

Monthly Market Snapshot

January 2024

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

Market commentary

January 2024 witnessed divergent trends across global markets, with developed market equities, notably in Japan, the US, and Europe, securing gains amid positive economic signals and central bank policy reassessments. The optimism was checked by persistent US inflation and a cautious Federal Reserve stance.

Global equities delivered positive performance over the month. Japanese equities returns were particularly strong, benefiting from market reassessment around the central bank's interest rate policies following unexpected economic data.

US and European equities also produced positive returns. The S&P 500 Index reached record highs early in the month, fueled by optimism around a "soft landing" scenario and strong economic data, including a robust jobs report and higher-than-expected GDP growth. However, the hawkish stance of the Federal Reserve in its January meeting introduced volatility later in the month.

Australian equities began 2024 on a positive note with a small positive return. The resources sector experienced losses, which were offset by strong performance in industrials.

The positive movements in developed market equities contrast with a downturn in emerging market equities, which suffered despite stimulus efforts from China's central bank. China's economic struggles continued to weigh on its equity markets and broader emerging market equities. Weak retail sales and housing activity pointed to underlying challenges in reigniting growth, affecting investor confidence in the region.

Global government bonds produced negative returns, reflecting a cautious outlook from investors. US inflation edged up, driven by a slower decline in energy costs and a continued rise in shelter prices, highlighting persistent inflationary pressures despite a gradual cooling labor market.

The US Federal Reserve kept interest rates unchanged in its late January meeting, signaling a cautious approach towards the economic outlook and inflation risks. Fed Chair Jerome Powell indicated that while the policy rate might have reached its peak, the possibility of reducing policy

restraint later in the year requires confidence that inflation is sustainably moving towards the 2% target, although rate cuts by the March meeting seem unlikely. This stance was met with a limited immediate response from futures and bond markets, with a slight adjustment in expectations for future rate cuts and a modest increase in bond yields.

Oil prices rallied due to geopolitical tensions and disruptions, contributing to the positive performance of commodities.

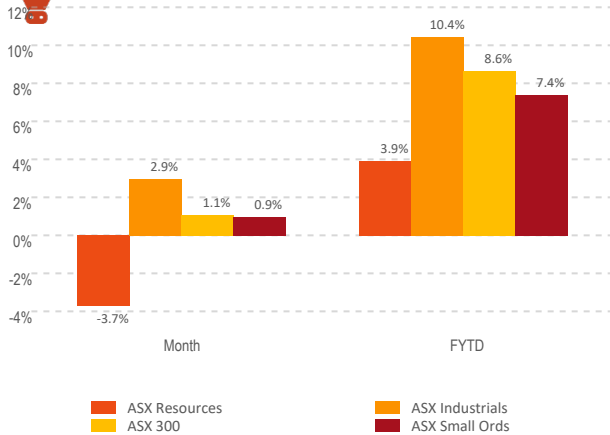
The Australian dollar weakened against most major currencies, driven by a strengthening USD on the expectation of soft-landing scenario and continued weakness in the Chinese economy.

Listed property produced a small positive return while listed infrastructure produced small losses. Both listed real asset sectors experienced significant uplift in the final months of 2023, driven by a decline in bond yields.

