



## A mixed bag

- Global share markets rose during the month as a strong reporting season in the US and Europe lifted investor confidence.
- Australian shares underperformed global shares as concerns over economic growth in 2018 resulted in analyst downgrades across earnings.
- Bond yields fell (prices rose) as growth in headline inflation fades following the decline in commodity and material prices. Credit markets have continued to benefit from easy financial conditions and strong investor demand.
- The US dollar (USD) generally softened against other major currencies. The euro was a standout, up 3.2% against the USD as eurozone growth improves. The Australian dollar was down -0.5%.
- Emerging market shares and bonds performed well following increasing fund flows although signs of a slowdown in Chinese industrial growth momentum may dent economic surprises in the second half of the year.
- Australian economic indicators point to soft Q1 GDP. Household spending and confidence remain sluggish yet business confidence and growth in the labour market appear firm. We expect growth to remain a little below trend in the first half with the RBA likely to keep interest rates on hold to support the economy during this period.

## Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	-2.7	10.8	11.7
Global Shares (hedged)	1.8	19.0	16.4
Global Shares (unhedged)	2.8	13.3	18.7
Global Emerging Markets (unhedged)	3.4	24.0	10.2
Global Small Companies (unhedged)	1.1	13.8	19.9
Global Listed Property	0.3	3.0	11.9
Cash	0.2	1.8	2.6
Australian Fixed Income	1.2	2.5	4.5
International Fixed Income	0.6	2.7	5.6

Source: JP Morgan & ANZ Wealth, 31 May 2017.

Indices: Australian Shares - S&P / ASX300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia, Global Emerging Markets - MSCI Emerging Free Net in AUD (unhedged), Global Small Companies (unhedged) - MSCI World Small Cap ex Australia, Global Listed Property - FTSE EPRA/NAREIT Developed Rental Index ex Australia (hedged), Cash - Bloomberg Bank Bill, Australian Fixed Income - Bloomberg Composite Bond All Maturities, International Fixed Income - Barclays Global Aggregate Bond Index (hedged).

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

## Currency

Exchange rates	At close on 31/5	% change 1 month	% change 12 months
AUD/USD	0.74	-0.5	2.8
AUD/euro	0.66	-3.6	1.7
AUD/yen	82.33	-1.2	2.5
Trade weighted index	63.8	-1.1	2.1

Source: Bloomberg & ANZ Wealth, 31 May 2017. All foreign exchange rates are rounded to two decimal places where appropriate.

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