

Monthly Market Snapshot

November 2020

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

Market Commentary

Despite worsening global COVID-19 cases and more countries reinstating lockdown measures, promising news of three vaccines (Pfizer/BioNTech, Moderna, and AstraZeneca/Oxford) and their effectiveness has seen global equity markets rally strongly over November. The US Presidential results had less impact on markets than expected and strong iron ore prices saw Australian shares continue to gain over the month despite escalating China/Australia trade tensions.

In the US, COVID-19 infection rates and the Presidential election results remained the headline. Although the Trump administration has contested some state results, the transition to the Biden administration has begun. Predicted policy changes from the president-elect include the US re-joining the Paris Climate Agreement and easing/avoiding tariff measures in the ongoing China/US trade war. US economic recovery has continued, with the flash purchasing managers' index (PMI) for services and manufacturing finishing higher than expected. Fiscal stimulus negotiations remain stalled while Senate elections are set to be decided 5 January 2021.

Europe's second wave of COVID-19 infections continued over the month as the colder months approach and stricter containment measures are implemented. The UK announced a further extension to its furlough scheme, now to continue to end of March 2021, in recognition of businesses and households requiring fiscal support. In response to the required fiscal stimulus, the Bank of England (BoE) announced it will expand its asset purchase facility by a further GBP 150 billion.

The China/Australia trade tensions have continued with agriculture exports impacted heavily. While current predicted impact to GDP is small, there is concern that an extension to bulk commodities, particularly iron ore of which Australia accounts for 50% of global exports, could result in more substantial negative GDP impact.

Australia's COVID-19 infection rate remained low over the month with easing restrictions extending to the reopening of more state borders. Economic recovery continued, but commentary predicts that pre-pandemic levels are not expected to be reached until end of 2021. To assist Australia's economic recovery, the Reserve Bank of Australia (RBA) announced changes to their monetary policy at their November meeting. This included reducing the cash rate target from 0.25% to 0.1%; reducing the three-year bond yield target from 0.25% to 0.1%; reducing interest rate on new drawings under the Term Funding Facility to 0.1%; and starting an asset purchasing program of \$100 billion over the next six months focusing on buying Australia government bonds with maturities of around five to 10 years.

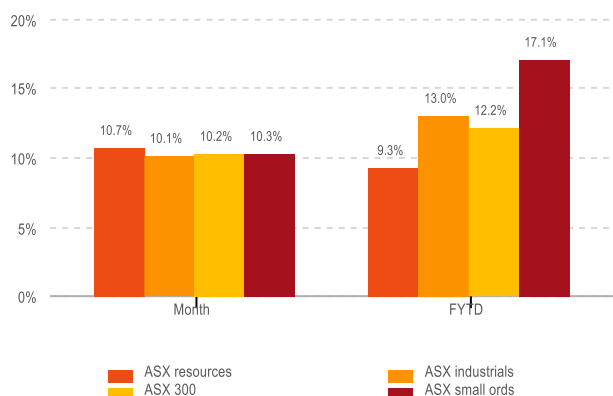
The AUD appreciated against major currencies, most notably when compared with the USD. Commodity prices were mixed over the month reflecting supply disruptions in Brazil, industrial recovery in China, and the ongoing China/Australia trade tensions. The oil price picked up from last month while gold finished slightly negative.

Global and Australian listed infrastructure performed positively over November. Listed property performance was also positive with Australian listed property outperforming global listed property.

