

Monthly Market Snapshot

October 2023

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

Market commentary

Global investment markets experienced a challenging month in October, influenced by geopolitical tensions, specifically the tragic events in the Middle East, and concerns about interest rates.

Global equities produced a negative return. The conflict in the Middle East dampened risk appetite and added to the market's concerns.

The US was one of the less negative performing equity markets in October, and it has maintained a solid positive return over the last twelve months. The US economy continues to show remarkable resilience, with strong economic indicators such as employment, robust retail sales, and a strong GDP growth rate of 4.9% annualised for the third quarter.

Japanese equities were unable to maintain their momentum in October producing a negative return, despite a weaker yen. European equities also declined, with economic concerns emerging, as data releases showed a contraction in credit supply and a fall in the purchasing managers' index (PMI) in the Eurozone. In addition, European gas prices increased due to fears of global supply chain disruptions, exacerbated by the sabotage of a gas pipeline in the Baltic Sea. In the UK, higher interest rates contributed to a significant drop in consumer confidence and a decrease in retail sales.

Australian equities were also negative, although Resources were less negative as commodity prices overall were more resilient. There was a notable support for precious metals, with a flight to safety in gold driving up its price, while the oil price was particularly volatile and ultimately fell materially over the month of October.

Emerging market equities fell by more than developed markets during the month. News from China was mixed, with positive surprises in third-quarter GDP, industrial production, and retail sales, but concerns persisted over the real estate sector and new US restrictions on AI chip exports to China.

The bond market saw a continued selloff in October, with global bonds declining as the sharp rise in bond yields continued. Notably, the US 10

year treasury yield crossed the 5% threshold at a point during the month, the first time since 2007. The bond market faced pressure from robust economic data and higher-than expected inflation figures. This has raised concerns about the Federal Reserve's possible decision to maintain interest rates at their current levels for a more extended period. In addition, there are worries about the sustainability of government finances. The rise in yields was not limited to the US; it was observed across global government bond markets and the credit market. Widening spreads also negatively affected returns for credit investments, although Australian corporate bonds were less impacted.

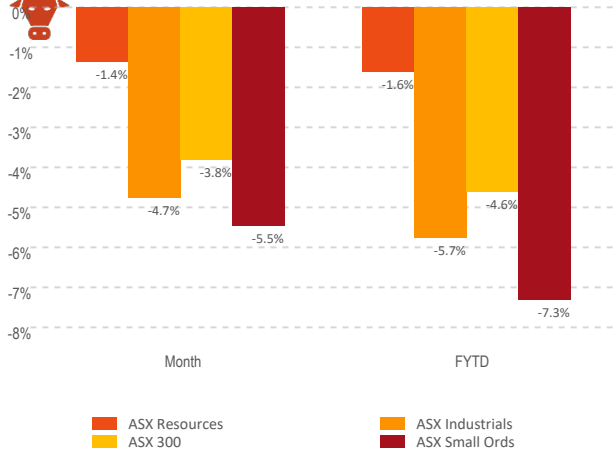
The Australian dollar depreciated against all major currencies, given the increased risk sentiment.

Listed property and infrastructure was negatively impacted by both risk concerns and rising bond yields. Listed property and infrastructure has been some of the worst performed sectors, producing negative returns over the last 12 months.

