



Off to a good start

- Share markets started the year positively, with global shares in hedged terms returning 3.8%. The US led the way as good earnings news saw the market hit new highs before pulling back at the end of the month.
- The US dollar's decline accelerated. This followed US Treasury comments that a weaker USD would support the US economy.
- The falling USD contributed to gains in commodity prices and a rise in the AUD. While the Australian share market fell slightly in the month, resources stocks showed strength and kept the ASX 200 comfortably above 6,000.
- A robust labour market is likely fuelling Australian consumer confidence, which hit a multi-year high in January, despite a slight rise in the unemployment rate to 5.5%.
- The euro zone has picked up further, bolstered by strong business conditions. The ECB's December bank lending survey also showed stable or easing lending standards and rising credit demand. While the UK continues to navigate through Brexit issues, unemployment is now at a 42-year low of 4.3%.
- China posted a Q4 GDP growth figure of 6.9%, slightly ahead of forecasts. Emerging market shares maintained strong performance in January, driven in part by the weaker USD.

Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	-0.4	12.4	9.0
Global Shares (hedged)	3.8	22.9	15.0
Global Shares (unhedged)	1.8	18.2	17.8
Global Emerging Markets (unhedged)	4.6	32.2	11.2
Global Small Companies (unhedged)	0.0	16.3	18.9
Global Listed Property	-2.6	4.3	8.9
Cash	0.2	1.8	2.3
Australian Fixed Income	-0.3	2.8	4.1
International Fixed Income	-0.7	3.2	4.9

Source: JP Morgan & ANZ Wealth, 31 January 2018.
 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 31/01	% change 1 month	% change 12 months
AUD/USD	0.81	3.2	6.2
AUD/euro	0.65	-0.3	-7.6
AUD/yen	88.0	-0.1	2.8
Trade weighted index	65.6	1.1	-0.3

Source: Bloomberg & ANZ Wealth, 31 January 2018. All foreign exchange rates are rounded to two decimal places where appropriate.
 Please note: Past performance is not indicative of future performance.