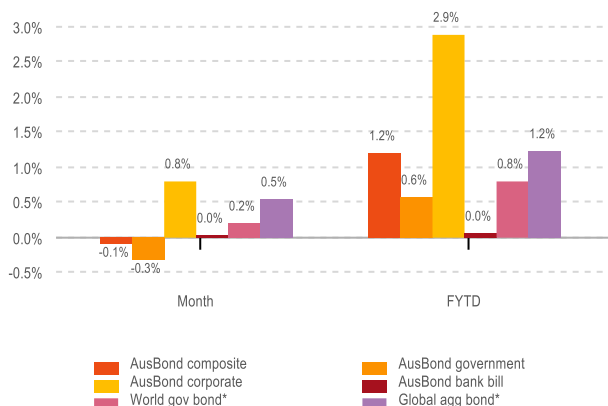
Nov 2020



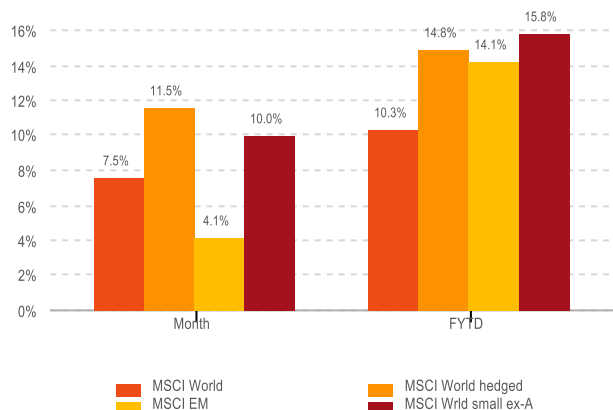
Australian Equities



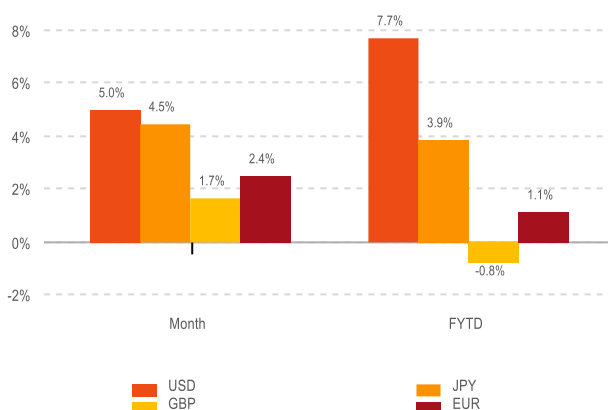
Fixed Income



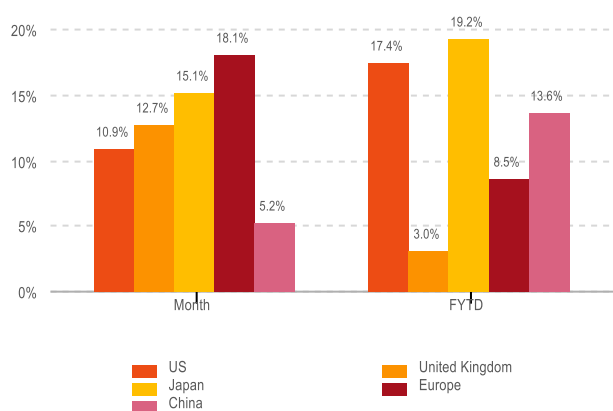
International Equities (\$A)



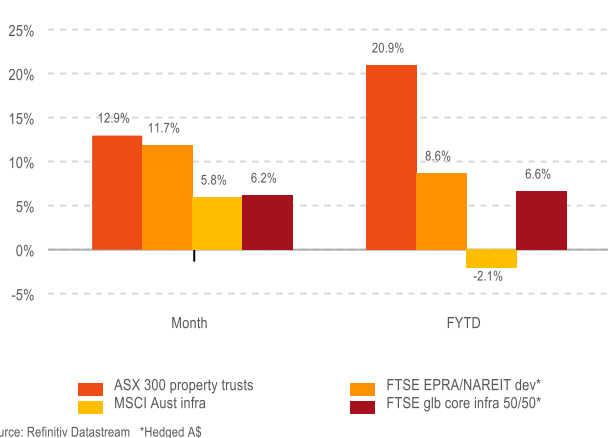
Australian Dollar



International Equities



Real Assets



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

Nov 2020

Index Value Month 3 Months FYTD 1 Year 5 Yr p.a.