October 2023



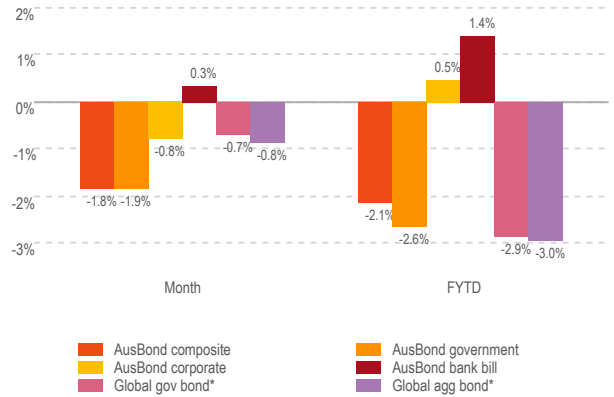
Australian equities



Source: LSEG Datastream



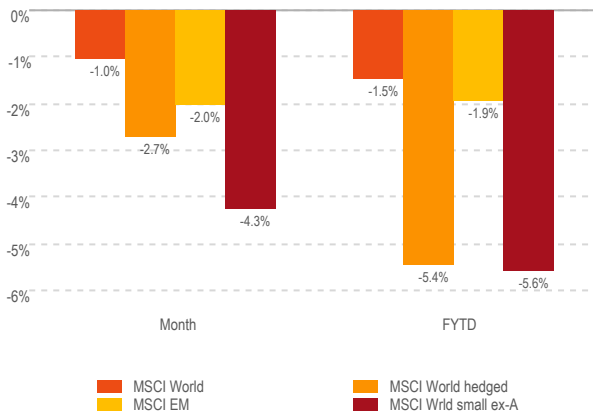
Fixed income



Source: LSEG Datastream



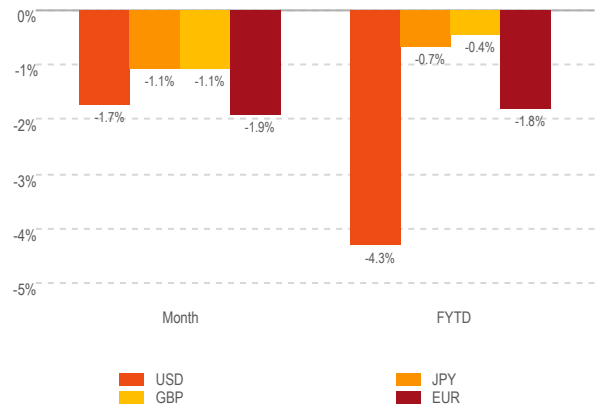
International equities (\$A)



