

Monthly Market Snapshot

May 2022

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

Market commentary

While global equity markets ended the month of May broadly flat, key events such as the ongoing war in Ukraine, monetary policy tightening and COVID-19 restrictions in China continue to have an impact on overall market sentiment. China equities produced a solid positive return in the month, as COVID-19 restrictions started to ease from their most restrictive in Shanghai, as new case numbers fell. However, China equities have still delivered a very large negative return over the year.

In response to inflation data in the US continuing to be elevated, the US Federal Reserve Board decided, at its May Committee meeting, to increase the official interest rate by 0.5%. Inflation data in the Eurozone is also high and is driving the European Central Bank's view that it will start raising rates in July 2022 and is expected to end its asset purchase program by the end of the year. In Australia, the RBA decided to start raising rates, increasing interest rate by 0.25% at its meeting in early May and is expected to raise rates further over the upcoming months, given the high inflation.

The European Union decided to impose further sanctions on Russian oil, particularly on oil transported by sea, while Russia is also reducing the gas it supplies to Europe. This is putting further upward pressure on inflation and is also expected to have a negative impact on European economic growth. The oil price continued to rise materially in May, although other metal prices weakened somewhat over the month.

The Australian equity market produced negative performance in May, mainly driven by the negative performance of the Consumer Staples and Real Estate sectors. In May, the Australian Labor Party was elected as the new Federal Government, with Anthony Albanese sworn in as the 31st Prime Minister of Australia. Market reactions were relatively muted.

Bond markets experienced another month of negative performance, although it was a lower fall relative to the prior month. Although credit spreads continued to widen, amid the tightening of global financial conditions, the increase was moderate and corporate bonds outperformed government bonds slightly over the month.

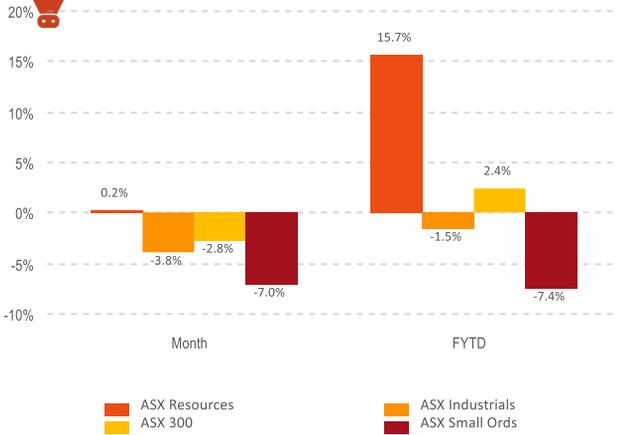
The Australian dollar appreciated slightly against the US dollar as commentary from US Federal Reserve Board members was more mixed on the likely future rate hiking path, given increased risks to growth. The Australian dollar depreciated relative to other major currencies over the month, particularly against the Japanese Yen and the Euro.

Listed property produced significant negative performance over the month, impacted by rising interest rates and growth concerns. Australian listed real assets underperformed international listed real assets over the month.

