MONTHLY MARKET UPDATE

March 2023

How the different asset classes have fared:

(As at 31 March 2023)

Asset Class	10 Yr % p.a.	5 Yr % p.a.	3 Yr % p.a.	1 Yr % p.a.	YTD %	6 Mth %	3 Mth %	1 Mth %
Cash[1]	1.68	1.08	0.73	2.04	0.79	1.54	0.79	0.28
Australian Bonds[2]	2.78	1.27	-2.37	0.35	4.60	4.99	4.60	3.16
International Bonds[3]	2.44	0.27	-2.82	-5.48	2.38	3.04	2.38	2.11
Australian Shares[4]	8.33	8.80	17.27	-1.06	3.61	12.70	3.61	-0.17
Int. Shares Unhedged[5]	14.05	11.13	12.95	4.35	9.18	13.51	9.18	3.92
Int. Shares Hedged[6]	10.15	7.73	15.17	-7.50	7.12	14.80	7.12	2.51
Emerging Markets Unhedged[7]	6.18	1.33	4.06	-0.29	5.28	9.22	5.28	3.72
Listed Infrastructure Unhedged[8]	11.37	8.64	7.21	3.20	2.54	6.21	2.54	3.10
Australian Listed Property[9]	7.96	5.19	14.20	-14.02	0.32	11.92	0.32	-6.84
Int. Listed Property Unhedged[10]	7.60	4.57	5.38	-10.79	2.66	3.75	2.66	-2.35
Gold Bullion Unhedged[11]	2.13	8.37	7.24	2.84	9.18	18.30	9.18	9.31
Oil Unhedged[12]	-9.28	-1.51	41.24	-14.42	-5.25	-0.63	-5.25	-1.57

1 Bloomberg AusBond Bank 0+Y TR AUD, 2 Bloomberg AusBond Composite 0+Y TR AUD, 3 Bloomberg Barclays Global Aggregate TR Hdg AUD, 4 S&P/ASX All Ordinaries TR, 5 Vanguard International Shares Index, 6 Vanguard Intl Shares Index Hdg AUD TR, 7 Vanguard Emerging Markets Shares Index, 8 FTSE Developed Core Infrastructure 50/50 NR AUD, 9 S&P/ASX 300 AREIT TR, 10 FTSE EPRA/NAREIT Global REITs NR AUD, 11 LMBA Gold Price AM USD, 12 Bloomberg Sub WTI Crude Oil TR USD

Source: Centrepoint Research Team, Morningstar Direct

International Equities

International shares rebounded during the month of March with a gain of 3.92% and 2.51% in unhedged and hedged international markets. Significant gains in the technology space lead the markets higher as concerns in economic health, stemming from the banking sector, moved interest rates significantly lower during the month. Sectors that are more impacted by economic weakness (banking, materials & industrials) were the losers on the month, whilst the more defensive sectors (consumer staples, utilities & communications) were the winners.

Australian Equities

Australian shares were significantly weaker on the month relative to international shares, losing 0.17% during March. Real Estate, financials and energy dragged the index lower whilst utilities, materials, and consumer discretionary provided gains on the month. Australian material producers rallied late in the month whilst international peers lagged. The large weighting that the Australian market has in financials was primarily responsible for the divergence in Australian and international shares.

Domestic and International Fixed Income

Fixed income markets played defensive roles in portfolios over the month of March. Due to the concerns regarding the global banking sector and subsequently global growth, domestic bonds rose 3.16% and international bonds increased 2.11%. Fears over the impact in the banking sector put downward pressure on interest rates as central banks may have to start to take into consideration the unintended (and unknown) consequences of nearly two years of sudden and large interest rate increases. If inflation continues to moderate and unforeseen risks re-emerge, central banks will have to balance whether keeping interest rates at these elevated levels is appropriate.

Australian Dollar

The Australian Dollar (AUD) fell 0.98% in March relative to the United States Dollar (USD). This was primarily because whilst the Reserve Bank of Australia did raise interest rates on March 7, there was a high chance that in the next month they could hold rates where they were. The US raised rates in March but stated they were going to continue to raise rates at least one more time. This made the USD slightly more attractive due to the increased interest rate differential between the AUD and USD and moved the AUD slightly lower in comparison.

Commodities – Gold and Oil

Gold Bullion continued its hot start to the year in the month of March, up 9.31% in unhedged terms. The safe haven asset, that has finally started to trade as a safe haven after a confusing 2022, has increased 18.3% year-to-date. This has been due to two key factors; a pricing in of an eventual slow down and ceasing in the interest rate hiking cycle whilst inflation is likely to remain moderately higher than historical averages, and global slow down fears stemming from the weakness in global banks.

Oil prices continue to trend down off the back of the energy crisis in Europe calming down, combined with the global growth slow down causing less demand for oil in economic production. Tension between OPEC+ and the United States is on the rise however and could result in supply cuts in oil to keep the prices elevated and therefore keep revenues higher for oil exporting countries of the world. This could result in volatility in the price of oil going forward.