Source: LSEG Datastream



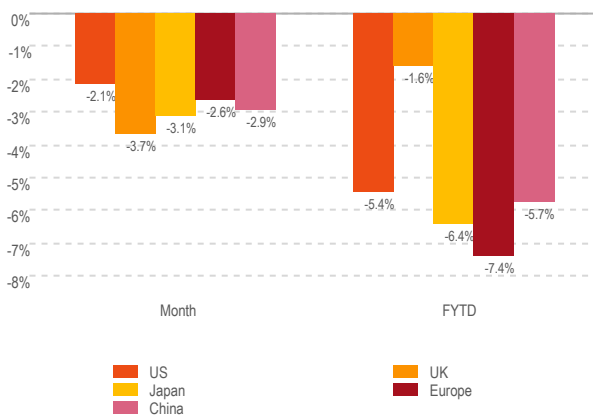
Australian dollar



Source: LSEG Datastream



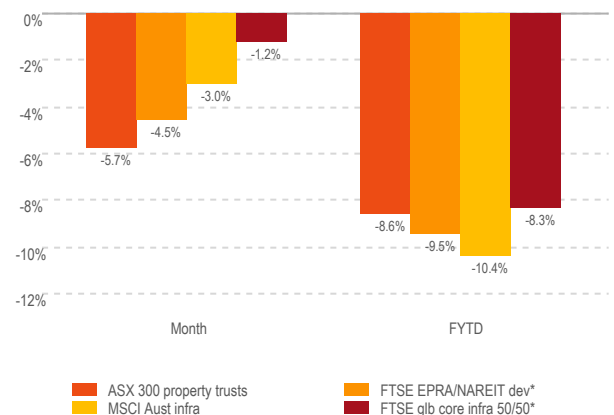
International equities



Source: LSEG Datastream











Real assets



Source: LSEG Datastream *Hedged AS

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

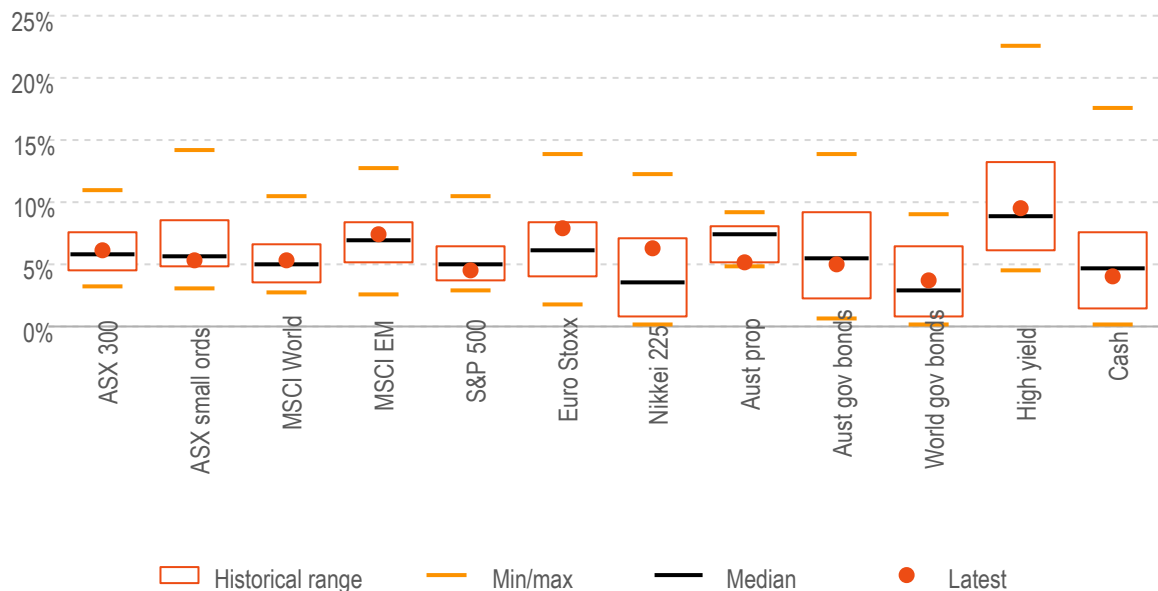
October 2023

	Index Value	Month	3 Months	FY24	1 Year	5 Yr p.a.	
Australian Equities							
	S&P/ASX 300 Accum. Index	6,731	-3.8%	-7.3%	-4.6%	2.5%	7.2%
	S&P/ASX 300 Accum. Industrials Index	9,877	-4.7%	-8.6%	-5.7%	-1.9%	5.4%
	S&P/ASX 300 Accum. Resources Index	5,765	-1.4%	-3.8%	-1.6%	15.2%	12.9%
	ASX Small Caps Accum. Index	2,561	-5.5%	-10.5%	-7.3%	-5.1%	2.6%
International Equities							
	MSCI World Index (\$A)	4,897	-1.0%	-3.5%	-1.5%	11.6%	10.7%
	MSCI World Index (Hedged \$A)	3,837	-2.7%	-8.1%	-5.5%	8.3%	7.4%
	MSCI Emerging Markets Index (\$A)	1,044	-2.0%	-6.5%	-1.9%	11.9%	3.9%
	MSCI World ex-Aus Small Cap Index (\$A)	561	-4.3%	-8.9%	-5.6%	0.2%	6.4%
	US (S&P 500 Index in USD)*	4,194	-2.2%	-8.6%	-5.8%	8.3%	9.1%
	US Tech (NASDAQ Index in USD)*	12,851	-2.8%	-10.4%	-6.8%	17.0%	12.0%
	United Kingdom (FTSE 100 Index in GBP)*	7,322	-3.8%	-4.9%	-2.8%	3.2%	0.5%
	Japan (Nikkei 225 Index in JPY)*	30,859	-3.1%	-7.0%	-7.0%	11.9%	7.1%
	Europe (Stoxx 50 Index in EUR)*	4,061	-2.7%	-9.2%	-7.7%	12.3%	4.9%
	China (Shanghai Composite Index in CNY)*	3,019	-2.9%	-8.3%	-5.7%	4.3%	3.0%
AUD versus ...							
	USD	0.63	-1.7%	-5.0%	-4.3%	-1.2%	-2.2%
	JPY	95.29	-1.1%	0.6%	-0.7%	0.3%	3.5%