January 2024



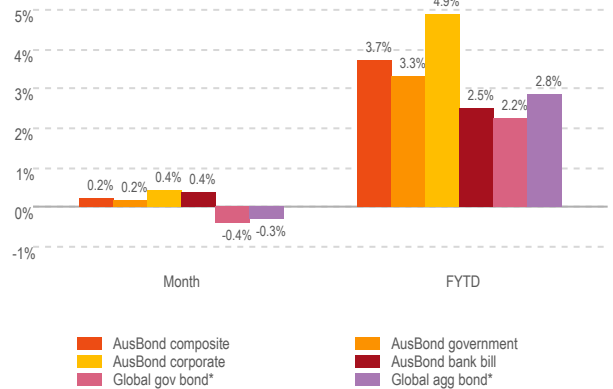
Australian equities



Source: LSEG Datastream



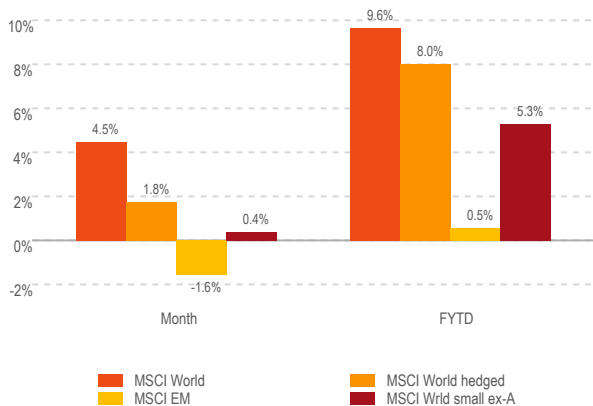
Fixed income



Source: LSEG Datastream



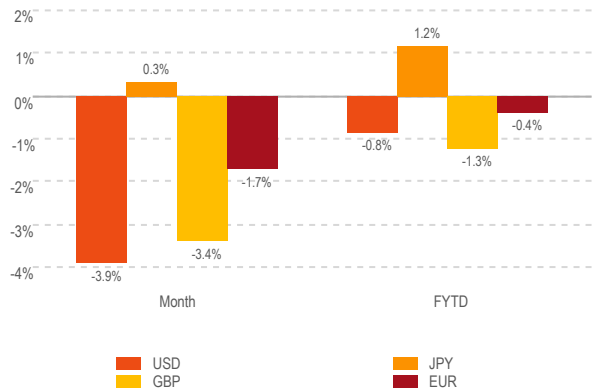
International equities (\$A)



