

Monthly Market Snapshot

March 2022

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

Market commentary

Global equity markets experienced a rebound during the month of March, despite concerns over rising interest rates, high inflation and the ongoing war between Russia and Ukraine. Nevertheless, over the three-month calendar year to date period, most major equity indices are still exhibiting negative performances.

The Australian equity market recorded another month of positive returns. The resources sector continues to be a major contributor to the positive performance, driven by high commodity prices. Financials also contributed to performance with major banks displaying strong stock price rises. The FY23 Federal budget, which was delivered during the later part of the month, saw additional government commitments towards sectors such as infrastructure, clean energy and cybersecurity.

Economic indicators within the US were mixed during the month. While the March ISM Manufacturing index was down, non-farm payrolls data was above consensus. The unemployment rate dropped, with the US labour market remaining resilient. In addition, nominal wage growth over the year remains high in conjunction with rising inflation.

The European equity market recorded a small negative return for the month, driven by concerns of the ongoing Russian/Ukraine war and rising energy costs. Europe is a large importer of oil and natural gas from Russia, which increases the region's vulnerability to the conflict.

Commodity prices continued to rise, as further sanctions were applied to Russia. Energy prices remain high amidst the increased uncertainty of future supply from Russia. The price of gold also rose in response to uncertainty among investors regarding the global macroeconomic outlook.

Bond yields continued to increase materially during the month, on the back of rising interest rate expectations and concerns around inflation, which led to the negative performances of major bond indices. The US Fed officially raised its benchmark rate during the month and signalled plans for further rate rises in the months ahead in order to address the issue of high inflation within the economy. In addition to rate rises, the US Fed also plans to wind down other forms of stimulus, including its asset purchase program, which was expanded during the beginning of the Covid-19 pandemic as a measure to stabilise financial markets. Jerome Powell, US Fed Chair, stated that necessary measures to control inflation will be undertaken and is not ruling out a more aggressive hike in rates ahead.

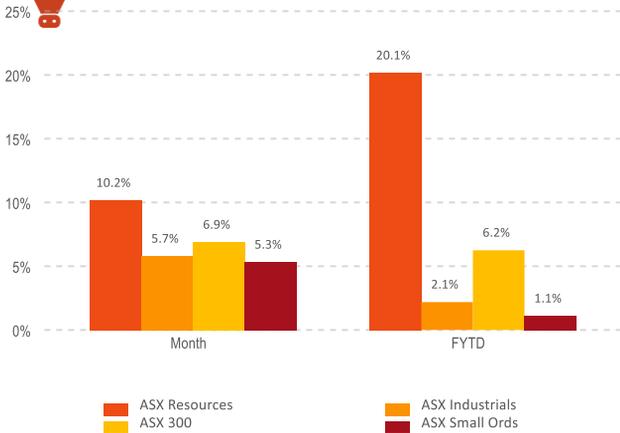
The Australian dollar outperformed against the major currencies given the strength exhibited by Australia's major export commodities such as iron ore and coal.

Listed real assets performed strongly over the month, with international real assets outperforming Australian listed real assets.

