

Monthly Market Snapshot

March 2021

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

Market Commentary

Continued hopes for an ongoing, rapid economic rebound buoyed risk assets over the month, with world equities up around 5%. Economic data continues to show that activity is recovering, including trade data which shows international movement of goods is returning to near pre-COVID-19 levels (notwithstanding temporary disruptions to trade in the Suez Canal). The global rollout of COVID-19 vaccines is continuing at differing paces across the world. In particular, vaccination rates in emerging market countries continues to be very low.

Optimism over the pace of the global economic recovery has been supported by the passing of the US\$1.9 trillion stimulus package in the US. The US fiscal response is now estimated at around 25% of GDP, which is significant in terms of direct support from a global perspective. The size and importance of the US economy means the US stimulus will likely have important spill-overs to the global economy. A second stimulus program, focused on infrastructure spending, is likely to have less immediate impact on near-term growth in the US given the timing of expected spending, but will aid over the medium-term.

China also appears to be growing strongly. However, some recent data points have shown that, unlike the US, the level of policy support may be beginning to wane. For example, the growth in total social financing (a measure of credit growth in China) appears to have peaked.

Australian equities underperformed global markets in the month, weighed by weakness in resources stocks alongside a softening in commodity prices. Iron ore, which has roughly doubled in price over the last 12 months, has begun to soften as important global supply from Brazil has come back online.

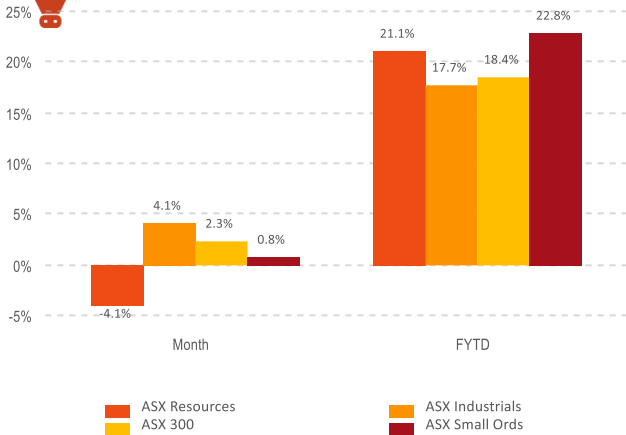
After rising sharply at the beginning of the year, bond yields were broadly steady in March. Australian government bonds delivered marginal gains in the month, but are still down around 4% over the financial year to date.

Listed real assets, like real estate trusts and listed infrastructure, continue to recover following large losses during the COVID-19 period. Gains in listed real assets were comparable with equities over the month. However, listed real assets have generally underperformed equities over the last year given the large short- to medium-term disruption COVID-19 has caused to assets like airports.

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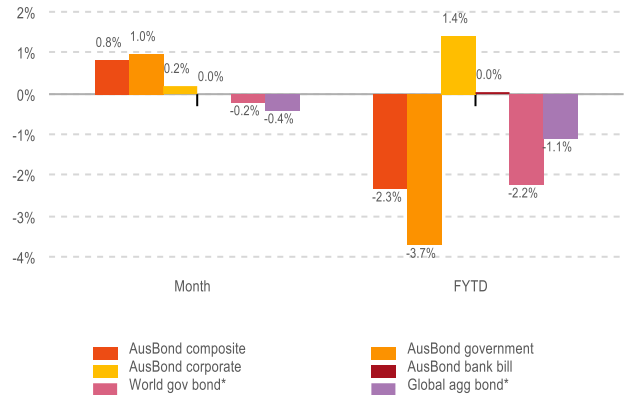
Australian Equities



