

# Monthly Market Snapshot

February 2024

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

# Market commentary

In the month of February, global markets demonstrated a mix of overall resilience and diverging fortunes across asset classes. A 'risk on' portfolio stance was generally well rewarded.

Global equity markets experienced another positive month, fueled by positive economic data and generally strong earnings reports. Japan's equity market continued its rally with the Nikkei 225 Index reaching a new all-time high, despite the economy slipping into a technical recession in the second half of 2023.

US and European equities both showed positive movements. The US economy's resilience has continued, with household consumption supported by a strong labour market, disinflation and larger than expected excess savings. The Eurozone also showed some signs of improvement, demonstrated by a rise in the composite purchasing manager index (PMI). UK stocks lagged, influenced by disappointing earnings data and economic indicators pointing to a technical recession.

Australian equities produced a small positive return in February. The industrial sector outperformed while resources significantly underperformed.

Emerging markets equities, especially China, saw a significant rebound, supported by government interventions in the stock market and more easing measures, specifically a notable 25bp cut to the five-year loan prime rate (the benchmark for mortgage rates), curbs on short selling, and stock purchases by state-owned investment firms.

While inflation has moderated across developed markets as base effects fade, the headline rate remains above target rates in most countries. Core inflation excluding food and energy has trended lower as labour markets rebalance, while services costs, in particular shelter or rent inflation, has proved to be persistent and driven the headline inflation rate in the US and Australia, offsetting goods disinflation. Market expectations have moderated as recent inflation prints have exceeded forecasts and current pricing indicates fewer rate cuts later in the year. Bond yields have been volatile against this backdrop, but on balance, global fixed income markets produced negative returns in February.

Oil prices have been volatile since the start of the Israel/Hamas conflict. Although prices were trending lower in the closing months of 2023, the Red Sea conflict and concerns over shipping/supply disruptions have renewed the pressure on oil prices, which produced positive return in February.

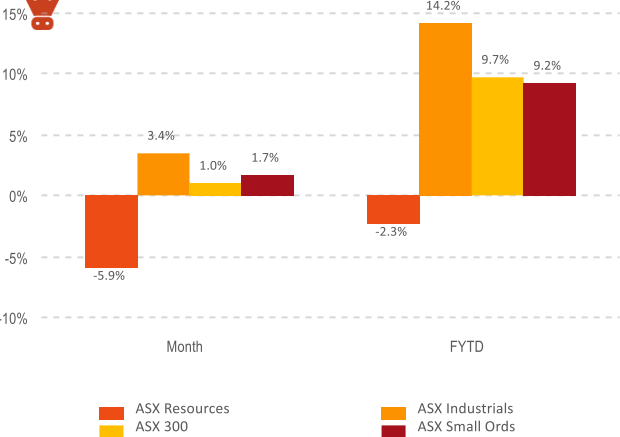
The Australian dollar weakened against most major currencies, driven by a strengthening USD as well as continued weakness in the Chinese economy.

Australian listed property produced positive returns while global listed property and infrastructure were flat over the month. Housing values have been resilient in the face of high interest rates and cost of living pressures, reflecting a persistent imbalance between supply and demand.