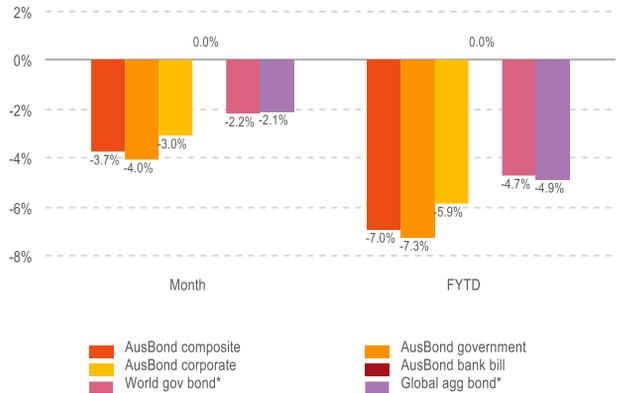
March 2022



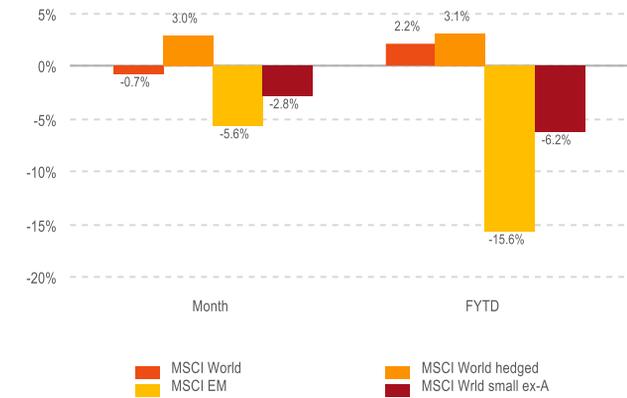
Australian equities



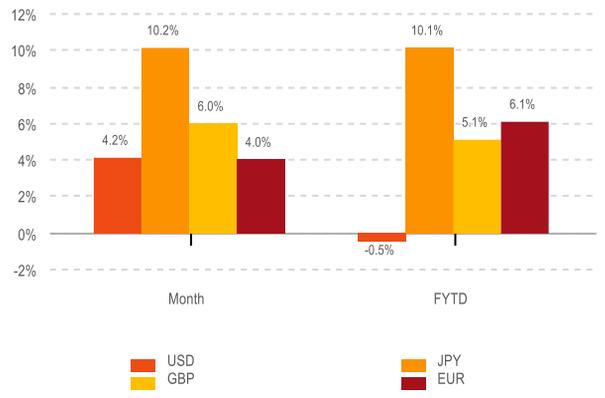
Fixed income



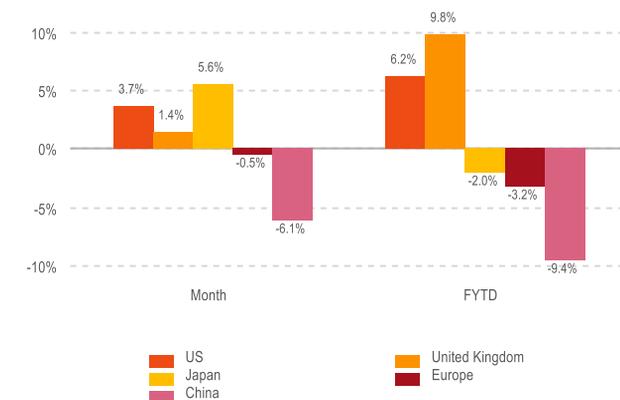
International equities (\$)



