

MONTHLY MARKET UPDATE

April 2023

How the different asset classes have fared:

(As at 30 April 2023)

Asset Class	10 Yr % p.a.	5 Yr % p.a.	3 Yr % p.a.	1 Yr % p.a.	YTD %	6 Mth %	3 Mth %	1 Mth %
Cash ¹	1.68	1.11	0.81	2.37	1.10	1.60	0.83	0.30
Australian Bonds ²	2.64	1.38	-2.28	2.06	4.80	4.23	1.99	0.19
International Bonds ³	2.35	0.43	-3.17	-2.28	2.80	3.86	0.69	0.41
Australian Shares ⁴	8.11	8.43	14.42	1.51	5.44	8.52	-0.94	1.76
Int. Shares Unhedged ⁵	14.01	11.20	12.76	11.25	12.63	8.61	9.39	3.16
Int. Shares Hedged ⁶	10.02	7.65	12.18	1.68	8.92	8.86	2.53	1.68
Emerging Markets Unhedged ⁷	6.06	1.10	3.53	0.08	5.39	12.34	1.31	0.11
Listed Infrastructure Unhedged ⁸	11.13	8.67	8.08	5.19	6.55	6.07	6.79	3.91
Australian Listed Property ⁹	7.65	5.37	11.27	-10.20	5.50	7.11	-2.39	5.16
Int. Listed Property Unhedged ¹⁰	7.19	4.52	6.19	-8.62	5.58	2.18	0.38	2.85
Gold Bullion Unhedged ¹¹	3.02	8.54	4.92	3.51	9.40	20.98	4.07	0.20
Oil Unhedged ¹²	-8.69	-2.25	55.89	-15.87	-3.18	-8.56	-1.64	2.19

1 Bloomberg AusBond Bank 0+Y TR AUD, 2 Bloomberg AusBond Composite 0+Y TR AUD, 3 Bloomberg Barclays Global Aggregate TR Hdg AUD, 4 S&P/ASX All Ordinaries TR, 5 Vanguard International Shares Index, 6 Vanguard Intl Shares Index Hdg AUD TR, 7 Vanguard Emerging Markets Shares Index, 8 FTSE Developed Core Infrastructure 50/50 NR AUD, 9 S&P/ASX 300 AREIT TR, 10 FTSE EPRA/NAREIT Global REITs NR AUD, 11 LMBA Gold Price AM USD, 12 Bloomberg Sub WTI Crude Oil TR USD

Source: Centrepoint Research Team, Morningstar Direct

International Equities

International shares once again had a positive month with unhedged and hedged equities returning 3.16% and 1.68%, respectively. United States equities, the largest region within the international shares index, have only 32% of stocks within the S&P 500 beating the index year-to-date. That means that a small number of large-weighted companies are driving the returns within the overall index and most stocks in the index are not actually performing well, despite the overall index's positive performance. This can be a cautionary sign, however the mega-cap growth and technology stocks in the US primarily beat earnings and, in the past, have been safe-haven-like investments for slowing economies due to their lower reliance on economic growth.

Australian Equities

Australian shares also had a positive month in April with shares returning 1.76%. The only negative sector was materials which suffered from a broad sector sell-off during the middle of the month. This was due to the iron ore price selling off 17% off the back of economic slowdown concerns. The concerns over an economic slowdown forced interest rates materially lower. This helped real estate and technology to a strong gain of 5.1% and 4.8% on the month, respectively, leading the market.

Domestic and International Fixed Income

Australian bonds gained 0.19% on the month, whilst international bonds rose 0.41%. Interest rates rose sharply to begin the month of April, however reignited concerns within the US banking sector pushed global interest rates lower and allowed bonds both domestically and internationally to move back into the positive.

Australian Dollar

The Australian Dollar (AUD) fell 1.3% in April. This was due to the Reserve Bank of Australia (RBA) deciding not to raise interest rates in the meeting mid-month. Interest rates not increasing combined with a weakening iron ore price, caused the AUD to be less attractive for currency holders.

Commodities – Gold and Oil

Gold Bullion rose 0.2% on the month. Whilst still positive, the momentum of the yellow metal slowed slightly. Uncertainty around economic outlook and interest rates continues to create a gyrating market as market participants try to understand the fallout from the record-breaking rate hiking cycle endured over the past 2 years.

Oil prices rose 2.19% during April, however, this does not summarise the activity in the oil market correctly. Oil price volatility has been trending up significantly since the beginning of the year and has only been higher 2 other times in the past 15 years. Over the past two months alone, the oil price in USD has moved from \$67 to \$83, back down to \$68. The combination of uncertainty around how quickly economies will slow, combined with the unknown impacts within the financial sector, and the battle of oil supply between OPEC+ and the United States, has made this period very difficult to price oil.

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