	GBP	0.52	-1.1%	0.6%	-0.4%	-5.6%	-1.3%
	EUR	0.60	-1.9%	-1.3%	-1.8%	-7.1%	-0.8%
Real Assets							
	ASX 300 Listed Property Trusts Accum. Index	1,235	-5.7%	-12.0%	-8.6%	-3.9%	2.3%
	FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,285	-4.5%	-12.3%	-9.5%	-7.7%	-1.9%
	MSCI Australia Infrastructure	1,130	-3.0%	-11.9%	-10.4%	-1.2%	4.6%
	FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,102	-1.2%	-9.6%	-8.3%	-6.1%	3.6%
Oil and Commodities							
	Crude Oil (US\$/bbl)	81.6	-10.1%	-0.2%	15.5%	-5.7%	4.6%
	Copper Spot (US\$/tonne)	8,029	-2.2%	-8.8%	-3.5%	6.7%	5.9%
	Gold Spot (US\$/ounce)	1,996	7.5%	1.4%	4.2%	21.8%	10.4%
Australian Fixed Interest							
	Bloomberg AusBond Composite Index	9,322	-1.8%	-2.6%	-2.1%	-1.2%	-0.1%
	Bloomberg AusBond Government Index	9,545	-1.9%	-3.1%	-2.6%	-2.5%	-0.4%
	Bloomberg AusBond Corporate Index	10,464	-0.8%	-0.4%	0.5%	3.5%	1.4%
	Bloomberg AusBond Bank Bill Index	9,423	0.3%	1.0%	1.4%	3.7%	1.3%
Global Fixed Interest							
	Bloomberg Global Gov. Bond Index (Hedge \$A)	330	-0.7%	-2.5%	-2.9%	-0.7%	-0.4%
	Bloomberg Global Agg. Bond Index (Hedge \$A)	952	-0.8%	-2.9%	-3.0%	0.1%	-0.4%
Fixed Income (yields) as at ...							
		Oct 2023	Sep 2023	Jul 2023	Jun 2023	Oct 2022	Oct 2018
	Australia Bank Bill	4.17	4.05	4.10	4.14	2.87	1.85
	Australia 10-Year Government Bond	4.94	4.49	4.06	4.00	3.76	2.62
	US 10-Year Government Bond	4.91	4.57	3.95	3.81	4.08	3.16
	UK 10-Year Government Bond	4.52	4.44	4.31	4.39	3.53	1.44
	Germany 10-Year Government Bond	2.81	2.84	2.47	2.39	2.16	0.38
	Japan 10-Year Government Bond	0.95	0.76	0.61	0.40	0.24	0.13

