

# Market Wrap

## April: Both equities bonds sell-off

- **Global shares** had a poor month. Global equities (-3.2% unhedged and -7.4% hedged) significantly underperformed the broader Australian market during April.
- **Australian shares** produced a small negative return during April, with the S&P/ASX 200 Accumulation Index losing 0.9%. The leading sectors were Utilities (up 9.33%) and Industrials (up 3.44%). I.T. was the worst performer for the month, down 10.37%.
- **Fixed income** returns for the month were again poor, returning -1.5% domestically and -2.9% globally.
- The **Australian dollar** took a significant hit during the month of April versus the USD, losing 5.6% of its value. Interestingly, the AUD managed to gain 0.6% against the Yen, but lost 0.8% against the Trade-Weighted Index.

## Inflation keeps escalating

### Globally

- The U.S. post-pandemic employment recovery continued at a remarkably steady pace in Q1 2022; all jobs lost at the onset of the pandemic are expected to be fully recovered by Q3 2022, according to Fitch Ratings.
- The U.S. Labor Department noted that its consumer price index jumped 8.5% in March from 12 months earlier, the largest year-on-year increase since December 1981. Prices have been driven up by bottlenecked supply chains, robust consumer demand and disruptions to global food and energy markets, worsened by Russia's war against Ukraine.

### Locally

- Australia's inflation rate picked up more than expected in the March quarter, with headline inflation surging by 5.1% (headline) year-on-year, and 2.1% over the quarter. It was largest quarterly and annual rises since the introduction of the Goods and Services Tax (GST) in 2000.
- The Westpac-Melbourne Institute Index of Consumer Sentiment fell by 0.9% to 95.8 in April from 96.6 in March. This modest decline follows the sharp 4.2% fall in March. Concerns around potential interest rate rises and inflation were starting to weigh on confidence.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian shares	-0.9	10.2	8.8
Australian small companies	-1.5	2.9	9.6
Global shares (hedged)	-7.4	-1.4	9.6
Global shares (unhedged)	-3.2	4.7	11.4
Global small companies (unhedged)	-2.4	-4.4	8.7
Global emerging markets (unhedged)	-0.2	-11.2	5.4
Global listed property (hedged)	-4.0	5.0	4.8
Cash	0.0	0.0	1.0
Australian fixed income	-1.5	-7.5	1.4
International fixed income	-2.9	-7.0	1.2

Source: Bloomberg & IOOF, 30 April 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 on 30/4 %	1 month change %	1 year change %
USD/AUD	0.71	-5.6	-8.5
Euro/AUD	0.67	-1.0	4.4
Yen/AUD	91.6	0.6	8.7
Trade weighted index	63.1	-0.8	-2.0

Source: Bloomberg & IOOF, 30 April 2022

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

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