May 2022



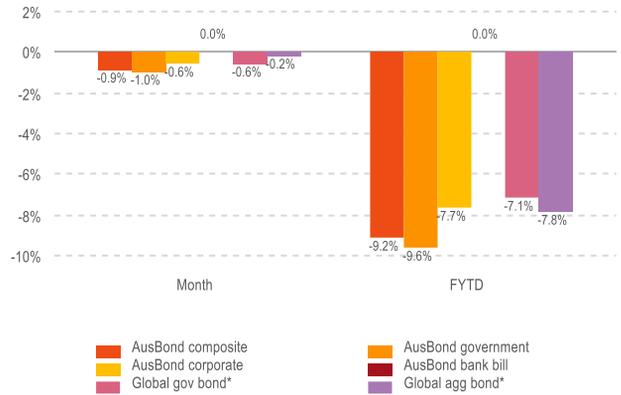
Australian equities



Source: Refinitiv Datastream



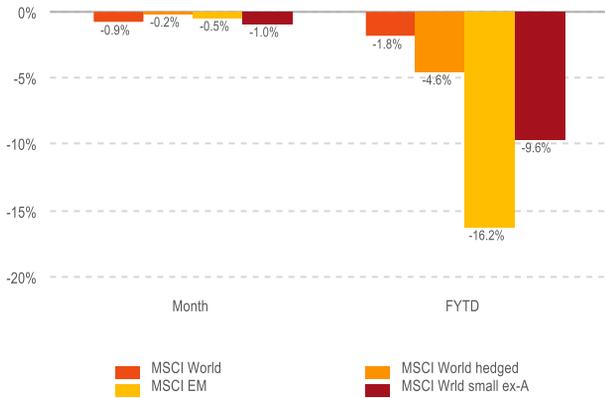
Fixed income



Source: Refinitiv Datastream



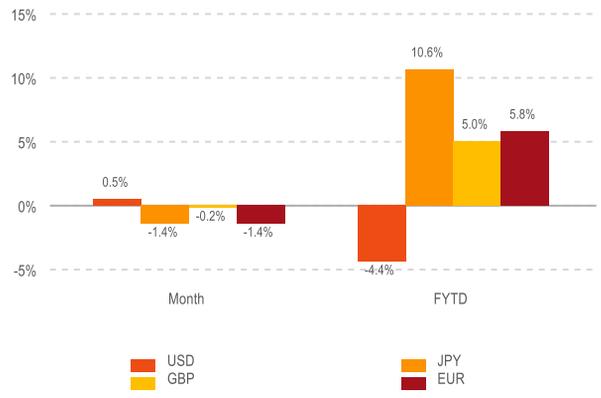
International equities (\$)