*Price Index

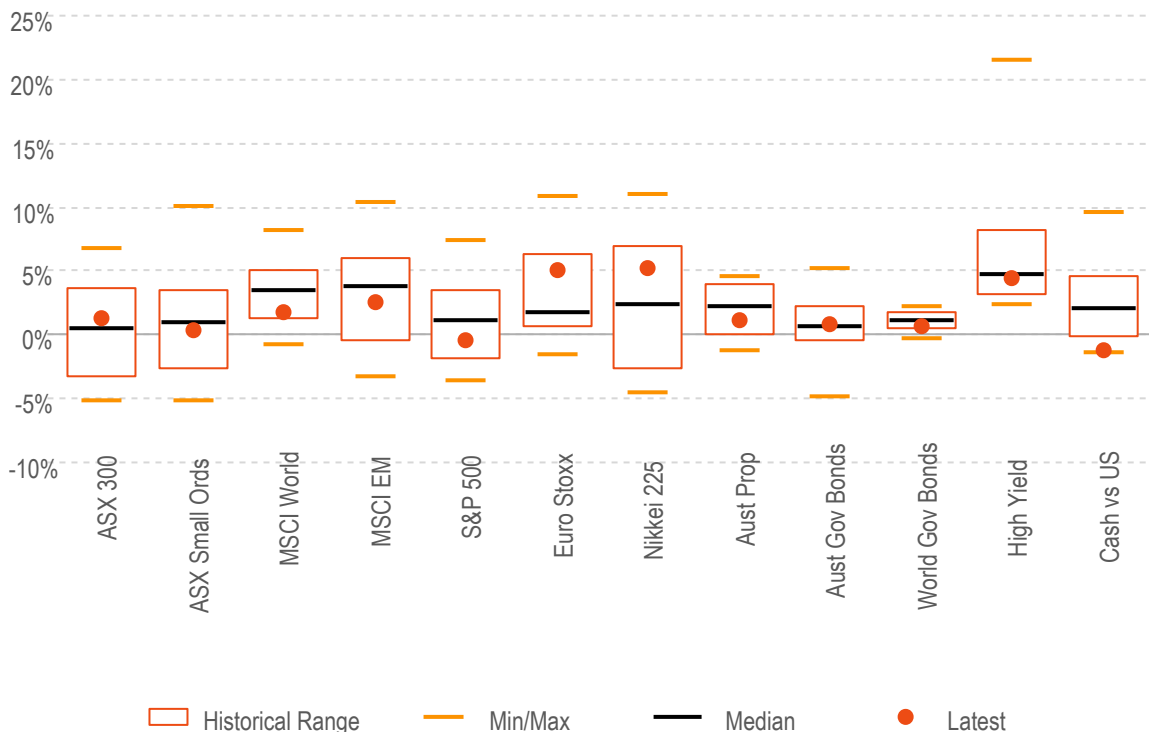
Asset class yields relative to history

Yields (equities earnings) at Oct 2023



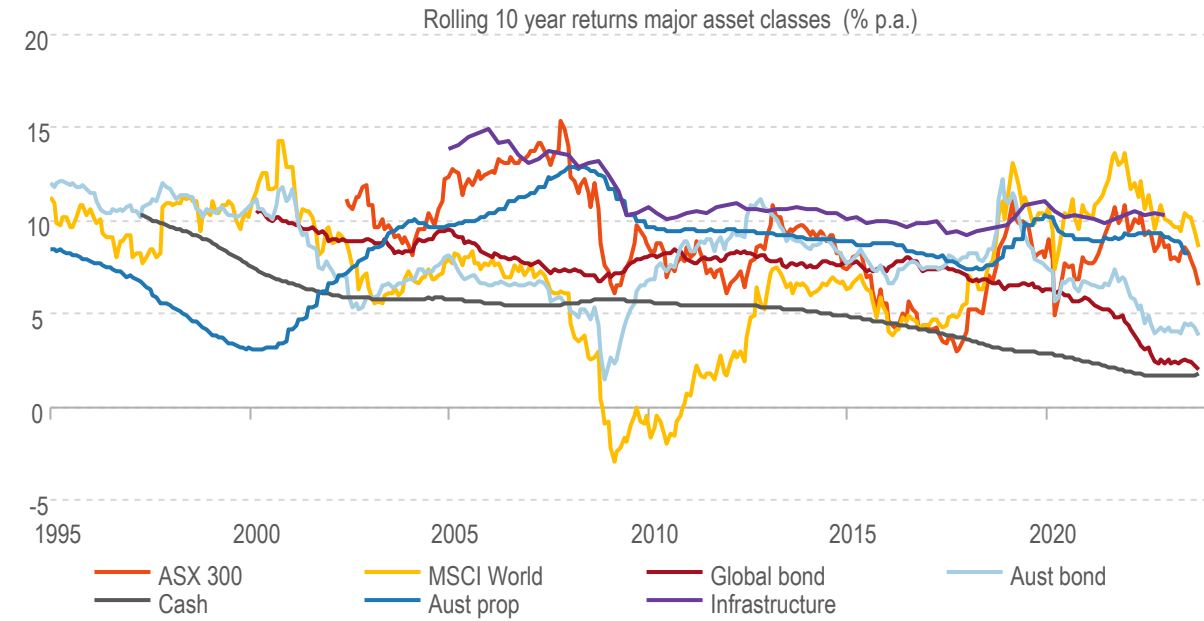
Source: LSEG Datastream

