

Session 2: Global market developments and investment portfolio implications

2023 Frontier Advisors Annual Conference

Chair:



Nathan Bode

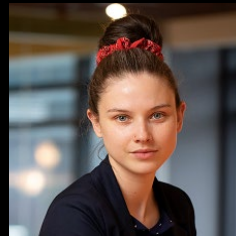
Principal Consultant,
Frontier Advisors

Presenters:



KC Low

Senior Consultant,
Frontier Advisors



Adelaide Timbrell

Senior Economist,
ANZ Research

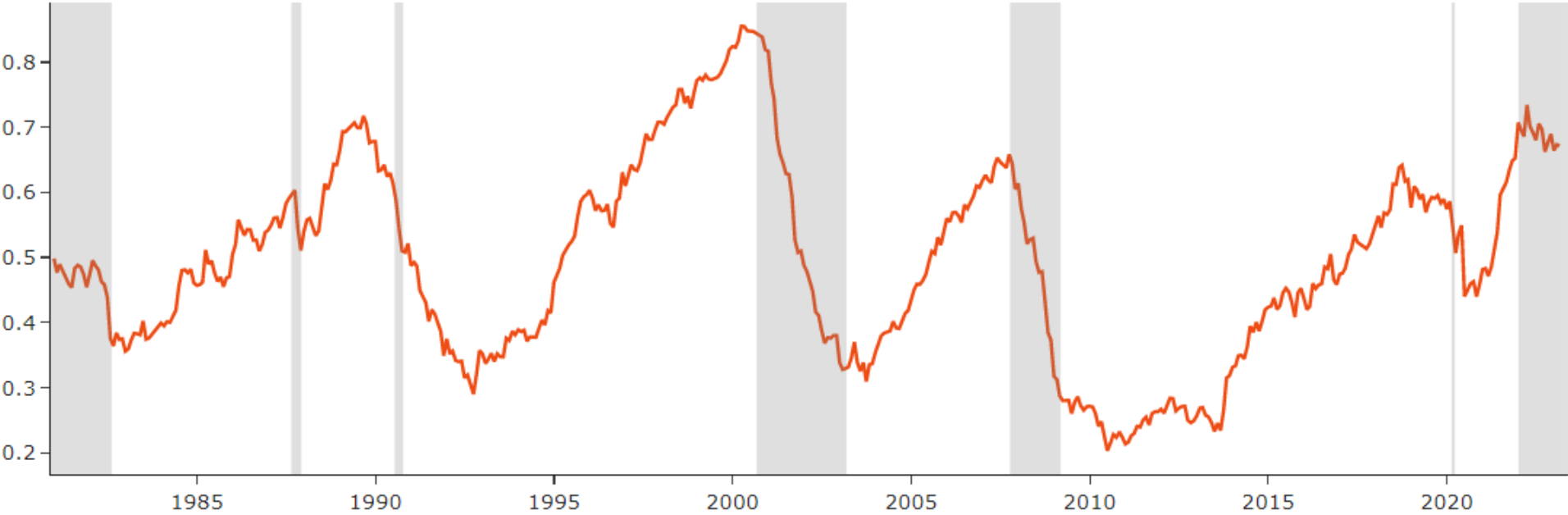


Allison Hill

State Chief Investment
Officer, QIC

Risks are elevated

Frontier market risk index

