

Market volatility returns in October

- Even though economic fundamentals remained strong, market volatility returned in October with share markets tumbling worldwide. Global shares returned -6.9% and -5.4% in hedged and unhedged terms respectively.
- The S&P 500 fell almost 7%, leaving the calendar to year gain to only 1.4%. However, the US economy continued to steam ahead with unemployment falling to its lowest level in almost 50 years, which supported consumer confidence. The preliminary 3Q GDP also came in strong, at 3.5% annualised.
- Things weren't as rosy in Europe with purchasing managers' indices continuing to disappoint. Trade tensions have also appeared to affect activities within the region and political concerns in Europe continued to weigh on markets.
- Concerns around a slowdown in China lingered as trade tensions with the US increased. China's central bank cut its reserve requirement ratio again in October in an attempt to support bank credit growth.
- Locally, the latest fall in unemployment rate to 5% was seen positively as it suggests wages may grow more quickly.
- Both local and international fixed income were flat, returning 0.5% and -0.2% respectively.

Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
Australian Shares	-6.2	2.9	6.0
Global Shares (hedged)	-6.9	2.4	10.1
Global Shares (unhedged)	-5.4	9.6	13.4
Global Emerging Markets (unhedged)	-6.8	-5.4	6.8
Global Small Companies (unhedged)	-8.0	5.9	13.2
Global Listed Property	-2.6	3.0	8.1
Cash	0.2	1.9	2.2
Australian Fixed Income	0.5	3.1	4.4
International Fixed Income	-0.2	0.2	4.4

Source: JP Morgan & ANZ Wealth, 31 October 2018.

Indices: Australian Shares - S&P / ASX 300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia Net, Global Emerging Markets - MSCI Emerging Markets 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 AusBond Composite 0+ Yr Index, 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 31/10	% change 1 month	% change 12 months
AUD/USD	0.71	-2.1	-7.6
AUD/euro	0.63	0.5	-4.9
AUD/yen	79.9	-2.7	-8.2
Trade weighted index	61.9	-0.5	-4.6

Source: Bloomberg & ANZ Wealth, 31 October 2018. All foreign exchange rates are rounded to two decimal places where appropriate. Please note: Past performance is not indicative of future performance.

Disclaimer: This information is current as at 31 October 2018 but is subject to change.

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