Australian Equities

S&P/ASX 300 Accum. Index	6,498	10.2%	8.3%	12.2%	-1.6%	9.1%
S&P/ASX 300 Accum. Industrials Index	10,070	10.1%	9.5%	13.0%	-2.6%	7.5%
S&P/ASX 300 Accum. Resources Index	4,712	10.7%	3.7%	9.3%	2.4%	18.0%
ASX Small Caps Accum. Index	3,016	10.3%	7.7%	17.1%	6.0%	10.7%



International Equities

MSCI World Index (\$A)	3,926	7.5%	5.9%	10.3%	5.1%	10.5%
MSCI World Index (Hedged \$A)	3,367	11.5%	4.9%	14.9%	9.0%	10.2%
MSCI Emerging Markets Index (\$A)	1,181	4.1%	10.1%	14.1%	8.7%	10.3%
MSCI World ex-Aus Small Cap Index (\$A)	514	10.0%	13.5%	15.8%	2.3%	9.2%
US (S&P 500 Index in USD)*	3,622	10.8%	3.5%	16.8%	15.3%	11.7%
US Tech (NASDAQ Index in USD)*	12,199	11.8%	3.6%	21.3%	40.8%	19.0%
United Kingdom (FTSE 100 Index in GBP)*	6,266	12.4%	5.1%	1.6%	-14.7%	-0.3%
Japan (Nikkei 225 Index in JPY)*	26,434	15.0%	14.2%	18.6%	13.5%	6.0%
Europe (Stoxx 50 Index in EUR)*	3,493	18.1%	6.7%	8.0%	-5.7%	-0.1%
China (Shanghai Composite Index in CNY)*	3,392	5.2%	-0.1%	13.6%	18.1%	-0.3%



AUD versus ...

USD	0.74	5.0%	0.5%	7.7%	9.1%	0.6%
JPY	76.80	4.5%	-1.1%	3.9%	3.5%	-2.7%
GBP	0.55	1.7%	0.6%	-0.8%	5.6%	3.0%
EUR	0.62	2.4%	0.0%	1.1%	0.4%	-1.9%



Real Assets

ASX 300 Listed Property Trusts Accum. Index	1,451	12.9%	11.3%	20.9%	-8.6%	8.1%
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,526	11.7%	5.2%	8.6%	-16.1%	2.5%
MSCI Australia Infrastructure	1,188	5.8%	2.3%	-2.1%	-10.5%	4.0%
FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,234	6.2%	5.3%	6.6%	-3.8%	8.5%



Oil and Commodities

Crude Oil (US\$/bbl)	45.3	26.0%	6.4%	15.5%	-17.8%	2.3%
Copper Spot (US\$/tonne)	7,569	12.8%	13.0%	26.1%	29.5%	10.5%
Gold Spot (US\$/ounce)	1,774	-5.7%	-9.8%	-0.5%	21.4%	10.8%



Australian Fixed Interest

Bloomberg AusBond Composite Index	10,728	-0.1%	1.2%	1.2%	3.0%	4.7%
Bloomberg AusBond Government Index	11,196	-0.3%	1.1%	0.6%	2.3%	4.7%
Bloomberg AusBond Corporate Index	11,102	0.8%	1.8%	2.9%	4.4%	5.0%
Bloomberg AusBond Bank Bill Index	9,020	0.0%	0.0%	0.0%	0.4%	1.6%



Global Fixed Interest

FTSE WGBI ex-Aus (Hedged \$A)	2,647	0.2%	0.9%	0.8%	5.1%	4.5%
Barclay's Global Agg. Bond Index (Hedged \$A)	1,109	0.5%	0.9%	1.2%	4.5%	4.5%