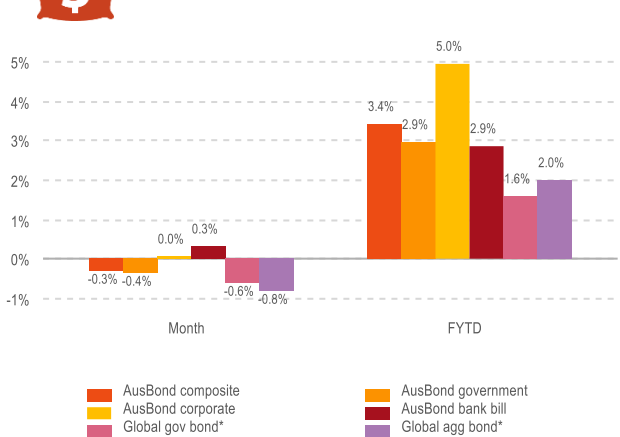
# February 2024



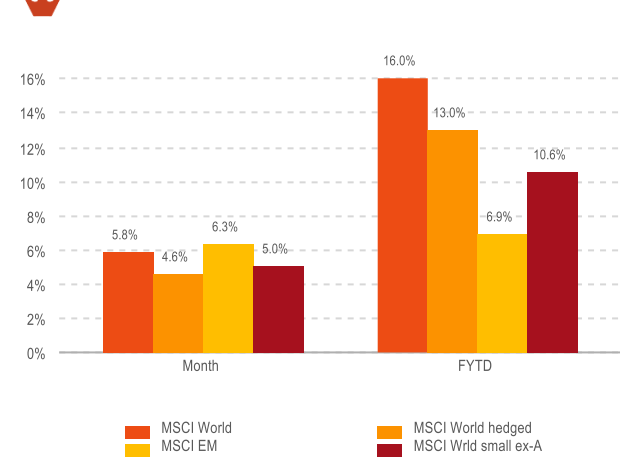
## Australian equities



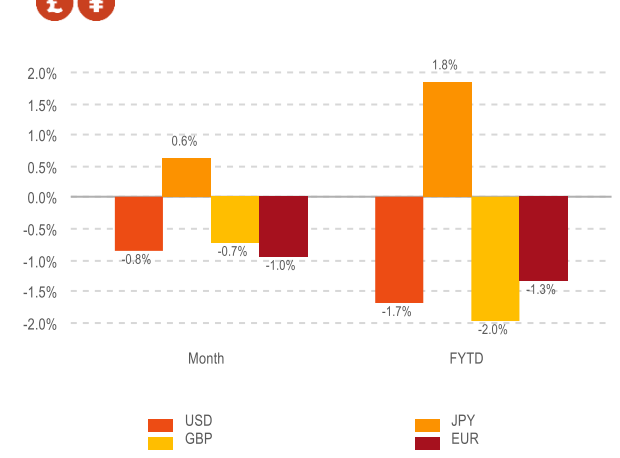
## Fixed income



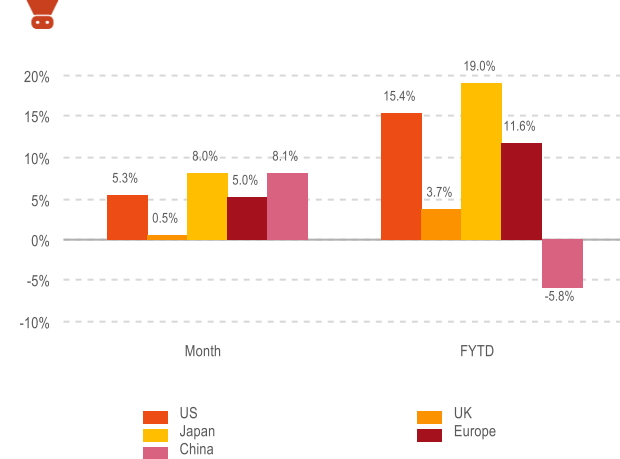
## International equities (\$A)