Source: Refinitiv Datastream



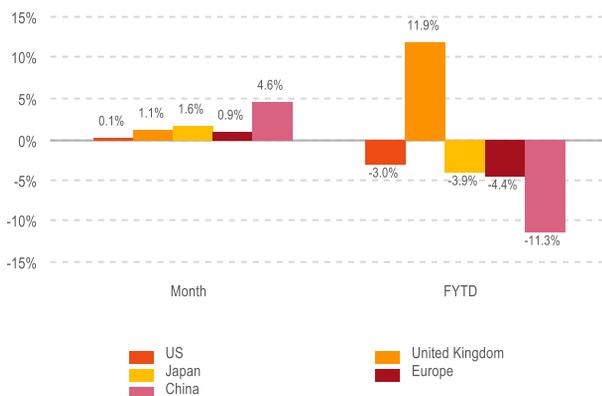
Australian dollar



Source: Refinitiv Datastream



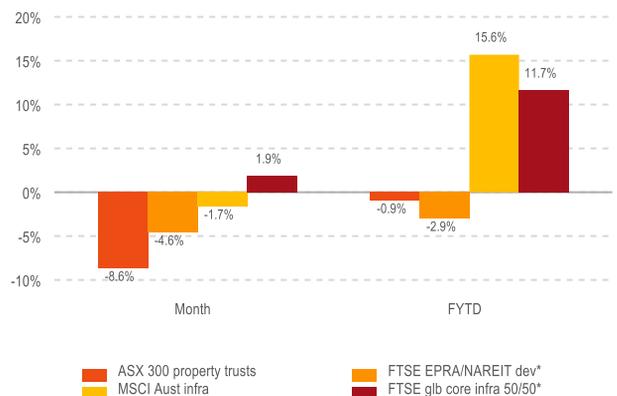
International equities



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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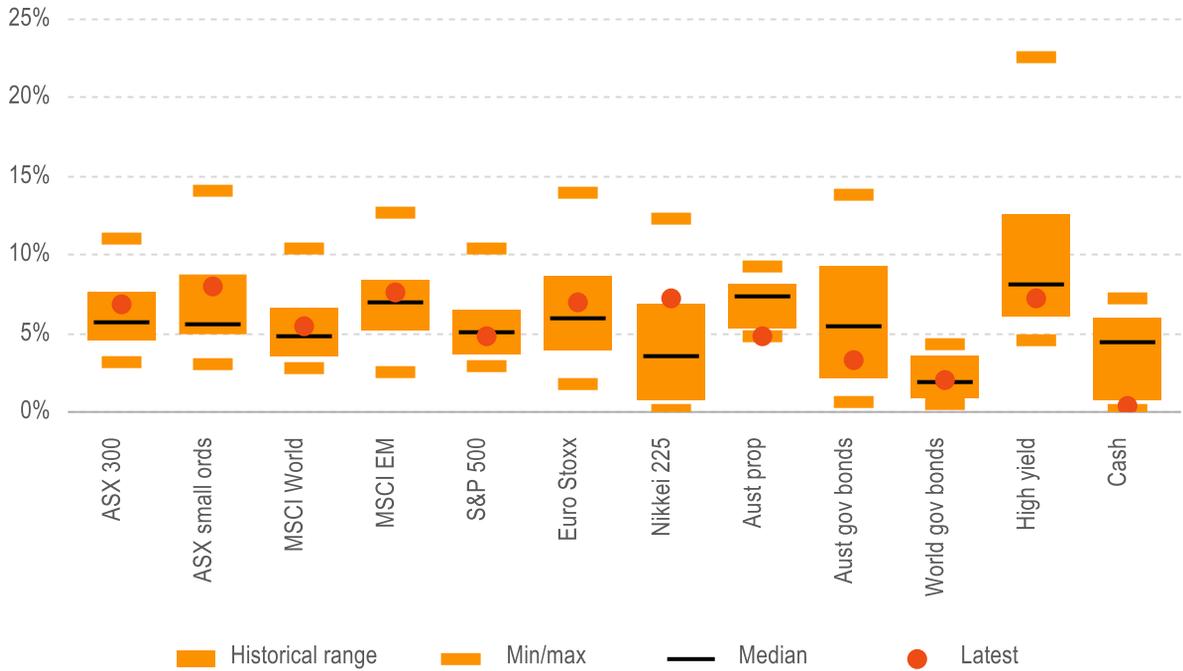
	Index Value	Month	3 Months	FYTD	1 Year	5 Yr p.a.	
Australian Equities							
	S&P/ASX 300 Accum. Index	7,200	-2.8%	3.1%	2.4%	4.7%	9.0%
	S&P/ASX 300 Accum. Industrials Index	10,728	-3.8%	2.0%	-1.5%	1.2%	6.9%
	S&P/ASX 300 Accum. Resources Index	5,929	0.2%	6.1%	15.7%	16.0%	17.3%
	ASX Small Caps Accum. Index	3,064	-7.0%	-3.6%	-7.4%	-4.6%	8.5%
International Equities							
	MSCI World Index (\$A)	4,357	-0.9%	-4.6%	-1.8%	2.7%	10.5%
	MSCI World Index (Hedged \$A)	3,791	-0.2%	-4.8%	-4.6%	-2.3%	9.2%
	MSCI Emerging Markets Index (\$A)	1,085	-0.5%	-6.2%	-16.2%	-13.5%	4.6%
	MSCI World ex-Aus Small Cap Index (\$A)	552	-1.0%	-6.3%	-9.6%	-6.6%	8.1%
	US (S&P 500 Index in USD)*	4,132	0.0%	-5.5%	-3.8%	-1.7%	11.4%
	US Tech (NASDAQ Index in USD)*	12,081	-2.1%	-12.1%	-16.7%	-12.1%	14.3%
	United Kingdom (FTSE 100 Index in GBP)*	7,608	0.8%	2.0%	8.1%	8.3%	0.2%
	Japan (Nikkei 225 Index in JPY)*	27,280	1.6%	2.8%	-5.3%	-5.5%	6.8%
	Europe (Stoxx 50 Index in EUR)*	3,789	-0.4%	-3.4%	-6.8%	-6.2%	1.3%
	China (Shanghai Composite Index in CNY)*	3,186	4.6%	-8.0%	-11.3%	-11.9%	0.4%
AUD versus ...							
	USD	0.72	0.5%	0.1%	-4.4%	-7.0%	-0.7%
	JPY	91.91	-1.4%	10.7%	10.6%	8.4%	2.2%
	GBP	0.57	-0.2%	5.9%	5.0%	4.7%	-0.4%
