

Monthly Market Snapshot

APRIL 2018

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

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Key insights

Global growth continues to be strong in the key economies. However, momentum in recent headline global PMI (Purchasing Managers' Index) indicators have started to slow down; indicating a possibility of a lower pace in growth in the near term. Business conditions and sentiments remained positive in key economies while the labour market continues to tighten with signs of sustainable wage inflation in countries such as the US. Long-term bond yields rose with the US 10-Year at 3.0% in April. This is the highest the US 10-Year has been in four years and the US dollar has strengthened 2.0% against the Australian dollar over the month of April.

Within the US, the US Federal Reserve kept the federal funds rate unchanged at 1.5% - 1.75% in the recent FOMC meeting. US GDP growth for Q4 2017 was reported at 2.9%, with strong contribution from Personal Consumption Expenditure (PCE) Services and Business Fixed Investment for the quarter. Labour market continues to tighten with wage inflation measures showing a sustained strength in hourly earnings. Employment Cost Index and Producer Price Inflation indicate signs of inflationary pressure within the economy. The latest core PCE inflation was reported at 1.9%. Business conditions and consumer sentiment remains strong within the US.

Within the Eurozone, macroeconomic data continues to support a positive outlook. However, Eurozone composite PMI improved marginally at 55.2% against a backdrop of broad-based growth across major Eurozone countries. Business activity and consumer confidence continue to improve within the Eurozone, suggesting an improved outlook within the domestic markets. The ECB kept policy rates unchanged at -0.4% while projecting their bond buying program to cease in September 2018. Inflation continues to be marginally weaker than

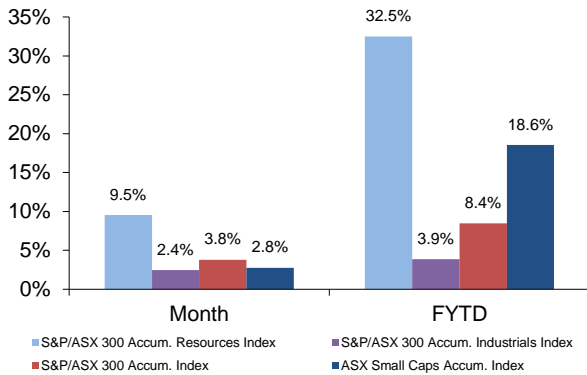
expected at 1.3% but PMI input price gauges suggest the continued strength in momentum would see inflationary pressures pick up in late 2018. Unemployment continues to fall with the largest decrease in unemployment in Cyprus and Greece, providing a support for the positive outlook in the Euro area labour market.

In China, reforms continue to be underway as excess capacity sectors and deleveraging shifted focus to "quality" rather than "pace" of economic growth post the 19th Communist Party Congress in October 2017. The People's Bank of China (PBOC) benchmark interest rates remain unchanged and accommodative, but "surgical" tightening is being implemented on various other interbank policy rates to manage the domestic debt levels.

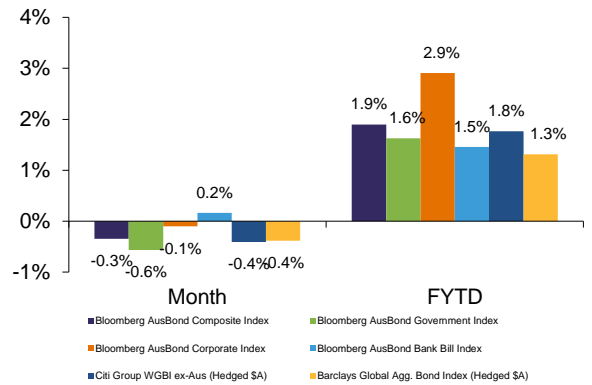
Within the domestic market, ASX300 increased by 8.4% on an annual basis while the 10-year bond yields rose further to 2.8%. The RBA kept the cash rate unchanged at 1.5%. The labour market has improved considerably, with the unemployment rate at 5.5%, while full-time and part time employment on a 12-month aggregate continues to strengthen. Inflation was marginally weaker than expected at 1.9% for the year to Q1 2018 while wage inflation stabilised at 2.1%. This suggests the RBA would be likely to keep the cash rate lower for longer. Business conditions and consumer confidence continue to improve, suggesting a brighter outlook for the year.