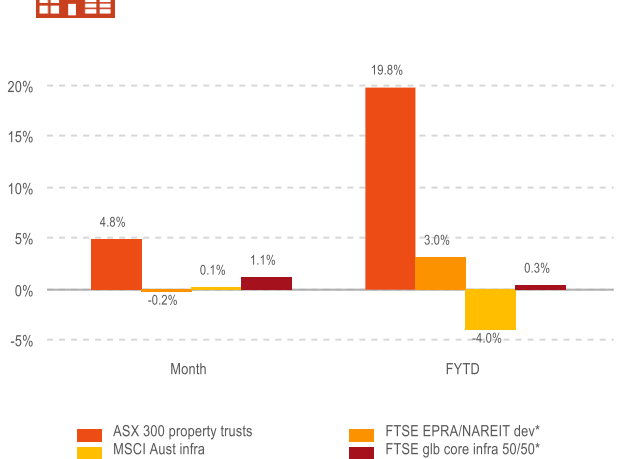
## Australian dollar



## International equities











## Real assets



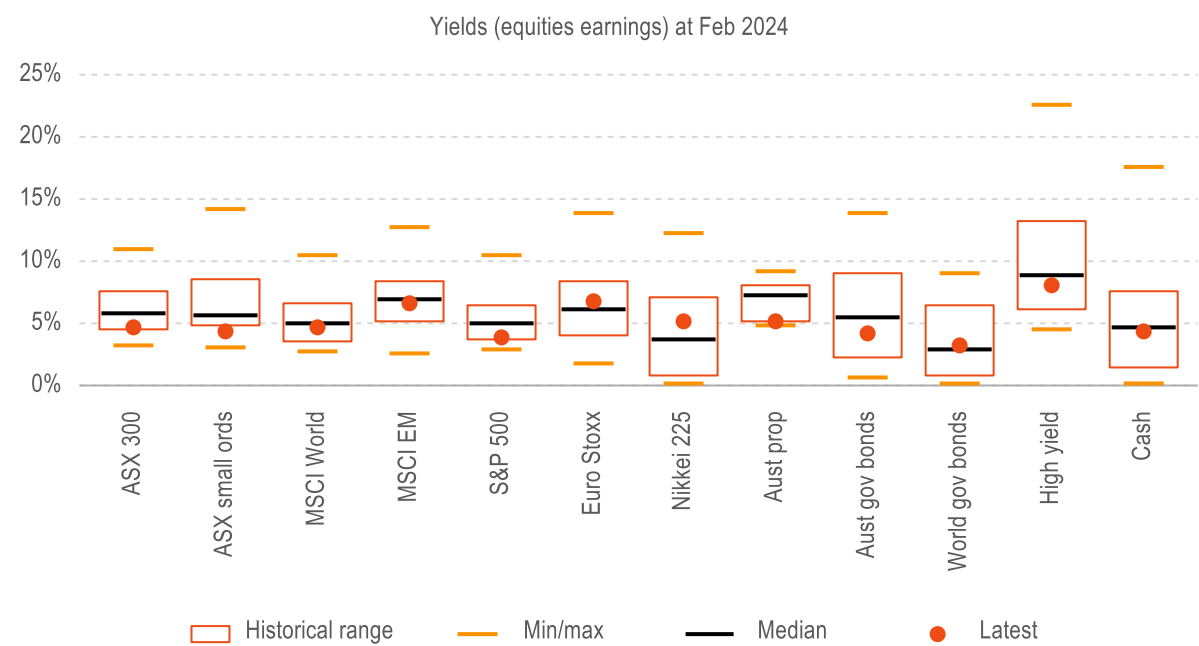
Details of the indices are in the table on the next page