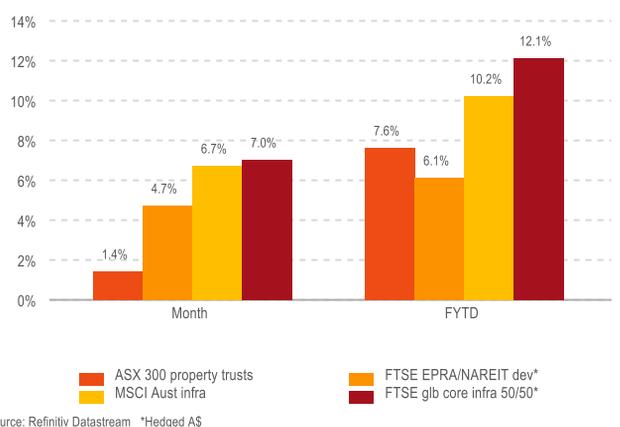
Australian dollar



International equities



Real assets



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

March 2022

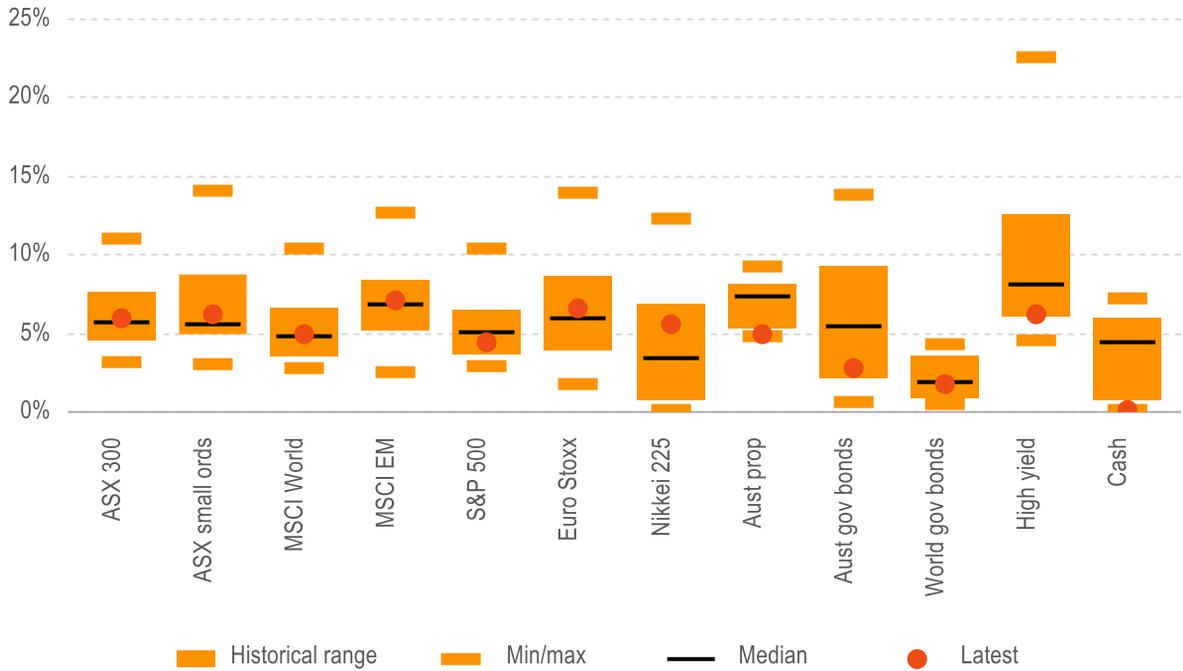
	Index Value	Month	3 Months	FYTD	1 Year	5 Yr p.a.	
Australian Equities							
	S&P/ASX 300 Accum. Index	7,498	6.9%	2.1%	6.2%	15.2%	9.4%
	S&P/ASX 300 Accum. Industrials Index	11,185	5.7%	-2.8%	2.1%	11.0%	7.3%
	S&P/ASX 300 Accum. Resources Index	6,156	10.2%	20.1%	20.1%	29.5%	18.0%
	ASX Small Caps Accum. Index	3,351	5.3%	-4.2%	1.1%	9.7%	9.9%
International Equities							
	MSCI World Index (\$A)	4,553	-0.7%	-8.2%	2.2%	11.7%	12.8%
	MSCI World Index (Hedged \$A)	4,099	3.0%	-4.8%	3.1%	10.9%	11.5%
	MSCI Emerging Markets Index (\$A)	1,098	-5.6%	-9.9%	-15.6%	-10.1%	6.3%
	MSCI World ex-Aus Small Cap Index (\$A)	575	-2.8%	-9.7%	-6.2%	-0.2%	10.0%
	US (S&P 500 Index in USD)*	4,530	3.6%	-4.9%	5.4%	14.0%	13.9%
	US Tech (NASDAQ Index in USD)*	14,221	3.4%	-9.1%	-2.0%	7.4%	19.2%
	United Kingdom (FTSE 100 Index in GBP)*	7,516	0.8%	1.8%	6.8%	11.9%	0.5%
	Japan (Nikkei 225 Index in JPY)*	27,821	4.9%	-3.4%	-3.4%	-4.7%	8.0%
	Europe (Stoxx 50 Index in EUR)*	3,903	-0.6%	-9.2%	-4.0%	-0.4%	2.2%
	China (Shanghai Composite Index in CNY)*	3,252	-6.1%	-10.6%	-9.4%	-5.5%	0.2%
AUD versus ...							
	USD	0.75	4.2%	3.1%	-0.5%	-1.6%	-0.4%
	JPY	91.45	10.2%	9.5%	10.1%	8.5%	1.3%
	GBP	0.57	6.0%	6.1%	5.1%	3.0%	-1.4%
	EUR	0.67	4.0%	4.6%	6.1%	3.2%	-1.3%
Real Assets							
