

Market wrap



September 2018

Wall Street leads shares higher

- Global shares rose 1.5% and 4.1% in hedged and unhedged terms respectively. Developed markets remained solid, while emerging market shares remain under downward pressure.
- Global share returns were pushed higher by strong returns to US shares. The S&P 500 rose 3% supported by strong earnings.
- Meanwhile major bourses in Europe fell as political risks in Italy and trade war concerns dominated sentiment.
- Trade tensions and the strong US dollar continued to weigh on emerging markets. The MSCI Emerging Markets index was flat.
- Despite the leadership spill locally, Australian shares performed strongly with the market supported by a solid reporting season and signs that the RBA will be on hold for some time.
- US Fed Chairman Powell indicated that considerable uncertainty is attached to the underlying economic drivers. The Fed will watch the data flow and are not necessarily set on a pre-determined tightening path. Markets expect another rate rise in September.
- In Europe, the Bank of England voted unanimously to raise rates by 25 basis points to 0.75% as employment is at a record high and real wages are picking up.

Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	1.4	15.5	8.9
Global Shares (hedged)	1.5	14.7	13.3
Global Shares (unhedged)	4.1	24.3	15.1
Global Emerging Markets (unhedged)	0.0	8.9	9.5
Global Small Companies (unhedged)	5.1	27.7	16.3
Global Listed Property	1.8	7.5	11.0
Cash	0.2	1.9	2.2
Australian Fixed Income	0.8	3.8	4.5
International Fixed Income	0.3	0.8	4.9

Source: JP Morgan & ANZ Wealth, 31 August 2018.

Indices: Australian Shares - S&P / ASX 300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia Net, Global Emerging Markets - MSCI Emerging Markets 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 31/8	% change 1 month	% change 12 months
AUD/USD	0.72	-3.2	-9.5
AUD/euro	0.62	-2.4	-7.1
AUD/yen	79.8	-3.9	-8.7
Trade weighted index	62.2	-2.1	-6.2

Source: Bloomberg & ANZ Wealth, 31 August 2018. All foreign exchange rates are rounded to two decimal places where appropriate.

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