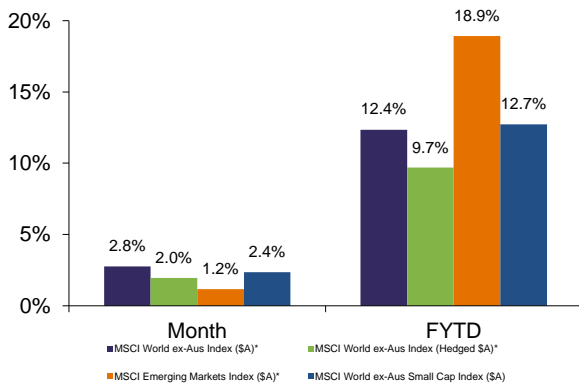
Australian equities



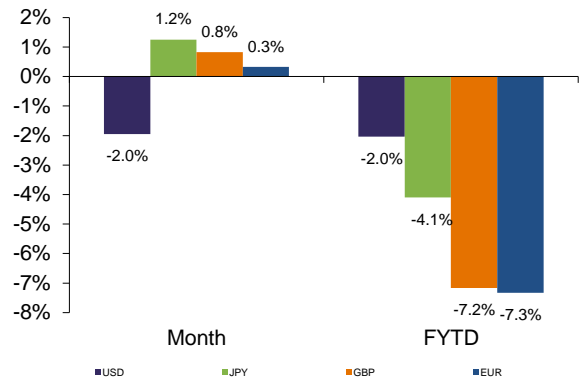
Fixed income



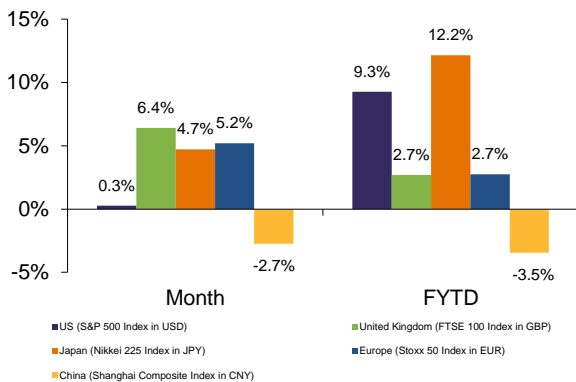
International Equities (\$A)