# February 2024

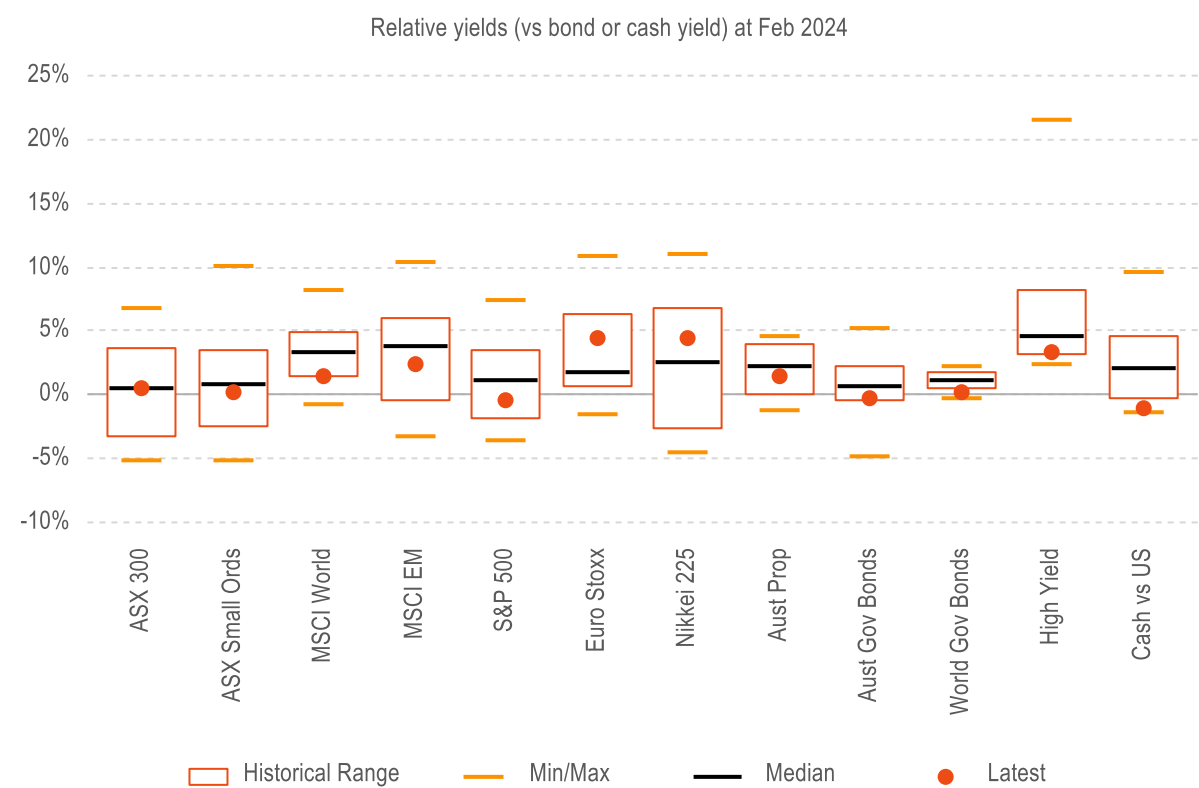
	Index Value	Month	3 Months	FY24	1 Year	5 Yr p.a.
 <b>Australian Equities</b>						
S&P/ASX 300 Accum. Index	7,652	1.0%	9.5%	9.7%	10.5%	8.6%
S&P/ASX 300 Accum. Industrials Index	11,800	3.4%	13.9%	14.2%	14.1%	8.3%
S&P/ASX 300 Accum. Resources Index	5,694	-5.9%	-2.4%	-2.3%	0.5%	9.8%
ASX Small Caps Accum. Index	2,999	1.7%	10.1%	9.2%	7.8%	4.4%
 <b>International Equities</b>						
MSCI World Index (\$A)	5,740	5.8%	12.7%	16.0%	29.4%	13.7%
MSCI World Index (Hedged \$A)	4,585	4.6%	10.7%	13.0%	23.8%	10.7%
MSCI Emerging Markets Index (\$A)	1,132	6.3%	5.7%	6.9%	12.6%	3.7%
MSCI World ex-Aus Small Cap Index (\$A)	654	5.0%	12.3%	10.6%	12.7%	8.9%
US (S&P 500 Index in USD)*	5,096	5.2%	11.6%	14.5%	28.4%	12.8%
US Tech (NASDAQ Index in USD)*	16,092	6.1%	13.1%	16.7%	40.5%	16.4%
United Kingdom (FTSE 100 Index in GBP)*	7,630	0.0%	2.4%	1.3%	-3.1%	1.5%
Japan (Nikkei 225 Index in JPY)*	39,166	7.9%	17.0%	18.0%	42.7%	12.9%
Europe (Stoxx 50 Index in EUR)*	4,878	4.9%	11.3%	10.9%	15.1%	8.1%
China (Shanghai Composite Index in CNY)*	3,015	8.1%	-0.5%	-5.8%	-8.1%	0.5%
 <b>AUD versus ...</b>						
USD	0.65	-0.8%	-1.9%	-1.7%	-3.1%	-1.8%
JPY	97.67	0.6%	-0.1%	1.8%	6.5%	4.3%
GBP	0.51	-0.7%	-1.7%	-2.0%	-7.9%	-0.9%
EUR	0.60	-1.0%	-0.7%	-1.3%	-5.3%	-0.9%
 <b>Real Assets</b>						
ASX 300 Listed Property Trusts Accum. Index	1,589	4.8%	18.1%	19.8%	15.1%	6.0%