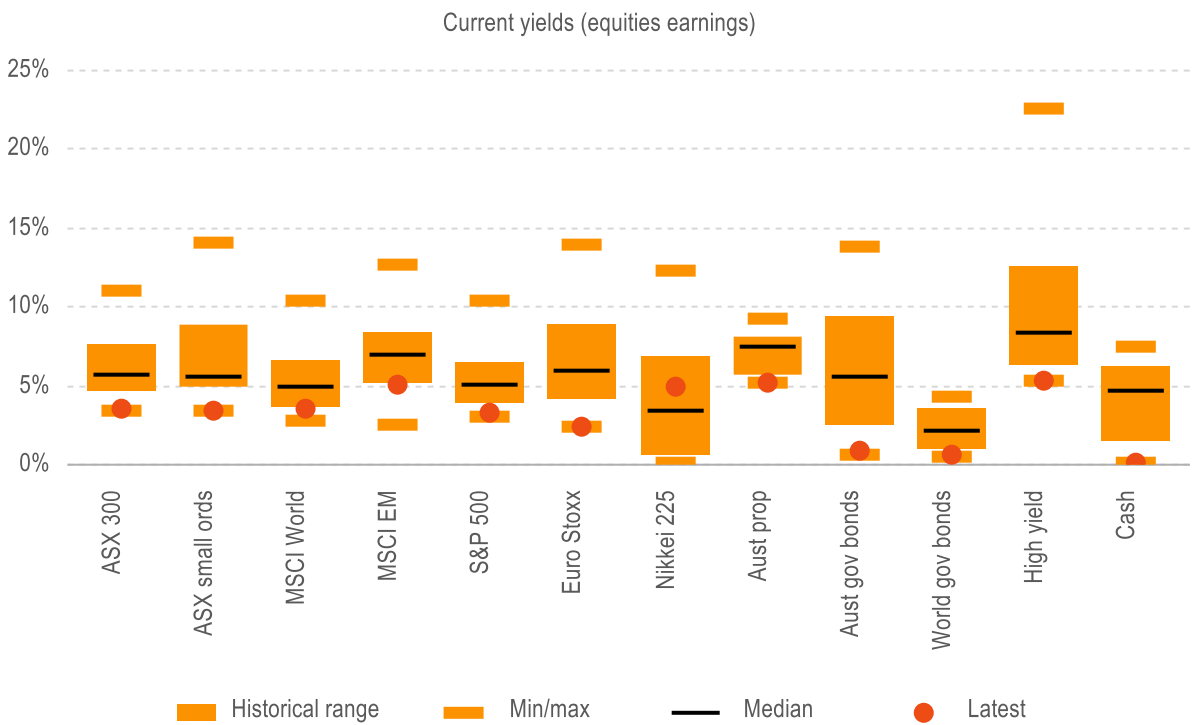
Fixed Income (yields) as at ...

	Nov 2020	Oct 2020	Aug 2020	Jun 2020	Nov 2019	Nov 2015
Australia Bank Bill	0.02	0.05	0.09	0.09	0.82	2.05
Australia 10-Year Government Bond	0.91	0.83	0.98	0.88	1.04	2.85
US 10-Year Government Bond	0.84	0.86	0.69	0.65	1.78	2.21
UK 10-Year Government Bond	0.31	0.26	0.31	0.17	0.70	1.83
Germany 10-Year Government Bond	-0.57	-0.62	-0.40	-0.46	-0.35	0.47
Japan 10-Year Government Bond	0.03	0.04	0.05	0.03	-0.08	0.30

