

## Markets continue to recover...

- The rally from December lows has flowed into April with most markets positive.
- **Global shares** were up 4.6% and 3.9% in a hedged and unhedged terms, respectively.
- Domestically, **Australian shares** continue to lag international this year with 2.4% performance during April.
- Weaker commodity prices outside of oil and iron ore and, weather disruption to business operations for major producers weighed on **Australian mining shares**,
- The **Australian dollar (AUD)** fell against major currencies as the weaker inflation result increased calls for interest rate cuts.
- Fixed income and bond substitutes such as **listed property** lagged in the latest month after a strong year.
- **International fixed income** was flat after a US growth surprise and US interest rates staying on hold (if rates fall, bonds are more attractive than cash because their rates are fixed, increasing their value).

## With mixed economic news...

### Globally

- The US economy surprised forecasts for March growth as did Europe.
- Some of the US surprise is seen as temporary with the base case for growth to slow this year.
- The US Federal Reserve left interest rates on hold disappointing bond investors (by letting cash stay more competitive with rates at 2.5%).

### Locally

- The Reserve Bank of Australia (RBA) outlined the case for a rate cut unless further jobs growth sees unemployment fall.
- It backed this view up with weaker economic forecasts for 2019.
- Inflation disappointed domestically with only 1.3% growth in the year to March (The RBA targets 2-3% inflation)
- The labour market continues to perform well with jobs growth surprising and the unemployment rate at 5% as of March.
- However, some forward indicators point to potential for some job losses in line with a slowing economy.
- The weaker housing market continued with national prices falling 0.5% in April and also showing up as a drag on inflation.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
<b>Australian shares</b>	2.4	10.4	7.5
<b>Global shares (hedged)</b>	4.6	14.3	13.6
<b>Global shares (unhedged)</b>	3.9	8.4	10.3
<b>Global small companies (unhedged)</b>	3.8	7.7	13.0
<b>Global emerging markets (unhedged)</b>	3.0	1.8	9.9
<b>Global listed property (hedged)</b>	1.1	15.5	8.6
<b>Cash</b>	0.2	2.0	2.1
<b>Australian fixed income</b>	0.3	7.9	4.9
<b>International fixed income</b>	0.0	5.0	4.7

**Source:** Bloomberg & IOOF, 30 April 2019

**Indices used:** Australian Shares: S&P/ASX 200 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 30/4 %	1 month change %	1 year change %
<b>USD/AUD</b>	0.70	-0.7	-6.4
<b>Euro/AUD</b>	0.63	-0.6	0.8
<b>Yen/AUD</b>	78.6	-0.1	-4.6
<b>Trade weighted index</b>	60.5	0.0	-2.6

**Source:** Bloomberg & IOOF, 30 April 2019. All foreign exchange rates are rounded to two decimal places where appropriate.

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