FTSE EPRA / NAREIT Dev. Index (Hedged \$A)	1,448	-0.2%	4.3%	3.0%	-0.1%	-0.8%
MSCI Australia Infrastructure	1,191	0.1%	4.1%	-4.0%	-5.2%	3.7%
FTSE Global Core Infra 50/50 Index (Hedged \$A)	2,271	1.1%	2.7%	0.3%	1.9%	3.7%
 <b>Oil and Commodities</b>						
Crude Oil (US\$/bbl)	79.2	3.9%	4.8%	12.1%	2.9%	6.7%
Copper Spot (US\$/tonne)	8,402	-1.2%	0.2%	1.0%	-6.1%	5.1%
Gold Spot (US\$/ounce)	2,045	-0.1%	0.4%	6.8%	12.0%	9.2%
 <b>Australian Fixed Interest</b>						
Bloomberg AusBond Composite Index	9,848	-0.3%	2.6%	3.4%	3.5%	0.3%
Bloomberg AusBond Government Index	10,091	-0.4%	2.6%	2.9%	2.7%	0.0%
Bloomberg AusBond Corporate Index	10,931	0.0%	2.6%	5.0%	5.7%	1.8%
Bloomberg AusBond Bank Bill Index	9,559	0.3%	1.1%	2.9%	4.1%	1.5%
 <b>Global Fixed Interest</b>						
Bloomberg Global Gov. Bond Index (Hedge \$A)	345	-0.6%	1.7%	1.6%	3.7%	-0.1%
Bloomberg Global Agg. Bond Index (Hedge \$A)	1,000	-0.8%	1.9%	2.0%	3.9%	0.1%
 <b>Fixed Income (yields) as at ...</b>						
	Feb 2024	Jan 2024	Nov 2023	Jun 2023	Feb 2023	Feb 2019
Australia Bank Bill	4.30	4.30	4.29	4.14	3.38	1.84
Australia 10-Year Government Bond	4.15	4.05	4.39	4.00	3.87	2.10
US 10-Year Government Bond	4.24	3.95	4.34	3.81	3.91	2.71
UK 10-Year Government Bond	4.12	3.80	4.18	4.39	3.82	1.30
Germany 10-Year Government Bond	2.40	2.16	2.45	2.39	2.63	0.19
Japan 10-Year Government Bond	0.71	0.72	0.67	0.40	0.50	-0.02

