

# Monthly Market Snapshot

April 2023

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

# Market commentary

During the month of April, global stocks produced positive returns as economic growth was more resilient than expected. Despite experiencing further stress in the banking sector, financial markets were bolstered by more optimistic economic growth performance in April.

US stocks overall produced positive returns, although the Technology sector was flat over the month. The pace of growth in the US economy slowed in the first quarter of 2023, as real GDP grew 1.1% year-on-year, down from a 2.6% expansion in the December 2022 quarter. However, the Purchasing Managers Index (PMI) surveys in April surpassed expectations and indicated the manufacturing sector has moving back into expansion. Overall labour market conditions in the US remain tight, although layoffs are increasing in some sectors.

The Australian stock market ended April higher, although Resources stocks were down as commodity prices fell, particularly the price of key Australian export commodities, iron ore and coal.

The decline in commodity prices was a driver of the depreciation of the Australian dollar against most major currencies.

China and emerging market equities were less positive. The release of China's GDP economic growth for the first quarter of 2023 surprised on the upside, which was a positive development, and China's exports were a lot higher than expected, supported by strong exports to Russia and ASEAN countries. In addition, there are potential signs of stabilising in China's property demand with a meaningful jump in house price and household borrowing. However, ongoing concerns around geopolitical tensions, including risks from US investment regulations, offset the positive economic outcomes.

Inflation continues to moderate globally, with headline inflation falling due to the decrease in energy prices, but inflation rates, particularly core inflation, remains high.

Despite the stress facing the banking sector, markets still expected the US Federal Reserve to raise interest rates further, which it did by 25 percentage points early in May. However, expectations are that the Fed will now pause interest rate rises and the market is pricing that it

will start cutting rates later in 2023, and these expectations contributed to US government bond yields falling. European government bond yields rose as the market is pricing in the European Central Bank (ECB) to raise interest rates further amid continued wage pressures.

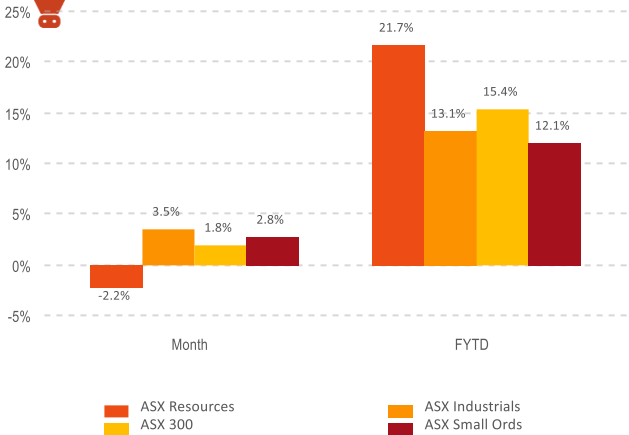
Overall global bonds produced a small positive return due to US yields falling, while Australian government bonds produced a small negative return with yields rising.

Listed property and infrastructure produced solid positive returns, with market expectations that interest rate rises are nearing the end. Australian residential property prices stabilised after previous falls, as the return of overseas migrants and a shortage of new homes listing on the market are factors offsetting the downward pressure of higher interest rates.

