

Market Wrap

September: Cash is King Again

- During September, **Global Share** performance was poor. Global shares lost 4.0% on an unhedged basis, and lost 3.6% on a hedged basis. The difference was mostly due to the appreciation of the AUD versus the Euro.
- For September, the U.S. S&P 500 price index was down 3.7% in local currency. The heavy weight of I.T. names punished the NASDAQ to the tune of -5.8%. European equities did marginally better as the MSCI Europe was down only 1.3%.
- **Australian shares** lost ground over the month, with the broad market index, the S&P/ASX 200 Accumulation Index losing 2.8%. The best performing and the only positive return producing sector was the Energy sector, which returned 1.3%. All other sectors were negative, with the worst sector being Property Trusts, down by 8.7%.
- **Fixed income** returns for the month were also poor, with Australian Fixed Interest losing 1.5%, while global fixed interest lost 1.8%.
- The Australian dollar lost 0.3% against the U.S. dollar over the month. In a similar situation to last month, the U.S. dollar strengthened, benefitting from resilient domestic growth against a weak global backdrop. Markets are still pricing in one more interest rate rise by the Federal Reserve before year-end.

Labour Markets Still Robust

Globally

- The inflation rate in the Euro Area declined to 4.3% year-on-year in September 2023, reaching its lowest level since October 2021 and falling below the market consensus of 4.5%, a preliminary estimate showed.
- In a sign of strength from the U.S. economy, the number of job openings rose by 690,000 from the previous month to 9.61 million in August 2023, well above the market consensus of 8.8 million and indicating a robust labour market despite the Fed's unprecedented monetary policy tightening measures.

Locally

- The monthly Consumer Price Index (CPI) indicator in Australia climbed by 5.2% in the year to August 2023, accelerating from a 4.9% gain in July, which was the lowest level in 17 months, matching forecasts. It was the first increase in annual inflation since April, due mainly to faster rises in transport prices (7.4% vs 0.3%), with automotive fuel prices rising the most since November 2022.
- Australia's unemployment rate stood at 3.7% in August 2023, unchanged from July's three-month high and matching the market forecast, indicating the labour market is still solid.

Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	-2.8%	13.5%	6.7%
Australian small companies	-4.0%	6.8%	1.6%
Global shares (hedged)	-3.6%	18.1%	5.7%
Global shares (unhedged)	-4.0%	21.6%	9.8%
Global small companies (unhedged)	-4.9%	13.6%	5.5%
Global emerging markets (unhedged)	-2.3%	11.3%	2.9%
Global listed property (hedged)	-5.6%	-0.4%	-1.7%
Cash	0.3%	3.6%	1.3%
Australian fixed income	-1.5%	1.6%	0.3%
International fixed income	-1.8%	0.5%	-0.2%

Source: FactSet, Lonsec & Insignia Financial, 30 September 2023

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 30/09 %	1 month change %	1 year change %
USD/AUD	0.6454	-0.3%	0.4%
Euro/AUD	0.6096	2.2%	-7.1%
Yen/AUD	96.31	2.1%	3.5%

Source: FactSet & Insignia Financial, 30 September 2023

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

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