

Market Watch

September: Chinese Equities Surge

- Major asset classes mostly delivered gains for the month of September, led by Australian small companies.
- Australian shares** outperformed global equities over the month, due to the strong rally of mining stocks off the back of the Chinese equity market rally with the Australian small companies sector returning +5.1% over the month.
- Global Shares** on a hedged basis gained 1.4%. Global shares on an unhedged basis detracted -0.5%. Growth as an investment style outperformed both momentum and value, although all three recorded negative returns for the month of September.
- Global small caps** fell, returning a disappointing -0.4% for the month. The brief rally in Global Small Caps over July was temporary, as recession worries spurred a sell-off in growth and risky assets.
- Fixed income** had another positive month with Australian Fixed Interest returning +0.3% and International Fixed Interest returning +1.1% for the month.
- Property and Infrastructure** asset classes have been the standout over the previous 12 months off the back of interest rate expectations and attractive valuations. September was no different with Global listed property (hedged) returning +2.5% and Listed Infrastructure (hedged) +2.1% over the month.
- The **Australian dollar** AUD rallied against all major currencies over the month. Most notably, the AUD rose 2.2% against the USD. This was largely on the back of rate cut expectations in the U.S. in combination with a hawkish tilt by the Reserve Bank of Australia.

Job Market Cooling

U.S.

- The annual unemployment rate in the U.S. fell slightly from 4.2% to 4.1% in September.
- Nonfarm payroll employment increased by 254,000 in September, higher than the average monthly gain of 203,000 over the previous 12 months. In September, employment continued to trend up in food services and drinking places (+69,000), health care (45,000), government (+31,000) and social Assistance (+27,000).
- In the U.S., the number of job openings increased by 329,000 to 8.0 million in August 2024 from a revised 7.7 million in July. Labor force participation remains unchanged at 62.7% in September, for the third consecutive month.

Locally

- The Consumer Price Index (CPI) indicator in Australia came in at 2.7% in the 12 months to August 2024. This is down from a 3.5% rise in the 12 months to July, the lowest level since August 2021. The most significant increases came from Alcohol and tobacco (+6.6%), non-alcoholic beverages (+3.4%) and Housing (+2.6%).
- The Australian Job market remains tight. Australia's seasonally adjusted unemployment rate remains at 4.2% in August 2024, with no change from July. The labour participation remains at 67.1% in August with no change from July.

Major asset class performance

Asset classes	1 month %	1 year %	3 years (p.a.) %	5 years (p.a.) %
Australian Shares	3.0	21.8	8.5	8.4
Australian small companies	5.1	18.8	-0.6	4.4
Global shares (unhedged)	-0.5	23.2	10.6	12.5
Global shares (hedged)	1.4	29.3	8.4	11.7
Global small companies (unhedged)	-0.4	16.2	3.6	8.4
Global emerging markets (unhedged)	4.3	17.3	1.8	5.2
Global listed property (hedged)	2.5	25.2	0.1	0.3
Listed Infrastructure (hedged)	2.1	25.8	5.8	4.0
Cash	0.4	4.4	2.8	1.8
Australian fixed income	0.3	7.1	-1.2	-0.4
International fixed income	1.1	9.1	-1.5	-0.4

Source: Lonsec iRate, Rhombus Advisory, 30 September 2024

Indices used: Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Listed Infrastructure (hedged): FTSE Global Core Infrastructure 50/50 NR Index (AUD Hedged); Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

Please note: Past performance is not indicative of future performance.

Currency markets

Exchange rates	At close on 30/09 %	1 month change %	1 year change %	3 year change %
AUD/USD	0.69	2.2	7.4	-1.5
AUD/GBP	0.52	0.3	-2.0	-1.2
AUD/Euro	0.62	1.4	2.0	-0.2
AUD/Yen	99.38	0.4	3.4	7.3

Source: Bloomberg, Rhombus Advisory, 30 September 2024

All foreign exchange rates are rounded to two decimal places where appropriate.

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