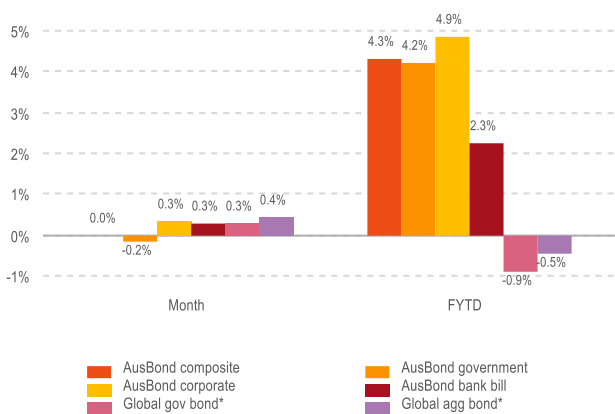
# April 2023



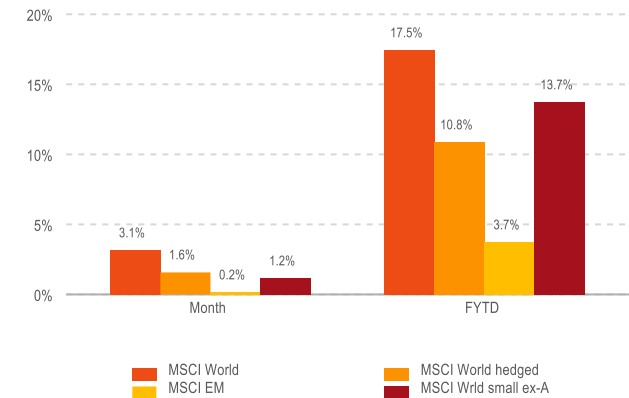
## Australian equities



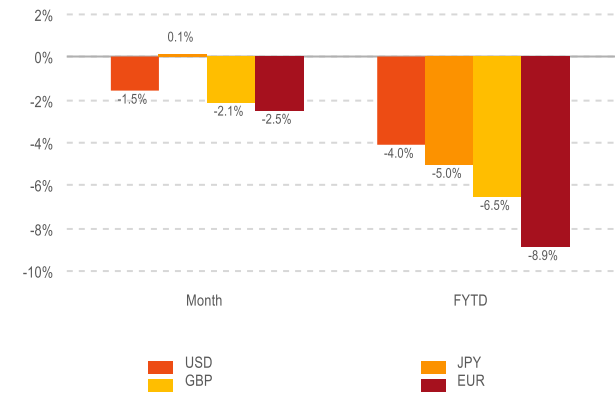
## Fixed income



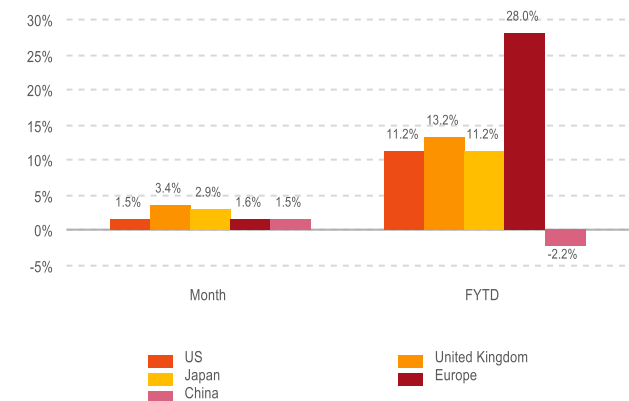
## International equities (\$A)