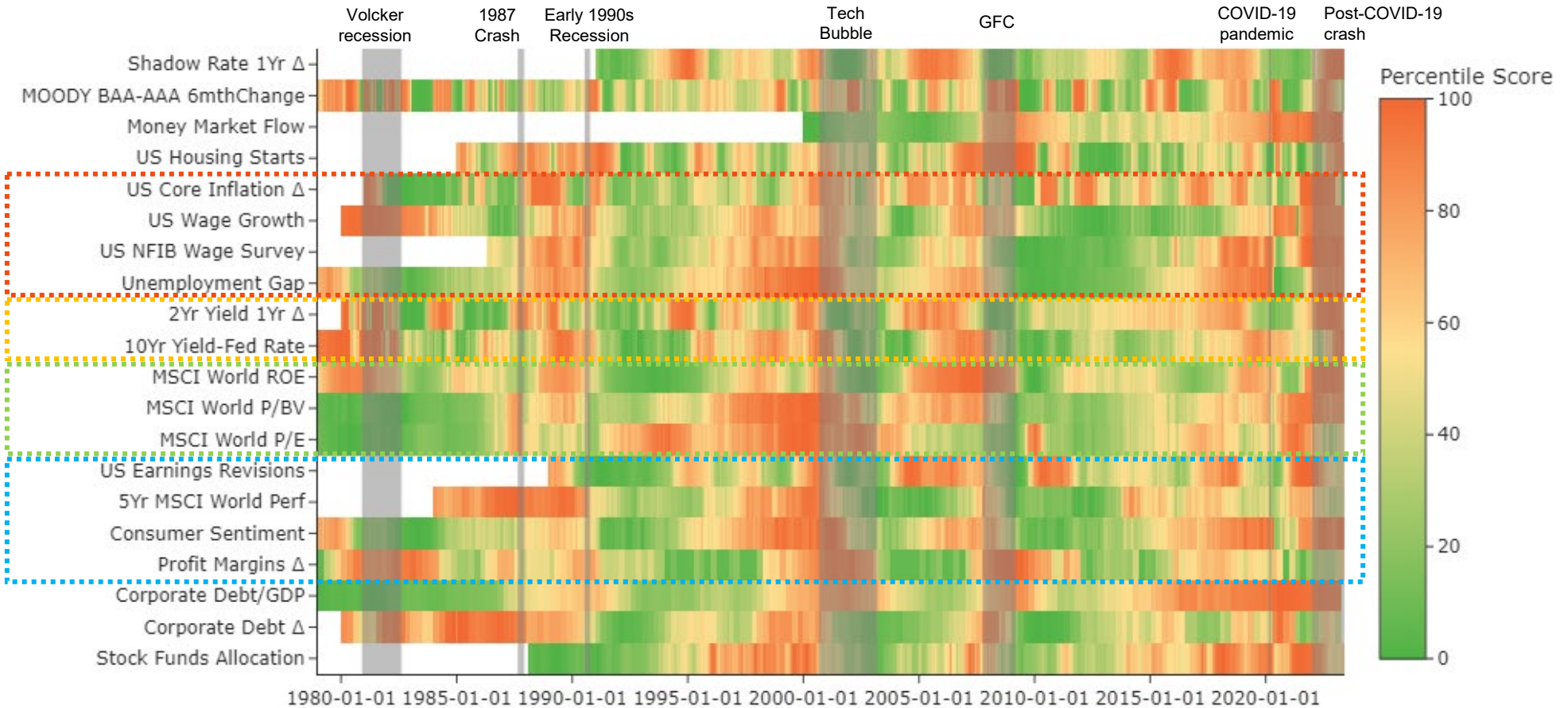


Source: Frontier Advisors



Risks are elevated

Frontier market crisis heatmap

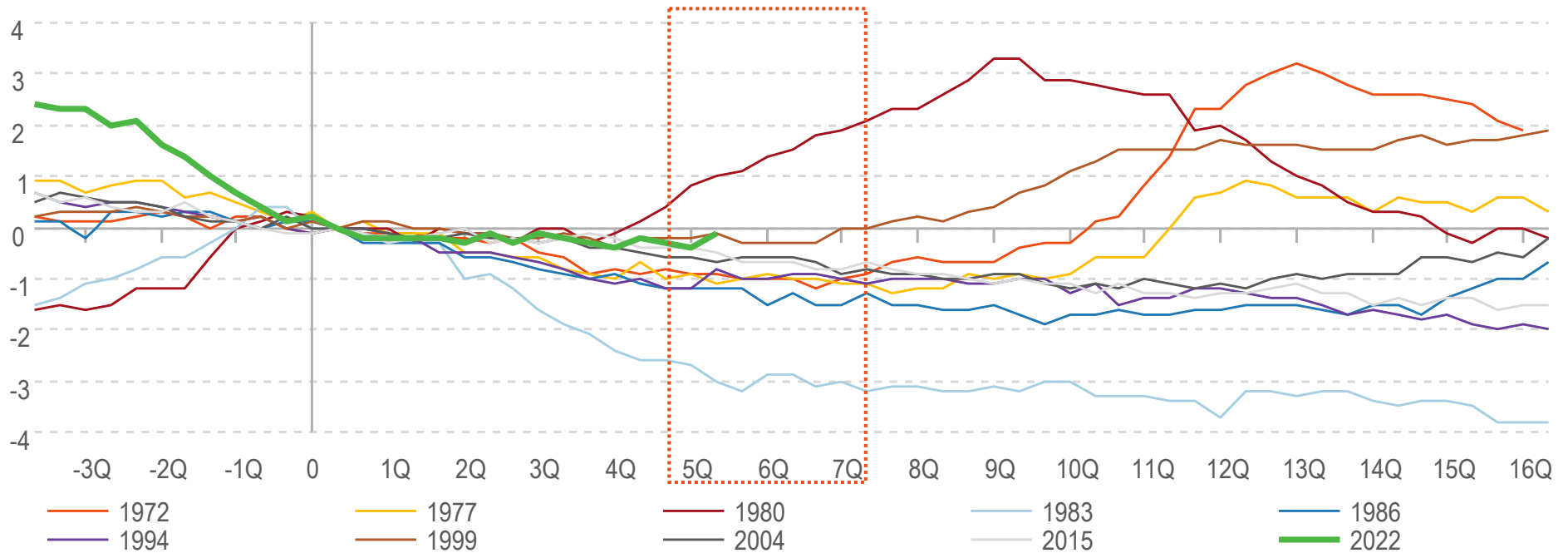


Source: Frontier Advisors

Labour market

Lag in labour market impacts from rate hikes

US change in unemployment rate in Fed Funds Rate hiking cycles

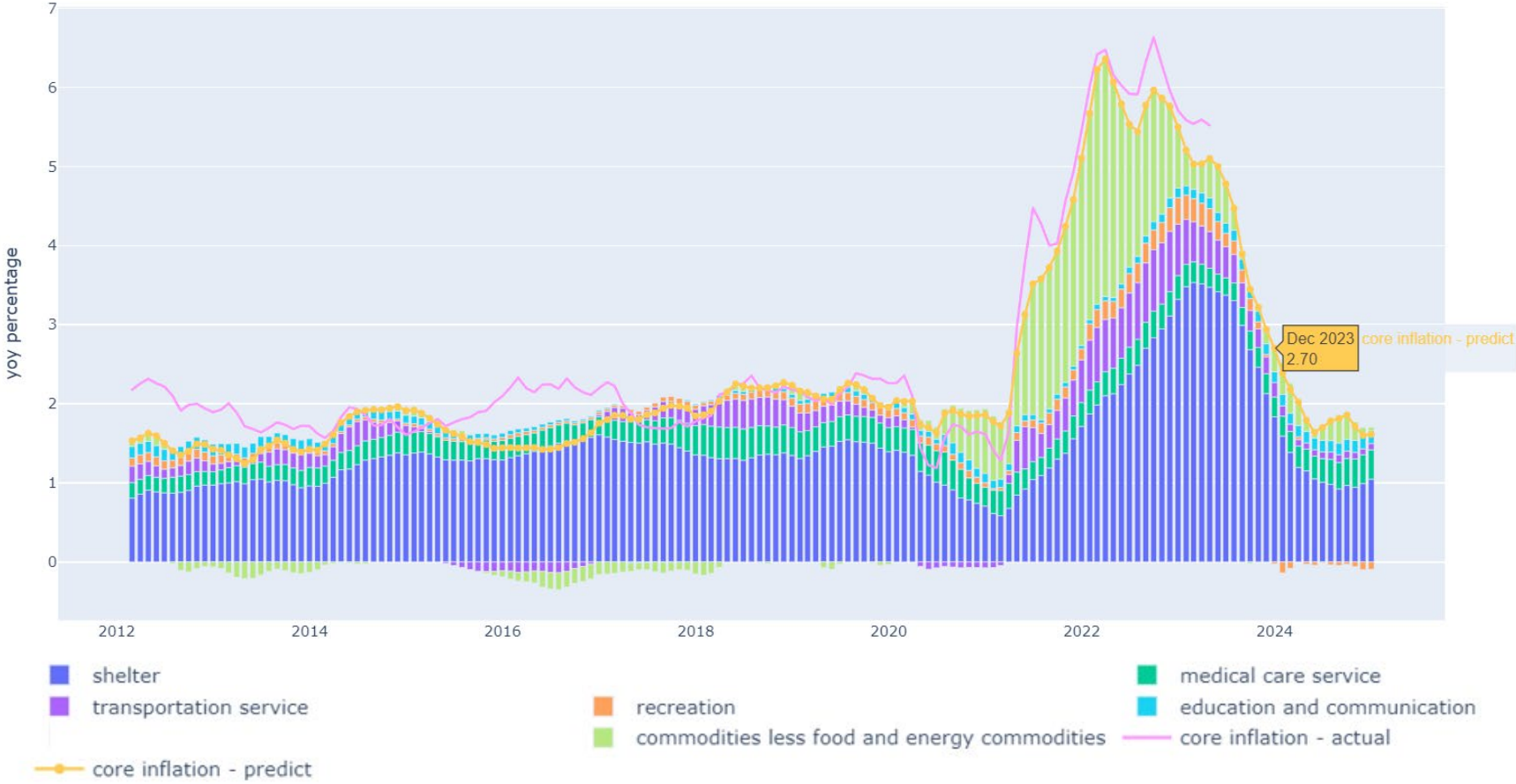


Source: Refinitiv Datastream



US inflation bottom-up model

US Core CPI components contribution (%)

