

Market Watch

ANZ Wealth Chief Investment Office
September 2017

Global shares maintain momentum

- Talk surrounding Donald Trump's proposed tax reforms and solid economic data more than offset concerns about North Korea, the US Federal Reserve announcing that they will commence to trim their balance sheet and likely lift rates again this year.
- In Europe Angela Merkel was returned as Chancellor in the German elections, albeit with a reduced majority. News headlines emphasised potential uncertainty following the less than resounding result but markets focussed on the health of the German economy and European share and bond markets held up well.
- Despite these uncertainties global shares continued to perform strongly, particularly developed market shares, and bonds corrected lower.
- Australian shares continued to underperform global shares and the AUD slipped from recent highs.
- Australian economic data was quite positive with GDP growth solid, employment lifting and business confidence survey data elevated.
- The RBA remained upbeat but left the cash rate unchanged at 1.50%.

Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	0.0	9.0	9.9
Global Shares (hedged)	2.5	19.6	15.0
Global Shares (unhedged)	3.4	15.4	17.7
Global Emerging Markets (unhedged)	0.7	19.4	10.0
Global Small Companies (unhedged)	5.2	17.1	19.7
Global Listed Property	-0.2	0.1	10.6
Cash	0.1	1.8	2.4
Australian Fixed Income	-0.3	-0.7	3.9
International Fixed Income	-0.4	0.5	5.1

Source: JP Morgan & ANZ Wealth, 30 September 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 30/9	% change 1 month	% change 12 months
AUD/USD	0.78	-0.9	2.2
AUD/euro	0.66	-0.3	-2.7
AUD/yen	88.1	1.1	13.6
Trade weighted index	66.2	-0.9	3.6

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

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