\*Price Index

# Asset class yields relative to history

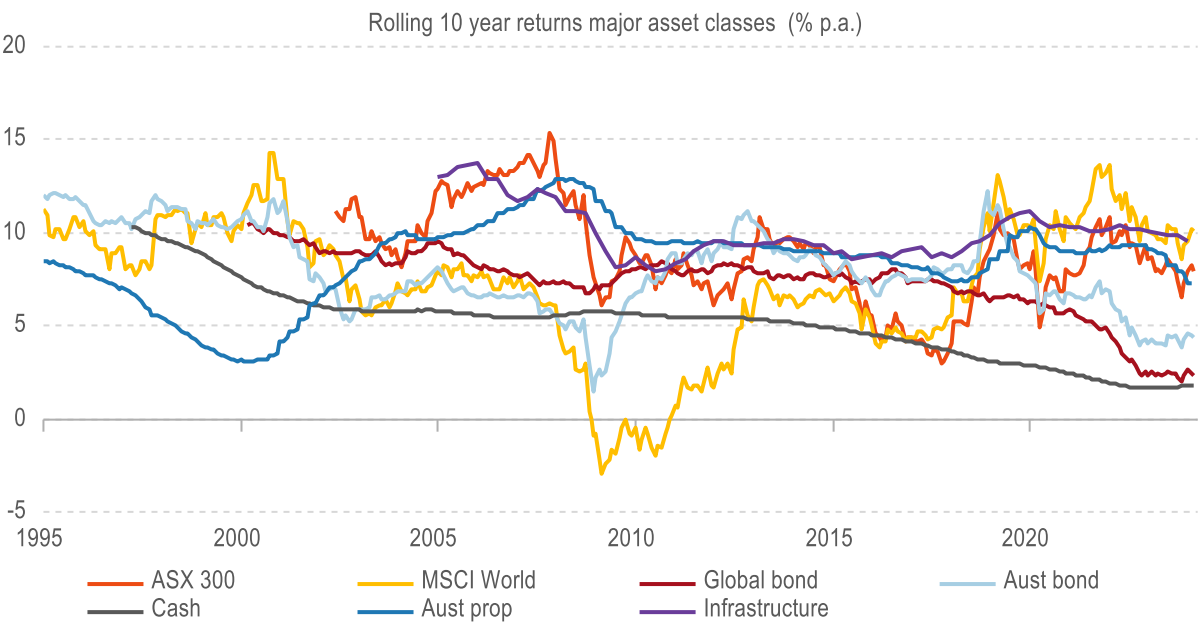


Source: LSEG Datastream

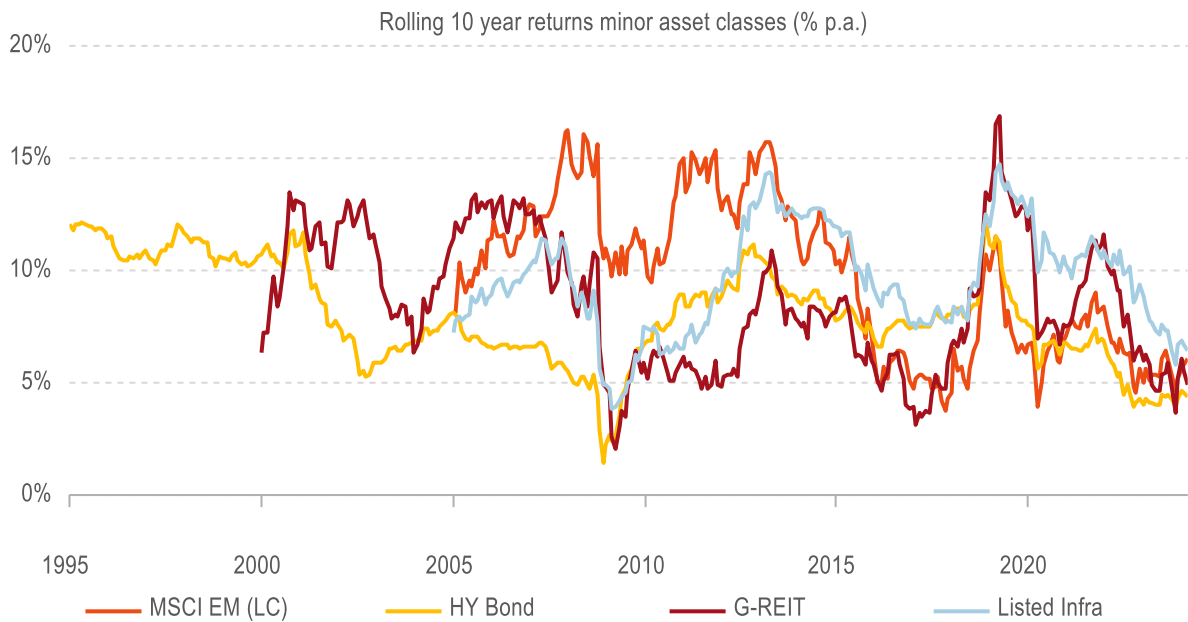


Source: LSEG Datastream

# Asset class long-term returns

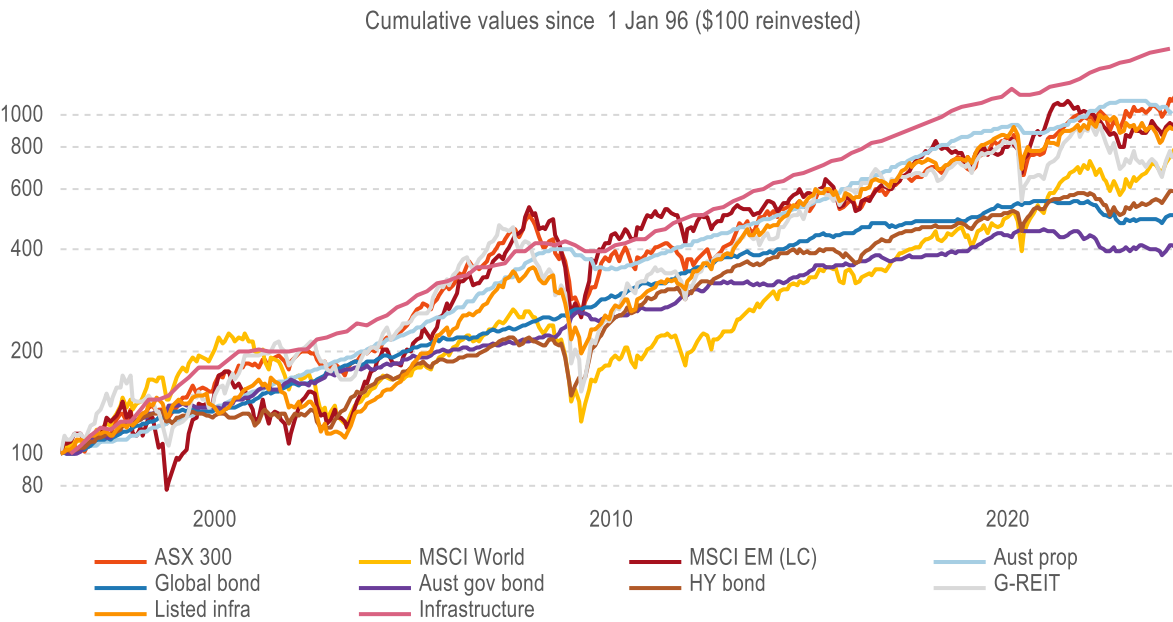


