

Market Wrap

November: Markets Perform Well for Second Month Running

- **Global shares** performed well over November (2.0% unhedged and 5.4% hedged). The rally in Materials and Industrials was among the strongest over the month, although all sub-sectors gained. Energy and Consumer Discretionary stocks made more muted gains.
- **Australian shares** had a great month, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 6.6%, with all sectors producing positive returns. The best performing sectors were Utilities (up 20.85%), followed by Materials (up 16.23%).
- **Fixed income** returns for the month were solid, with Australian Fixed Interest returning 1.5%, and global fixed interest returning a very favourable 2.4%.
- The **Australian dollar** rose sharply against the US dollar over the month, mainly due to US dollar weakness. Against the Yen, the AUD lost ground and fell by 1.5%. On a Trade-Weighted Index basis, the AUD was up by 1.3%.

Has US Inflation Peaked?

Globally

- Inflation remains significantly elevated, but the annual headline inflation rate in the US slowed for the fourth month running to 7.7%, which was below the consensus market forecast of 8.0%.
- Most forward-looking economic indicators continue to point to a likely recession across most of the developed world. As stated in previous months, unemployment remains completely at odds with this scenario, as Australian, US and European unemployment figures all remain at or near record lows.

Locally

- During November, the RBA decided to raise the Target Cash Rate by 0.25% to 2.85%, the seventh consecutive hike (it has subsequently made an eighth increase in early December of 0.25% to bring the Target Cash Rate to 3.10%).
- Retail sales in Australia declined by 0.2% month-on-month to AUD 35.02 billion in October 2022 (reported in November). This reversed from a 0.6% gain in September. This was the first drop in retail trade so far this year, as cost pressures and rising interest rates started to weigh on consumer spending. The fall ended a run of nine straight monthly rises, with sales in department stores down the most (-2.4% vs -0.4% in September).

Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian shares	6.6	5.0	8.2
Australian small companies	4.9	-14.0	4.4
Global shares (hedged)	5.4	-10.1	7.0
Global shares (unhedged)	2.0	-5.9	10.1
Global small companies (unhedged)	1.2	-7.7	7.0
Global emerging markets (unhedged)	9.6	-12.6	2.1
Global listed property (hedged)	5.0	-16.5	0.6
Cash	0.2	1.0	1.0
Australian fixed income	1.5	-7.7	0.9
International fixed income	2.4	-11.5	0.1

Source: Bloomberg & IOOF, 30 November 2022

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; 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 30/11 %	1 month change %	1 year change %
USD/AUD	0.68	6.1	-4.8
Euro/AUD	0.65	0.7	3.8
Yen/AUD	93.7	-1.5	16.2
Trade weighted index	62.1	1.3	3.2

Source: Bloomberg & IOOF, 30 November 2022

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

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