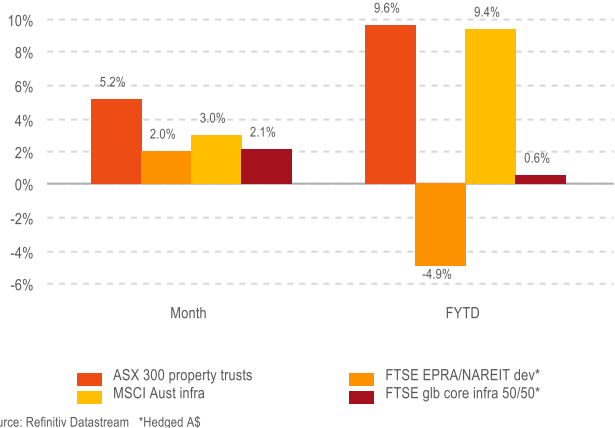
## Australian dollar



## International equities











## Real assets



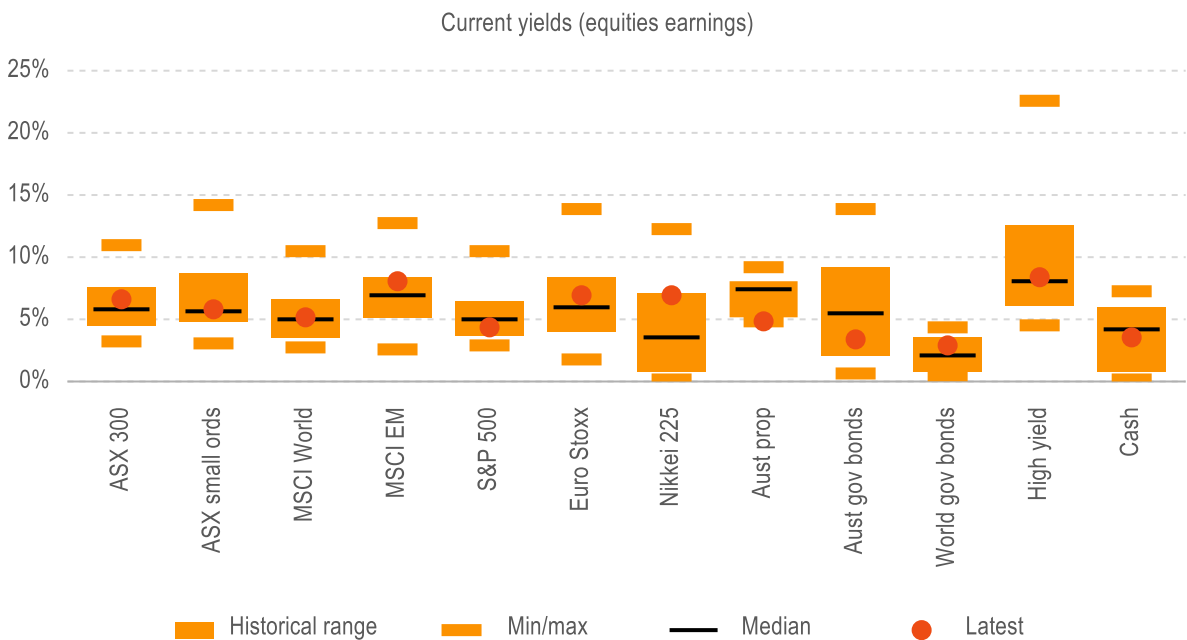
Details of the indices are in the table on the next page

