



Monthly Market Review

SEPTEMBER 2024

U.S. equity markets reached new record highs in September. The S&P 500 climbed 2.0% over the month (+5.5% for the quarter), delivering its best September since 2013. The S&P/ASX 200 Accumulation Index performed strongly, closing the month up 3.0% (+7.8% in Q3 2024). Buoyed by the prospect of lower rates, fixed income markets also delivered positive returns in September. Meanwhile, amid growing concerns around the strength of the global economy, Brent crude oil prices plunged 17% over the quarter, while gold rallied 13.2% and is up 27.7% CYTD.

After holding rates steady for 14 months, the U.S. Federal Reserve (Fed) delivered its first rate cut since 2020, cutting the official rate by a supersized 50 basis points in September. With unemployment at 4.2% (up from 3.4% in April 2023), the Fed made it clear that its focus has shifted to the labour market. Given inflation globally is falling to more acceptable levels and economic growth is slowing, five other developed economies have also started to cut target interest rates (Canada, Eurozone, UK, New Zealand and Switzerland).

Meanwhile, Chinese policymakers announced significant stimulus measures to help boost the economy. The magnitude and coordination of the stimulus measures is a clear signal the Chinese government stands ready to support the economy and market.

Australia

- The Australian equity market, as measured by the S&P/ASX 200 Accumulation Index, rose 3.0% in September (+7.8% in Q3 2024). Materials (+11.0%), Information Technology (+7.4%) and Real Estate (+6.5%) outperformed, while Healthcare (-3.8%), Consumer Staples (-3.0%) and Energy (-2.1%) lagged the Index.
- Australian bonds performed well in September, with the Bloomberg AusBond Composite Index (AUD) delivering a 0.3% return for the month and is up 3.0% for the quarter.
- Australian monthly headline CPI was 2.7% in the 12 months to August, down from 3.5% recorded in July. The most significant price rises were housing (+2.6%), food and non-alcoholic beverages (+3.4%), and alcohol and tobacco (+6.6%). Trimmed mean inflation was 3.4% for the 12 months to August.
- As expected, the RBA kept the cash rate steady at 4.35% at the September meeting and reaffirmed its commitment to returning inflation to its target level. In the post meeting press conference, Governor Michelle Bullock re-iterated that “*in the near term, the board does not see interest rate cuts.*”
- The Westpac-Melbourne Institute Consumer Sentiment Index dipped 0.5% to 84.6 in August, remaining in deeply pessimistic territory. While there are some early signs of improvement in sentiment around household finances, consumers are becoming more concerned about the broader economy and the state of the labour market. The unemployment rate remained at 4.1% in August.
- Nationally, residential property price growth continued, increasing 0.5% as measured by the CoreLogic five capital city aggregate. Perth prices climbed 1.6%, followed by Adelaide (+1.3%) and Brisbane (+0.9%). Nationally, residential property prices increased 7.0% over 12 months.

International

- U.S. equity markets reached new all-time highs in September. The S&P 500 gained 2.0% over the month (+5.5% in Q3 2024) and is up 20.8% CYTD. Similarly, the NASDAQ Composite Index closed the month up 2.7% (+2.6% Q3 2024) and is up 21.2% CYTD. Within the S&P 500, Consumer Discretionary (+7.0%), Utilities (+6.4%) and Communication Services (+4.5%) outperformed, while Energy (-2.8%) and Healthcare (-1.8%) dragged the Index lower.
- U.S. inflation continues to trend lower. Headline CPI rose by 0.2% in August and 2.5% over the year (versus 2.9% in July). Annual Core inflation – excluding highly volatile food and energy components – remained at 3.2%.
- Given falling inflation and softer labour market conditions, the Fed lowered its target Federal Funds Rate by a supersized 50bps in its September meeting. Fed Chair Jerome Powell reiterated that future rate cuts are likely not to be as aggressive.
- The U.S. 10-year bond yield closed September at 3.78% (versus 3.90% at the end of August). The Bloomberg Global Agg Bond Index (AUD) Index returned 1.1% over the month (+4.7% Q3 2024).
- The Euro Stoxx 600 Index fell 0.4% in September (+2.2% Q3 2024). Annual inflation in the Eurozone fell to 1.8% in September, from 2.2% in August. Core inflation – which strips out food, energy, alcohol and tobacco – fell to 2.7% in September, down from 2.8% in the previous month.
- China’s central bank released an extensive list of stimulus measures in September to help push economic growth back towards the 5% target. Stimulus measures included rate cuts and loan facilities to support both the housing and equity markets.
- The USD Index (the value of the U.S. dollar against a basket of widely recognised, publicly traded currencies) fell 0.9% in September. The Australian dollar closed at 69.13¢ (vs 67.65¢ in August).