Source: Refinitiv Datastream



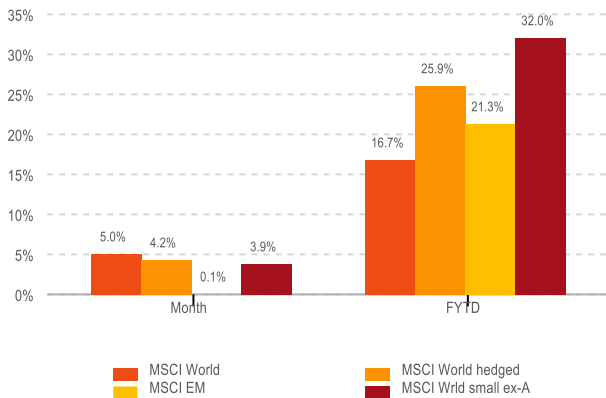
Fixed Income



Source: Refinitiv Datastream



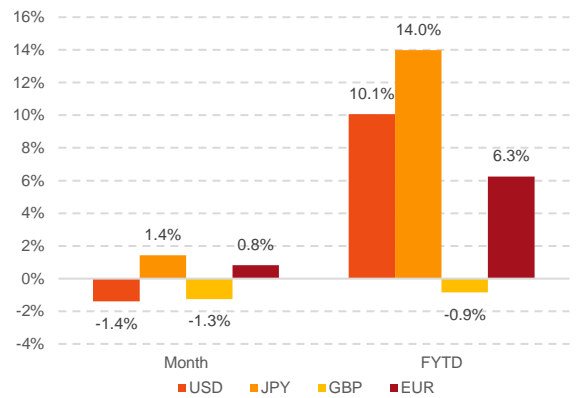
International Equities (\$A)



