

# Market Wrap

## October: Only positive was Cash

- During October, **Global Share** performance was poor. Global shares lost 1.0% on an unhedged basis, and lost 2.8% on a hedged basis. Unhedged outperformed due to the AUD losing ground against both the Euro and the USD.
- For October, the U.S. S&P 500 price index was down 2.2% in local currency. Global shares fell in October amid worries that US interest rates may remain higher for longer given still strong inflation.
- **Australian shares** lost ground over the month, with the broad market index, the S&P/ASX 200 Accumulation Index losing 3.8%. The best performing and the only positive return producing sector was the Utilities sector, which returned 1.7%. All other sectors were negative, with the worst sector being Information Technology, down by 7.6%.
- **Fixed income** returns for the month were also poor, with Australian Fixed Interest losing 1.8%, while global fixed interest lost 0.8%.
- The Australian dollar lost 1.9% against the U.S. dollar over the month. Increasing geopolitical tensions in the Middle East, coupled with a surge in U.S. Treasury yields and uncertainty surrounding the global growth outlook, saw the AUD struggle.

## U.S. Labour Market still strong despite the latest figures

### Globally

- The unemployment rate in the United States increased to 3.9% in October 2023, slightly exceeding market expectations and the previous month's figure of 3.8%. This marks the highest jobless rate since January 2022, with the number of unemployed individuals rising by 146,000 to 6.51 million, while the count of employed individuals decreased by 348,000 to 161.2 million.

### Locally

- Australia's inflation rate fell to 5.4% p.a. in Q3 2023, down from 6.0% in the previous period, but above the market consensus forecast of 5.3%. This marked the third quarter in a row of lower annual inflation driven by a slowdown in goods and services inflation.
- The Reserve Bank of Australia raised its cash rate by 0.25% to 4.35% in line with market expectations at the November Melbourne Cup meeting. This comes after four meetings where the RBA maintained rates at 4.10%. This latest move brought borrowing costs to their highest level since late 2011.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	-3.8%	3.0%	7.2%
Australian small companies	-5.5%	-5.1%	2.5%
Global shares (hedged)	-2.8%	8.2%	6.7%
Global shares (unhedged)	-1.0%	11.7%	10.8%
Global small companies (unhedged)	-4.3%	0.0%	6.3%
Global emerging markets (unhedged)	-2.0%	11.9%	3.9%
Global listed property (hedged)	-4.5%	-7.7%	-1.9%
Cash	0.3%	3.7%	1.3%
Australian fixed income	-1.8%	-1.2%	-0.1%
International fixed income	-0.8%	0.1%	-0.4%

Source: FactSet, Lonsec & Insignia Financial, 31 October 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 31/10 %	1 month change %	1 year change %
USD/AUD	0.6332	-1.9%	-1.0%
Euro/AUD	0.5990	-1.7%	-7.4%
Yen/AUD	95.89	-0.4%	0.9%

Source: FactSet & Insignia Financial, 31 October 2023.

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

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