

# Market Review

July 2021

How the Different Asset Classes Have Fared:  
(as at 31 July 2021)

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 <sup>1</sup>	2.15	1.26	0.89	0.05	0.02	0.01	0.01	0.00
Australian Bonds <sup>2</sup>	4.96	3.40	4.77	0.53	-0.01	0.41	2.73	1.76
International Bonds <sup>3</sup>	5.26	2.99	4.46	0.05	-0.38	0.19	1.96	1.25
Australian Shares <sup>4</sup>	9.90	10.42	10.24	30.38	13.77	13.43	5.67	1.06
Int. Shares Unhedged <sup>5</sup>	15.88	15.27	15.16	31.91	21.03	21.53	10.23	4.09
Int. Shares Hedged <sup>6</sup>	13.35	14.01	13.04	33.73	16.27	17.20	5.22	1.83
Emerging Markets Unhedged <sup>7</sup>	7.46	10.58	7.78	16.95	4.87	1.28	0.30	-4.81
Listed Infrastructure Unhedged <sup>8</sup>	13.24	7.61	7.63	14.17	13.69	15.79	5.55	4.17
Australian Listed Property <sup>9</sup>	12.78	5.24	8.05	33.70	10.64	15.34	7.94	0.47
Int. Listed Pty Unhedged <sup>10</sup>	11.30	4.63	7.86	33.07	28.36	28.01	12.13	6.37

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



## International Equities

International share markets (unhedged) rose by 4.1% in July, helped by the weaker A\$. Hedged international shares, which did not benefit from the falling A\$, returned 1.8%. The US share market continued to edge higher. European shares also delivered positive returns. Chinese and Hong Kong share markets experienced a more difficult period, with concerns rising amongst property developers who are facing government restrictions on their capacity to borrow, as well as large Chinese technology companies who appear to have fallen out of favour with Chinese authorities.

Overall, share markets continued to be underpinned by a strong recovery due to the on-going rollout of COVID-19 vaccines and lower long-term interest rates. However, there are some areas of concern. Market breadth - which measures participation in the market - is becoming narrower, with fewer and fewer large capitalisation stocks responsible for driving the market higher.

## Australian Equities

The S&P/ASX All Ordinaries Index rose by 1.1% in July, supported by continued strength in the domestic economy. Sentiment remains positive, despite the growing number of COVID-19 related lockdowns in NSW and other states. In contrast to the first series of lockdowns in 2020, there are no aggressive stimulus packages currently in place. A key issue for both the Australian share market and the Australian economy is how quickly Australia will roll out its vaccination program. There are some grounds for optimism, with additional vaccine supplies becoming available.

## Domestic and International Fixed Income

Both Australian government bond yields and US Treasury yields moved lower in June, leading to capital gains in fixed interest markets. The RBA has indicated that Australian cash rates are likely to be held at current levels for at least the next few years. The rise in capital values for bonds and many fixed interest funds is welcome. However, investors who are depending on fixed interest investments to deliver income are likely to continue to experience low levels of interest rates over the coming periods.

## Australian Dollar

The Australian dollar fell by approximately 2% against the US dollar in July and is now lower for the calendar year to date, amid broad US dollar strength. The US dollar rose against most other currencies.

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