

Markets march on

- The market rally that began in January continued more modestly in February and into March, with most markets positive.
- Global shares were up by 1.7% and 1.5% in hedged and unhedged terms, respectively.
- US shares were up 1.8% and economic indicators were mixed. On the upside, the manufacturing PMI firmed; on the downside, Q418 GDP growth was revised down from 2.6% annualised to 2.2%.
- Asian stocks continued to rally in March, supported by optimism about an impending US-China trade deal and the major central banks taking a more dovish tone.
- Australian shares posted a small 0.7% rally, which was a good result after February's 6% surge.
- Like the US Fed, the RBA has amended its growth forecasts for the Australian economy in 2019 downward, increasing the chance of at least one official interest rate cut this year. Continued falls in Sydney and Melbourne house prices remain the main domestic concern.
- European shares were strong in March, despite the increasing likelihood of a 'no deal' or 'hard' Brexit rising with the UK parliament's inability to reach agreement.
- The Australian dollar was virtually unchanged against all the major currencies, at US71c and €0.63 at the end of the month.

Major asset class performance (%)

| Asset classes | 1 month | 12 months | 5 years (p.a.) |
|------------------------------------|---------|-----------|----------------|
| Australian shares | 0.7 | 11.7 | 7.4 |
| Global shares (hedged) | 1.7 | 6.5 | 9.7 |
| Global shares (unhedged) | 1.5 | 12.3 | 12.8 |
| Global emerging markets (unhedged) | 1.0 | 0 | 9.3 |
| Global small companies (unhedged) | -0.5 | 6.4 | 11.9 |
| Global listed property | 3.5 | 16.5 | 9.3 |
| Cash | 0.2 | 2.0 | 2.1 |
| Australian fixed income | 1.8 | 7.2 | 5.1 |
| International fixed income | 2.1 | 4.7 | 5.1 |

Source: JP Morgan & ANZ Wealth, 31 March 2019.

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 ex Aust Small Cap | 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 31/3 | % change 1 month | % change 12 months |
|----------------------|------------------|------------------|--------------------|
| AUD/USD | 0.71 | 0.0 | -7.6 |
| AUD/euro | 0.63 | 1.4 | 1.4 |
| AUD/yen | 78.7 | -0.5 | -3.6 |
| Trade weighted index | 60.5 | -0.3 | -2.9 |

Source: Bloomberg & ANZ Wealth, 31 March 2019. All foreign exchange rates are rounded to two decimal places where appropriate.

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