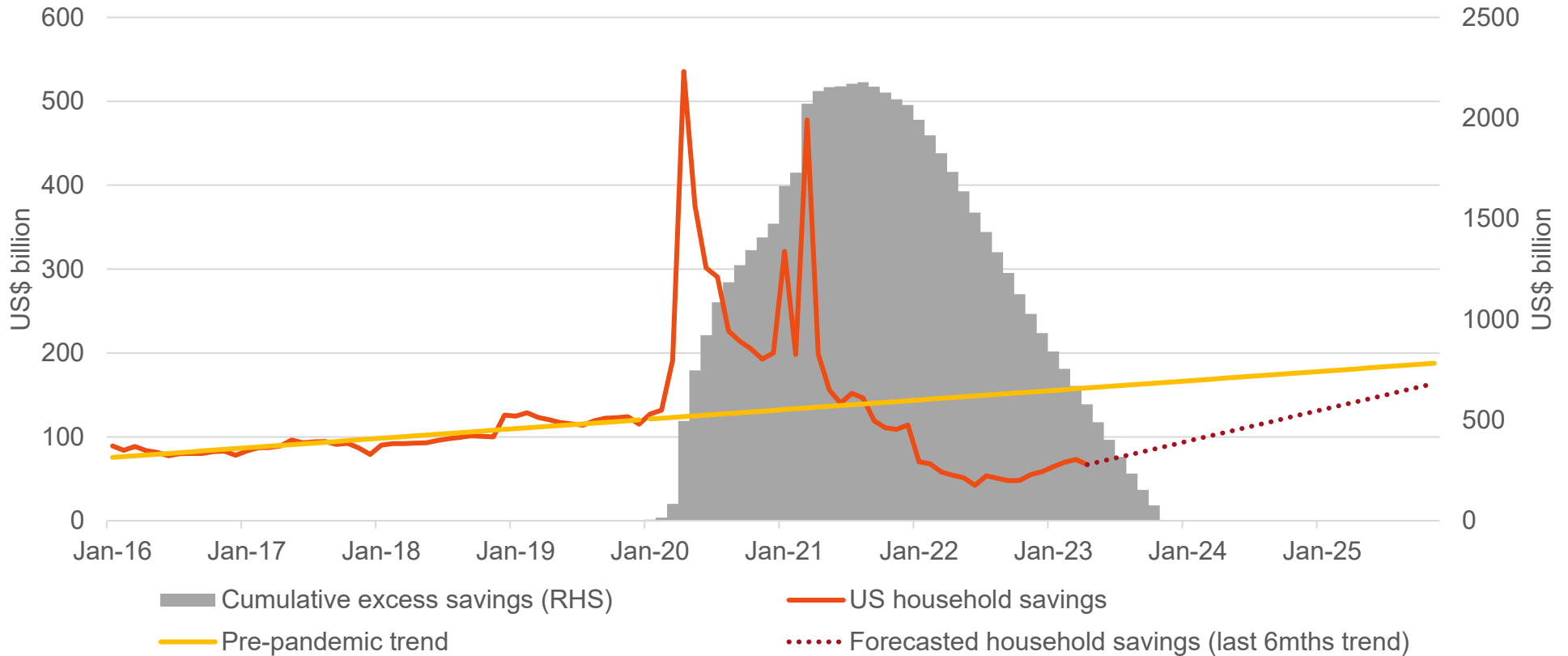


Source: Frontier Advisors



Resilient activity

Excess US household savings to last till Q4 2023



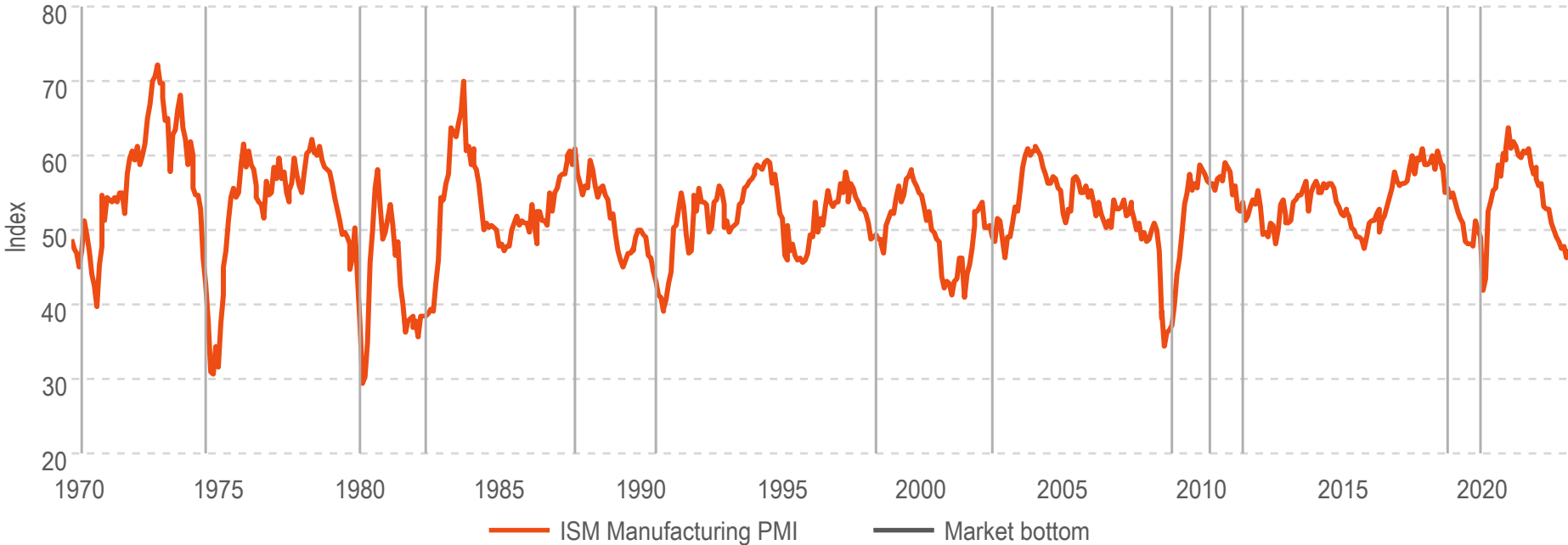
Source: Frontier Advisors



Indicators to watch

Equity markets tend to bottom when US ISM PMI troughs

