

Economic and market update

February 2018

Top 3 themes



Global shares: **Fell sharply**

Concern over US inflation pressures and the prospect of the US Federal Reserve setting higher interest rates saw global shares fall sharply. US shares experienced a sharp correction in the opening weeks of February following record highs in January.



US government bond yields: **Strong rises**

US wage growth accelerated signalling that inflation pressures are building-up speed. This surge in bond yields was intensified by strong business surveys and positive commentary from the Federal Reserve on US economic growth prospects.



Australian dollar: **Declined**

The Australian dollar declined against other major currencies. While commodity prices were stable, global investors preferred the notional 'safe haven' currencies - the Japanese yen and US dollar - as risk appetites came under pressure.

Australian shares drifted lower in February

Australian shares made mild gains and were resilient. There were strong returns for the Health Care sector and a solid performance for Information Technology. This was countered by weak performances from the Energy and Telecommunications sectors.



Energy
-3.7%



Telecommunications
-6.0%



Health Care
+7.0%



Information Technology
+1.3%

Performance for the month of February 2018. Sector returns are for the S&P/ASX 200 Accumulation GICS indices.

Share market performance – February



+0.4%

AU



-3.7%

US



-3.4%

UK



-5.7%

DE



-2.9%

FR



-4.4%

JP



-6.2%

HK



-6.4%

CN

Performance for the month of February 2018. 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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