# April 2023

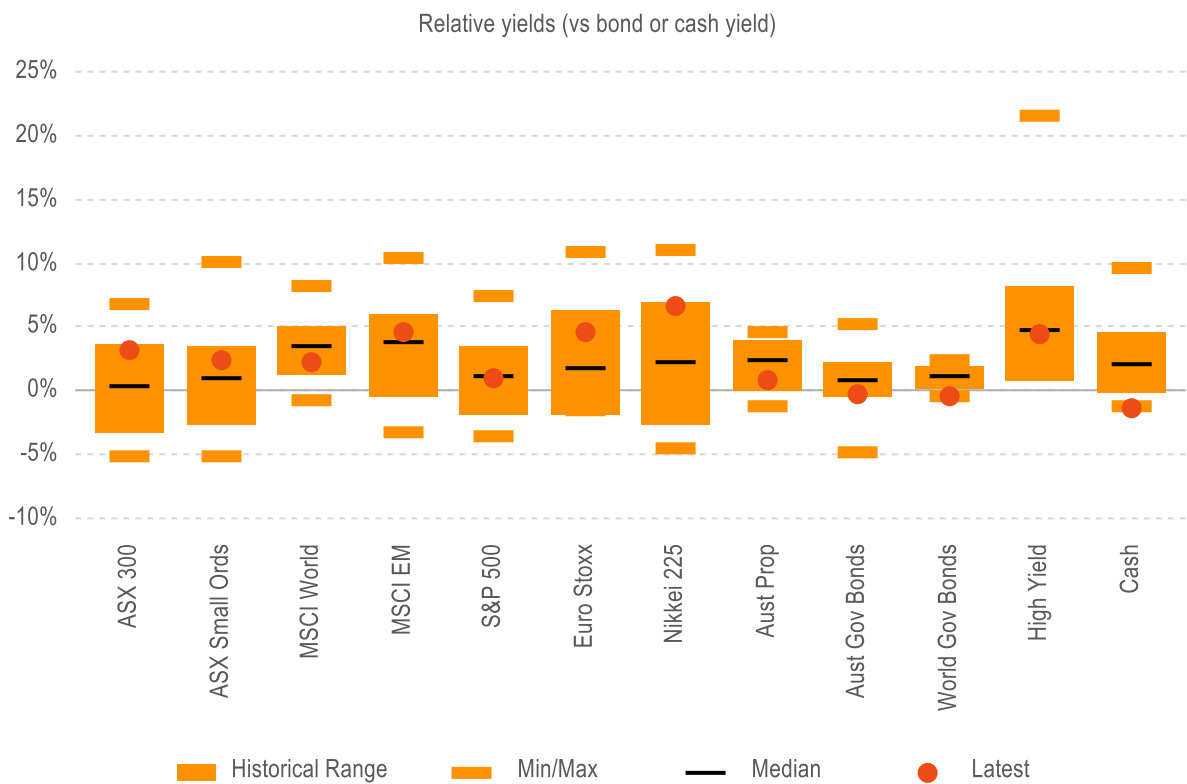
	Index Value	Month	3 Months	FYTD	1 Year	5 Yr p.a.
 <b>Australian Equities</b>						
S&P/ASX 300 Accum. Index	7,263	1.8%	-1.2%	15.4%	3.2%	8.3%
S&P/ASX 300 Accum. Industrials Index	10,814	3.5%	0.2%	13.1%	1.1%	6.9%
S&P/ASX 300 Accum. Resources Index	5,988	-2.2%	-4.9%	21.7%	9.0%	13.1%
ASX Small Caps Accum. Index	2,898	2.8%	-2.7%	12.1%	-8.2%	4.0%
 <b>International Equities</b>						
MSCI World Index (\$A)	4,806	3.1%	9.8%	17.5%	7.9%	11.0%
MSCI World Index (Hedged \$A)	3,857	1.6%	8.7%	10.7%	-6.0%	7.9%
MSCI Emerging Markets Index (\$A)	1,067	0.2%	0.3%	3.7%	2.2%	1.8%
MSCI World ex-Aus Small Cap Index (\$A)	583	1.2%	3.1%	13.7%	4.1%	7.0%
US (S&P 500 Index in USD)*	4,169	1.5%	2.4%	10.1%	-2.8%	9.3%
US Tech (NASDAQ Index in USD)*	12,227	0.0%	5.2%	10.9%	-5.0%	11.4%
United Kingdom (FTSE 100 Index in GBP)*	7,871	3.1%	1.4%	9.8%	4.8%	1.0%
Japan (Nikkei 225 Index in JPY)*	28,856	2.9%	5.4%	9.3%	7.5%	5.1%
Europe (Stoxx 50 Index in EUR)*	4,359	1.0%	4.3%	26.2%	15.4%	4.4%
China (Shanghai Composite Index in CNY)*	3,323	1.5%	1.8%	-2.2%	11.7%	1.5%
 <b>AUD versus ...</b>						
USD	0.66	-1.5%	-7.0%	-4.0%	-6.8%	-2.6%
JPY	89.22	0.1%	-3.5%	-5.0%	-3.3%	1.6%
GBP	0.53	-2.1%	-7.7%	-6.5%	-6.5%	-0.4%
EUR	0.60	-2.5%	-8.2%	-8.9%	-11.1%	-0.7%
 <b>Real Assets</b>						
ASX 300 Listed Property Trusts Accum. Index	1,410	5.2%	-2.8%	9.6%	-9.5%	5.7%
