

Market wrap



October 2018

Wall Street bulls keep charging

- Global shares rose 0.8% on a hedged basis with the US market driving the biggest share of returns once again. The US market continues to deliver strong earnings supported by tax cuts.
- Strong US share market performance remained even as the trade war ramped up with President Trump broadening his imposition of new tariffs, albeit initially at below 25% on China imports.
- The slowing pace of Chinese credit growth, US dollar value strengthening, tighter US monetary policy and ongoing trade tensions continued to weigh on emerging markets which returned -0.6% in the month.
- Australian growth and labour force data remained strong and the ASX 300 returned -1.2%. Resources had a particularly good run in September although Financials were lower, likely related to the continued fall-out from the Banking Royal Commission.
- The US Federal Reserve continued to respond to US macroeconomic strength with a steady program of quarterly rate hikes. The range is now 2% to 2.25% with markets expecting another rise of 25 basis points in December.
- In China, GDP growth was steady. Policymakers are playing a difficult balancing act given the large build up in debt and are now modestly erring on the side of growth rather than restraint.

Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	-1.2	14.0	8.2
Global Shares (hedged)	0.8	12.9	12.6
Global Shares (unhedged)	0.6	20.8	15.3
Global Emerging Markets (unhedged)	-0.6	7.6	9.1
Global Small Companies (unhedged)	-1.5	19.5	15.5
Global Listed Property	-2.2	2.2	5.4
Cash	0.2	1.9	2.2
Australian Fixed Income	-0.4	3.7	4.3
International Fixed Income	-0.4	0.9	4.6

Source: JP Morgan & ANZ Wealth, 30 September 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 30/09	% change 1 month	% change 12 months
AUD/USD	0.72	0.5	-7.8
AUD/euro	0.62	0.4	-6.1
AUD/yen	82.1	2.9	-6.8
Trade weighted index	62.2	0.0	-6.0

Source: Bloomberg & ANZ Wealth, 30 September 2018. All foreign exchange rates are rounded to two decimal places where appropriate.

Please note: Past performance is not indicative of future performance.

Disclaimer: This information is current as at 30 September 2018 but is subject to change. This information is provided by OnePath Funds Management Limited (OFM) ABN 21 003 002 800 AFSL 238342. OFM is a wholly owned subsidiary of Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522 but is not a bank. The information is general in nature and does not take into account a potential investor's personal needs, objectives and financial circumstances. This information is not to be construed as investment or financial product advice, and should not be relied upon as a substitute for professional advice. Before acting on this information, potential investors should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Potential investors should read the relevant Product Disclosure Statement (PDS) available at onepath.com.au and consider whether the particular product is right for them. Although all the information in this document is obtained in good faith from sources believed to be reliable no representation of warranty, express or implied is made as to its accuracy or completeness. Whilst care has been taken in preparing this material, ANZ and its related entities do not warrant or represent that the information, opinions or conclusions contained in this document ("information") are accurate. To the extent permitted by law, ANZ and its related entities do not accept any liability from the use of the information. Past performance is not indicative of future performance. The value of investments may rise or fall and the repayment of subscribed capital is not guaranteed. RI Advice Group Pty Ltd ABN 23 001 774 125 AFSL 238429 is a wholly owned subsidiary of IOOF Ltd ABN 21 087 649 625 AFS Licence No. 230522.