	ASX 300 Listed Property Trusts Accum. Index	1,633	1.4%	-6.7%	7.6%	19.2%	8.4%
	FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,878	4.7%	-3.5%	6.1%	15.6%	5.9%
	MSCI Australia Infrastructure	1,239	6.7%	0.1%	10.2%	12.1%	3.6%
	FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,610	7.0%	3.3%	12.1%	15.0%	8.7%
Oil and Commodities							
	Crude Oil (US\$/bbl)	100.3	4.8%	33.3%	36.2%	69.5%	14.7%
	Copper Spot (US\$/tonne)	10,368	4.5%	6.4%	10.9%	18.0%	12.3%
	Gold Spot (US\$/ounce)	1,941	2.0%	6.5%	10.0%	13.9%	9.3%
Australian Fixed Interest							
	Bloomberg AusBond Composite Index	9,780	-3.7%	-5.9%	-7.0%	-5.5%	1.9%
	Bloomberg AusBond Government Index	10,128	-4.0%	-6.3%	-7.3%	-5.5%	1.8%
	Bloomberg AusBond Corporate Index	10,416	-3.0%	-4.6%	-5.9%	-4.8%	2.6%
	Bloomberg AusBond Bank Bill Index	9,024	0.0%	0.0%	0.0%	0.0%	1.0%
Global Fixed Interest							
	FTSE WGBI ex-Aus (Hedged \$A)	2,465	-2.2%	-4.8%	-4.7%	-4.0%	2.0%
	Barclay's Global Agg. Bond Index (Hedged \$A)	1,041	-2.1%	-5.0%	-4.9%	-4.0%	2.0%
Fixed Income (yields) as at ...							
		Mar 2022	Feb 2022	Dec 2021	Jun 2021	Mar 2021	Mar 2017
	Australia Bank Bill	0.01	0.02	0.02	0.01	0.01	1.63
	Australia 10-Year Government Bond	2.79	2.16	1.68	1.51	1.81	2.71
	US 10-Year Government Bond	2.32	1.84	1.50	1.44	1.75	2.39
	UK 10-Year Government Bond	1.61	1.41	0.97	0.72	0.85	1.14
	Germany 10-Year Government Bond	0.55	0.16	-0.18	-0.20	-0.30	0.33
	Japan 10-Year Government Bond	0.21	0.18	0.07	0.05	0.10	0.07

