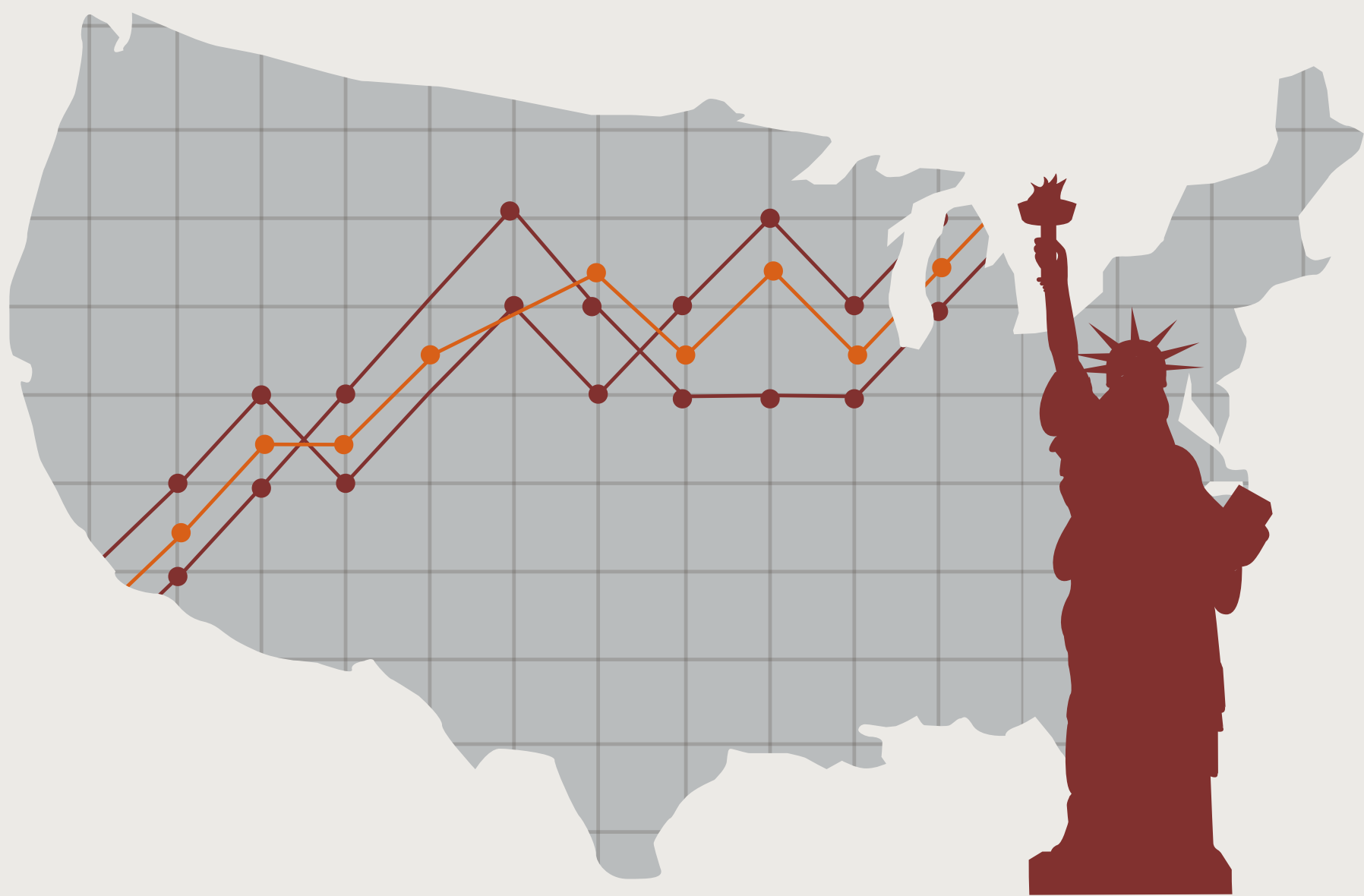


# Economic and market update

July 2017

## Top 3 global themes



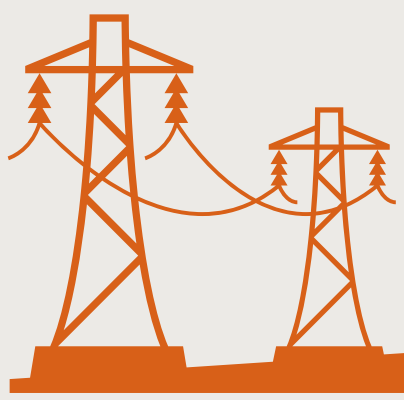
### US shares: record highs

US shares achieved new record highs in July. Strong corporate profit reports and solid US economic activity favoured US shares despite the political turbulence in Washington.



### Australian dollar: strong gains

The Australian dollar made strong gains against the US dollar. The sharp rise in commodity prices (particularly iron ore which rose from US\$65 to US\$74 per tonne) and improving Australian economic activity data were the key drivers of the Australian dollar's strong performance.



### Key essentials: prices rise

Despite sharp price increases for retail electricity (+7.8%) and health care costs (+3.8%) squeezing household budgets, Australia's annual inflation rate for the June quarter was only +1.9%.

## Australia



Australian shares were subdued in July with a flat return. There were encouraging gains for the Resources sectors given the strong price increases for key commodity prices such as iron ore, copper and oil. However this was counterbalanced by sharp falls in the Health care and Telecommunications sectors given competitive pressures. Rising Australian bond yield also reduced the attractiveness of these sectors to yield-seeking investors.

After a slow start to 2017, Australia has experienced strong jobs growth and improving retail spending in recent months.



**Resources**  
+5.0%



**Health care**  
-7.5%



**Telecommunications**  
-4.3%

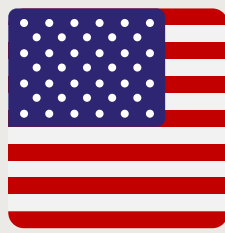
Performance for the month of July 2017. Sector returns are for the S&P/ASX 200 Accumulation GICS indices.

## Share market performance - July



+0.0%

AU



+2.0%

US



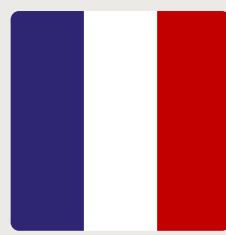
+0.9%

UK



-1.7%

DE



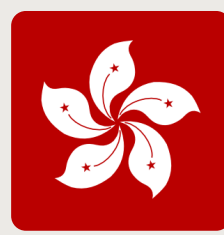
-0.5%

FR



-0.5%

JP



+6.1%

HK



+2.5%

CN

Performance for the month of July 2017. S&P/ASX 200 Accumulation Index; S&P 500 Index; FTSE 100 Index; German Aktien Index (DAX); France CAC40 Index; Nikkei 225 Index; Hang Seng Index; Shanghai Composite Index (all in local currency and unhedged).

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