Source: Refinitiv Datastream



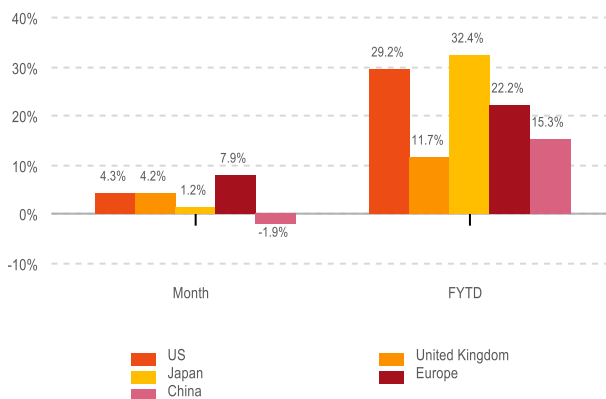
Australian Dollar



Source: Bloomberg



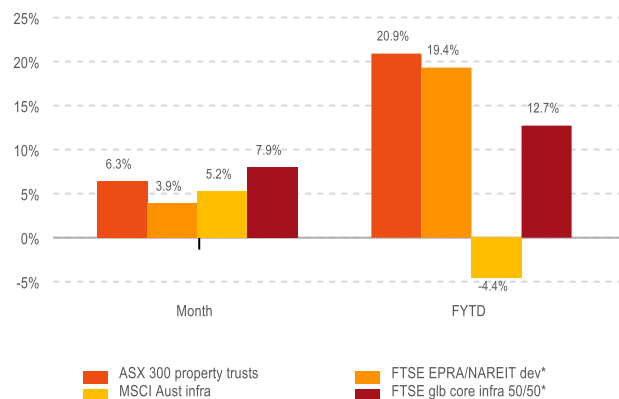
International Equities



Source: Refinitiv Datastream











Real Assets



Source: Refinitiv Datastream *Hedged A\$

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

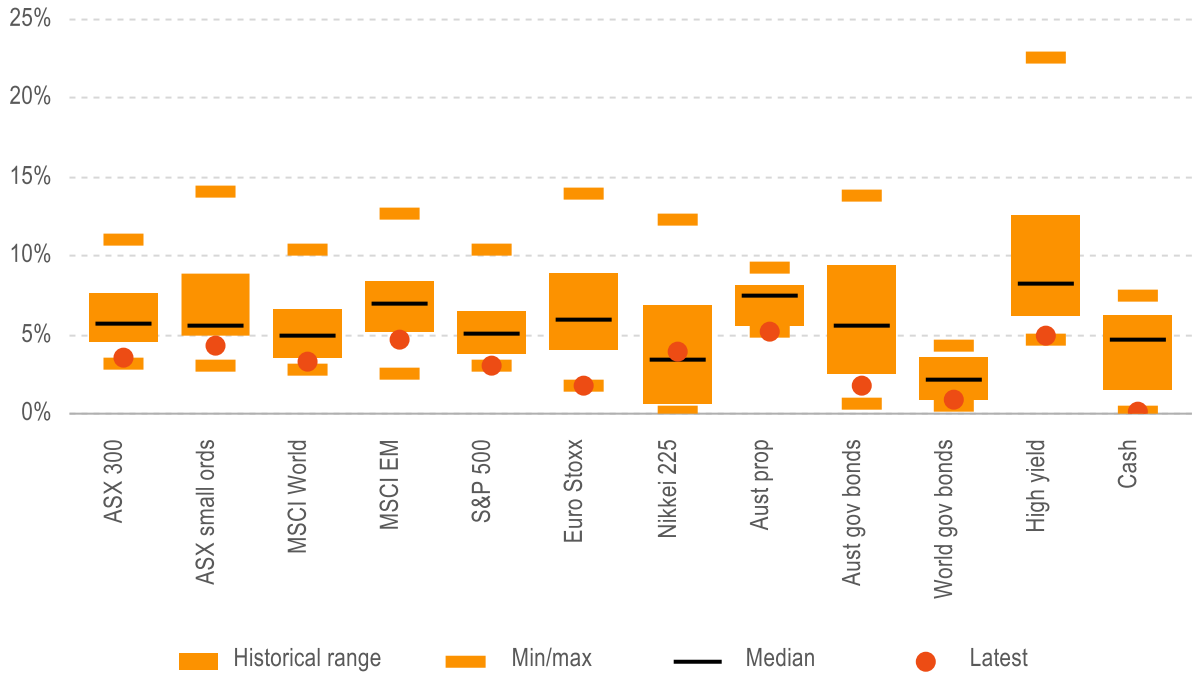
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	Index value	Month	3 months	FYTD	1 year	5yr p.a.						
Australian Equities												
 S&P/ASX 300 Accum. Index	75,927	2.3%	4.2%	18.4%	38.3%	10.3%						
S&P/ASX 300 Accum. Industrials Index	147,728	4.1%	4.7%	17.7%	34.5%	8.5%						
S&P/ASX 300 Accum. Resources Index	35,241	-4.1%	2.2%	21.1%	54.9%	19.9%						
ASX Small Caps Accum. Index	9,610	0.8%	2.1%	22.8%	52.1%	10.7%						
International Equities												
 MSCI World ex-Aus Index (\$A)*	12,463	5.1%	6.3%	16.6%	23.5%	13.7%						
MSCI World ex-Aus Index (Hedged \$A)*	2,254	4.3%	6.1%	26.2%	48.7%	13.2%						
MSCI Emerging Markets Index (\$A)*	838	0.1%	3.6%	21.3%	27.3%	12.3%						
MSCI World ex-Aus Small Cap Index (\$A)	735	3.7%	10.9%	30.9%	43.7%	12.3%						
US (S&P 500 Index in USD)	3,973	4.2%	5.8%	28.1%	53.7%	14.0%						
United Kingdom (FTSE 100 Index in GBP)	6,714	3.6%	3.9%	8.8%	18.4%	1.7%						
Japan (Nikkei 225 Index in JPY)	29,179	0.7%	6.3%	30.9%	54.2%	11.7%						
Europe (Stoxx 50 Index in EUR)	3,919	7.8%	10.3%	21.2%	40.6%	5.5%						
China (Shanghai Composite Index in CNY)	3,442	-1.9%	-0.9%	15.3%	25.1%	2.8%						
AUD versus ...												
 USD	0.76	-1.4%	-1.2%	10.1%	23.9%	-0.2%						