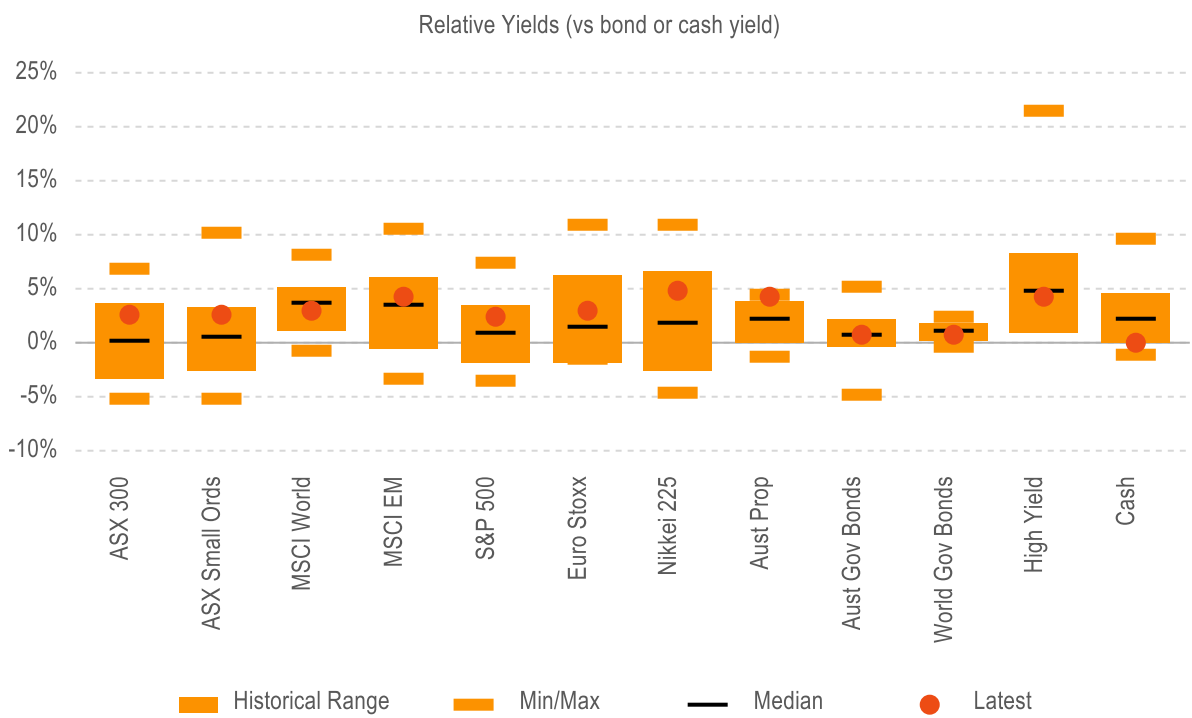
Source: Refinitiv Datastream

*Price Index

Asset class yields relative to history