Source: Refinitiv Datastream

*Price Index

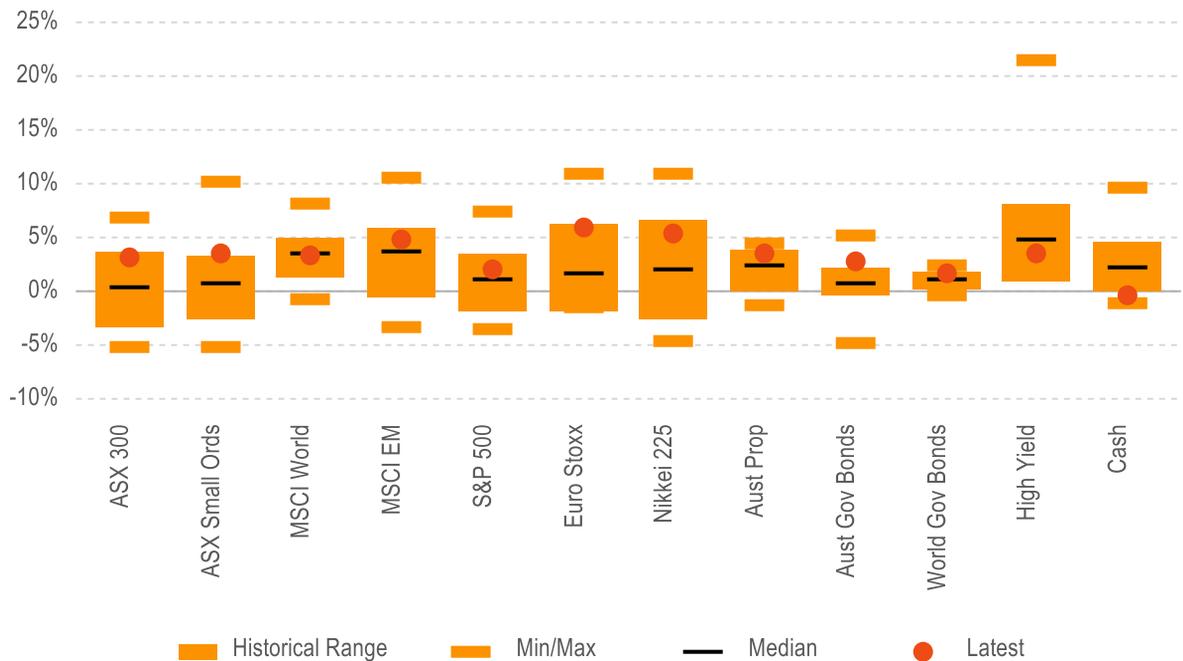
Asset class yields relative to history

Current yields (equities earnings)



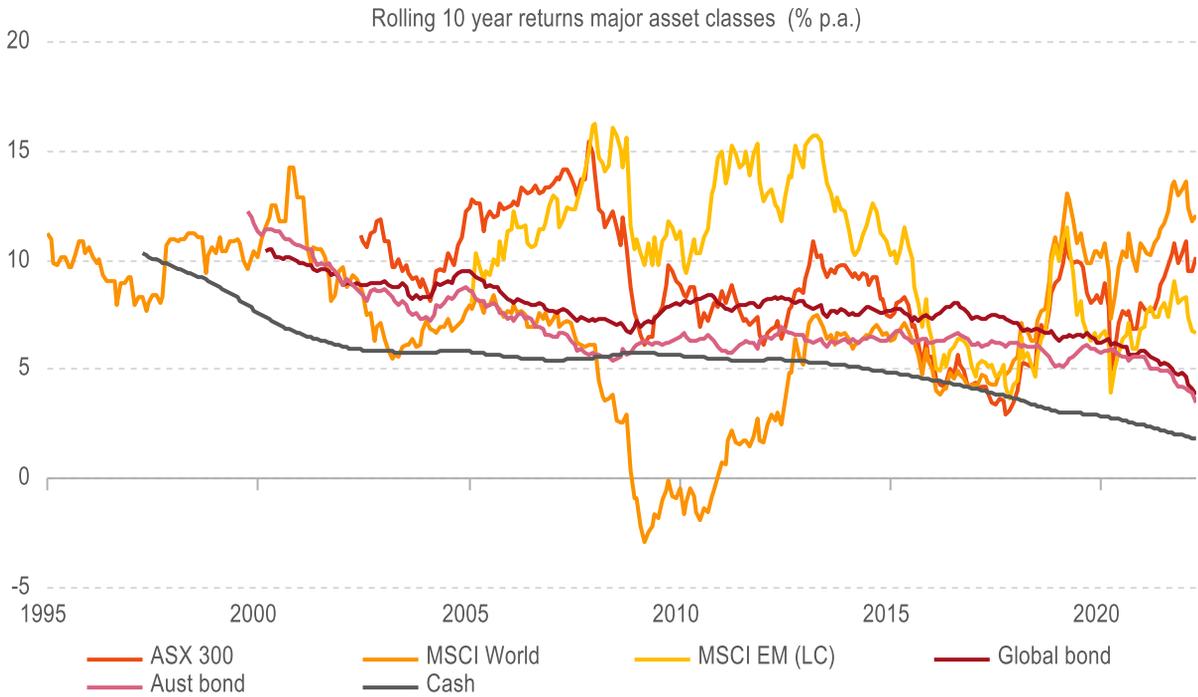
Source: Refinitiv Datastream

Relative yields (vs bond or cash yield)