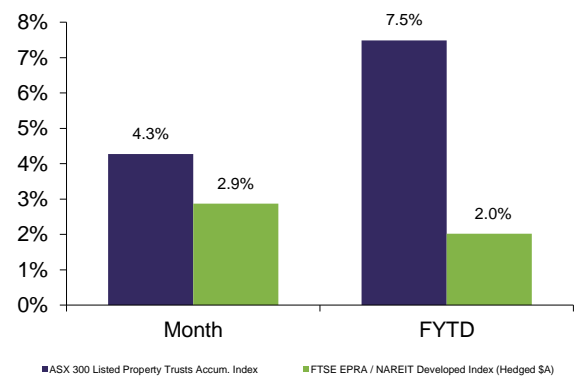
Australian dollar











International Equities



Property



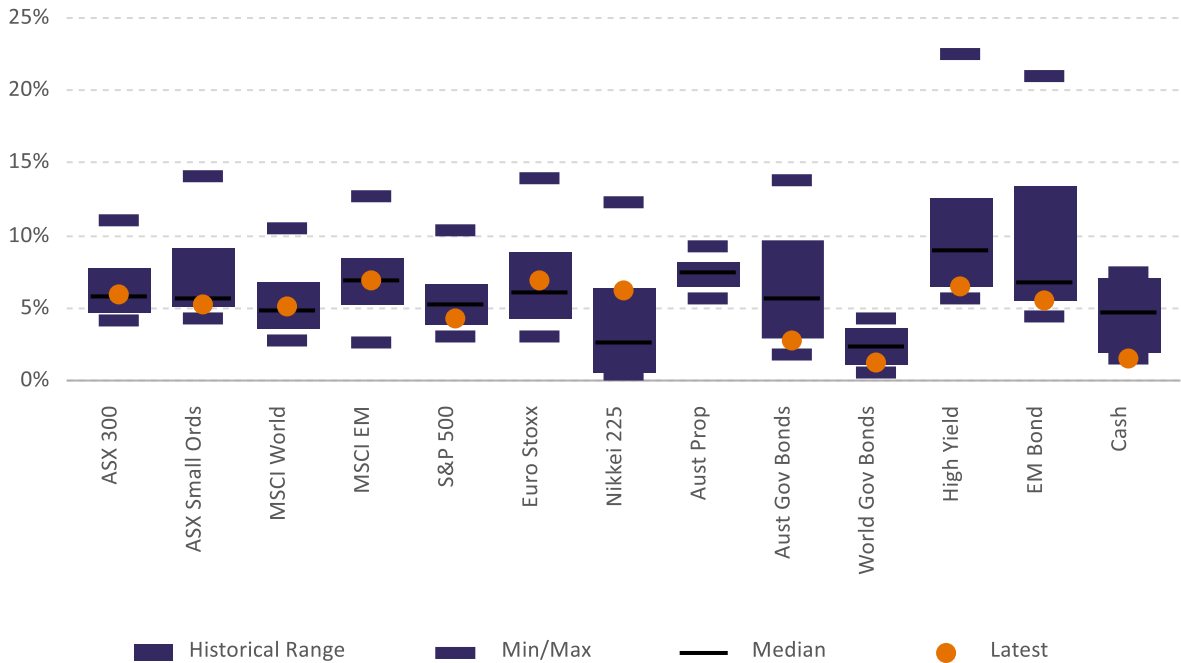
April

	Index value	Month	3 months	FYTD	1 year
 Australian equities					
S&P/ASX 300 Accum. Index	59,639	3.8%	0.2%	8.4%	5.7%
S&P/ASX 300 Accum. Industrials Index	118,246	2.4%	-0.6%	3.9%	0.9%
S&P/ASX 300 Accum. Resources Index	25,697	9.5%	4.0%	32.5%	31.2%
ASX Small Caps Accum. Index	7,768	2.8%	0.4%	18.6%	18.4%
 International equities					
MSCI World ex-Aus Index (\$A)*	8,837	2.8%	1.8%	12.4%	12.4%
MSCI World ex-Aus Index (Hedged \$A)*	1,633	2.0%	-4.0%	9.7%	11.8%
MSCI Emerging Markets Index (\$A)*	697	1.2%	0.0%	18.9%	20.6%
MSCI World ex-Aus Small Cap Index (\$A)	562	2.4%	3.6%	12.7%	11.9%
US (S&P 500 Index in USD)	2,648	0.3%	-6.2%	9.3%	11.1%
United Kingdom (FTSE 100 Index in GBP)	7,509	6.4%	-0.3%	2.7%	4.2%
Japan (Nikkei 225 Index in JPY)	22,468	4.7%	-2.7%	12.2%	17.0%
Europe (Stoxx 50 Index in EUR)	3,537	5.2%	-2.0%	2.7%	-0.6%
China (Shanghai Composite Index in CNY)	3,082	-2.7%	-11.5%	-3.5%	-2.3%
 AUD versus ...					
USD	0.75	-2.0%	-6.5%	-2.0%	0.6%
JPY	82.63	1.2%	-6.0%	-4.1%	-0.6%
GBP	0.55	0.8%	1.0%	-7.2%	-5.2%
EUR	0.62	0.3%	-4.0%	-7.3%	-9.4%
 Property					
ASX 300 Listed Property Trusts Accum. Index	45,950	4.3%	1.1%	7.5%	1.6%
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)*	2,485	2.9%	-1.3%	2.0%	3.1%
 Oil and Commodities					
Crude Oil (\$/bbl)	69	5.6%	5.9%	48.9%	39.0%
Copper Spot (\$/tonne)	6,770	1.4%	-4.4%	14.2%	18.6%
Gold Spot (\$/ounce)	1,319	-0.6%	-2.2%	4.7%	2.4%
 Australian Fixed Interest					
Bloomberg AusBond Composite Index	9,180	-0.3%	0.8%	1.9%	2.2%
Bloomberg AusBond Government Index	9,503	-0.6%	0.9%	1.6%	1.9%
Bloomberg AusBond Corporate Index	9,545	-0.1%	0.7%	2.9%	3.4%
Bloomberg AusBond Bank Bill Index	8,739	0.2%	0.4%	1.5%	1.8%
 Global Fixed Interest					
Citi Group WGBI ex-Aus (Hedged \$A)	2,288	-0.4%	0.9%	1.8%	2.0%
Barclay's Global Agg. Bond Index (Hedged \$A)	-	-0.4%	0.2%	1.3%	1.7%
 Fixed income (yields) as at ...					
	30-Apr-18	31-Mar-18	31-Jan-18	30-Jun-17	30-Apr-17
Australia Bank Bill	2.03	2.02	1.77	1.71	1.75
Australia 10 Year Government Bond	2.77	2.60	2.81	2.60	2.58
US 10 Year Government Bond	2.95	2.74	2.71	2.30	2.28
UK 10 Year Government Bond	1.42	1.35	1.51	1.26	1.09
Germany 10 Year Government Bond	0.56	0.50	0.70	0.47	0.32
Japan 10 Year Government Bond	0.06	0.05	0.09	0.09	0.02