Source: LSEG Datastream



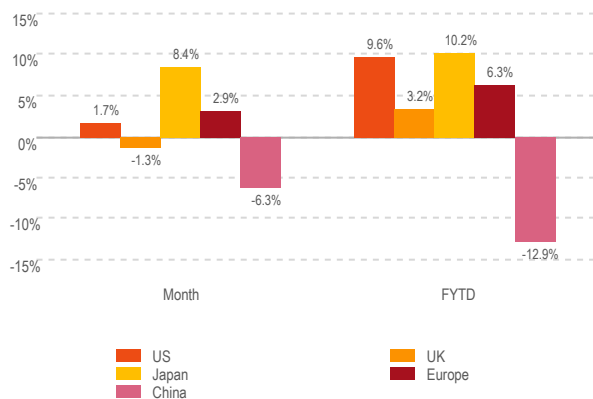
Australian dollar



Source: LSEG Datastream



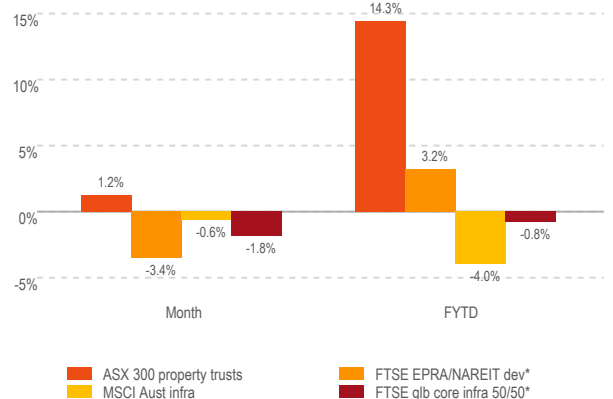
International equities



Source: LSEG Datastream











Real assets



Source: LSEG Datastream *Hedged AS

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

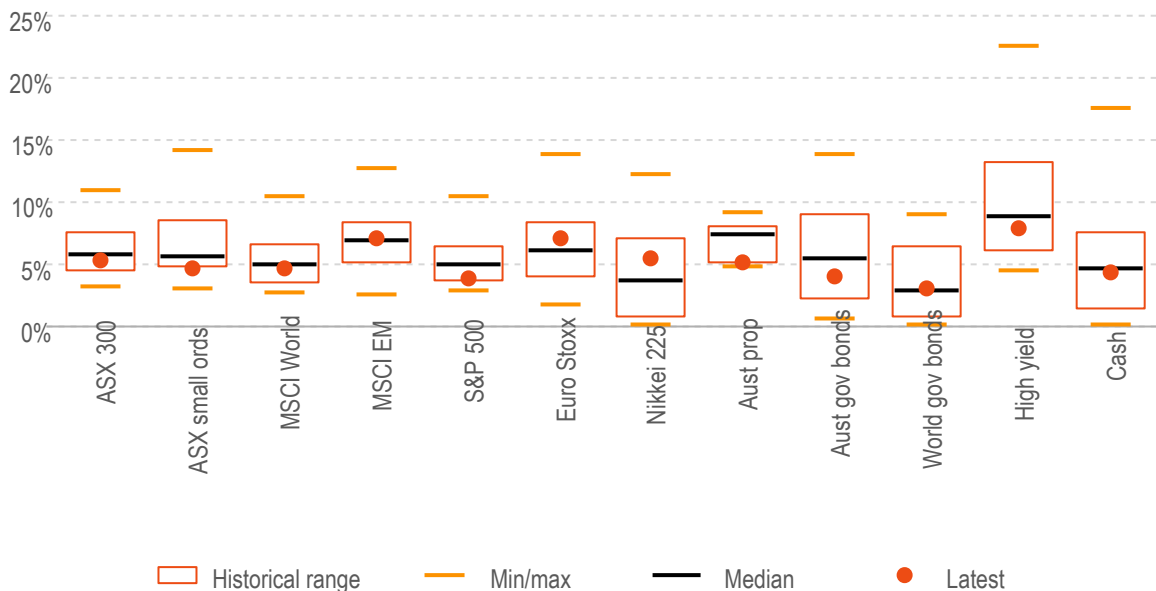
January 2024

	Index Value	Month	3 Months	FY24	1 Year	5 Yr p.a.
 Australian Equities						
S&P/ASX 300 Accum. Index	7,619	1.1%	13.9%	8.6%	6.7%	9.7%
S&P/ASX 300 Accum. Industrials Index	11,473	2.9%	17.1%	10.4%	9.2%	8.8%
S&P/ASX 300 Accum. Resources Index	6,084	-3.7%	5.6%	3.9%	0.2%	12.7%
ASX Small Caps Accum. Index	2,956	0.9%	15.8%	7.4%	2.1%	5.4%
 International Equities						
MSCI World Index (\$A)	5,430	4.5%	11.2%	9.6%	24.7%	13.6%
MSCI World Index (Hedged \$A)	4,383	1.8%	14.2%	8.0%	16.4%	10.5%
MSCI Emerging Markets Index (\$A)	1,066	-1.6%	2.5%	0.5%	3.5%	3.0%
MSCI World ex-Aus Small Cap Index (\$A)	624	0.4%	11.5%	5.3%	10.2%	9.2%
US (S&P 500 Index in USD)*	4,846	1.6%	15.5%	8.9%	18.9%	12.4%
US Tech (NASDAQ Index in USD)*	15,164	1.0%	18.0%	10.0%	30.9%	15.8%
United Kingdom (FTSE 100 Index in GBP)*	7,631	-1.3%	4.2%	1.3%	-1.8%	1.8%
Japan (Nikkei 225 Index in JPY)*	36,287	8.4%	17.6%	9.3%	32.8%	11.8%
Europe (Stoxx 50 Index in EUR)*	4,648	2.8%	14.5%	5.7%	11.6%	8.0%
China (Shanghai Composite Index in CNY)*	2,789	-6.3%	-7.6%	-12.9%	-14.3%	1.5%
 AUD versus ...						
USD	0.66	-3.9%	3.6%	-0.8%	-6.6%	-2.0%
JPY	97.05	0.3%	1.8%	1.2%	5.8%	4.2%
