

# Market Watch

## ANZ Wealth Chief Investment Office

April 2017

### Positive notes

- Share markets rose during the month, following ongoing stability across the global economy and some recovery in investor sentiment.
- Bond yields fell (prices rose) as several key production surveys softened in the US with some early indication of a peak in economic data momentum and commodity prices.
- Credit spreads continued to benefit from easy financial conditions and strong investor appetite.
- The US dollar (USD) gained against major cross rates alongside the yen while the Australian dollar (AUD) fell as commodity prices declined.
- Emerging market shares and bonds performed well despite rising tensions on the Korean Peninsula. Most markets in the region have continued to benefit from the broad-based recovery in Chinese industrial activity.
- Economic growth surprised to the upside in China as GDP growth came in at 6.9% (year on year) in Q1. The housing market remains stable but authorities continued to crack down on financial risks by limiting credit growth in certain pockets of the financial system.
- Australian economic indicators are generally stable. Headline inflation bounced in Q1 as business conditions remained strong. That said, consumer spending has remained soft which is likely to see the RBA keeping rates on hold.

### Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	1.0	17.5	10.8
Global Shares (hedged)	1.3	19.2	14.4
Global Shares (unhedged)	3.6	16.9	17.7
Global Emerging Markets (unhedged)	4.2	21.6	8.4
Global Small Companies (unhedged)	4.2	20.0	19.2
Global Listed Property	0.5	4.7	11.0
Cash	0.1	1.9	2.6
Australian Fixed Income	0.8	2.6	4.9
International Fixed Income	0.7	2.6	5.8

Source: JP Morgan & ANZ Wealth, 30 April 2017.

Indices: Australian Shares - S&P / ASX300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia, Global Emerging Markets - 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 Composite Bond All Maturities, 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	-1.8	0.0
AUD/euro	0.69	-4.0	5.6
AUD/yen	83.52	-1.7	4.7
Trade weighted index	64.5	-2.6	2.5

Source: Bloomberg & ANZ Wealth, 30 April 2017. All foreign exchange rates are rounded to two decimal places.

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