JPY	84.28	1.4%	6.1%	14.0%	26.1%	-0.4%						
GBP	0.55	-1.3%	-2.1%	-0.9%	10.6%	0.7%						
EUR	0.65	0.8%	3.6%	6.3%	15.8%	-0.8%						
Property												
 ASX 300 Listed Property Trusts Accum. Index	55,392	6.3%	-0.6%	20.9%	45.4%	6.0%						
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)*	2,746	3.9%	7.3%	19.4%	29.7%	3.6%						
Oil and Commodities												
 Crude Oil (\$/bbl)	59	-3.8%	21.9%	50.6%	188.9%	9.1%						
Copper Spot (\$/tonne)	8,788	-3.8%	13.4%	46.4%	77.9%	12.5%						
Gold Spot (\$/ounce)	1,716	-0.9%	-9.8%	-6.4%	7.2%	5.8%						
Australian Fixed Interest												
 Bloomberg AusBond Composite Index	10,355	0.8%	-3.2%	-2.3%	-1.8%	3.5%						
Bloomberg AusBond Government Index	10,722	1.0%	-3.9%	-3.7%	-3.9%	3.3%						
Bloomberg AusBond Corporate Index	10,945	0.2%	-1.4%	1.4%	3.0%	4.4%						
Bloomberg AusBond Bank Bill Index	9,020	0.0%	0.0%	0.0%	0.1%	1.4%						
Global Fixed Interest												
 FTSE WGBI ex-Aus (Hedged \$A)	2,559	-0.2%	-3.1%	-2.3%	-1.3%	3.0%						
Barclay's Global Agg. Bond Index (Hedged \$A)		-0.4%	-2.5%	-1.1%	1.1%	3.3%						
Fixed Income (yields) as at ...												
 Australia Bank Bill	Mar 2021	0.04	Feb 2021	0.02	Dec 2020	0.02	Jun 2020	0.10	Mar 2020	0.36	Mar 2016	2.27
Australia 10-Year Government Bond		1.79		1.92		0.97		0.87		0.76		2.45
US 10-Year Government Bond		1.74		1.40		0.91		0.66		0.67		1.77
UK 10-Year Government Bond		0.85		0.82		0.20		0.17		0.36		1.4
Germany 10-Year Government Bond		-0.29		-0.26		-0.57		-0.45		-0.47		0.15
Japan 10-Year Government Bond		0.10		0.16		0.02		0.03		0.02		-0.03