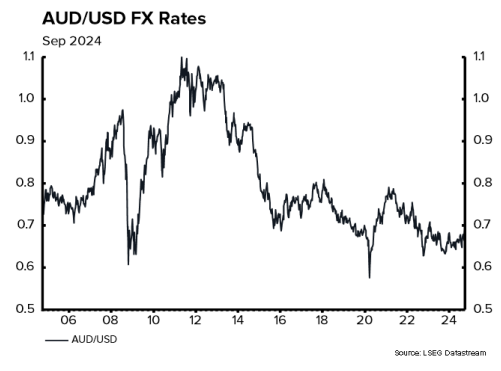
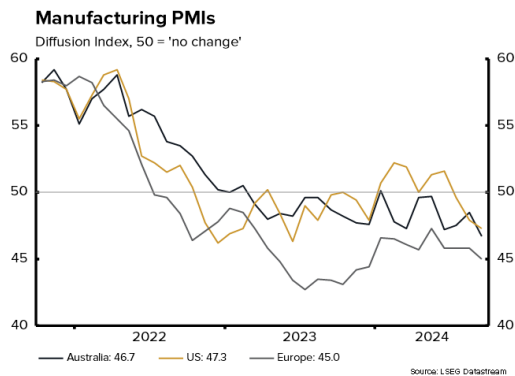
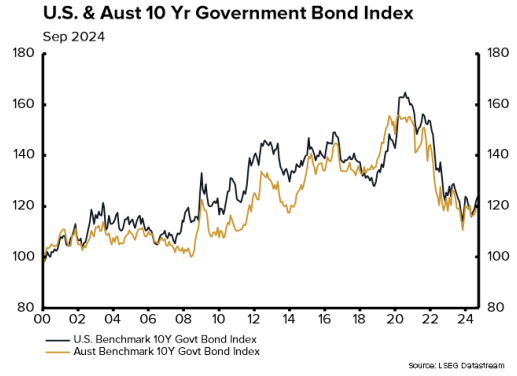
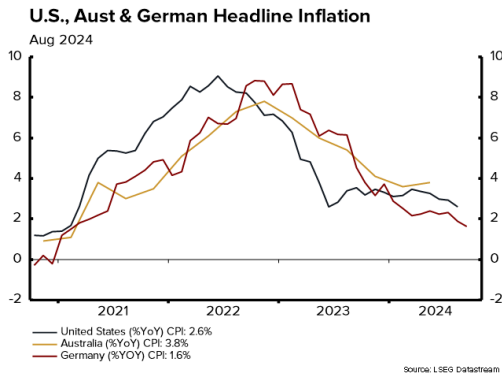
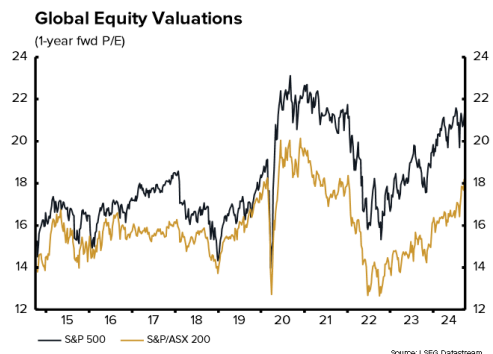
Commodities

- Commodity markets remained volatile as increasing concerns of a U.S. recession weighed on the demand outlook for oil. West Texas Intermediate Crude fell 7.3% in September (-16.4% Q3 2024), closing the month at US\$68.17/bbl. Brent crude also declined, falling 8.9% over the month (-16.9% Q3 2024) to close at US\$71.77.80/bbl.
- Gold (USD) continued to rally, climbing 5.2% in September and up 27.7% CYTD. Spot iron ore prices remain volatile, climbing 8.4% over the month (+3.3% Q3 2024), while down 22.9% CYTD.

Global Markets – 30 September 2024

Equities	YTD	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
S&P /ASX 200 Accumulation Index (AUD)	12.3%	3.0%	7.8%	21.8%	8.4%	8.4%
S&P/ASX Small Ordinaries Index (AUD)	7.1%	4.4%	5.5%	15.7%	-3.3%	1.6%
S&P 500 Index (USD)	20.8%	2.0%	5.5%	34.4%	10.2%	14.1%
NASDAQ Composite Index (USD)	21.2%	2.7%	2.6%	37.6%	8.0%	17.9%
Russell 3000 Index (USD)	19.4%	2.0%	5.9%	33.3%	8.6%	13.5%
FTSE 100 Index (GBP)	6.5%	-1.7%	0.9%	8.3%	5.1%	2.1%
Euro Stoxx 600 (EUR)	9.2%	-0.4%	2.2%	16.1%	4.8%	5.9%
Nikkei 225 (JPY)	13.3%	-1.9%	-4.2%	19.0%	8.8%	11.8%
Hang Seng (HKD)	24.0%	17.5%	19.3%	18.7%	-4.9%	-4.1%
MSCI Emerging Markets Index (USD)	14.4%	6.4%	7.8%	22.9%	-2.2%	3.2%
MSCI World Ex Australia (AUD)	17.0%	-0.5%	2.3%	23.2%	10.6%	12.5%
Bonds						
Bloomberg AusBond Composite Index (AUD)	3.2%	0.3%	3.0%	7.1%	-1.2%	-0.4%
Bloomberg Global Agg Bond TR Index (AUD)	3.5%	1.1%	4.0%	9.1%	-1.5%	-0.4%
Currency						
AUD/JPY	3.4%	0.4%	-7.5%	3.4%	7.3%	6.4%
AUD/USD	1.5%	2.2%	3.6%	7.4%	-1.5%	0.5%

Source: Bloomberg 30 September 2024 (All returns are in local currency terms.)



Please contact your Advisor for further details or [click here](#) for a copy of our latest Quarterly Outlook.

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