US ISM Manufacturing PMI and S&P 500 market bottom

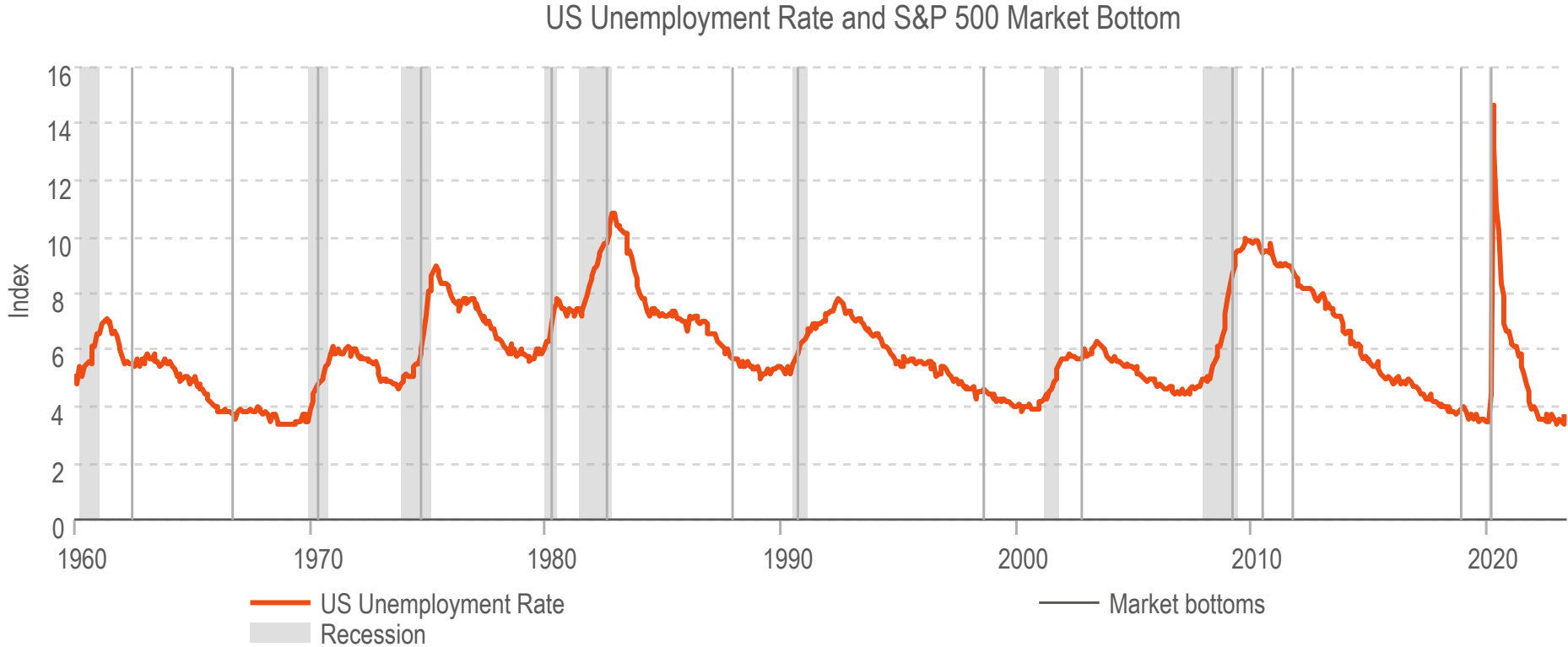


Source: Refinitiv Datastream



Indicators to watch

Equity markets tend to bottom after the unemployment rate have increased

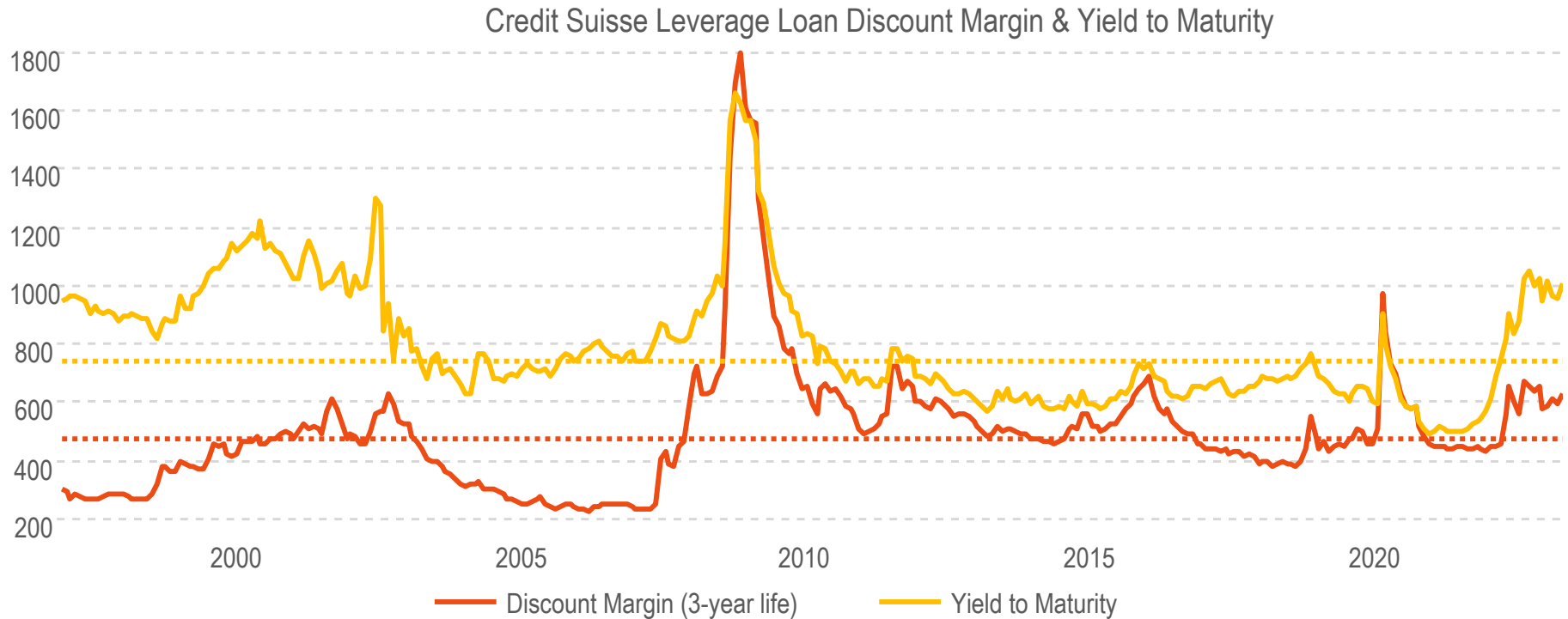


Source: Refinitiv Datastream



Bank loans

Loan yields at around 10%



