navegar

Market Commentary – March 2024

Global equity markets showed broad strength across most regions during March. Resilient economic growth in the US and nascent signs of some improvement in the economic outlook across other regions added support to investor expectations of the corporate earnings outlook.

In the US, the market maintained its upward momentum, with the S&P 500 registering a 3.2% rise. This rise was marked by an expansion of market breadth; beyond the usual tech giants, with sectors like Energy, Financials, and Utilities outperforming the Technology sector. The US Federal Reserve held policy rates steady at the March 2024 meeting, signalling a cautious approach towards future policy adjustments amidst a backdrop of solid growth and persistent inflationary pressures.

In Europe, the MSCI AC Europe index climbed by 3.6% during the month. The UK market also saw gains, supported by sectors expected to benefit from anticipated Bank of England policy rate reductions.

In Asia, Taiwanese stocks led the market, with a 9.3% increase, spurred by the AI linked sentiment. For the first time in its history, Japan's Nikkei 225 index crossed the 40,000 thresholds, with investor sentiment towards the Japanese market having improved materially in the last 12 months. The Bank of Japan raised interest rates for the first time in nearly two decades, moving away from its long standing negative interest rate policy.

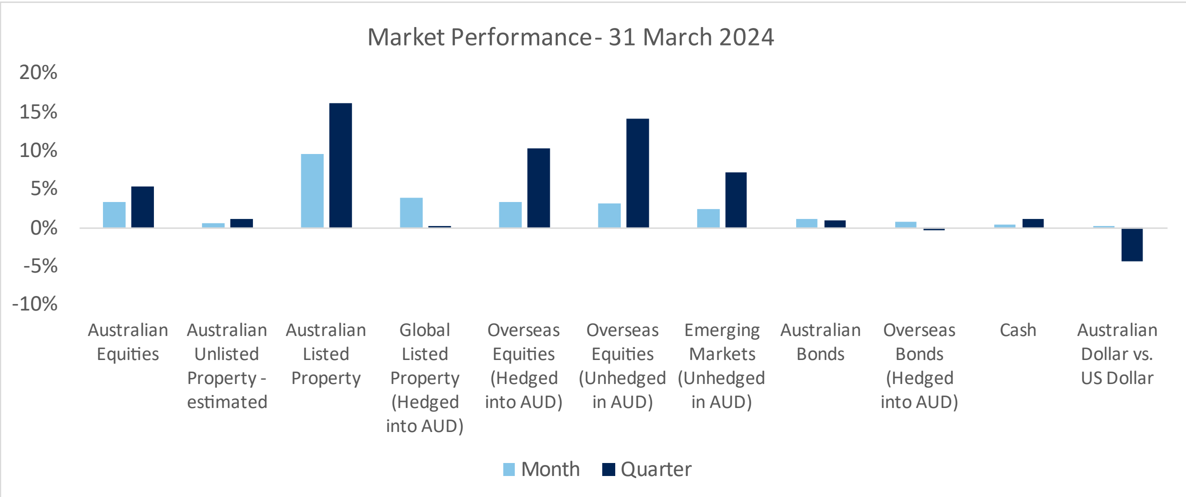
Emerging Market equities posted positive returns, with the MSCI Emerging Market index rising by 2.3%. Whilst Chinese equities were positive for the month, market scepticism remains over the outlook for China's growth given ongoing challenges linked to property market stress and weak consumer confidence.

The Australian equity market was also positive, with the ASX 300 up by 3.3% in March. The Real Estate and Energy sectors were strongest. The Reserve Bank of Australia's retained a neutral policy outlook and has signalled a cautious path to future rate reductions.

With respect to the bond market, expectations of a forthcoming rate-cut cycle may contribute to a drop in long term bond yields over the month. The Australian Government 10-Year Bond Yield fell by 17 bps to 3.97%, while the US Government 10-Year Bond Yield remained relatively steady at 4.20%.

The Australian dollar strengthened over the month against major currencies, appreciating against the Euro (+0.4%), Japanese Yen (+1.3%), and New Zealand Dollar (+2.1%).

Market Performance - 31 March 2024	Month	Quarter	FYTD	1 Year	3 Years p.a.	5 Years p.a.	10 Years p.a.
Australian Equities	3.3%	5.4%	13.3%	14.4%	9.4%	9.2%	8.3%
Australian Unlisted Property - estimated	0.5%	1.1%	-3.4%	-6.1%	3.3%	2.7%	6.7%
Australian Listed Property	9.6%	16.2%	31.2%	35.4%	11.5%	6.7%	10.7%
Global Listed Property (Hedged into AUD)	3.8%	0.2%	7.6%	8.8%	0.3%	0.1%	5.0%
Overseas Equities (Hedged into AUD)	3.4%	10.2%	17.2%	25.6%	9.1%	11.7%	11.0%
Overseas Equities (Unhedged in AUD)	3.1%	14.2%	20.0%	29.4%	15.0%	14.7%	14.0%
Emerging Markets (Unhedged in AUD)	2.3%	7.1%	9.7%	11.5%	0.4%	4.4%	7.0%
Australian Bonds	1.1%	1.0%	4.6%	1.5%	-1.3%	0.2%	2.6%
Overseas Bonds (Hedged into AUD)	0.8%	-0.3%	2.8%	2.5%	-2.4%	-0.1%	2.3%
Cash	0.4%	1.1%	3.3%	4.2%	2.1%	1.5%	1.8%
Australian Dollar vs. US Dollar	0.2%	-4.4%	-2.0%	-2.6%	-5.0%	-1.7%	-3.5%



(SOURCE: JANA)