	EUR	0.67	-1.4%	3.8%	5.8%	5.6%	0.1%
Real Assets							
	ASX 300 Listed Property Trusts Accum. Index	1,503	-8.6%	-6.6%	-0.9%	4.6%	6.3%
	FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,713	-4.6%	-4.1%	-2.9%	-1.2%	3.7%
	MSCI Australia Infrastructure	1,300	-1.7%	12.0%	15.6%	19.4%	4.4%
	FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,587	1.9%	6.6%	11.7%	11.6%	7.6%
Oil and Commodities							
	Crude Oil (US\$/bbl)	114.7	9.5%	19.8%	55.8%	72.9%	18.9%
	Copper Spot (US\$/tonne)	9,446	-3.3%	-4.8%	1.0%	-7.8%	10.8%
	Gold Spot (US\$/ounce)	1,845	-3.3%	-3.1%	4.5%	-3.2%	7.8%
Australian Fixed Interest							
	Bloomberg AusBond Composite Index	9,549	-0.9%	-6.0%	-9.2%	-8.5%	1.0%
	Bloomberg AusBond Government Index	9,876	-1.0%	-6.4%	-9.6%	-8.7%	0.9%
	Bloomberg AusBond Corporate Index	10,217	-0.6%	-4.9%	-7.7%	-7.4%	1.8%
	Bloomberg AusBond Bank Bill Index	9,025	0.0%	0.0%	0.0%	0.0%	1.0%
Global Fixed Interest							
	Bloomberg Global Gov. Bond Index (Hedge \$A)	349	-0.6%	-5.0%	-7.1%	-6.7%	1.1%
	Bloomberg Global Agg. Bond Index (Hedge \$A)	1,009	-0.2%	-5.1%	-7.8%	-7.4%	1.1%
Fixed Income (yields) as at ...							
		May 2022	Apr 2022	Feb 2022	Jun 2021	May 2021	May 2017
	Australia Bank Bill	0.55	0.21	0.02	0.01	0.01	1.62
	Australia 10-Year Government Bond	3.35	3.18	2.16	1.51	1.66	2.39
	US 10-Year Government Bond	2.84	2.89	1.84	1.44	1.59	2.20
	UK 10-Year Government Bond	2.10	1.91	1.41	0.72	0.80	1.05
	Germany 10-Year Government Bond	1.13	0.94	0.16	-0.20	-0.18	0.30
	Japan 10-Year Government Bond	0.24	0.22	0.18	0.05	0.08	0.04

