



## Market Wrap - April 2022

### March: Australian Equities Perform Well - All GICS Sectors Positive

- **Global shares** had a mixed month. Due to upward movements in the Australian dollar, on an unhedged basis, global shares were down 0.9%, but on a hedged basis were up 2.9%. In a fairly similar result to last month, global emerging markets fell 5.6% over the month.
- **Australian shares** performed well during March, with the S&P/ASX 200 Accumulation Index gaining 6.9%. The leading sectors were I.T. (up 13.15%) and Energy (up 9.59%). Note that I.T. was rebounding after a couple of poor months. Property Trusts was the worst performer for the month, although still in positive territory (up 1.14%).
- **Fixed income** returns for the month were again exceptionally poor, returning -3.7% domestically and -2.1% globally.
- The **Australian dollar (AUD)** gained 3.0% against the US dollar. The AUD also gained a very significant 9.1% against the Yen and 5.0% against the Trade-Weighted Index.

### U.S. Fed's Lift-off

#### Globally

- U.S. Fed raises the cash rate for the first time since late 2018.
- Fed Officials indicated an aggressive tightening path ahead, with rate rises expected at each of the remaining six meetings in 2022.
- Members also pared back expectations for economic growth this year and sharply raised their outlook for inflation.
- Inflation in the U.S. is expected to remain at elevated levels for the short term. Euro area annual inflation is expected to be 7.5% in March 2022, up from 5.9% in February according to a flash estimate from Eurostat.

#### Locally

- Job Vacancies rose 6.9% in the 3 months to February to 423.5k. Vacancies are now 86% higher than pre-pandemic levels. Underscoring the strength of labour demand even after employment has more than recovered from lockdown impacts, there are now just 1.3 unemployed people per job vacancy, less than half the number prior to the pandemic.
- The disconnect between the markets' expectations of interest rate rises and RBA guidance appears to be continuing. Some markets are now pricing in around thirteen 25-basis point interest rate rises by September 2023, while consensus data of economists' forecasts is predicting a cash rate of around 1.50% at the same date.

## Major asset class performance (%)

Asset classes	1 month %	1 year %	5 years (p.a)%
Australian shares	6.9	15.0	9.2
Australian small companies	5.3	9.7	9.9
Global shares (hedged)	2.9	10.9	11.6
Global shares (unhedged)	-0.9	11.6	12.9
Global small companies (unhedged)	-2.4	0.5	10.2
Global emerging markets (unhedged)	-5.6	-10.1	6.3
Global listed property (hedged)	4.7	15.7	5.9
Cash	0.0	0.0	1.0
Australian fixed income	-3.7	-5.5	1.9
International fixed income	-2.1	-4.0	2.0

**Source:** Bloomberg & IOOF, 31 March 2022

**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 31/03	% change 1 month	% change 1 year
USD/AUD	0.75	3.0	-1.5
Euro/AUD	0.68	4.5	4.4
Yen/AUD	91.1	9.1	8.3
Trade weighted index	63.6	5.0	-0.5

**Source:** Bloomberg & IOOF, 31 March 2022.

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

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

*Disclaimer: This report is prepared by IOOF Research for RI Advice Group Pty Ltd ABN 23 001 774 125 AFSL 238429. RI Advice Group Pty Ltd is part of the IOOF group of companies consisting of IOOF Holdings Limited ABN 49 100 103 722 and its related bodies corporate ("IOOF").*

*The information contained in this report is for the sole use of advisers and clients of AFSL entities authorised by the Advice Licensees. The information in the report may not be reproduced, distributed or published by any recipient for any purpose without the prior written consent of RI Advice Group Pty Ltd.*

*This report is current as at the date of issue but may be superseded by future publications.*

*RI Advice Group Pty Ltd and/or its associated entities, directors and/or its employees may have a material interest in, and may earn brokerage from, any securities or other financial products referred to in this report, or may provide services to the companies referred to in this report. This document is not available for distribution outside Australia and may not be passed on to any third person without the prior written consent of RI Advice Group Pty Ltd and associated persons (including persons from whom information in this report is sourced) may do business or seek to do business with companies covered in its research reports. As a result, investors should be aware that the firms or other such persons may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as a single factor in making an investment decision.*

*This report has been prepared in good faith and with reasonable care. Neither RI Advice Group Pty Ltd, IOOF nor any other person makes any representation or warranty, express or implied, as to the accuracy, reliability, reasonableness or completeness of the contents of this report (including any projections, forecasts, estimates, prospects and returns and any omissions from this document). It is important to note that investments may go up and down and past performance is not an indicator of future performance.*

*To the maximum extent permitted by law RI Advice Group Pty Ltd, its related bodies corporate and their respective officers, employees, representatives and associates disclaim and exclude all liability for any loss or damage (whether foreseeable or not foreseeable) suffered or incurred by any person acting on any information (including any projections, forecasts, estimates, prospects and returns) provided in, or omitted from this report.*

*For information regarding any potential conflicts of interest and analyst holdings; IOOF Research Team's coverage criteria, methodology and spread of ratings; and summary information about the qualifications and experience of the IOOF Research Team please visit [https://www.ioof.com.au/adviser/investment\\_funds/ioof\\_advice\\_research\\_process](https://www.ioof.com.au/adviser/investment_funds/ioof_advice_research_process).*