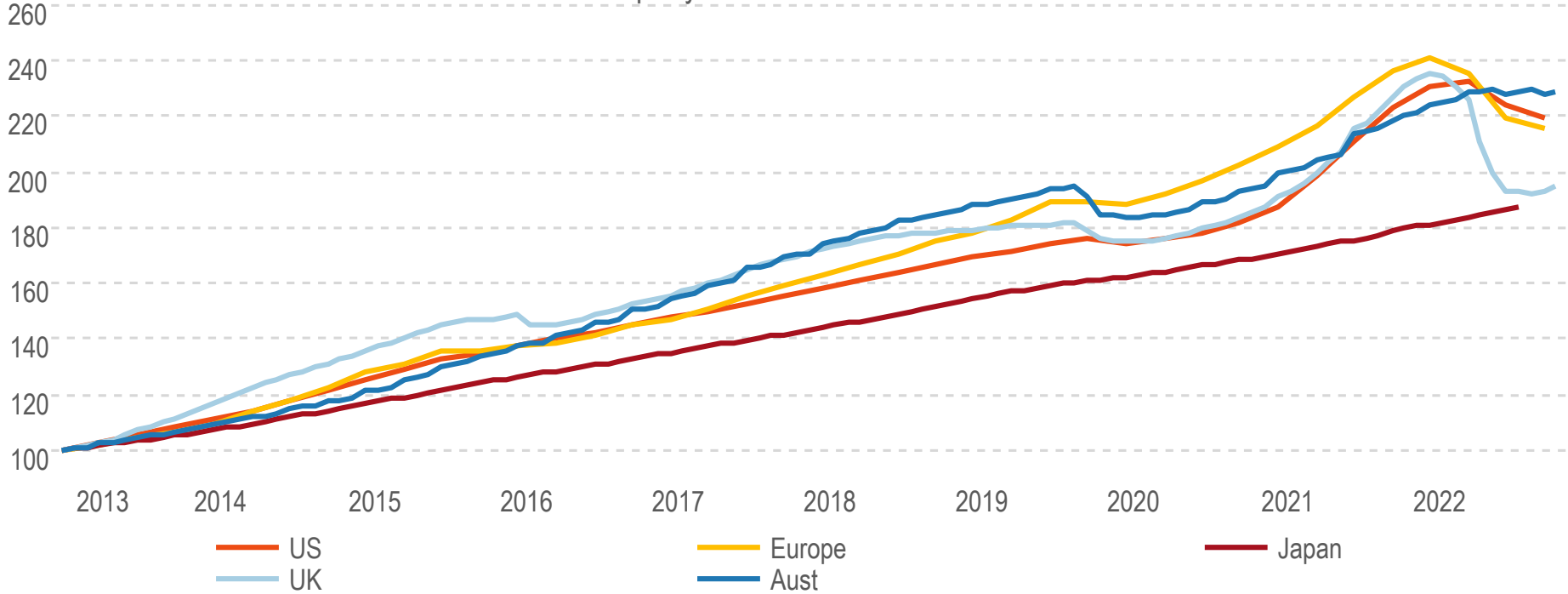
Source: Refinitiv Datastream



Unlisted property

Performance across regions

Unlisted Property Cumulative Performance 28 Jun 13 to 31 Mar 23



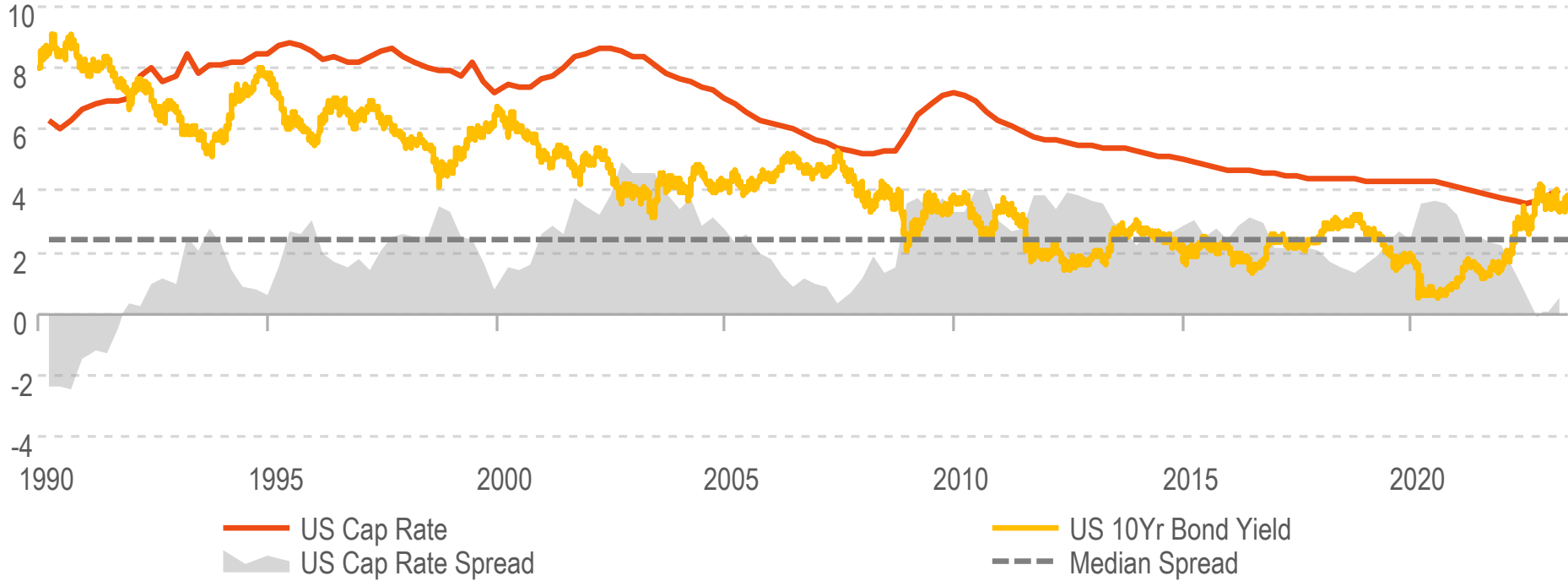
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Unlisted property