Relative yields (vs bond or cash yield) at Oct 2023

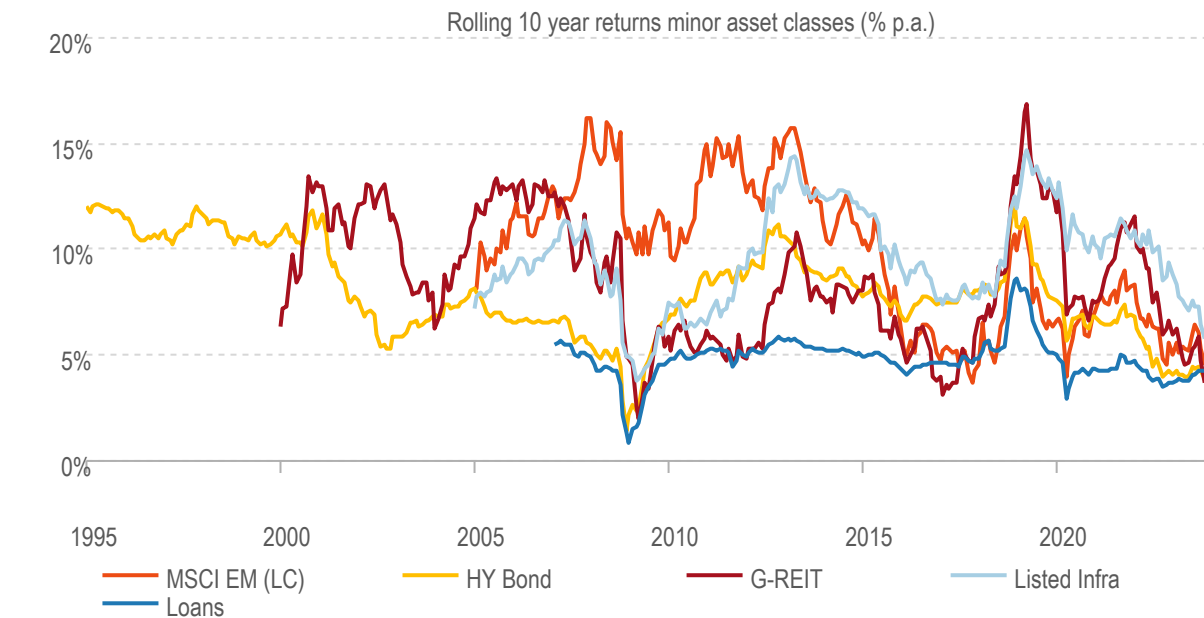


Source: LSEG Datastream

Asset class long-term returns

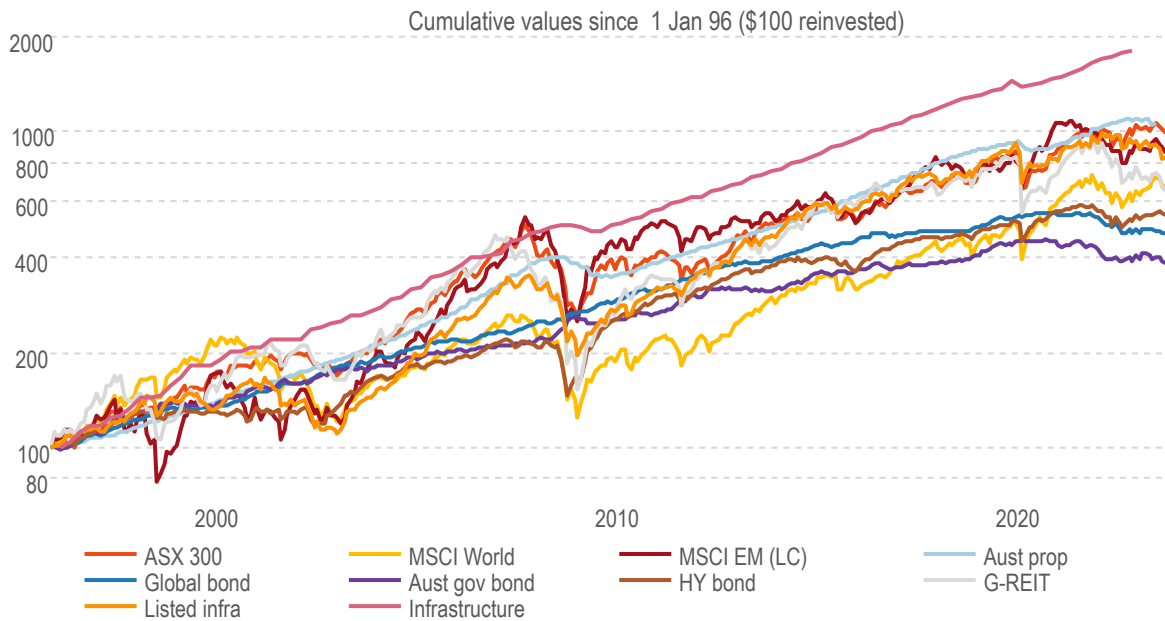