GBP	0.52	-3.4%	-0.8%	-1.3%	-9.1%	-1.3%
EUR	0.61	-1.7%	1.4%	-0.4%	-6.4%	-0.8%
 Real Assets						
ASX 300 Listed Property Trusts Accum. Index	1,524	1.2%	25.1%	14.3%	9.5%	5.4%
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,454	-3.4%	14.0%	3.2%	-3.5%	-0.7%
MSCI Australia Infrastructure	1,195	-0.6%	7.1%	-4.0%	-3.0%	4.7%
FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,254	-1.8%	8.2%	-0.8%	-3.1%	4.0%
 Oil and Commodities						
Crude Oil (US\$/bbl)	76.3	6.1%	-6.5%	8.0%	-3.3%	7.2%
Copper Spot (US\$/tonne)	8,501	0.4%	5.9%	2.1%	-7.6%	6.7%
Gold Spot (US\$/ounce)	2,048	-0.8%	2.6%	6.9%	6.2%	9.2%
 Australian Fixed Interest						
Bloomberg AusBond Composite Index	9,878	0.2%	6.0%	3.7%	2.5%	0.6%
Bloomberg AusBond Government Index	10,128	0.2%	6.1%	3.3%	1.4%	0.2%
Bloomberg AusBond Corporate Index	10,926	0.4%	4.4%	4.9%	5.0%	2.0%
Bloomberg AusBond Bank Bill Index	9,526	0.4%	1.1%	2.5%	4.0%	1.4%
 Global Fixed Interest						
Bloomberg Global Gov. Bond Index (Hedge \$A)	347	-0.4%	5.2%	2.2%	2.8%	0.0%
Bloomberg Global Agg. Bond Index (Hedge \$A)	1,009	-0.3%	6.0%	2.8%	2.8%	0.2%
 Fixed Income (yields) as at ...	Jan 2024	Dec 2023	Oct 2023	Jun 2023	Jan 2023	Jan 2019
Australia Bank Bill	4.30	4.31	4.17	4.14	3.18	2.01
Australia 10-Year Government Bond	4.05	3.96	4.94	4.00	3.56	2.24
US 10-Year Government Bond	3.95	3.87	4.91	3.81	3.53	2.63
UK 10-Year Government Bond	3.80	3.54	4.52	4.39	3.33	1.22
Germany 10-Year Government Bond	2.16	2.03	2.81	2.39	2.28	0.16
Japan 10-Year Government Bond	0.72	0.63	0.95	0.40	0.49	0.00