* Net dividends reinvested

Asset Class Yields Relative to History

Current Yields (equities earnings)



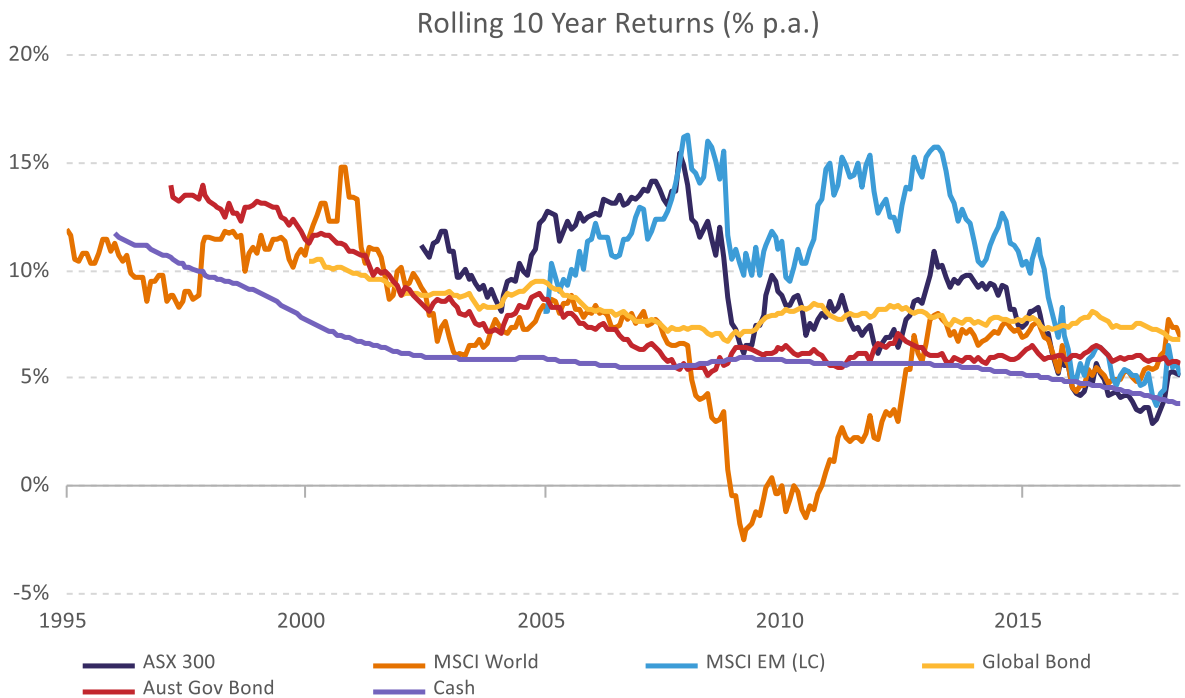
Source: Thomson Reuters Datastream

Relative Yields (vs bond or cash yield)