*Price Index

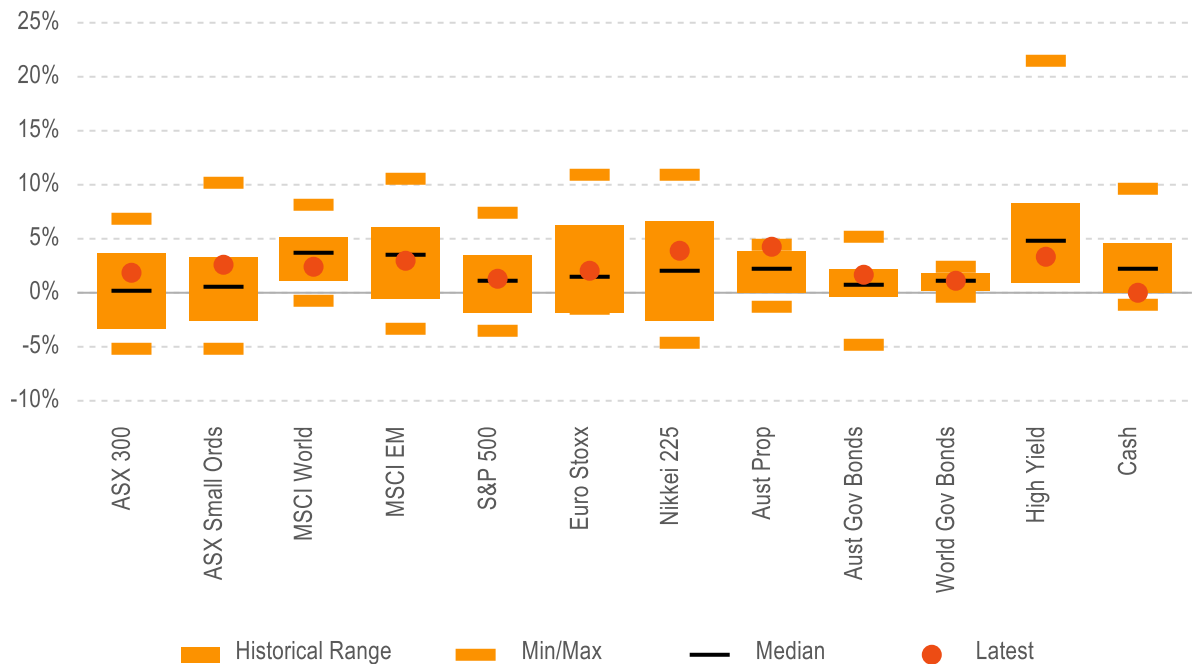
Asset class yields relative to history

Current yields (equities earnings)