Little to no spread over bond yield

US Property Capitalisation Rate v 10 Year Bond Yield

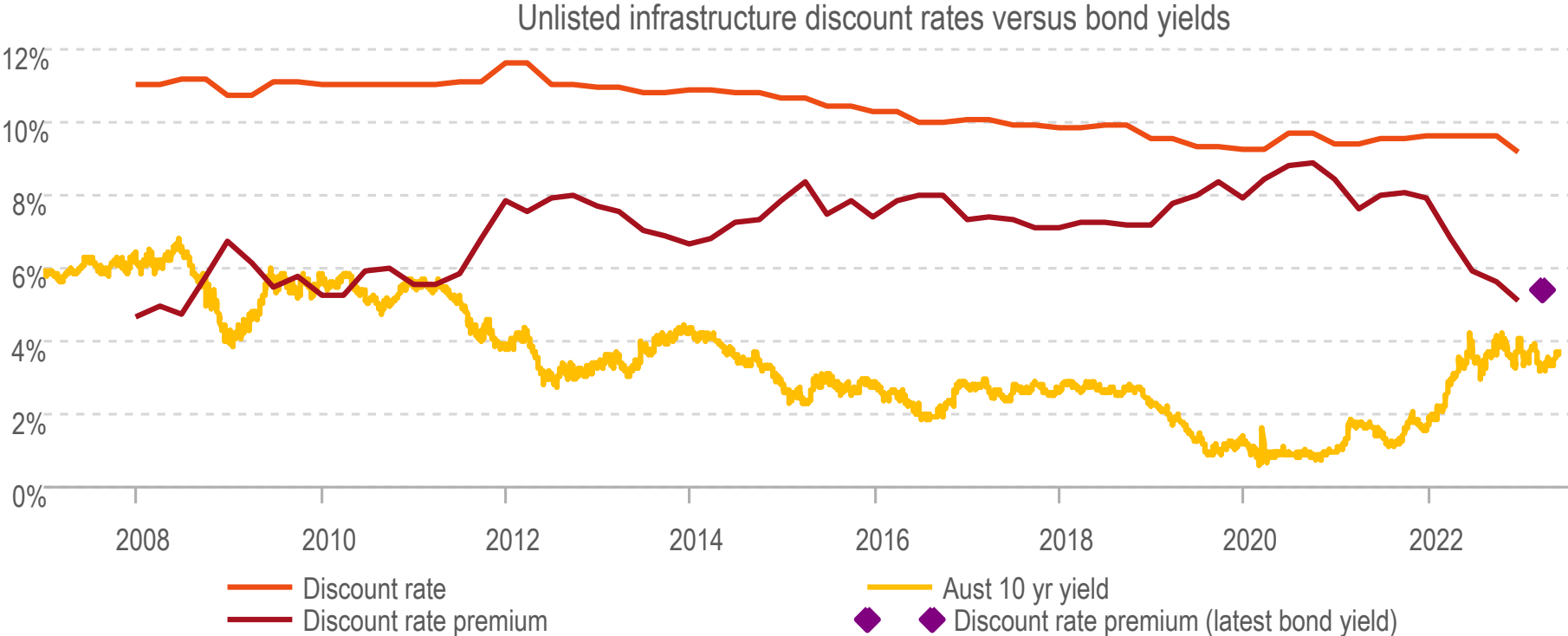


Source: Refinitiv Datastream



Unlisted infrastructure

Spread contracted but still meaningful



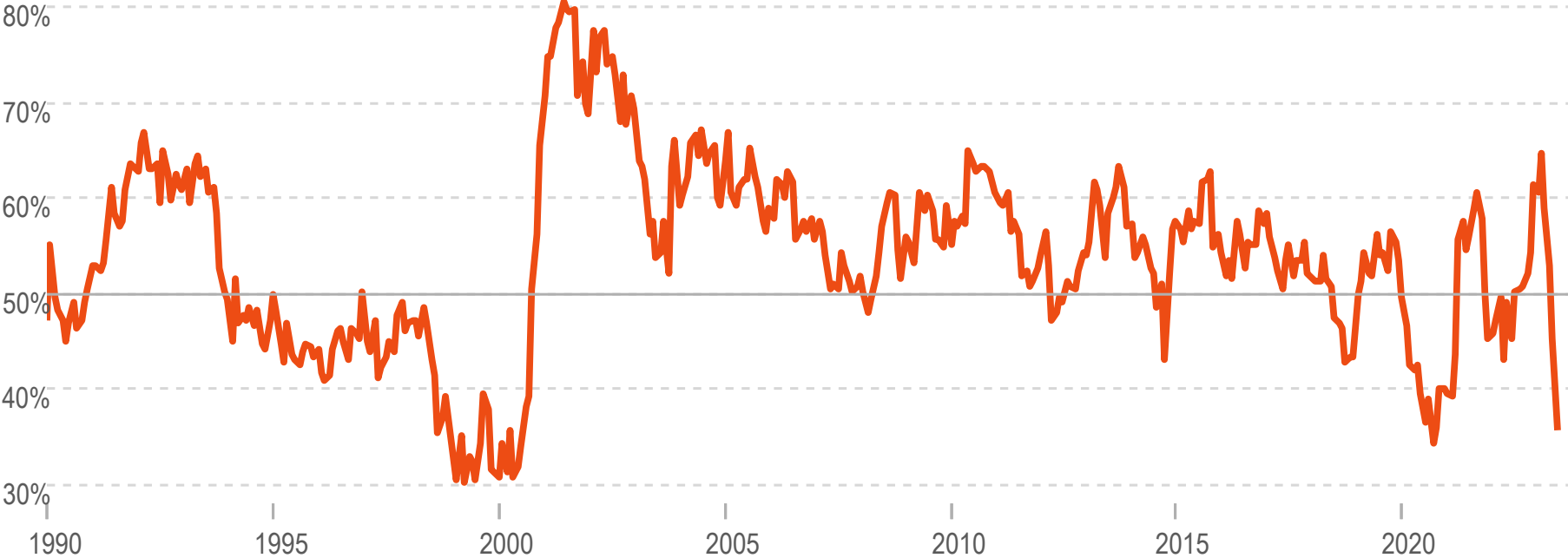
Source: Refinitiv Datastream, Frontier RADIAS