*Price Index

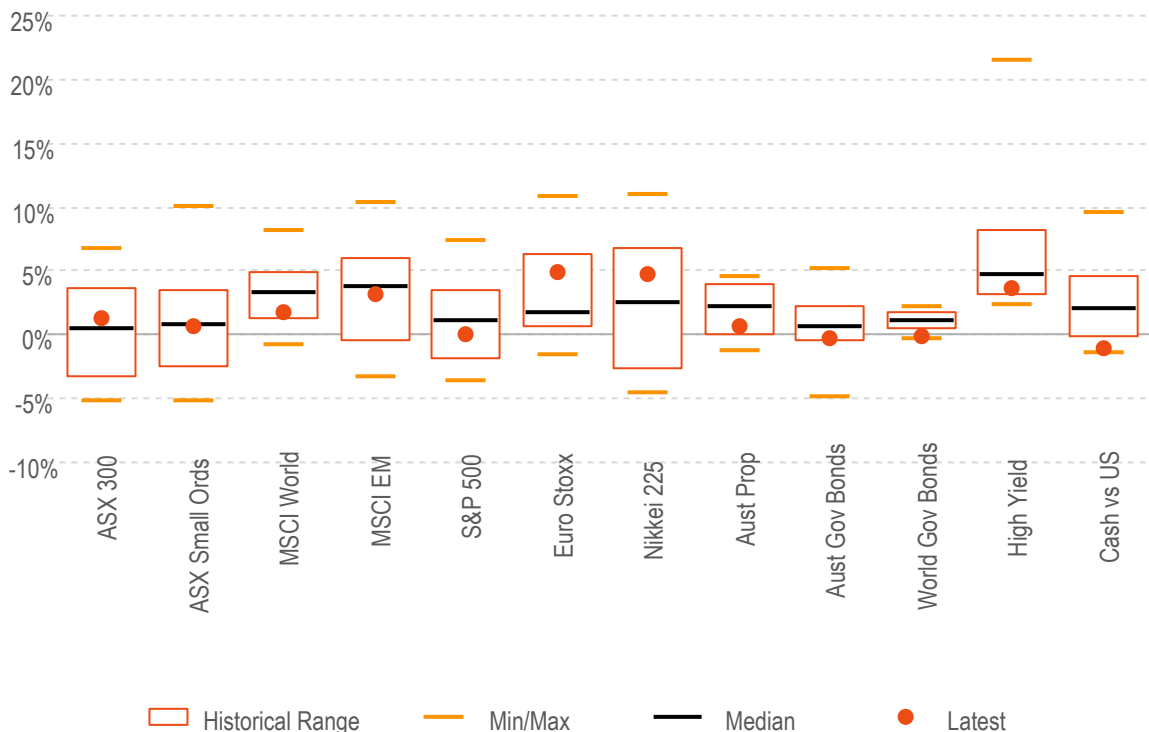
Asset class yields relative to history

Yields (equities earnings) at Jan 2024



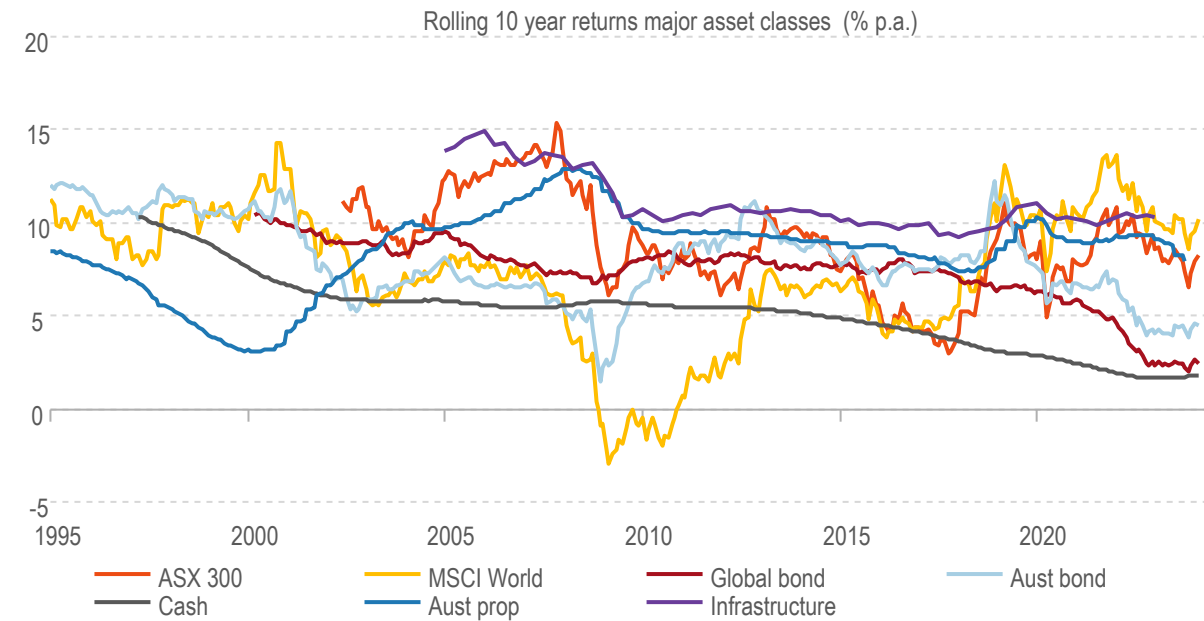
Source: LSEG Datastream

