

# Month in Review

## Market Moves — as at 30·04·2014

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	1.77	7.14	3.35	10.46	9.29	12.56	9.60
S&P/ASX SMALL ORDINARIES ACCUMULATION INDEX	-1.24	2.46	-3.16	2.06	-4.89	5.78	4.88
<b>GLOBAL EQUITIES</b>							
MSCI WORLD ACC INDEX WITH GROSS DIV (AS)	1.01	0.34	8.74	31.02	15.92	11.17	5.07
S&P 500 COMPOSITE ACCUMULATION INDEX (AS)	0.77	0.04	10.75	34.93	20.32	13.74	5.02
FTSE 100 ACCUMULATION INDEX (AS)	4.45	2.01	10.13	32.90	14.26	11.58	4.87
MSCI EMERGING MARKETS FREE W/GROSS DIV (AS)	0.31	0.83	-0.92	10.10	2.06	6.18	8.67
<b>REITS (LISTED PROPERTY SECURITIES)</b>							
S&P/ASX 300 A-REIT ACCUMULATION INDEX	5.63	8.39	4.53	2.51	13.62	15.55	2.53
UBS GLOBAL INVESTORS TR HEDGED (AS)*	3.86	8.77	7.59	2.88	12.24	22.43	N/A*
<b>FIXED INTEREST</b>							
UBS WARBURG COMPOSITE BOND INDEX	0.91	1.27	2.81	2.65	6.90	6.14	6.38
UBS WARBURG BANK BILL INDEX	0.22	0.64	1.30	2.72	3.68	3.92	5.06
BARCAP GLOBAL AGGREGATE INDEX HEDGED \$A	0.90	1.89	3.28	3.25	7.90	8.40	7.71

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

\* Please note that the UBS Global Investors TR Hedged (A\$) performance history does not extend 10 years.

### Australian Equities

The Australian 'large cap' equity market, as measured by the S&P/ASX 200 Accumulation Index recorded a 1.8% gain in April. Over 12 months the index has returned 10.5%.

Contrary to its 'large cap' counterpart, the S&P/ASX Small Ordinaries Index suffered a month in the red (-1.2%). The index fared poorly in April due to the retraction in a select number of mineral prices. Over 12 months the index continues to underperform the 'large cap' index materially.

### Global Equities

European equity markets pared back losses in April, with the German DAX, the French CAC and the U.K. FTSE advancing by 1.2%, 2.9% and 3.9% respectively. When converted back to AUD, gains were slightly less material as the local currency strengthened against the majority of its global peers.

The U.S. equity market, as measured by the S&P 500, returned 0.6% in **local currency terms** during April. Over 12 months, the U.S. market has been among the top performing developed equity markets globally.

The Japanese equity market retracted sharply in April, with the NIKKEI down -2.6%. Following the material price appreciation in 2013, the NIKKEI has lagged other developed equity markets since the start of 2014. Equity markets in mainland China and Hong

Kong were again challenged, with the Shanghai Composite Index suffering a -1.0% decline and the Hang Seng Index remaining flat over the corresponding time period.

### REITs (Listed Property Securities)

The S&P/ASX 300 AREIT Index was up materially in April (5.6%). The favourable result can be partly attributed to two meaningful constituents of the index (Wesfield and GPT) rallying considerably. When assessed over 12 months the index has returned 2.5%.

The UBS Global Investors TR (Hedged \$A) underperformed its local counterpart during April, however still posted a 3.9% gain. Over 12 months, the index has returned 2.9%.

### Fixed Interest

The Australian fixed interest market, as measured by the UBS Composite Bond Index, had a stellar April with the index up 0.9%. The Barcap Global Aggregate Index hedged \$A, a proxy for highly rated globally issued debt securities, also performed strongly (0.9%).

The UBS Bank Bill Index, which comprises of lower risk and shorter dated securities, finished the month of April up 0.22%.

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## Economic Indicators

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

BEST PERFORMERS		WORST PERFORMERS	
WESTERN AREAS LTD	24.40	ACRUX LIMITED	-39.82
HORIZON OIL LIMITED	22.58	LYNAS CORPORATION	-21.43
DAVID JONES LIMITED	20.92	MOUNT GIBSON IRON	-19.78
ECHO ENTERTAINMENT	15.10	COCA-COLA AMATIL	-16.14
TRANSFIELD SERVICES	14.37	MESOBLAST LIMITED	-14.81

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

BEST PERFORMERS		WORST PERFORMERS	
G8 EDUCATION LIMITED	92.18	ACRUX LIMITED	-72.94
MACQUARIE ATLAS ROADS GROUP	85.12	LYNAS CORPORATION	-67.33
HENDERSON GROUP	83.81	WOTIF.COM HOLDINGS	-47.75
BEGA CHEESE LIMITED	81.97	MEDUSA MINING LIMITED	-44.95
CSR LIMITED	79.80	THE REJECT SHOP	-43.76

## Economic News

According to the Australian Bureau of Statistics (ABS), total dwelling approvals fell -0.8% in March. However, in trend terms dwelling approvals fell by -2.3%, which came off the back of a -5.0% fall in the preceding month. While the consecutive falls are a little concerning, building approval levels are still high by historical standards.

Official retail sales rose 0.5% in March, which followed a 0.6% rise in the two preceding months. From a geographical perspective, all states and territories recorded gains, with the exception of the ACT. While the first quarter has been somewhat promising for retailers, expectations going forward have been neutralised given the concerns regarding the upcoming budget release.

The Wespac Institute of Consumer Sentiment for March has not been released at the time of this publication. Nonetheless, commentator's expectations have been relatively cautious due to the upcoming budget.

The National Australia Bank's quarterly business survey found Business Conditions displayed a mild uptick for the March quarter. Further, the survey highlighted stronger demand domestically, although capacity utilisation remained subdued. Despite the rise in business conditions, business confidence suffered a mild deterioration during the quarter, with all states and territories experiencing some level of detraction.

The unemployment rate remained steady during April at 5.8%, with 14,200 jobs (full time) added. So far this year there have been over 100,000 jobs created, signalling some stabilisation in the labour market.

Following its scheduled meeting on the 6<sup>th</sup> of May, the RBA left the cash rate on hold at 2.5%. While acknowledging the recent uptick in some areas of the labour market, the RBA did also concede that wage growth at an aggregate level has been somewhat subdued. Nonetheless, policy makers did concede a mild rise in the appetite for credit in interest sensitive areas of the economy, which suggests the cash rate will be left on hold for the immediate future.

In a result that topped consensus analyst's forecasts, U.S. payroll numbers rose by 288,000 in April. The U.S. unemployment rate subsequently fell to 6.3%, which was a -0.4% fall from the previous month. Employment gains were well dispersed amongst industries, however job creation within the professional and business services, retail trade, food services and construction were the most material. Despite the favourable headline job numbers, the participation rate fell to 62.8% from 63.2% in the month prior, which softened investor's reactions in the markets.

In light of the recent scepticism surrounding the Chinese economy, iron ore prices have taken a material hit since the start of 2014 (-22.1%). Speculators have been quick to downplay prospects for the commodity, citing growing stockpiles and increasing supply as their primary concerns. Companies that are highly leveraged to the price of iron ore have seen their stock price challenged, with some of the most notable names including Rio Tinto, Fortescue Metals, Atlas Iron and Mount Gibson Iron.

The Australian Dollar performed strongly during April, with it posting gains against the US Greenback (0.7%), the JPY (0.3%) and the Euro (0.3%). Albeit, losses were suffered against the U.K. Sterling (-0.3%), which gained materially during April.

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