



Market wrap

April: All Asset Classes Up

- During April, **Global Share** performance was solid. Global shares gained 1.6% on a currency hedged basis, but gained an even more impressive 4.5% on an unhedged basis, due to a depreciating AUD relative to the USD.
- In the U.S., equity market performance was influenced by gains from some of the index's largest companies, including some of the large tech stocks. Industrial and consumer discretionary stocks weighed, with automobiles notably weaker. Tesla shares fell as its results showed that profits had been hurt by increasing competition in the global electric vehicles market.
- **Australian shares** rose during April, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 2.6%. The best performing sectors were Property Trust and Information Technology. Materials was the only sector to produce a negative return for the month, losing 2.6%.
- **Fixed income** returns for the month were modest, with Australian Fixed Interest gaining 0.5%, and global fixed interest gaining 0.7%.
- The **Australian dollar** fell by 1.3% against the U.S. dollar over the month, mainly due to the RBA not raising rates in early April and then stronger than expected retail sales figures in the U.S. mid-month strengthened the USD. Late in the month, Australian Trimmed Mean CPI came in lower than expected and markets priced out a May RBA rate hike, which subsequently proved incorrect. Against the Yen, the AUD was higher, gaining 1.0%.

Interest Rates Up, Inflation Down

Globally

- The annual inflation rate in the U.S. fell to 4.9% in April 2023, the lowest since April 2021, and below market forecasts of 5%. Food prices grew at a slower rate (7.7% vs 8.5% in March), while energy costs fell further (-5.1% vs -6.4%) including gasoline (-12.2%) and fuel oil (-20.2%). Also, shelter cost that accounts for over 30% of the total CPI basket, slowed for the first time in two years.
- The Federal Reserve raised the fed funds rate by 0.25% to a range of 5%-5.25% during its early May meeting, marking the 10th increase and bringing borrowing costs to their highest level since September 2007. The decision came in line with market expectations.

Locally

- While the RBA held rates steady at 3.60% at their April meeting, the RBA again increased the cash rate target by 0.25% to 3.85% on 2 May, which is now an accumulated increase of 3.75% in one year.

Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	2.6%	2.8%	8.3%
Australian small companies	3.6%	-9.4%	3.9%
Global shares (hedged)	1.6%	1.5%	7.5%
Global shares (unhedged)	4.5%	11.1%	11.1%
Global small companies (unhedged)	2.6%	5.6%	7.0%
Global emerging markets (unhedged)	0.8%	0.5%	1.6%
Global listed property (hedged)	3.7%	-16.4%	0.5%
Cash	0.3%	2.4%	1.1%
Australian fixed income	0.5%	2.1%	1.4%
International fixed income	0.7%	-2.3%	0.4%

Source: FactSet, Lonsec & Insignia Financial, 30 April 2023

Indices used: Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

Please note: Past performance is not indicative of future performance

Currency markets

Exchange rates	At close on 30/04 %	1 month change %	1 year change %
AUD/USD	0.6609	-1.3%	-7.0%
AUD/Euro	0.5986	-2.9%	-11.1%
AUD/Yen	89.98	1.0%	-2.3%

Source: FactSet & Insignia Financial, 30 April 2023

All foreign exchange rates are rounded to two decimal places where appropriate.

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