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,459	2.0%	-5.5%	-4.9%	-19.4%	0.6%
MSCI Australia Infrastructure	1,345	3.0%	6.1%	9.4%	6.6%	7.6%
FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,404	2.1%	0.6%	0.6%	-4.8%	6.4%
 <b>Oil and Commodities</b>						
Crude Oil (US\$/bbl)	76.8	1.4%	-3.6%	-28.7%	-27.2%	2.4%
Copper Spot (US\$/tonne)	8,577	-4.7%	-7.2%	3.9%	-11.5%	4.9%
Gold Spot (US\$/ounce)	1,990	0.7%	3.2%	10.2%	5.5%	8.5%
 <b>Australian Fixed Interest</b>						
Bloomberg AusBond Composite Index	9,815	0.0%	1.8%	4.3%	1.9%	1.3%
Bloomberg AusBond Government Index	10,154	-0.2%	1.7%	4.2%	1.8%	1.3%
Bloomberg AusBond Corporate Index	10,572	0.3%	1.6%	4.9%	2.9%	2.1%
Bloomberg AusBond Bank Bill Index	9,233	0.3%	0.8%	2.3%	2.3%	1.1%
 <b>Global Fixed Interest</b>						
Bloomberg Global Gov. Bond Index (Hedge \$A)	341	0.3%	1.1%	-0.9%	-2.9%	0.3%
Bloomberg Global Agg. Bond Index (Hedge \$A)	988	0.4%	0.7%	-0.5%	-2.6%	0.4%
 <b>Fixed Income (yields) as at ...</b>						
	<b>Apr 2023</b>	<b>Mar 2023</b>	<b>Jan 2023</b>	<b>Jun 2022</b>	<b>Apr 2022</b>	<b>Apr 2018</b>
Australia Bank Bill	3.61	3.63	3.16	1.14	0.20	1.89
Australia 10-Year Government Bond	3.39	3.31	3.58	3.69	3.08	2.83
US 10-Year Government Bond	3.43	3.57	3.52	2.97	2.86	2.96
UK 10-Year Government Bond	3.72	3.45	3.32	2.24	1.88	1.45
Germany 10-Year Government Bond	2.32	2.28	2.24	1.37	0.90	0.57
Japan 10-Year Government Bond	0.38	0.32	0.48	0.23	0.22	0.06