Equity markets

Narrow breadth in market performance

S&P 500 proportion of stocks 12 mth return outperform index



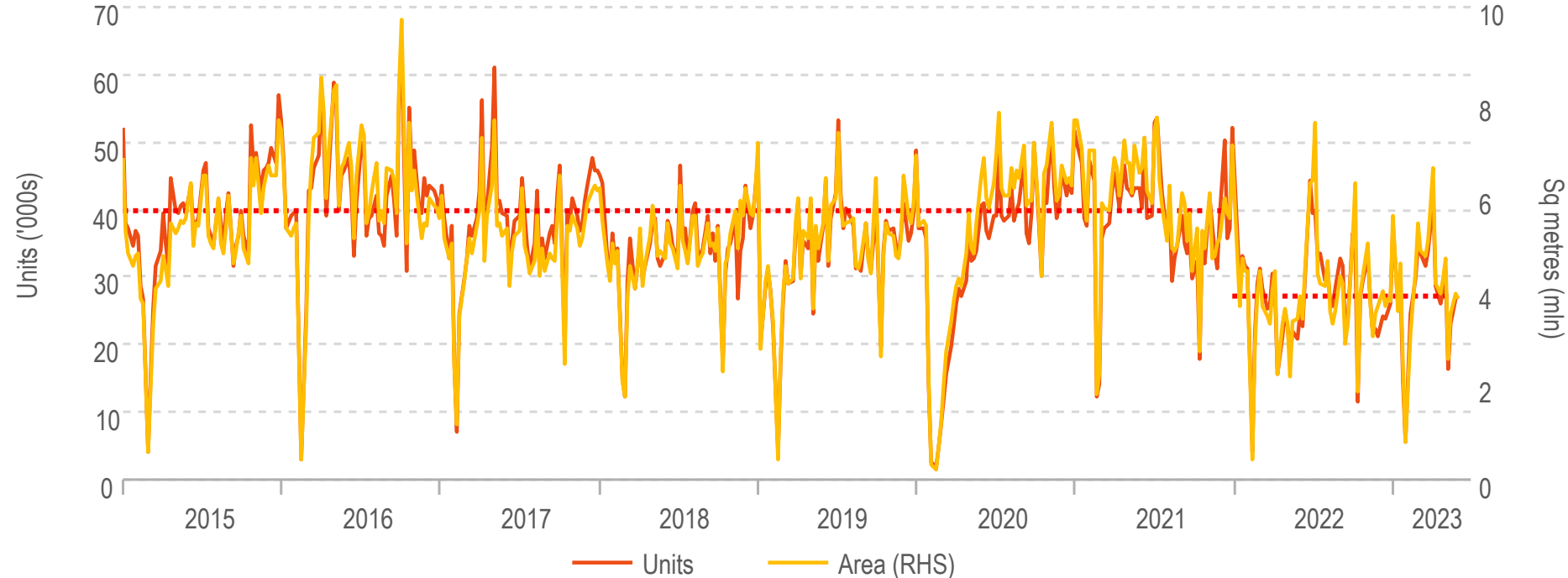
Source: Refinitiv Datastream



China

No material recovery in actual property transactions

China weekly property transaction (30 major cities)



