

# Month in review

## Market moves — as at 28 February 2014

| RETURNS (%) P.A.                            | 1 MTH | 3 MTH | 6 MTH | 1 YR  | 3 YR  | 5 YR  | 10 YR |
|---|-------|-------|-------|-------|-------|-------|-------|
| <b>AUSTRALIAN EQUITIES</b>                  |       |       |       |       |       |       |       |
| S&P/ASX 200 ACCUMULATION INDEX              | 4.97  | 2.60  | 7.59  | 10.63 | 8.68  | 15.01 | 9.60% |
| S&P/ASX SMALL ORDINARIES ACCUMULATION INDEX | 4.97  | 4.68  | 3.64  | -3.62 | -5.04 | 11.16 | 5.14  |
| <b>GLOBAL EQUITIES</b>                      |       |       |       |       |       |       |       |
| MSCI WORLD ACC INDEX WITH GROSS DIV (AS)    | 2.87  | 5.47  | 14.84 | 41.51 | 15.61 | 12.98 | 5.69  |
| S&P 500 COMPOSITE ACCUMULATION INDEX (AS)   | 1.96  | 5.71  | 14.53 | 43.43 | 19.39 | 14.99 | 5.59  |
| FTSE100 ACCUMULATION INDEX (AS)             | 4.43  | 7.61  | 15.93 | 40.18 | 14.14 | 12.33 | 5.44  |
| MSCI EMERGING MARKETS FREE W/GROSS DIV (AS) | 1.26  | -2.91 | 4.61  | 8.19  | 2.73  | 9.86  | 8.69  |
| <b>REITS (LISTED PROPERTY SECURITIES)</b>   |       |       |       |       |       |       |       |
| S&P/ASX 300 A-REIT ACCUMULATION INDEX       | 4.97  | 4.08  | 4.88  | 4.61  | 12.92 | 22.26 | 2.66  |
| UBS GLOBAL INVESTORS TR HEDGED (AS)*        | 4.78  | 7.35  | 11.88 | 8.35  | 12.24 | 26.70 | 6.26  |
| <b>FIXED INTEREST</b>                       |       |       |       |       |       |       |       |
| UBS WARBURG COMPOSITE BOND INDEX            | 0.20  | 1.82  | 2.17  | 2.92  | 7.48  | 6.73  | 8.39  |
| UBS WARBURG BANK BILL INDEX                 | 0.24  | 0.68  | 1.32  | 2.83  | 3.96  | 4.26  | 6.46  |
| BARCAP GLOBAL AGGREGATE INDEX HEDGED SA     | 0.67  | 1.99  | 4.18  | 4.14  | 8.03  | 8.50  | 7.53  |

Data source: IRESS & Financial Express. Returns greater than one year are annualised

\* Please note that the Global Property Index has changed from UBS Global Real Estate Investors Index (A\$) to UBS Global Investors TR Hdq (A\$)

### Australian Equities

Alike other developed equity markets, the Australian equity market had a promising February with the S&P/ASX 200 Accumulation Index up 5.0%. The Index has gained 10.6% over the last 12 months.

The S&P/ASX Small Ordinaries Accumulation Index also managed a month in the black, with the Index up 5.0%. Nevertheless, this Index has still underperformed its 'large cap' counterpart over 12 months.

### Global Equities

European equity markets performed well over the course of the month, with the German DAX, the French CAC and the U.K. FTSE up 4.1%, 5.8% and 4.6% respectively (in local currency terms). When converted back to AUD the returns were less magnified, as the local currency appreciated against its global peers over this time period.

Not dissimilar to other developed equity market peers, the U.S. market was also strong over February with the S&P 500 Index up 4.3% (in local currency terms). The U.S. equity market has been a standout performer over the last 12 months.

The Japanese equity market underperformed other developed equity markets during February, with the NIKKEI 225 Index declining by -0.5%. Contrastingly

the Shanghai Composite Index and the Hong Kong Hang Seng Index delivered positive performance, returning 1.1% and 3.6% respectively.

### REITs (Listed Property Securities)

The S&P/ASX 300 AREIT Accumulation Index had a particularly strong February, with this Index advancing almost 5%. Over the last 12 months the Index has gained 4.6%.

The UBS Global Real Estate Investors Index Hedged (\$A) also had a strong February, with the Index recording a 4.6% gain. The Global REIT Index has outperformed its domestic counterpart over the last 12 months.

