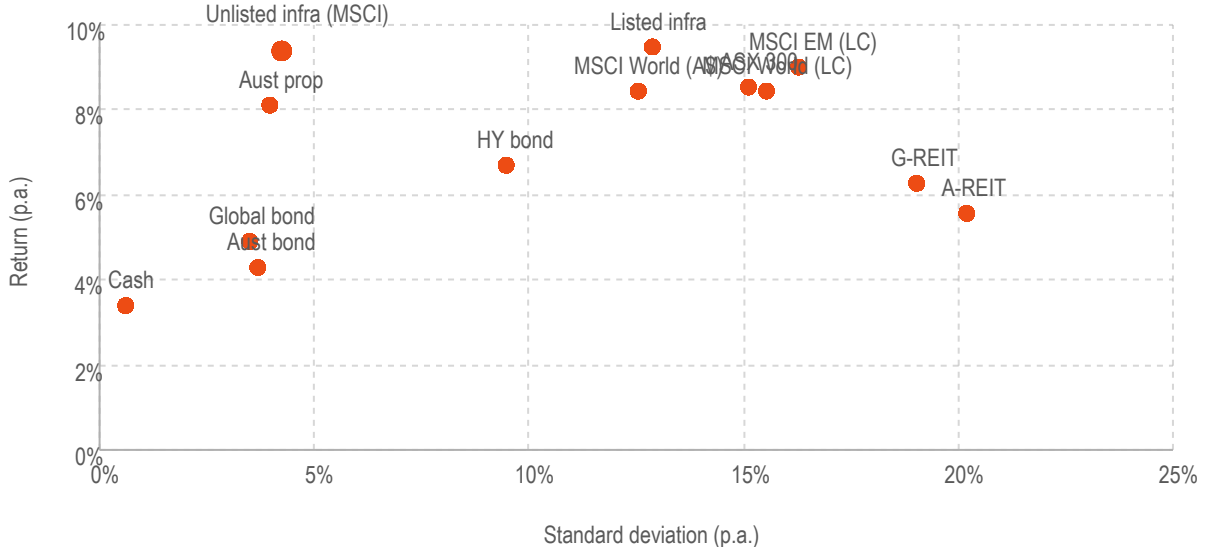
Asset class long-term returns

Cumulative values since 1 Jan 96 (\$100 reinvested)



Source: LSEG Datastream

Return-risk profile over 20 years (p.a.) to May 2024



Source: LSEG Datastream



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