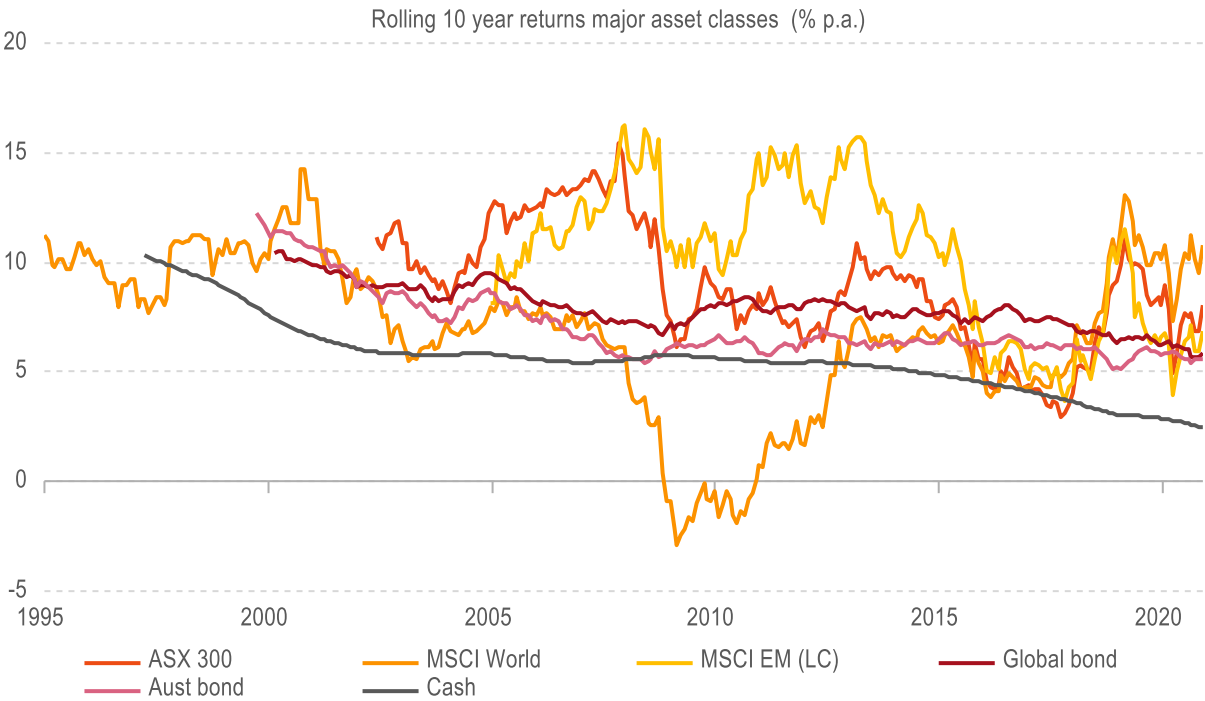


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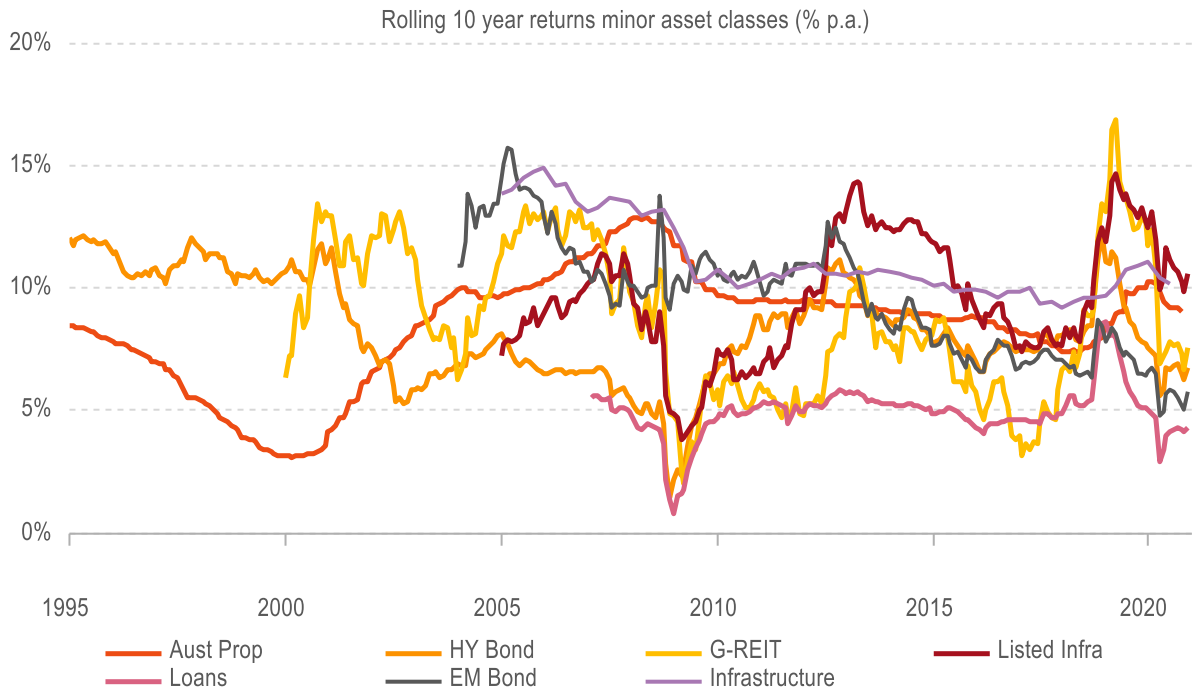