Source: Refinitiv Datastream

*Price Index

Asset class yields relative to history

Current yields (equities earnings)



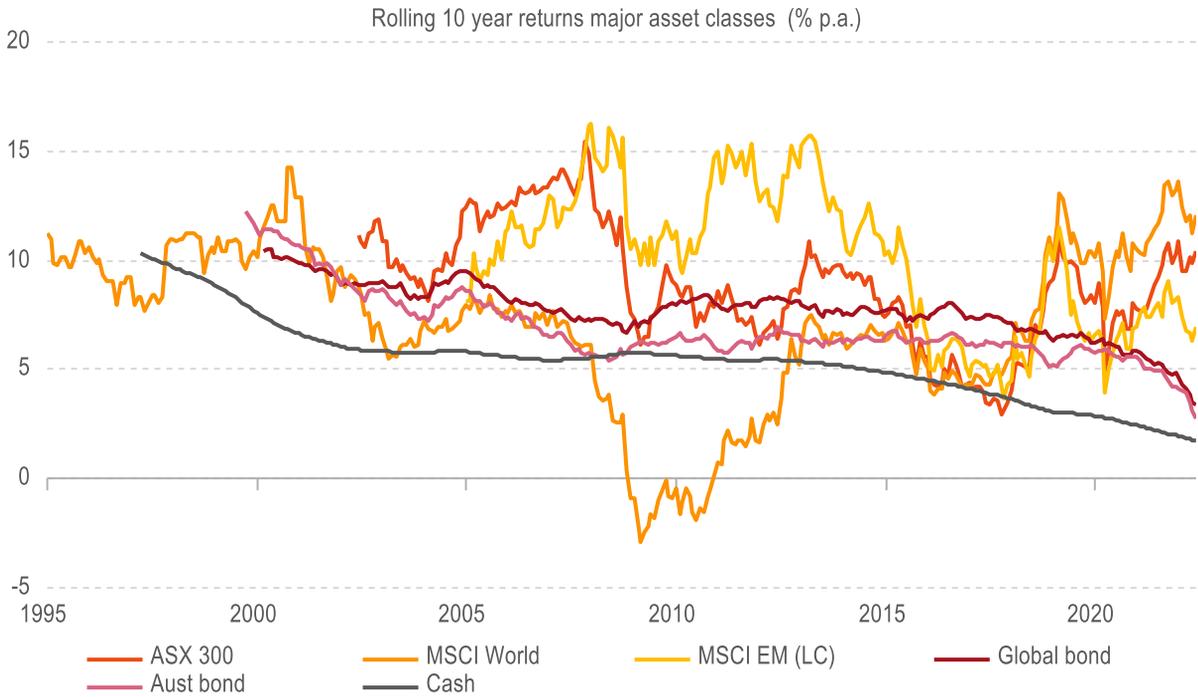
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Relative yields (vs bond or cash yield)