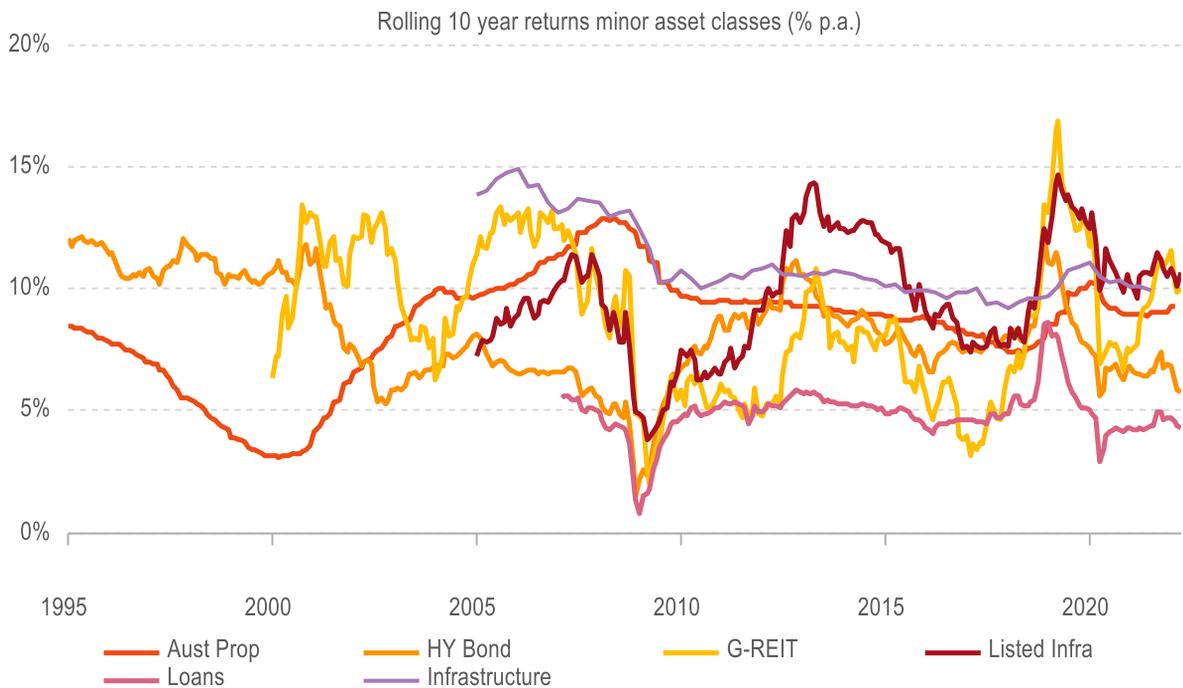


Source: Refinitiv Datastream

Asset class long-term returns



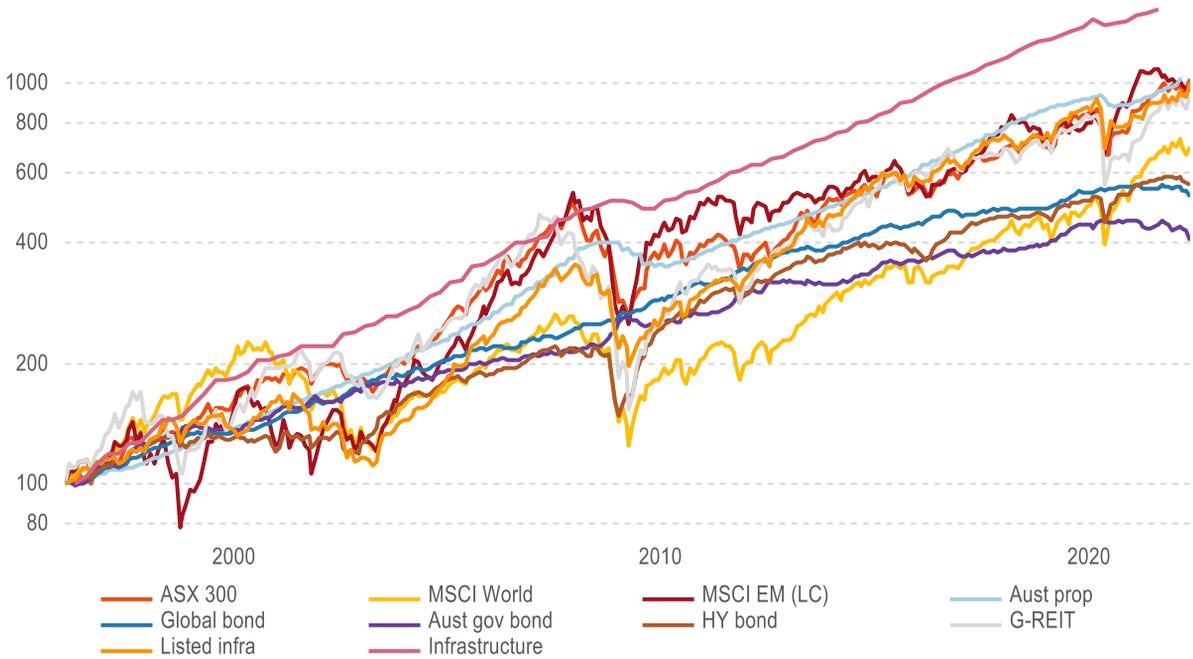
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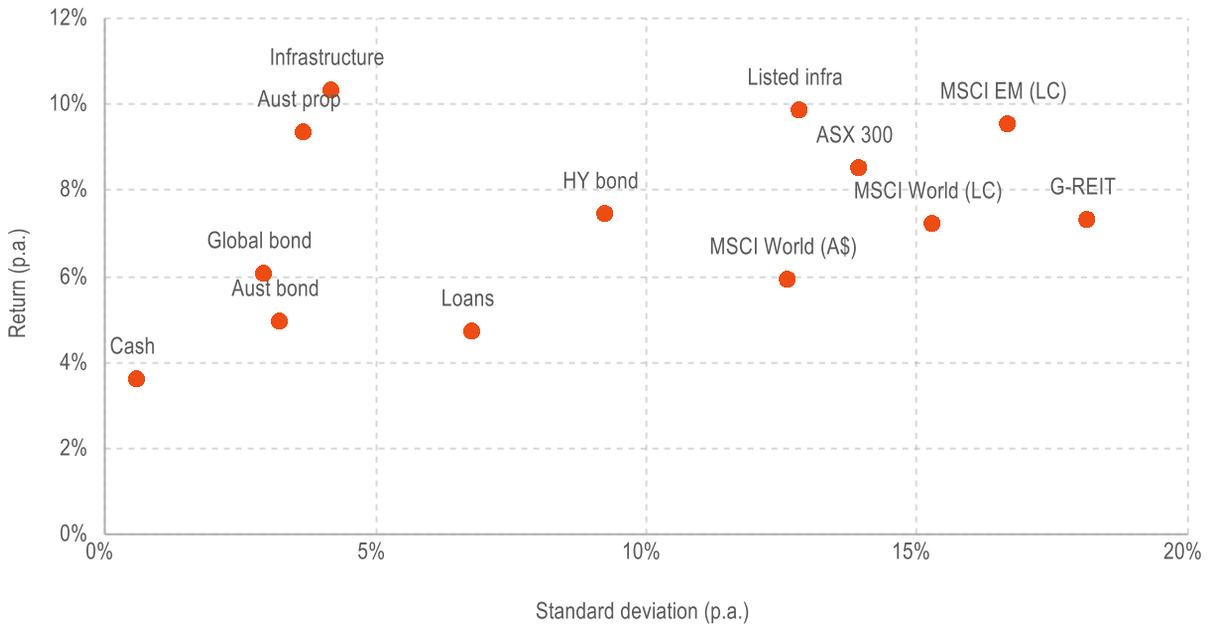
Asset class long-term returns

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



Source: Refinitiv Datastream

Return-risk profile over 20 years (p.a.) to Mar 2022



Source: Refinitiv Datastream



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