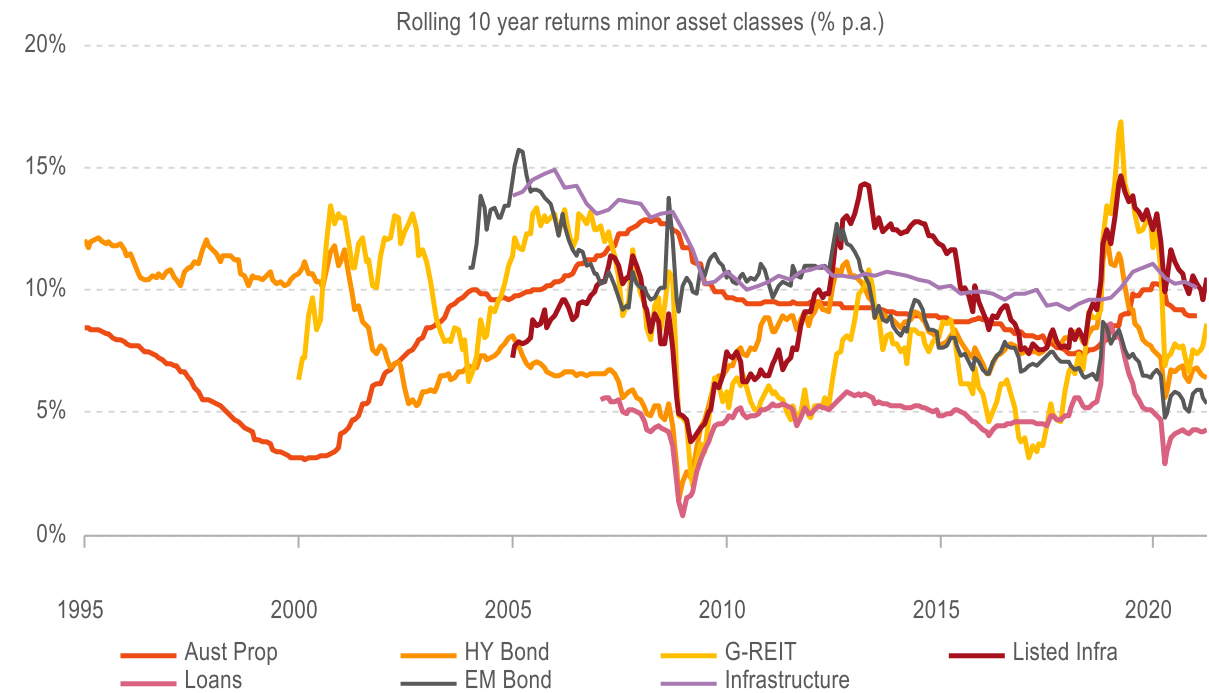
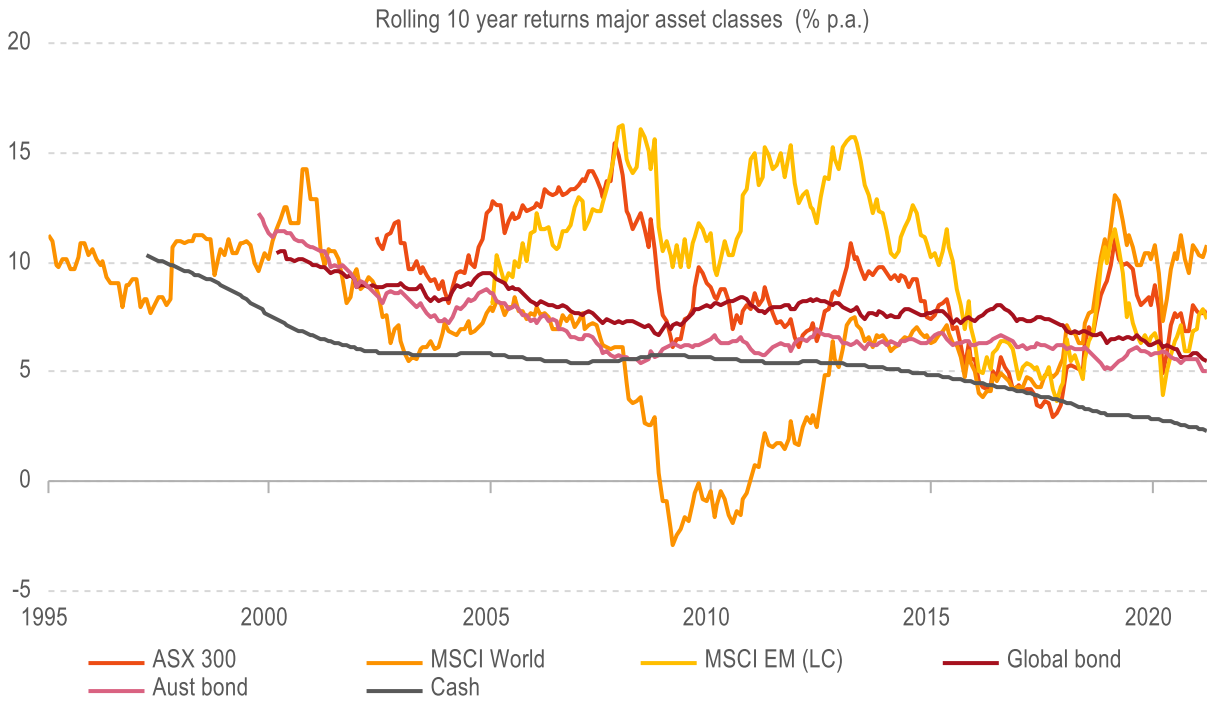
Source: Refinitiv Datastream

