

Market Summary

Global equity markets rose for a fifth consecutive quarter in the three months to 30 June, reaching record highs and continuing their rapid recovery from the pandemic shock of the first quarter of 2020.

While COVID-19 deaths approached 4 million amid concerns about the new more virulent Delta mutation, the rollout of vaccination programs globally and increasing signs of economic recovery provided reasons for hope.

In its global economic outlook in April, the International Monetary Fund upgraded its projection for growth this year to 6%, attributing this to additional fiscal support and a vaccine-powered recovery in the second half.

Even so, the IMF cautioned that the ongoing pandemic was having divergent impacts across different countries and sectors, with much depending on the degree to which economic policies can limit lasting damage from the crisis.

Dominating financial media over the quarter was a debate about the likely timing and pace of the withdrawal of policy stimulus and whether the spike in inflation seen in recent months will be as transitory as central banks assume.

Against that broad background, equity markets posted a strong quarter, with developed markets up around 9%. Developed markets outpaced emerging markets, though the latter still posted a solid return of more than 6%.

The Australian equity market recorded a return of more than 8% in the quarter, reaching record highs in mid-June and posting a gain of more than 28% for the full financial year. Information technology and consumer discretionary stocks were among the best performing sectors in the quarter.

What Dominated The News A Quick Recap – April to June

APRIL

- US President Joe Biden Proposes \$2 trillion infrastructure package
- IMF forecasts 6.4% global economic growth rebound in 2021, led by US
- COVID-19 global death toll passes 3 million; confirmed cases top 150 million
- World leaders mark Earth Day with virtual summit on climate change
- US Federal Reserve leaves policy unchanged; waves of talk of shift

MAY

- Australian govt projects record \$161 billion deficit in big spending budget
- Bitcoin and other cryptocurrencies collapse as China enforces trading curbs
- US inflation fears rise as consumer prices post biggest surge in 12 years
- Eleven days of intense fighting in Gaza ends in Israel-Palestine ceasefire
- Dutch court orders Shell to deepen carbon cuts in landmark ruling

JUNE

- OECD, in upward revision, forecasts world economy to grow by 5.8% this year
- G7 Summit in Cornwall pledges action on vaccines, climate change and taxes
- US Federal Reserve brings forward projections for first rate hike to 2023
- President Biden hails bipartisan deal on \$1.2 trillion infrastructure plan
- Sydney enters two-week lockdown amid outbreak of Delta variant

Market Movement World Indices Wrap Up

	OTR	1 Year
FIXED INTEREST		
Bloomberg AusBond Bank Bill index	0.01%	0.06%
Bloomberg AusBond Composite 0+ Yr Index	1.52%	-0.84%
Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD)	0.94%	-0.17%
AUSTRALIAN EQUITIES		
S&P/ASX 300 Index (Total Return)	8.48%	28.49%
S&P/ASX Small Ordinaries Index (Total Return)	8.50%	33.23%
S&P/ASX Australian BMI Value Index (gross div.)	6.88%	36.60%
S&P/ASX Australian BMI Growth Index (gross div.)	11.11%	23.52%
GLOBAL EQUITIES		
MSCI World ex Australia Index (net div., AUD)	9.33%	27.50%
MSCI World ex Australia Index (net div., hedge to AUD)	7.56%	35.75%
Hedging Premium	-1.77%	8.25%
MSCI World ex Australia Small Cap Index (net div., AUD)	6.43%	40.45%
MSCI World ex Australia Value Index (net div., AUD)	6.20%	26.18%
MSCI Emerging Markets Index (net div.,AUD)	6.57%	29.22%
REAL ESTATE		
S&P/ASX 300 A-REIT Index (Total Return)	10.74%	33.91%
S&P/ASX Developed REIT Index (net div., AUD)	11.86%	23.87%