

Market wrap



May: Returns Generally Positive

- May saw a rebound from April's generally poor performance. Only global emerging market shares produce a materially negative return this month.
- **Global shares** on an unhedged basis gained 2.0%, while global shares on a hedged basis gained 3.7%. The best performing styles were Quality and Momentum, although it should be noted that globally all styles produced positive returns.
- Last month, **global emerging market shares** was the best performing asset class. In a complete reversal, they were the worst performing asset class for the month losing 1.8%.
- **Australian shares** gained a reasonable amount of ground this month, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 0.9%. The best performing styles for the month were Growth and Value-Weighted.
- **Fixed income** gained ground this month, with Australian Fixed Interest rising by 0.4%, while global fixed interest gained 0.8%.
- The **Australian dollar** gained 2.4% against the U.S. dollar over the month and gained a similar amount against the Yen (2.3%).

Job Market Appears to be Slowing

Globally

- The number of job openings in the U.S. declined by 296,000 from the previous month to 8.059 million in April 2024, the lowest level since February 2021 and missing the market consensus of 8.34 million.
- The ECB started their easing cycle when they lowered the three key interest rates by 0.25% in June, in line with expectations, marking a shift from nine months of stable rates, after inflation declined by more than 2.5% since September 2023.

Locally

- Australia's seasonally adjusted unemployment rate was at 4.1% in April 2024, compared with market forecasts and an upwardly revised 3.9% in the previous month. It marked the highest jobless rate since January, with the number of unemployed individuals rising by 30,300 to 604,200.
- The monthly Consumer Price Index indicator in Australia increased by 3.6% in the year to April 2024, up from 3.5% in the previous month and above forecasts of 3.4%. The latest reading pointed to the highest since last November, due mainly to a faster rise in food and non-alcoholic beverage prices (3.8% vs 3.5% in March), with fruit and vegetable prices advancing the most since April 2023.

Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	0.9%	12.9%	7.8%
Australian small companies	0.0%	10.9%	4.2%
Global shares (hedged)	3.7%	22.8%	10.8%
Global shares (unhedged)	2.0%	21.7%	13.8%
Global small companies (unhedged)	2.1%	15.1%	9.4%
Global emerging markets (unhedged)	-1.8%	9.4%	4.4%
Global listed property (hedged)	2.8%	6.8%	-1.1%
Cash	0.4%	4.3%	1.6%
Australian fixed income	0.4%	0.9%	-0.5%
International fixed income	0.8%	1.7%	-0.6%

Source: FactSet, Lonsec & Insignia Financial, 31 May 2024

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 31/05 %	1 month change %	1 year change %
USD/AUD	0.6650	2.4%	2.8%
Euro/AUD	0.6126	0.9%	0.9%
Yen/AUD	104.51	2.3%	15.6%

Source: FactSet & Insignia Financial, 31 May 2024.

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

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