Source: Refinitiv Datastream

Asset class long-term returns



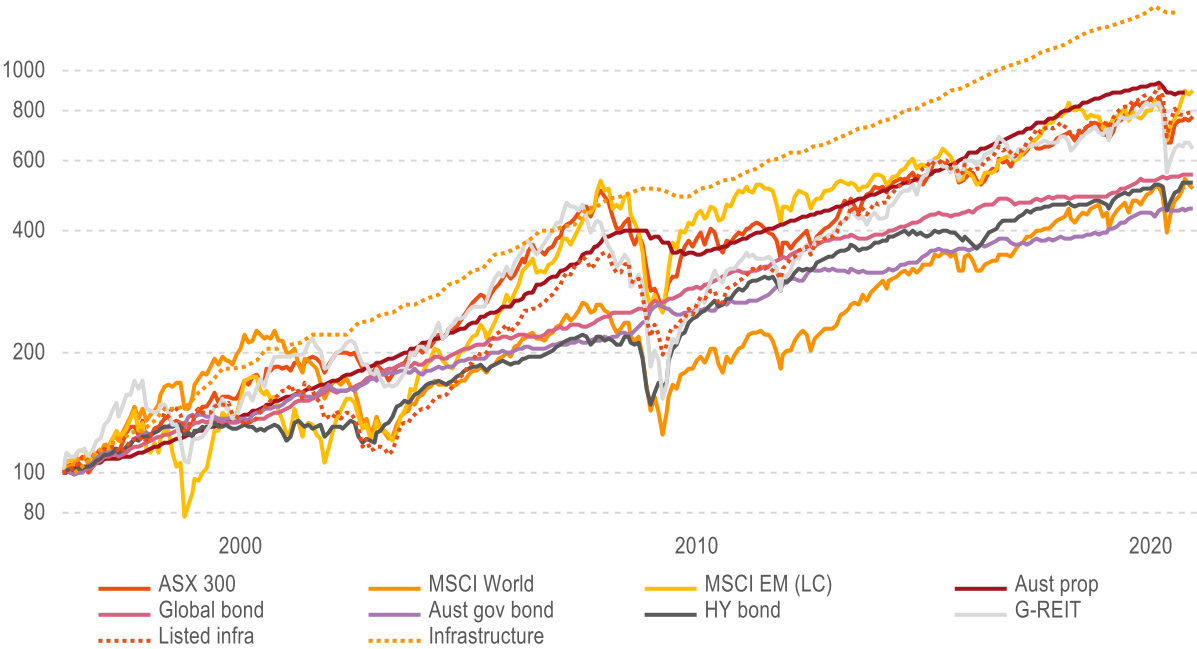
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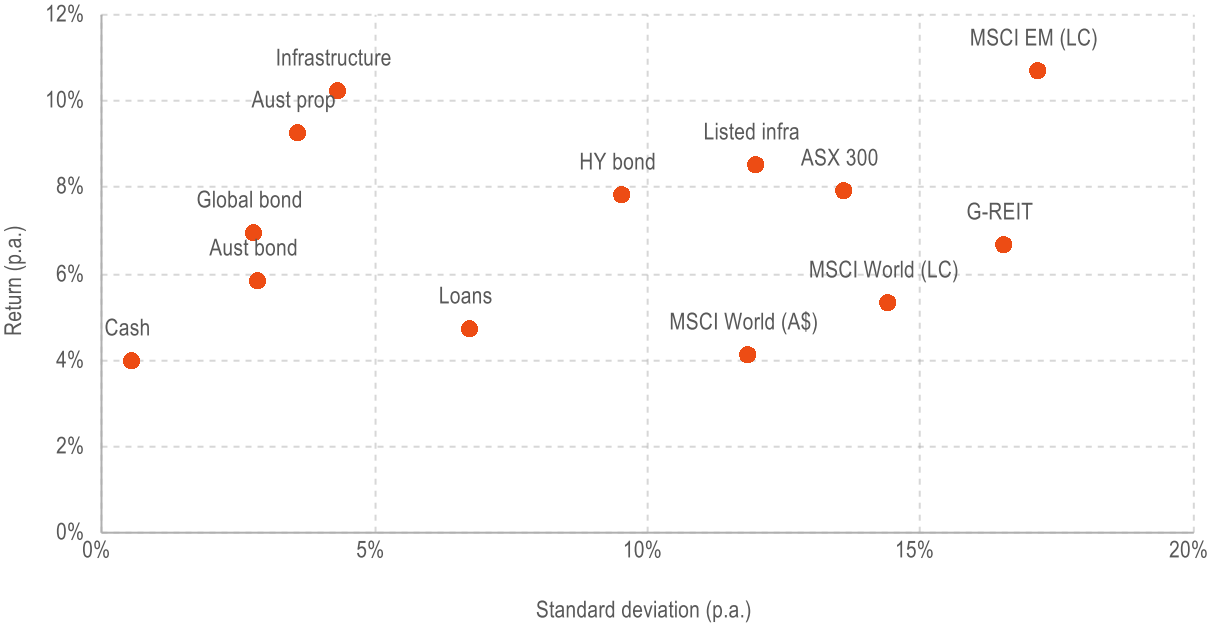
Asset class long-term returns

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



Source: Refinitiv Datastream

Return-risk profile over 20 years (p.a.) to Nov 2020



Source: Refinitiv Datastream



Frontier Level 16, 222 Exhibition Street
Melbourne, Victoria 3000
Tel: +61 3 8648 4300

www.frontieradvisors.com.au
[@frontier_adv](https://twitter.com/frontier_adv)

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