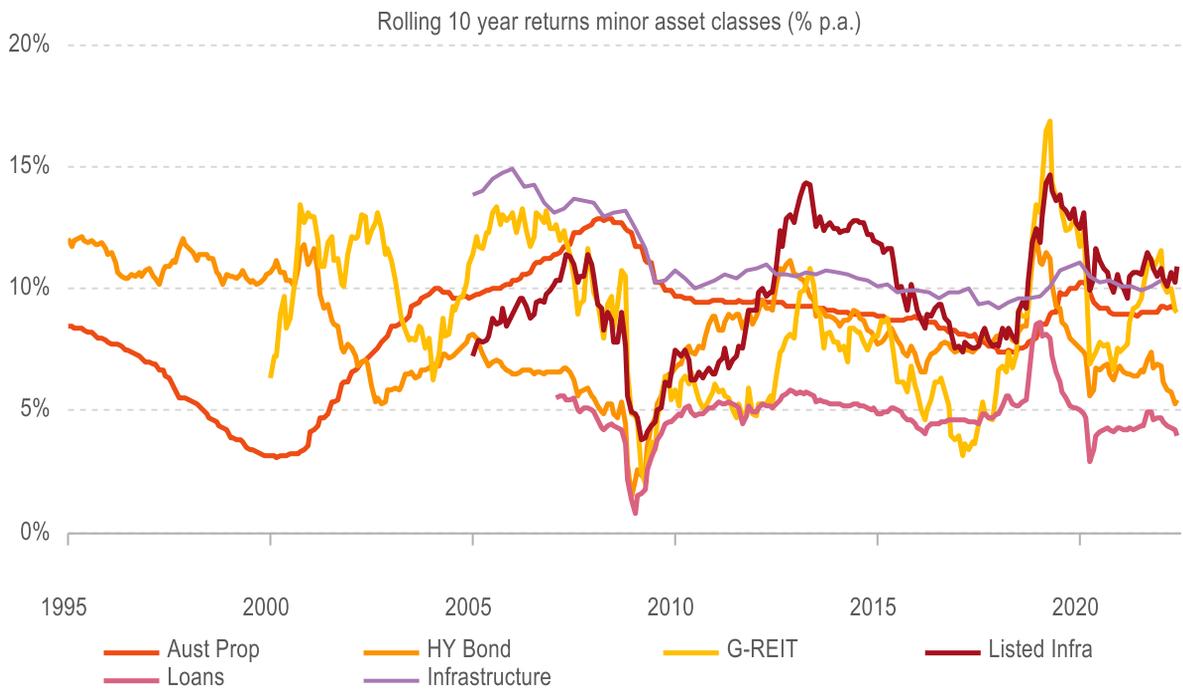


Source: Refinitiv Datastream

Asset class long-term returns



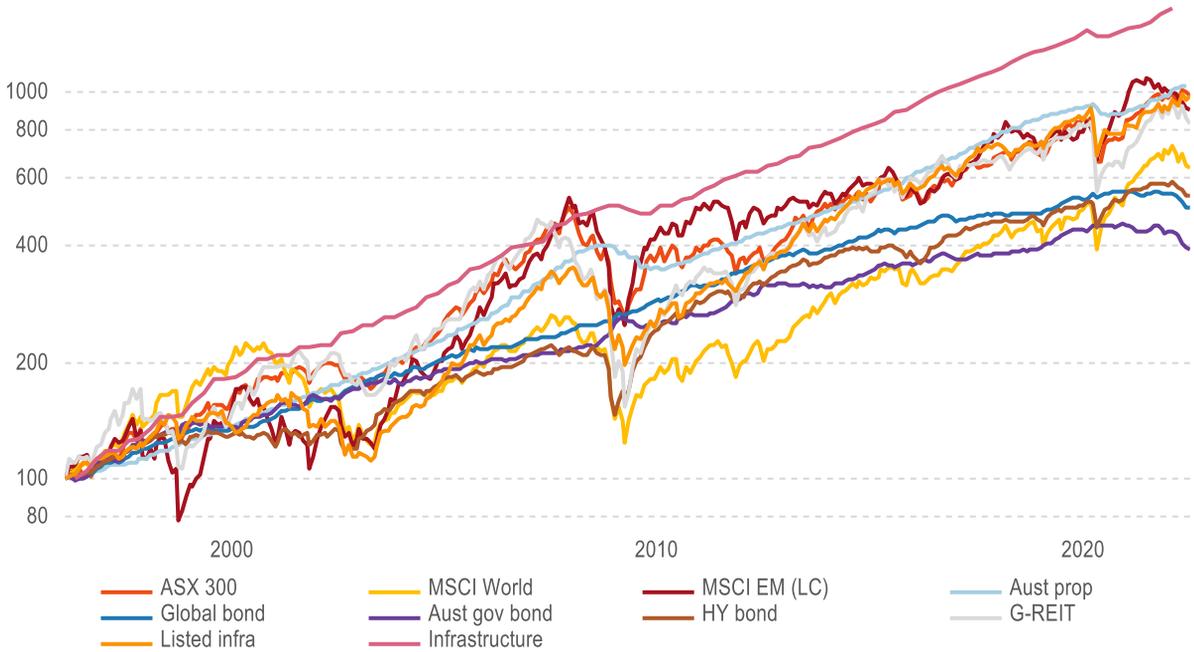
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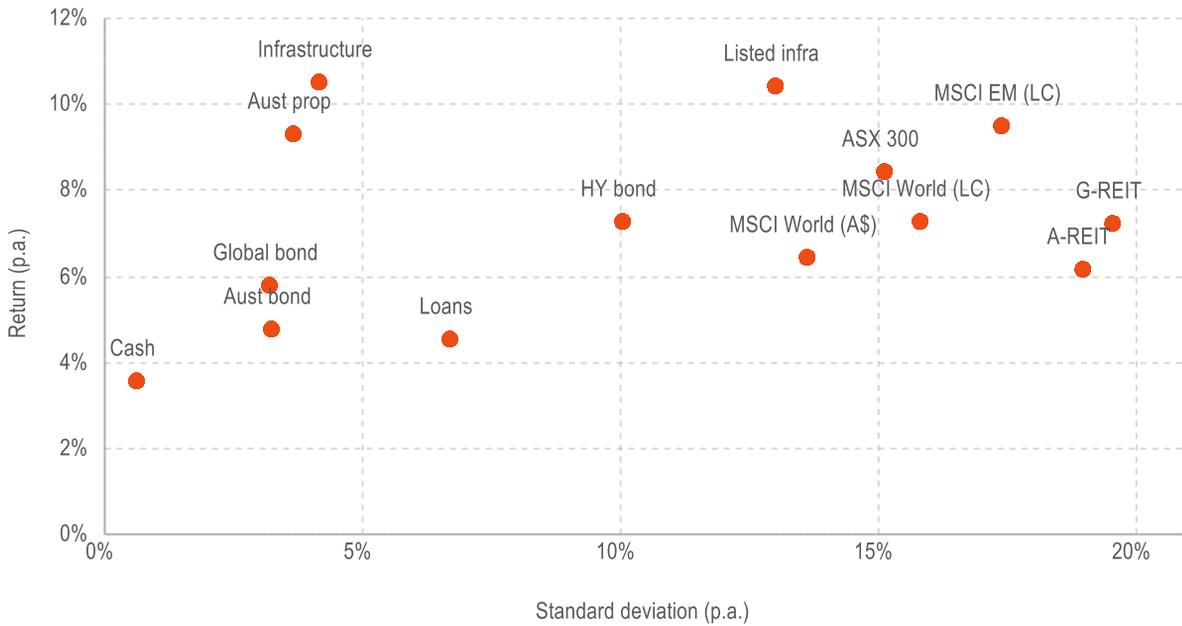
Asset class long-term returns

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



Source: Refinitiv Datastream

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



Source: Refinitiv Datastream



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