\*Price Index

# Asset class yields relative to history

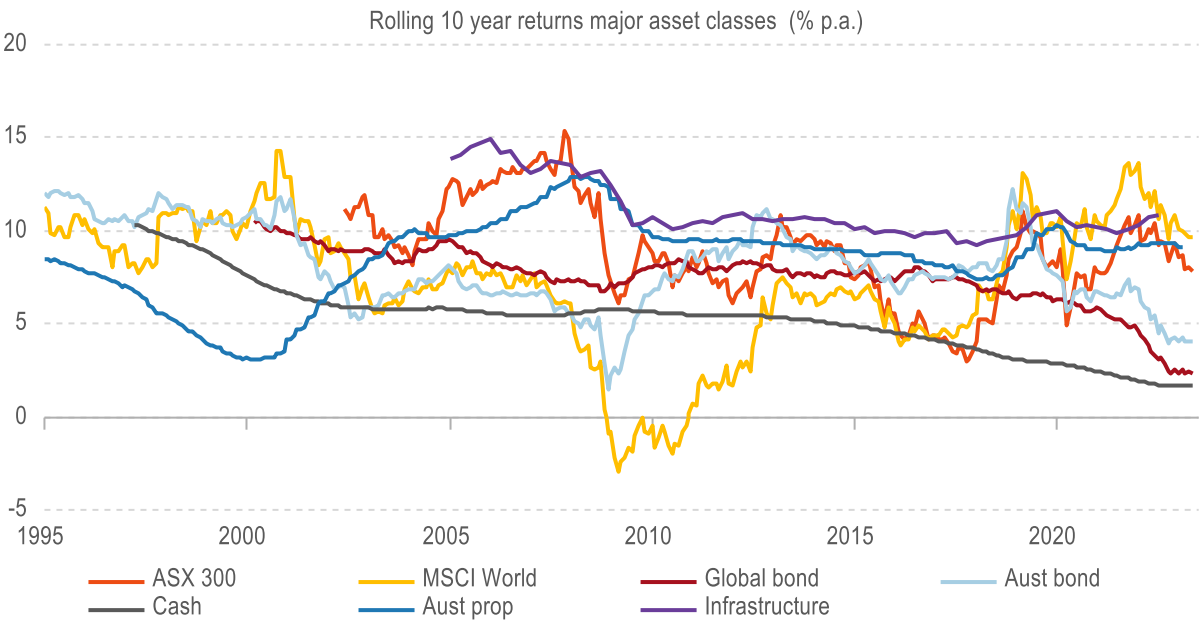


Source: Refinitiv Datastream

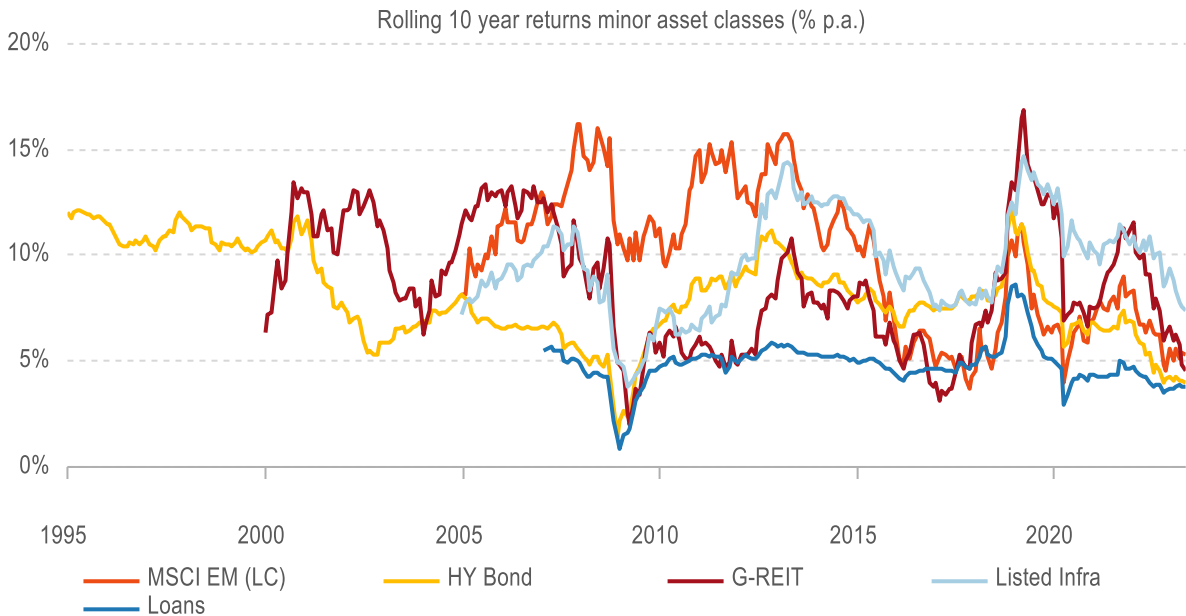


Source: Refinitiv Datastream

# Asset class long-term returns

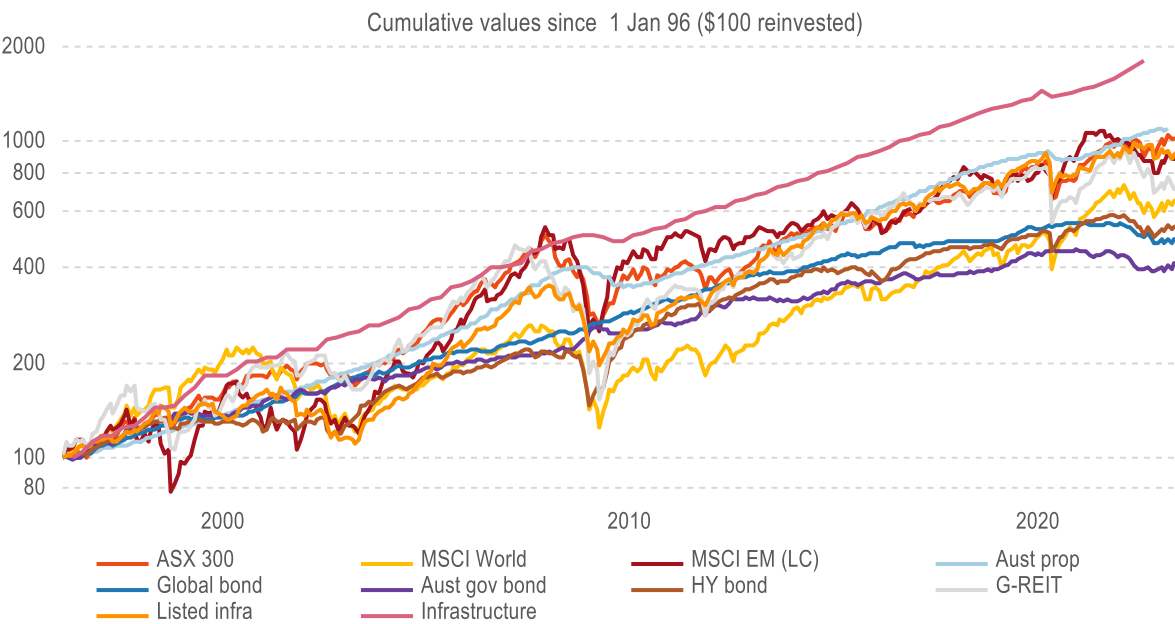