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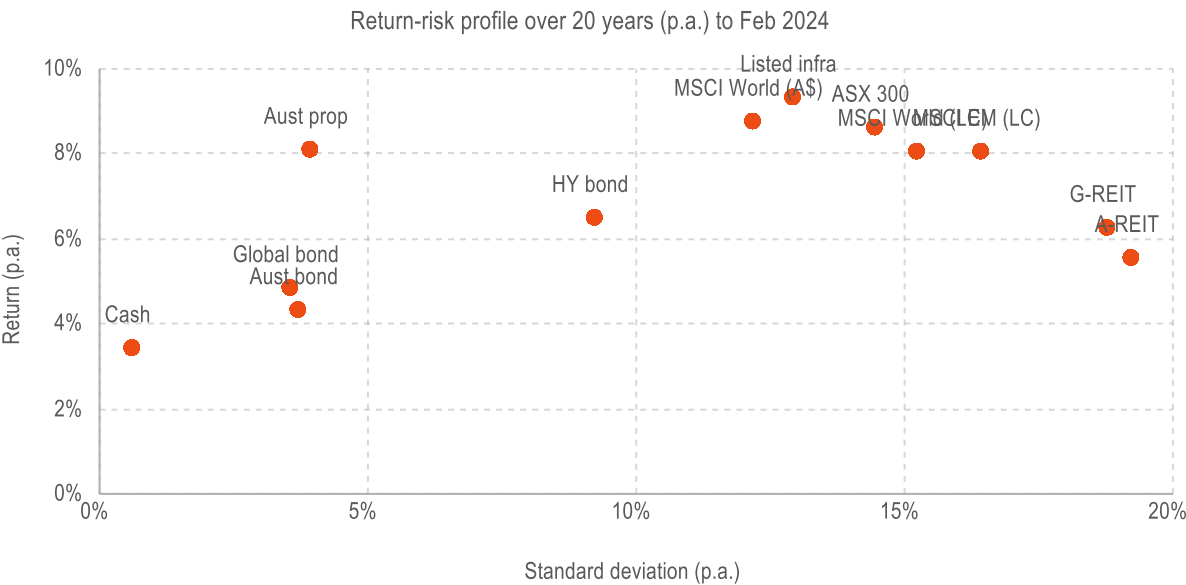


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# Asset class long-term returns



Source: LSEG Datastream



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