Relative yields (vs bond or cash yield) at Jan 2024

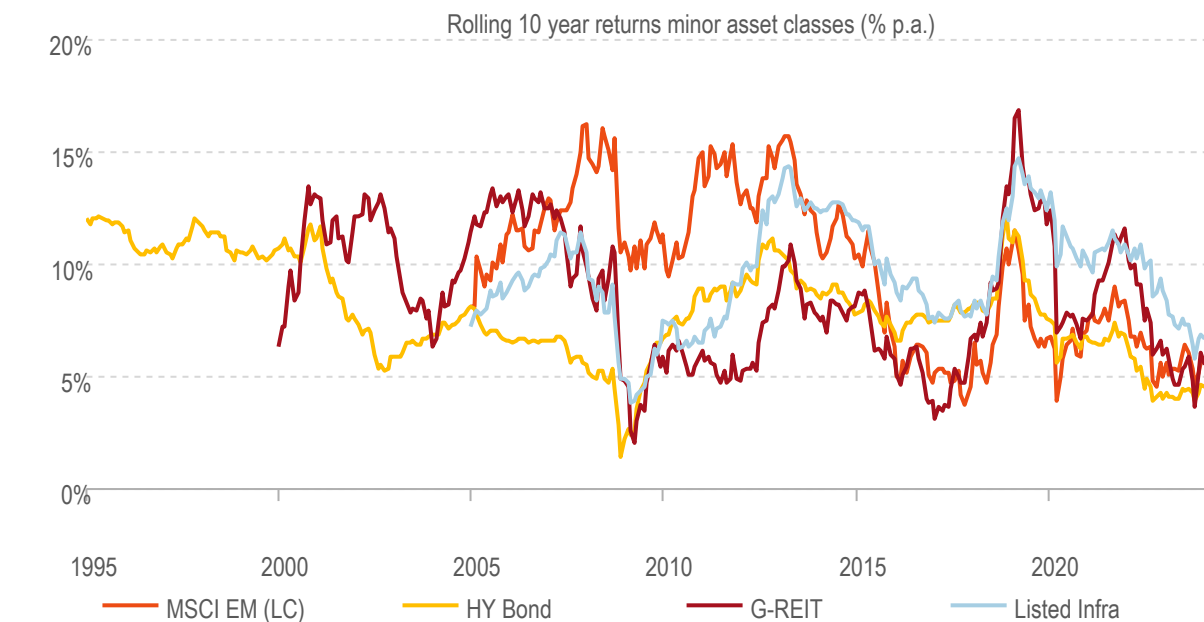


Source: LSEG Datastream

Asset class long-term returns

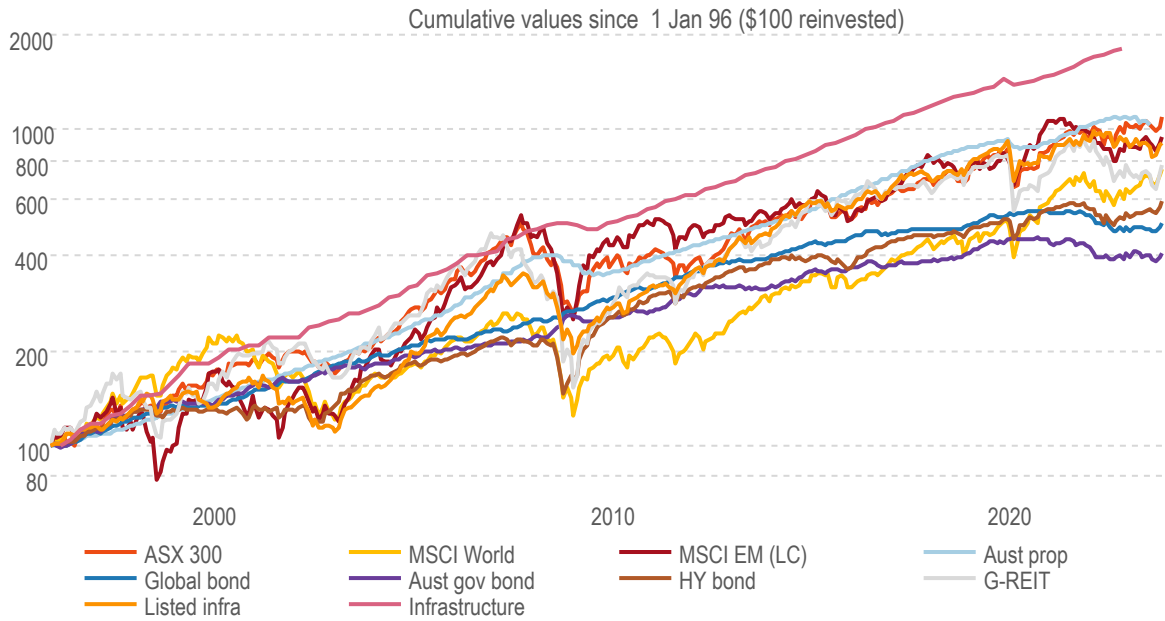