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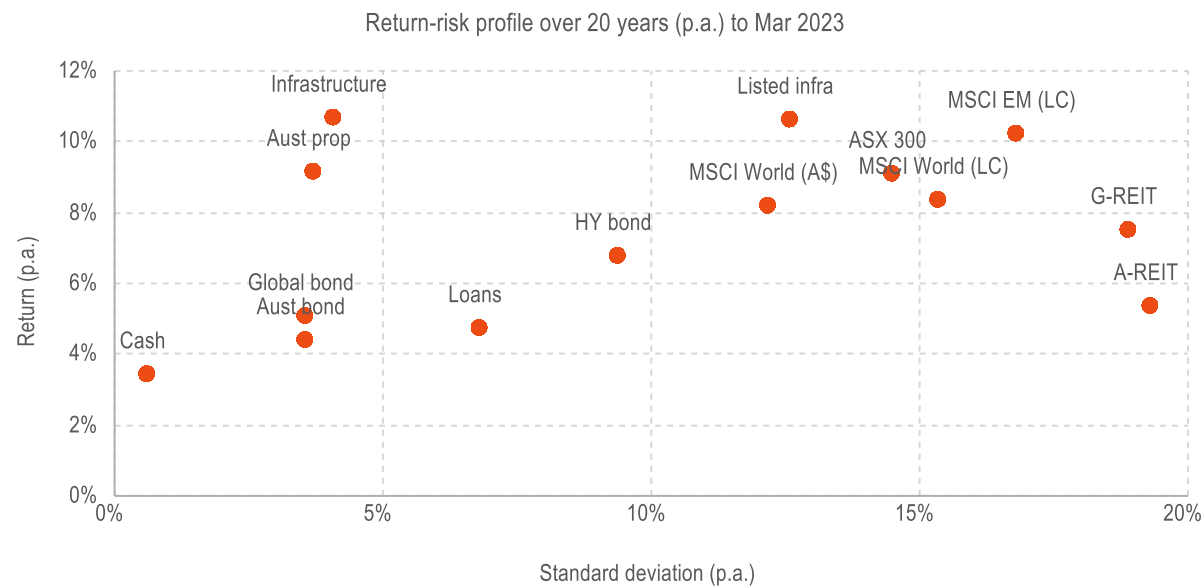


Source: Refinitiv Datastream

# Asset class long-term returns



Source: Refinitiv Datastream



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