

A bumpier ride

- Trump's trade tariffs with possible repercussions in the form of a trade war and a shake-up in technology stocks, led by Facebook on the back of its privacy violation, meant March was a bumpy ride for Wall Street. The U.S. stock market finished the first quarter of 2018 with losses for the first time in 10 quarters.
- The US Federal Reserve increased its benchmark interest rate by 0.25% but did not change its expectations of three hikes this year to four, as expected by a large portion of the market.
- US inflation came in as expected, further reducing the fears caused by a strong wage inflation number which sent jitters through the markets in February.
- Euro zone economic sentiment slipped in March, as business sentiment fell slightly but remains very high. The European economy is still healing and the ECB is no longer favouring an easing bias, although it is still a long way from tightening monetary policy.
- In Australia, economic growth for the final quarter of 2017 missed expectations at 0.4% which translated into 2.4% for the year. Growth is travelling at just short of trend.
- The RBA did not change rates at the March meeting for the 20th month in a row.
- The AUD fell further. The gap between the RBA's cash rate and the US Fed Funds rate pushes further into negative territory.

Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	-3.7	2.9	7.6
Global Shares (hedged)	-2.3	11.0	12.6
Global Shares (unhedged)	-0.5	13.3	17.0
Global Emerging Markets (unhedged)	-0.3	24.2	11.6
Global Small Companies (unhedged)	1.7	15.3	18.2
Global Listed Property	3.2	-0.5	7.1
Cash	0.1	1.7	2.3
Australian Fixed Income	0.8	3.3	4.3
International Fixed Income	0.8	2.9	4.7

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

Indices: Australian Shares - S&P / ASX 300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia Net, 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 31/3	% change 1 month	% change 12 months
AUD/USD	0.76	-1.1	0.7
AUD/euro	0.62	-2.0	-12.9
AUD/yen	81.6	-1.4	-4.0
Trade weighted index	62.3	-2.0	-5.9

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

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