Relative Yields (vs bond or cash yield)



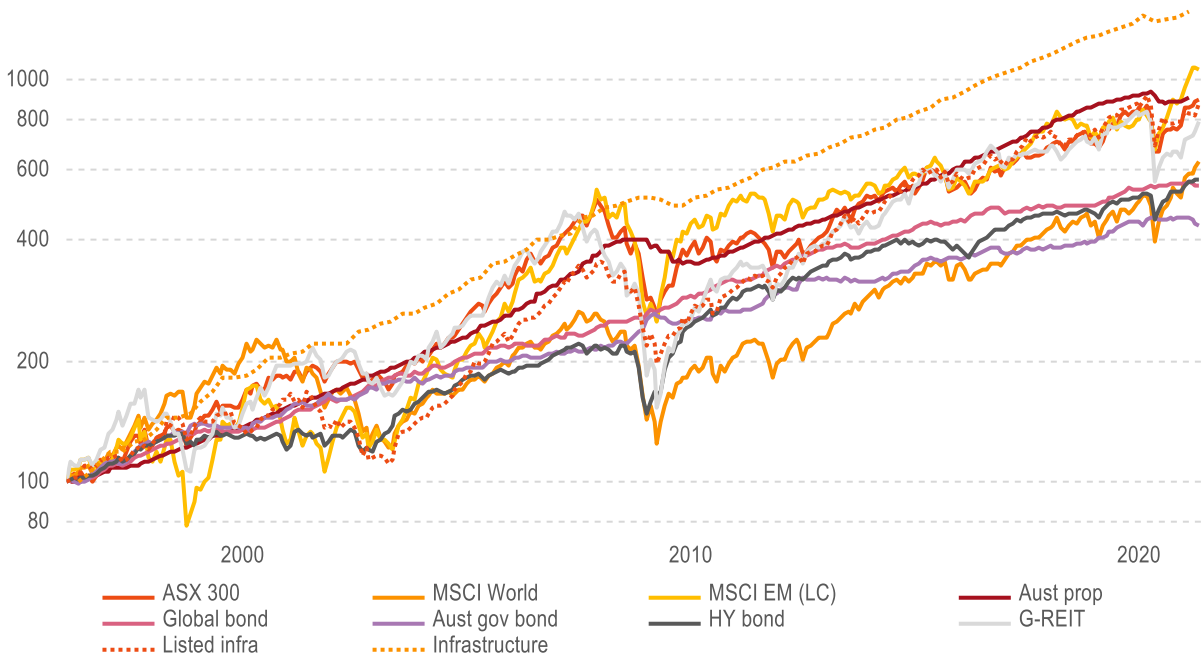
Source: Refinitiv Datastream

Asset class long-term returns



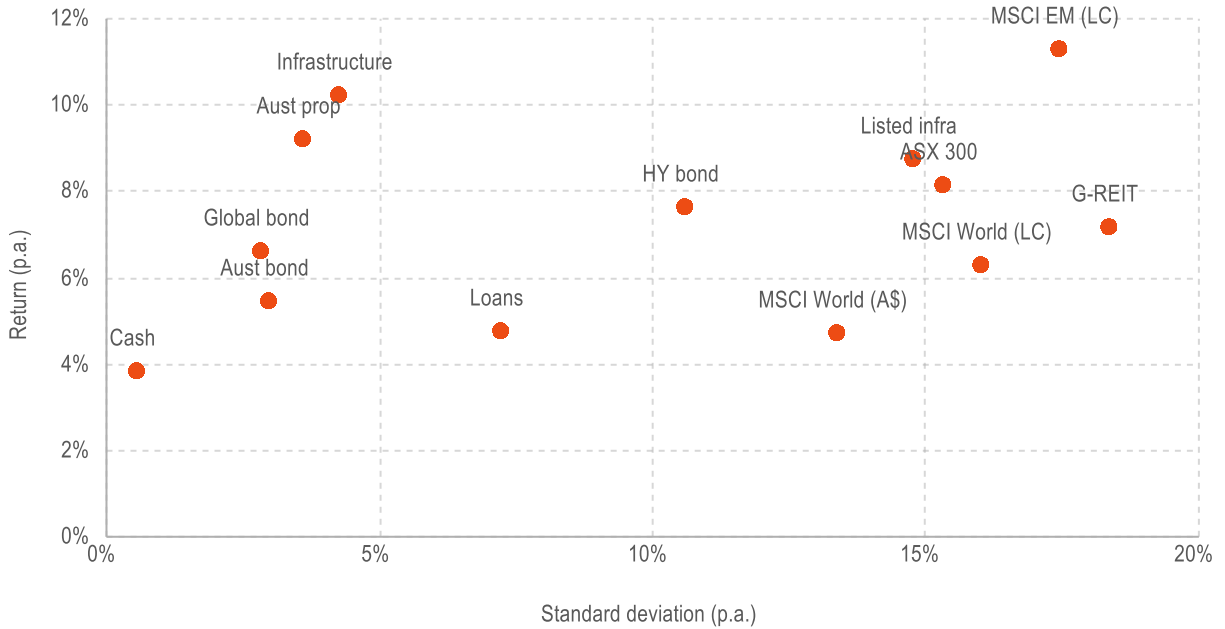
Asset class long-term returns

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



Source: Refinitiv Datastream

Return-risk profile over 20 years (p.a.) to Mar 2021



Source: Refinitiv Datastream



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