


Quarterly Market Commentary as at 30 June 2019*

Market Indices	Returns as at 30 June 2019					
	3 mth (%)	6 mth (%)	1 yr (%)	3 yr (% p.a.)	5 yr (% p.a.)	10 yr (% p.a.)
Australian Shares						
S&P/ASX 200 Accumulation Index	8.0	19.7	11.5	12.9	8.9	10.0
International Shares						
MSCI All Countries World Net Index (AUD)	4.9	16.6	11.3	13.9	12.6	11.7
Australian Fixed Interest						
Bloomberg AusBond Composite 0+ Yr Index	3.1	6.6	9.6	4.2	5.1	6.0
International Fixed Interest						
FTSE World Broad Investment Grade Index AUD Hedged	2.8	5.7	7.4	3.1	4.8	6.5
Property						
S&P/ASX 200 A-REIT Accumulation Index	4.1	19.4	19.3	8.1	13.6	14.0
Cash						
Bloomberg AusBond Bank Bill Index	0.4	1.0	2.0	1.9	2.1	3.0
Currency						
AUD/USD	-1.2	-0.3	-5.0	-2.0	-5.8	-1.4

Financial markets commentary:

In June, as expected the Reserve Bank of Australia (RBA) cut interest rates by 25 basis points in June to 1.25%. With inflation remaining well below the 2% to 3% of RBA's target range, policy makers cut rates in an attempt to stimulate activity levels in the economy. This was the first time since August 2016 in which the domestic monetary policy had been amended. The Chairman of the RBA suggested that it is reasonable to expect further rate cuts this year. Over the June quarter, the Australian dollar dropped another -1.2% against the US dollar to 70.2 cents, falling -5.0% against the US dollar for the fiscal year of 2019.

The S&P/ASX 200 Accumulation Index rose 8.0% over the June quarter. The Telecommunications and Healthcare were the best performers for the quarter returning 12.7% and 10.6% respectively. Energy was the only sector for the quarter with a negative return at -0.4%.

Despite global equity markets pulling back in May due to escalation of the China/US trade disputes, the MSCI All Country World Index rose 4.9% over the June quarter in AUD terms, 3.6% in USD terms to record highs. Investors overlooked trade tensions and looked towards the prospects of further interest rate cuts before year-end. Over the quarter, US Federal Reserve maintained Funds rate to the target range of 2.25%-2.50%. End of June markets prices an 85% probability of a 25 basis point rate cut in July.

With inflation remaining low and escalated trade tensions, global bond yields continue to fall to record lows. US 10-year government bond yields were down 40 basis points, finishing the quarter at 2.01%. UK and German 10-year yields fell 17 and 26 basis points respectively to 0.83% and -0.33% respectively. Australian 10-year government bond yields decreased by 45 basis points to 1.32%. The Bloomberg AusBond Bank Bill Index returned 0.4% for the 3 months.

*Source: This commentary has been prepared by The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035 (CMLA) and is general information only.