

Market Watch

June: FY comes to an end

- Most asset classes delivered a positive for the Month of June with Australian Small Companies and Global Small Companies, the exception.
- **Global Shares** on an unhedged basis gained 1.6%. Global shares on a hedged basis 2.3%. Growth and Momentum were the best performing styles for the month, with Quality as a style also performing well. Value as an investment style recorded a negative return over the month.
- **Australian shares** also performed well, relative to other asset classes. The S&P/ASX 200 Accumulation Index gained 1.0% for the month. The best performing styles for the month were Growth and Momentum. The poorest performing style was value, which recorded a slight negative return over the month.
- **Global small caps** were the worst performing asset class, returning -2.4% for the month. Large and Mega Cap stocks have continued to outperform small caps, helped by the recent rally in mega cap tech and consumer discretionary names associated with AI.
- **Fixed income** gained some ground this month with Australian Fixed Interest and International Fixed Interest both gaining 0.8% for the month.
- The **Australian dollar** gained 2.5% against the U.S. dollar over the month. Stronger than expected China PMI numbers, coupled with RBA rate hike expectations, helped the AUD against the greenback.

Job Market Mixed

U.S.

- The U.S. Job market is cooling. The unemployment rate in the United States rose to 4.1% in June 2024, tied for the highest level since October 2021 and surprising market expectations, which had forecasted the rate to be 4.0%.
- Nonfarm payroll employment increased by 206,000 in June while the total number of unemployed people held steady at 6.8 million.
- In the U.S., the number of job openings changed little at 8.1 million on the last business day of May. Labor force participation has ticked up slightly at 62.6% in June, up from 62.5% in May.

Locally

- The monthly Consumer Price Index (CPI) indicator in Australia rose to 4.0% in the year to May 2024, an increase of +0.4% from April 2024. The most significant price increases coming from Alcohol & Tobacco (+6.7%), Housing (+5.2%) and Transport (+4.9%).
- The Australian Job market remains tight. Australia's seasonally adjusted unemployment rate in May 2024 was 4.0%, an increase of 0.4% from 12 months ago but a slight decrease of 0.1% from April 2024 figures.

Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	1.0	12.1	7.3
Australian small companies	-1.4	9.3	3.7
Global shares (hedged)	2.3	20.2	11.0
Global shares (unhedged)	1.6	19.9	13.0
Global small companies (unhedged)	-2.4	8.8	7.9
Global emerging markets (unhedged)	3.5	12.2	4.1
Global listed property (hedged)	0.7	4.6	-1.1
Cash	0.4	4.4	1.6
Australian fixed income	0.8	3.7	-0.6
International fixed income	0.8	2.7	-0.7

Source: Bloomberg, Rhombus Advisory, 30 June 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; 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 30/06 %	1 month change %	1 year change %
USD/AUD	2.5	11.6	7.2
Euro/AUD	1.5	1.9	0.2
Yen/AUD	0.3	0.1	-1.0

Source: Bloomberg, Rhombus Advisory, 30 June 2024

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

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