

Market wrap

April 2021



Global markets continue rising

- **Global shares** rose 4.3% and 5.1% in hedged and unhedged terms, respectively. The rotation to stocks benefitting from a strong economic recovery persisted into March. Stocks with more exposure to economic growth such as the banking sector continued to rally, benefitting from the rise in growth expectations.
- **Australian shares** underperformed global shares rising 2.4% in March. The market was led by strength from the consumer discretionary (up 6.9%), real estate (up 6.5%) and communication services (up 5.8%) sectors. The latter benefitted from the prospects of Telstra being broken up into several smaller companies to realise the business' latent value to shareholders.
- The **Australian dollar (AUD)** fell 0.9% against major currencies and 1.4% against the US dollar. Investors were attracted to the relative economic strength of US amid further coronavirus cases in Europe which saw them bid up US dollars (relative to other currencies including the AUD).
- **Fixed income** returns were mixed as bond yields rose internationally but fell domestically. Australian bonds benefitted from the RBA commitment to keeping rates lower for a prolonged period and acceleration of its quantitative easing program.

As the pandemic lingers

Globally

- Coronavirus case growth globally has accelerated predominantly in mainland Europe and emerging market countries such as Brazil. Europe remains plagued by a slower vaccine rollout than other developed countries such as the US with concerns over the AstraZeneca vaccine and ties to rare blood clots persisting.
- The Global Composite PMI survey (a proxy for economic activity) rose to a near seven-year high in March suggesting the global economic recovery remains firmly underway.

Locally

- The RBA left interest rates unchanged in its April meeting at 0.1% and flagged leaving rates unchanged until 2024.
- The unemployment rate fell to 5.8% in February, continuing to decline from its high of 7.5% in July thanks to continued strong jobs growth with job vacancies also rising.
- Australia's vaccination program had a major setback with the effective rejection of the AstraZeneca. The Federal government has moved to secure supplies of the Pfizer vaccine with a further 20m secured (due in late 2021). Vaccine delays add to vulnerability to further coronavirus outbreaks should they occur.

Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian shares	2.4%	37.5%	10.2%
Global shares (hedged)	4.3%	48.7%	13.2%
Global shares (unhedged)	5.1%	23.5%	13.7%
Global small companies (unhedged)	3.5%	45.3%	13.8%
Global emerging markets (unhedged)	0.1%	27.3%	12.3%
Global listed property (hedged)	3.9%	29.7%	3.6%
Cash	0.0%	0.1%	1.4%
Australian fixed income	0.8%	-1.8%	3.5%
International fixed income	-0.4%	1.1%	3.3%

Source: Bloomberg & IOOF, 31 March 2021

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 31/3	1 month change %	1 year change %
USD/AUD	0.76	-1.4%	23.9%
Euro/AUD	0.65	1.5%	16.5%
Yen/AUD	84.1	2.4%	27.5%
Trade weighted index	63.9	-0.9%	16.8%

Source: Bloomberg & IOOF, 31 March 2021.

All foreign exchange rates are rounded to two decimal places where appropriate.
Please note: Past performance is not indicative of future performance.