

# Economic and market update

December 2017

## Top 3 themes



### Global shares: Solid gains in December

British shares surged by 5.0% with the UK government finally making an initial agreement on the divorce terms for separating from the European Union (Brexit). American shares reached new record highs with President Trump's plan to cut the corporate tax rate from 35% to 21% finally being passed by Congress.



### Commodity prices: Strong rises

Optimism on global growth prospects saw strong commodity price rises in December. Iron ore prices surged (12.5%) to US\$71 per tonne while copper (5.9%) and oil prices (5.3%) recorded robust gains.



### Australian dollar: Rebounded

The Australian dollar rebounded strongly given higher commodity prices. Australia's currency made a circa 3% gain against the US dollar, euro and Japanese yen.

## Australia

Australian shares made a solid 1.8% return for December. Strong gains were recorded in the Resources and Energy sectors given the robust gains in commodity prices. The Telecommunications sector managed to revive after a tough 2017. However the Utilities sector disappointed after a strong run in previous months as investors become more cautious.



**Resources**  
+7.2%



**Energy**  
+6.4%



**Telecommunications**  
+5.5%



**Utilities**  
-4.5%

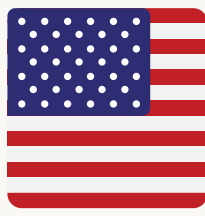
Performance for the month of December 2017. Sector returns are for the S&P/ASX 200 Accumulation GICS indices.

## Share market performance – December



+1.8%

AU



+1.1%

US



+5.0%

UK



-0.8%

DE



-0.9%

FR



+0.3%

JP



+2.5%

HK



-0.3%

CN

Performance for the month of December 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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