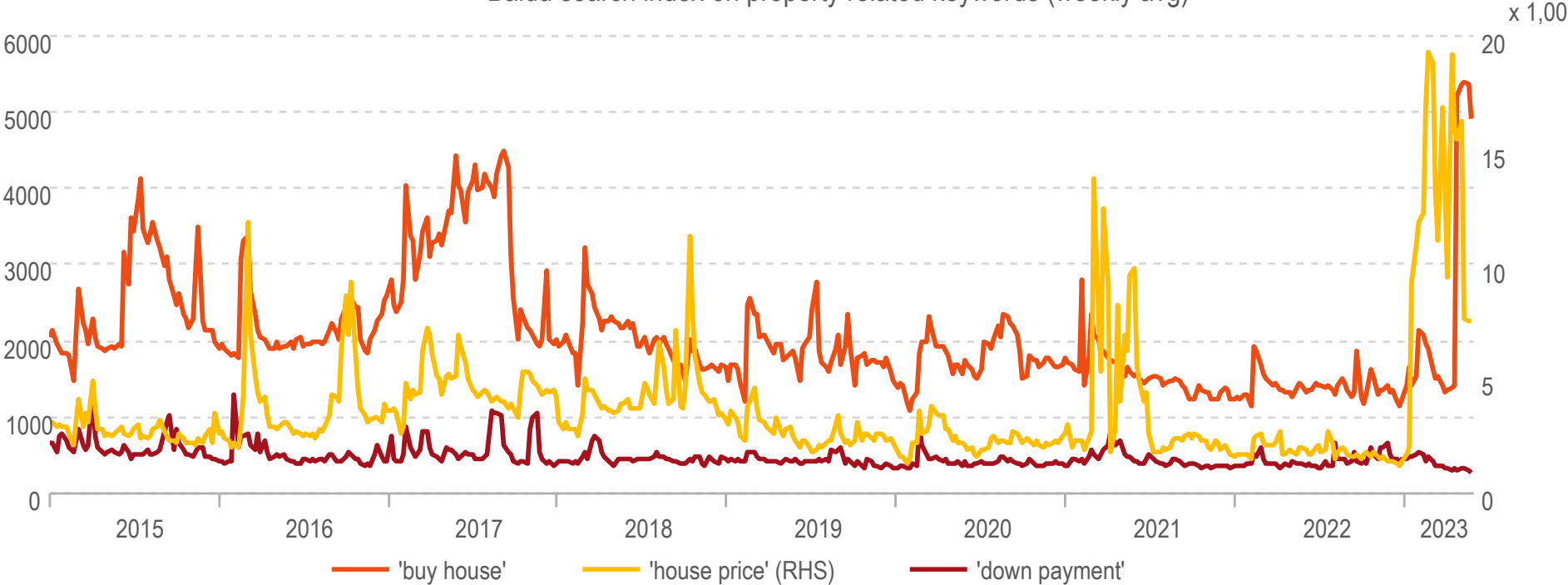
Source: Refinitiv Datastream



China

Spike in property interest from households

Baidu search index on property related keywords (weekly avg)

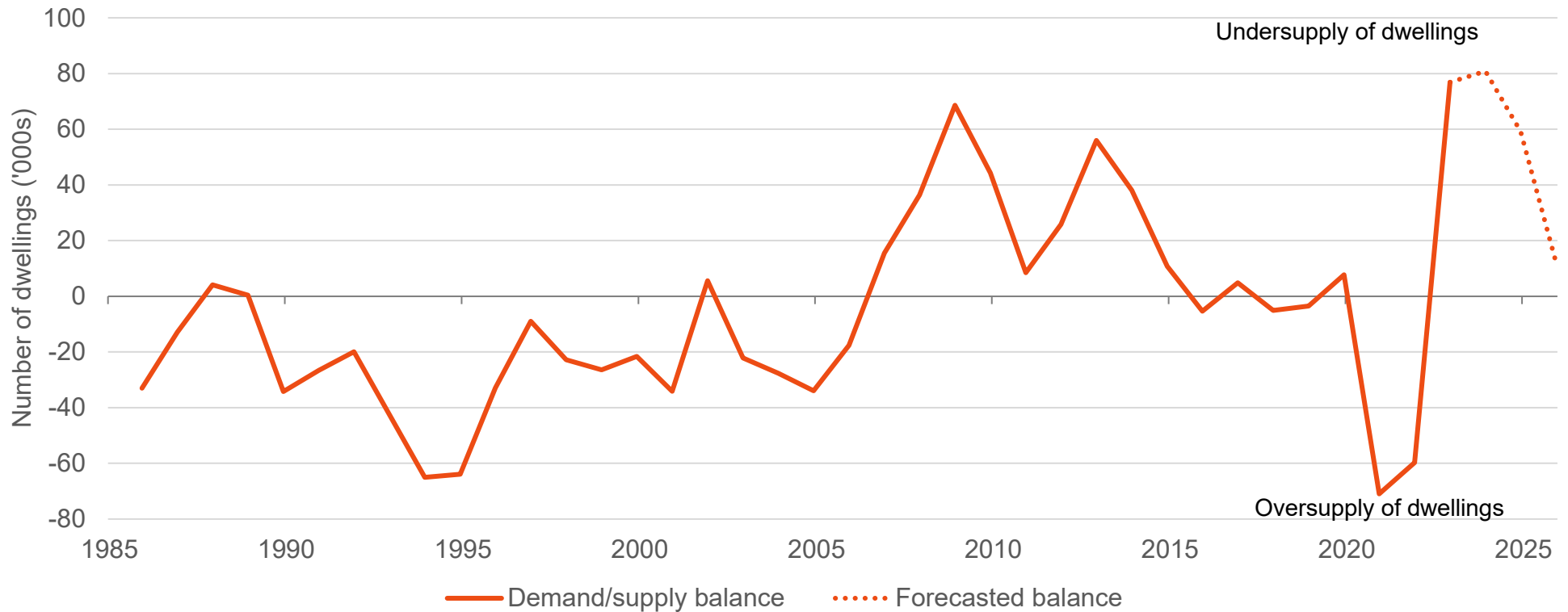


Source: Refinitiv Datastream, data compiled by Frontier



Australia housing

Australia household demand/supply balance model



Source: Frontier Advisors

Thank you for joining us.

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