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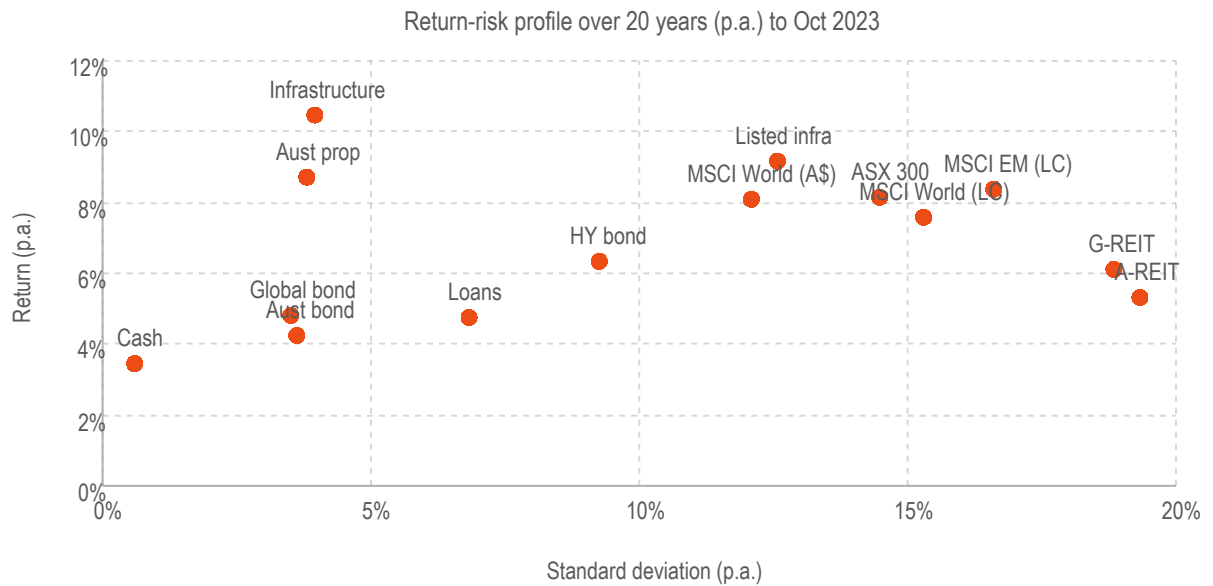


Source: LSEG Datastream

Asset class long-term returns



Source: LSEG Datastream



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