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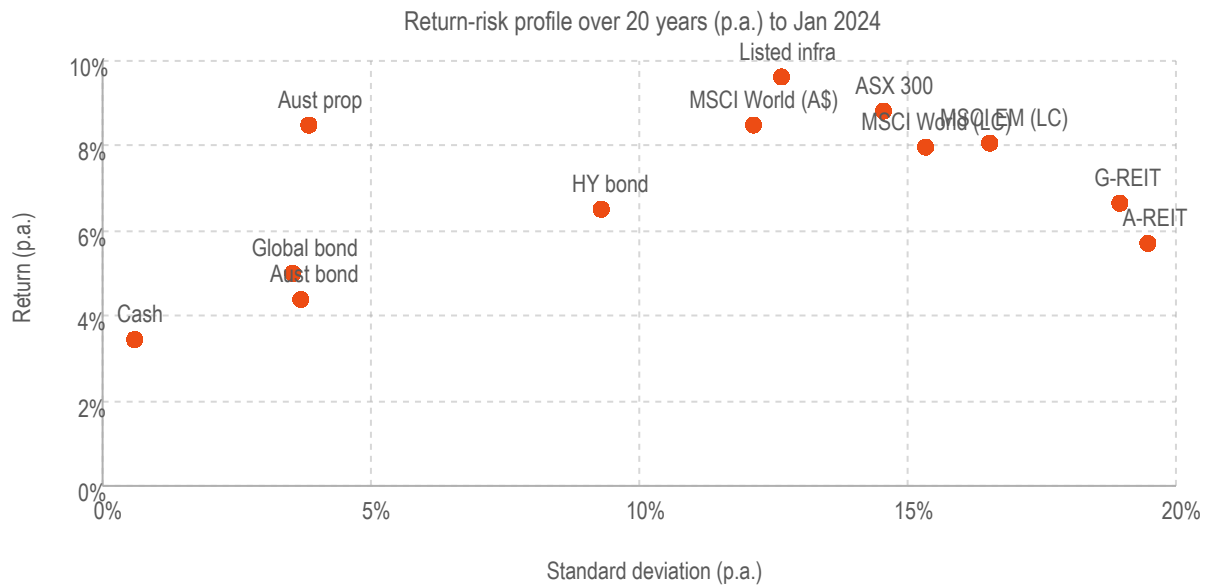


Source: LSEG Datastream

Asset class long-term returns



Source: LSEG Datastream



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