

Market Summary

Despite news headlines dominated by rising interest rates, only slowly reducing inflationary pressures, banking system issues, US debt brinkmanship and fears of recession, global equity markets notched up solid gains in the second quarter.

Gains were led by large growth stocks in developed markets, particularly in the US. Technology and Communications Services were the standout sectors, helping the Nasdaq to its best first half of the calendar year in four decades. Real Estate Investment Trusts were among the poorer performers.

The reversal in equity fortunes so far in 2023 is notable after global markets last year experienced their toughest year since the financial crisis of 2008 and highlighted again the benefit for investors of diversification and discipline.

Developed markets ex-Australia were the best performers in the second quarter, to bring their 12-month gains to more than 20%. Australian stocks were up only modestly for the quarter but still posted double-digit gains for the full year.

While IT was by far the top performing sector globally and in Australia, it is not such a significant sector here. Also, materials, healthcare and consumer discretionary stocks lagged in Australia. In emerging markets, energy was the standout.

What Dominated The News A Quick Recap – April to May

APRIL

- Saudi Arabia and OPEC+ Oil Producers Announce Surprise Output Cuts
- RBA Pauses Run of 10 Straight Rate Hikes; Awaits Inflation Signals
- IMF Cuts Global Growth Outlook; Warns of Risks from Financial Turmoil
- US Inflation Rate Falls to Near Two-Year Low But Core Rate Rises
- US Financial Institutions Hit by Deposit Flight as Clients Seek Higher Returns
- RBA Board to Lose Interest Rate-Setting Powers in Major Shake-Up
- Fox News Settles Dominion Lawsuit for \$787.5m Over US Election Lies

MARCH

- US Regulators Seize Failed 'First Republic Bank'; Sell Assets to JPMorgan
- US Federal Reserve Raises Interest Rates Again, Opens Door to Pause
- RBA Stuns Market with Rate Hike; Warns More May be Needed
- World Health Organisation Declares End to COVID Global Health Emergency
- Australia Posts First Budget Surplus in 15 Years Amid High Commodity Prices
- US Annual Inflation Slows to Below 5%; Price Pressures Still Strong
- President Biden and Republican Leaders Reach Deal on US Debt Ceiling

MAY

- US SEC Launches Crackdown Against Cryptocurrency Exchanges
- RBA Surprises Economists Again in Raising Rates to 11-Year High
- Following Ten Consecutive Increases, US Fed Leaves Key Rate on Hold
- ECB Raises Rates to 22-Year High ; Signals More to Come
- Japan's Nikkei Average Closes Above 33,000 for First Time Since 1990
- Trump Pleads Not Guilty to Federal Charges on Classified Documents
- Putin on Defensive After Short-Lived Mutiny by Mercenary Force

Market Movement World Indices Wrap Up

FIXED INTEREST	QTR	1 Year
Bloomberg AusBond Bank Bill index	0.90%	2.89%
Bloomberg AusBond Composite 0+ Yr Index	-2.95%	1.24%
Bloomberg Global Aggregate Bond Index (hedged to AUD)	-0.30%	-1.16%

AUSTRALIAN EQUITIES	QTR	1 Year
S&P/ASX 300 Index (Total Return)	0.99%	14.40%
S&P/ASX Small Ordinaries Index (Total Return)	-0.54%	8.45%
S&P/ASX Australian BMI Value Index (gross div.)	1.34%	13.59%
S&P/ASX Australian BMI Growth Index (gross div.)	0.33%	12.99%

GLOBAL EQUITIES	QTR	1 Year
MSCI World ex Australia Index (net div., AUD)	7.63%	22.59%
MSCI World ex Australia Index (net div., hedge to AUD)	7.05%	16.55%
Hedging Premium	-0.58%	-6.04%
MSCI World ex Australia Small Cap Index (net div., AUD)	3.93%	16.83%
MSCI World ex Australia Value Index (net div., AUD)	3.76%	14.25%
MSCI Emerging Markets Index (net div., AUD)	1.52%	5.11%

REAL ESTATE	QTR	1 Year
S&P/ASX 300 A-REIT Index (Total Return)	3.15%	7.49%
S&P Developed REIT Index (net div., AUD)	1.44%	0.07%

WORLD MARKETS	QTR	1 Year
S&P 500 Index	9.41%	23.55%
MSCI United Kingdom Index (net div.)	2.82%	16.93%
MSCI Europe ex UK Index (net div.)	3.53%	28.69%
Japan Nikkei 225 Average Index (price-only)	9.66%	22.10%
Shanghai Stock Exchange Composite Index	-6.88%	-10.30%