

Market Watch

ANZ Wealth Chief Investment Office

April 2018

A brighter month for shares

- Global shares advanced 2% in hedged terms in April as US quarterly company earnings, rising commodity prices and robust Chinese economic growth data more than offset investor concerns about geo-political risks and trade war fears.
- US shares were up marginally in April, its first positive month since January. European shares outperformed, the UK FTSE 100 rose 6.4% and the French CAC 40 was up 6.8%.
- US GDP rose at an annualised 2.3%, supported by gross private investment, inventories, government spending and less drag from net exports. This contrasted with GDP releases from the UK and France which, while likely weather affected, confirmed the loss of momentum in the first quarter.
- While historic peacemaking efforts between North and South Korea made headlines, continuing troubles in Syria and the instability in the region saw oil prices rise. The higher oil prices boosted inflation expectations and saw the yield on the US 10-year treasury break through 3% for the first time in four years.
- Despite a slowing in Australian annual employment growth from record highs, Australian shares rallied in the month and the AUD was weaker.

Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	3.8	5.7	7.5
Global Shares (hedged)	2.0	11.8	12.4
Global Shares (unhedged)	2.8	12.4	16.8
Global Emerging Markets (unhedged)	1.2	20.6	11.6
Global Small Companies (unhedged)	2.5	13.5	18.4
Global Listed Property	2.2	1.1	6.3
Cash	0.2	1.8	2.3
Australian Fixed Income	-0.4	2.2	3.9
International Fixed Income	-0.4	1.7	4.3

Source: JP Morgan & ANZ Wealth, 30 April 2018.

Indices: Australian Shares - S&P / ASX 300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia Net, Global Emerging Markets (unhedged) - MSCI Emerging Free Net in AUD (unhedged), Global Small Companies (unhedged) - MSCI World Small Cap ex Australia, Global Listed Property - FTSE EPRA/NAREIT Developed Rental Index ex Australia (hedged), Cash - Bloomberg Bank Bill, Australian Fixed Income - Bloomberg AusBond Composite 0+ Yr Index, International Fixed Income - Barclays Global Aggregate Bond Index (hedged).

Please note: Past performance is not indicative of future performance.

Currency

Exchange rates	At close on 30/4	% change 1 month	% change 12 months
AUD/USD	0.75	-1.9	0.6
AUD/euro	0.62	0.0	-9.3
AUD/yen	82.3	0.9	-1.4
Trade weighted index	62.1	-0.3	-3.7

Source: Bloomberg & ANZ Wealth, 30 April 2018. All foreign exchange rates are rounded to two decimal places where appropriate.

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