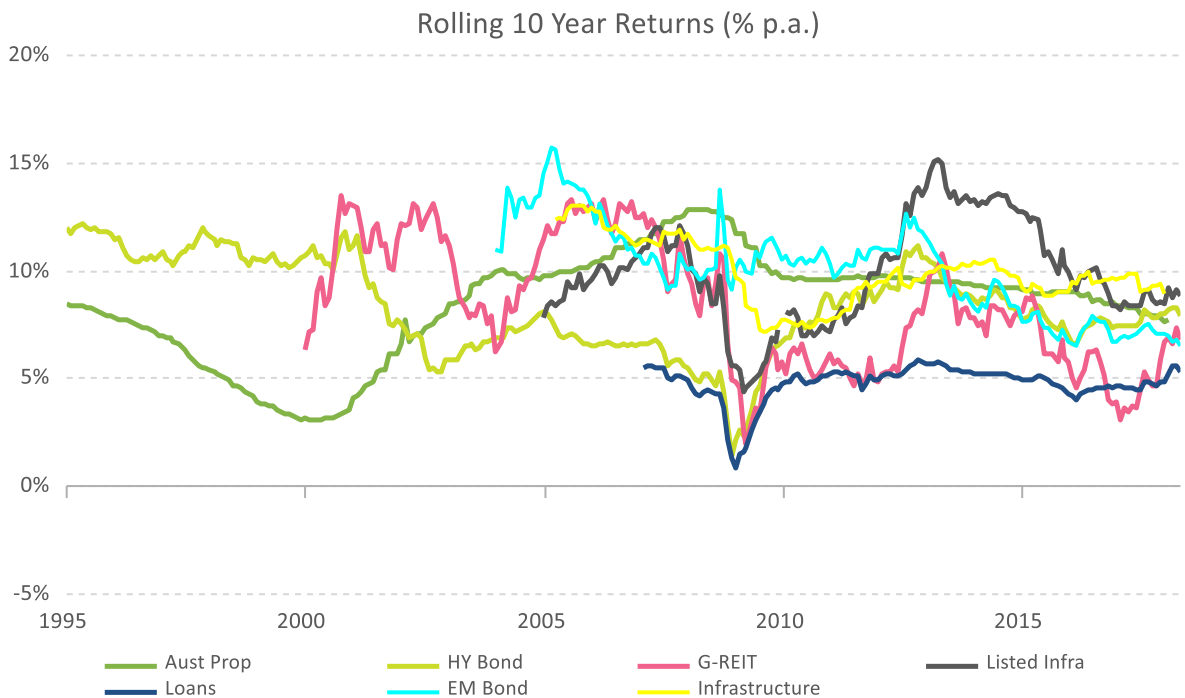


Source: Thomson Reuters Datastream

Asset Class Returns



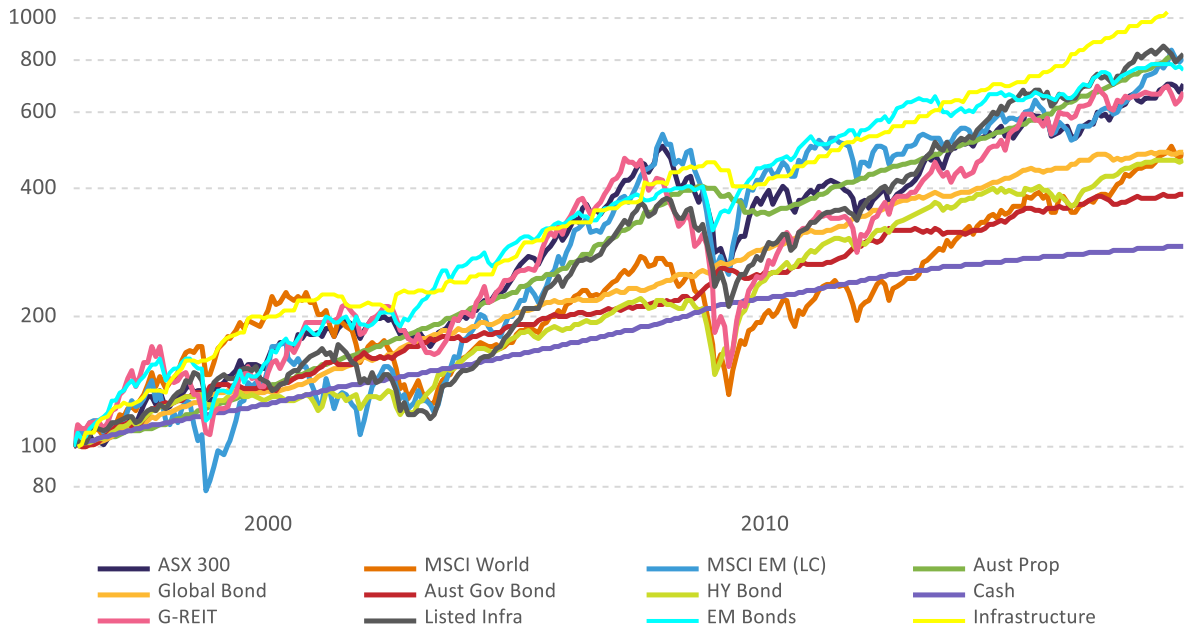
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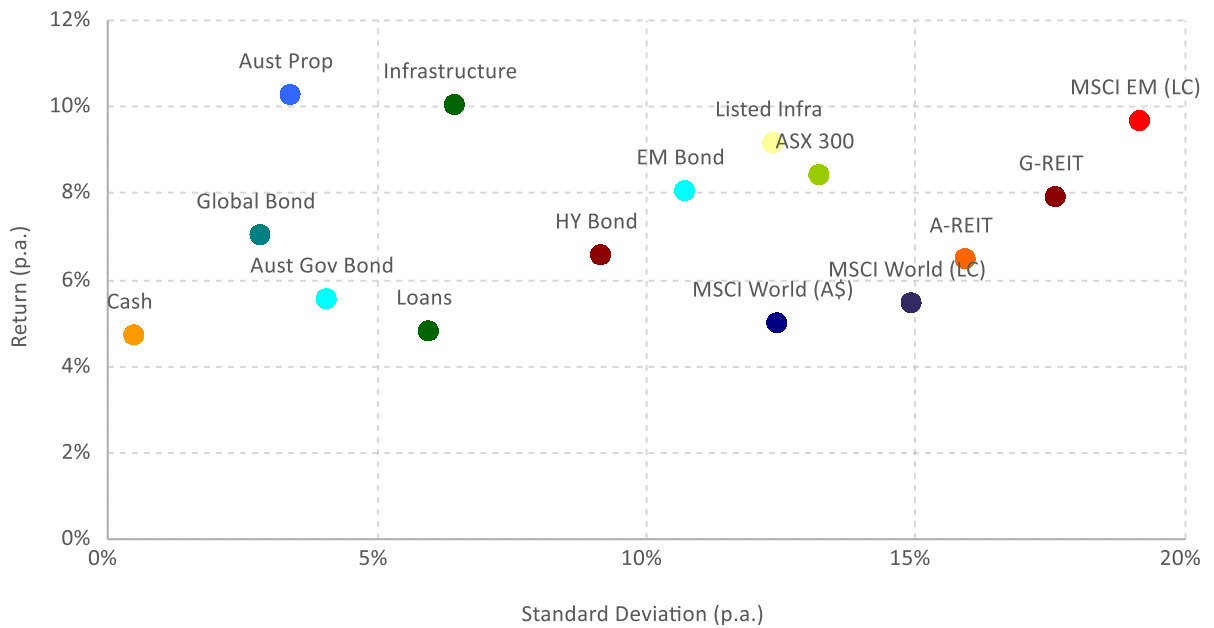
Asset Class Returns

Cumulative Values since 1/01/1996 (\$100 reinvested)



Source: Thomson Reuters Datastream

Return-Risk Profile over 20 Years (p.a.)



Source: Thomson Reuters Datastream

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