### Fixed Interest

Returns on high quality fixed interest markets were positive for February, which was the second consecutive month of positive returns. The UBS Composite Bond Index and the Barclays Global Aggregate Index Hedged (\$A) gained 0.2% and 0.7% respectively over this corresponding time period.

The UBS Bank Bill Index, which comprises of lower risk and shorter dated securities, finished the month of January up 0.20%.

# Month in review

ISSUE DATE 12-03-2014

## Economic indicators

### S&P/ASX 200 Stock Performance for the Month of February 2014

| BEST PERFORMERS      |        | WORST PERFORMERS  |         |
|----------------------|--------|-------------------|---------|
| AURORA OIL & GAS     | 53.11% | BURU ENERGY       | -20.43% |
| EVOLUTION MINING LTD | 46.09% | MOUNT GIBSON IRON | -18.57% |
| FAIRFAX MEDIA LTD    | 41.04% | BRADKEN LIMITED   | -16.40% |
| SEEK LIMITED         | 37.88% | REGIS RESOURCES   | -15.55% |
| NORTHERN STAR        | 30.68% | MERMAID MARINE    | -13.53% |

### S&P/ASX 200 Stock Performance for the Year to February 2014

| BEST PERFORMERS          |         | WORST PERFORMERS      |         |
|--------------------------|---------|-----------------------|---------|
| G8 EDUCATION LTD         | 118.42% | SILVER LAKE RESOURCES | -73.52% |
| TPG TELECOM LIMITED      | 115.76% | AUSDRILL LIMITED      | -67.93% |
| HENDERSON GROUP          | 98.72%  | PALADIN ENERGY LTD    | -55.74% |
| SLATER & GORDON          | 95.20%  | RESOLUTE MINING       | -55.51% |
| DOMINOS PIZZA ENTERPRISE | 95.10%  | KARON GAS AUSTRALIA   | -54.85% |

## Economic news

Total dwelling approvals rose by 1.3% in January, and have now risen for 15 consecutive months. Once seasonally adjusted, dwelling approval actually rose by 6.8%.

Official retail sales advanced by 0.7% in January, and once seasonally adjusted advanced by 1.7%. When analysed geographically, all states and territories contributed positively, although Victoria, New South Wales and Tasmania were the standout contributors. At a sector level, spending increased in food retailing (0.8%), cafes & restaurants (1.4%), household goods retailing (0.4%), department stores (0.7%), clothing & footwear (0.3%) and other retailing (0.4%).

The Wespac Institute of Consumer Sentiment fell by 3.0% in February. This particularly weak result caught economic commentators by surprise. Economists have attributed the weak result to consumers anxiety regarding the heavily publicised downturn in the domestic motoring industry, the financial woes of our national carrier and uneasiness over what could be in store for the Federal Budget that is due to be released in May.

According to the National Australia Bank's Business Survey, business conditions retracted sharply over February which was primarily driven by weakness in the manufacturing sector. Business confidence was also subdued, albeit still slightly above the long term trend as businesses were still hoping for a mild uptick in economic growth towards the end of the year.

The unemployment rate continued its steady incline during January, rising to 5.9%. Disappointingly the participation rate also fell 0.1% to 64.5%.

As was widely expected by the market, the Reserve Bank of Australia (RBA) left the cash rate on hold at 2.5% at their last formal monthly meeting in March. The board acknowledged the recent uptick in consumer spending and leading housing construction indicators. Nevertheless it did remain cautious over the 'weak' labour growth and the implications over the declining investment expenditure by the mining & resource sectors. On balance most commentators are expecting monetary policy to remain stable for the immediate future unless a material unforeseen circumstance warrants a prompt revision of its current stance.

U.S. employers added more jobs than consensus analyst forecasts during February, with payrolls advancing by 175,000. Despite this, the unemployment rate actually rose as the number of people joining the workforce increased materially. The U.S. participation rate now stands at 63.0%.

Perhaps the most significant news to rock financial markets over the course of February was the political unrest out of the Ukraine, which forced former President Viktor Yanukovich to flee the former Soviet state. The prompt and defiant reaction by Russia also added to the economic turmoil in the region, which sent equity and debt markets down sharply before staging a mild comeback shortly after.

Contrastingly to previous months, the Australian Dollar actually appreciated against all its major peers over February. The domestic currency posted gains against the USD (2.1%), the Japanese Yen (1.3%), the Euro (1.0%) and the Pound Sterling (0.8%).

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