


Quarterly Market Commentary as at 30 June 2020*

Market Indices	Returns as at 30 June 2020					
	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	16.5	-10.4	-7.7	5.2	6.0	16.2
International Shares						
MSCI All Countries World Net Index (AUD)	6.0	-4.3	4.1	10.0	8.8	24.1
Australian Fixed Interest						
Bloomberg AusBond Composite 0+ Yr Index	0.5	3.5	4.2	5.6	4.8	11.5
International Fixed Interest						
FTSE World Broad Investment Grade Index AUD Hedged	2.3	4.0	5.7	4.9	4.8	6.0
Property						
S&P/ASX 200 A-REIT Accumulation Index	19.9	-21.3	-21.3	2.0	4.4	19.3
Cash						
Bloomberg AusBond Bank Bill Index	0.1	0.3	0.8	1.5	1.7	5.4
Currency						
AUD/USD	12.5	-2.1	-1.9	-3.5	-2.2	-4.0

Financial markets commentary:

After cutting interest rates twice in March in response to the Covid-19 breakout, over the June quarter the Reserve Bank of Australia left rates unchanged at 0.25%. The RBA continued to maintain three year government bond rates at the same rate of 0.25% as part of their yield-curve control policy. Despite the increase in COVID-19 cases in many parts of the world, risk appetite was supported as global central banks continued to provide liquidity into the markets. Over the June quarter, the Australian dollar rose 12.5% against the US dollar to 68.9 cents.

The S&P/ASX 200 Accumulation Index rose 16.5% over the June quarter. Equity markets were boosted by positive sentiment on the back of central banks and government support and easing of lockdown restrictions. The IT sector was the best performer over the period returning 48.7% over the quarter. Energy and Materials sectors were also strong performing sectors returning 30.1% and 28.0% over the three month period. Healthcare Sector was the worst performing sector returning only 2.3%.

The MSCI All Country World Index rose 6.0% over the three month period in AUD terms, 19.2% in USD terms. Optimism over economies reopening and better than expected US employment numbers contributed to the World Index finishing the June quarter with the best quarterly return since 1998. European markets had outperformed over the quarter with the relative success in containing the virus in the region and the expectation of the European Commission to establish a 750 billion Euro crisis fund.

June quarter was a relatively quiet month for Australian and global bond markets following extreme volatility in March. Central bank policy settings helped calm volatility in the fixed income markets. This resulted in a movement in yields in April and for the rest of the quarter there were relatively flat returns from global bond markets. US 10-year government bond yields were relatively unchanged decreasing by one basis points, finishing the period at 0.66%. German ten year yields also were relatively unchanged increasing two basis points, ending the period at 0.46%. Australian 10-year government bond yields increased by 11 basis points to 0.87%.

*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.