

Monthly market snapshot

The Monthly market snapshot provides commentary on financial markets' performance and the global economy



Monthly market snapshot

October 2023 market commentary

October's economic landscape: navigating growth and geopolitical tensions

Amidst the unpredictable waves of global economics and politics, the US has emerged as a pillar of strength and adaptability. Despite navigating through the turbulence of the most aggressive interest rate hikes in more than 20 years, the US economy showed remarkable growth, expanding by an impressive 4.9% in the third quarter — the strongest acceleration since 2021. This surge was largely powered by the resilience of American consumers, whose spending accounted for more than half of the growth. However, this robust expansion is tinged with caution; a slight dip in non-residential fixed investment signals that the economy might be bracing for a cooler period ahead.¹

Other indicators suggest a more complex scenario. Manufacturing data indicates a contraction in the making, and the Euro area's GDP experienced a minor pullback. While inflation rates are beginning to retreat, the stability is precarious. Over in Asia, China's 4.9% growth surpassed forecasts, prompting the government to intensify fiscal support in response to its property market dilemmas. In the bonds market, the US 10-year Treasury's yield climbed to 4.87%, painting a picture of enduring volatility.²

Turning our gaze to the Middle East, the contrast becomes more pronounced. The long-running conflict between Israel and Hamas persists, with the Gaza Strip the epicentre of relentless tension and strife. The global community continues to seek a path to peace, even as the region grapples with the humanitarian implications of its enduring cycle of violence.³

Australia's story is one of economic duality — battling the headwinds of inflation but displaying signs of strength. While financial markets have been shaken, prompting the RBA to consider raising interest rates in November, there's a silver lining. With an expected GDP growth rate of 1.25% for 2024, a thriving housing market, and persistently low unemployment rates, Australia's economy remains resilient.⁴ The housing sector, in particular, shines as a robust sector, with national home values edging up by 0.9% in October. The housing market in Perth (+1.6%), Brisbane (+1.4%), Adelaide (+1.3%), Sydney (+0.8%), and Melbourne (+0.5%) contributed to this uptick. Australia's housing scene defies broader trends due to high demand and limited listings.

The global financial narrative is also mixed. Stock markets, while still facing declines, are showing signs of stabilising. The S&P 500 experienced a moderate 2.1% decrease, compared to the previous month's 4.8% fall. The MSCI ACWI, which represents a broad spectrum of global equities, fell by 4.3%, and the Euro Stoxx 50 and the UK's FTSE 100 index declined by 2.6% and 3.7% respectively.

Overall, the global economy is facing a mixed bag of challenges and opportunities. While there are reasons for concern, there are also reasons for hope. The key will be for policymakers to strike the right balance between addressing inflation and supporting growth.

¹ C. Smith, 27 10 2023. [Online]. Available: <https://www.ft.com/content/d3355ec1-c05c-40ae-8b29-e85e1760333a>. (paywall)

² See above.

³ L. Sands, "Why are Israel and Hamas at war? A basic explainer," The Washington Post, 30 10 2023. [Online]. Available: <https://www.washingtonpost.com/world/2023/10/17/israel-hamas-war-reason-explained-gaza/>

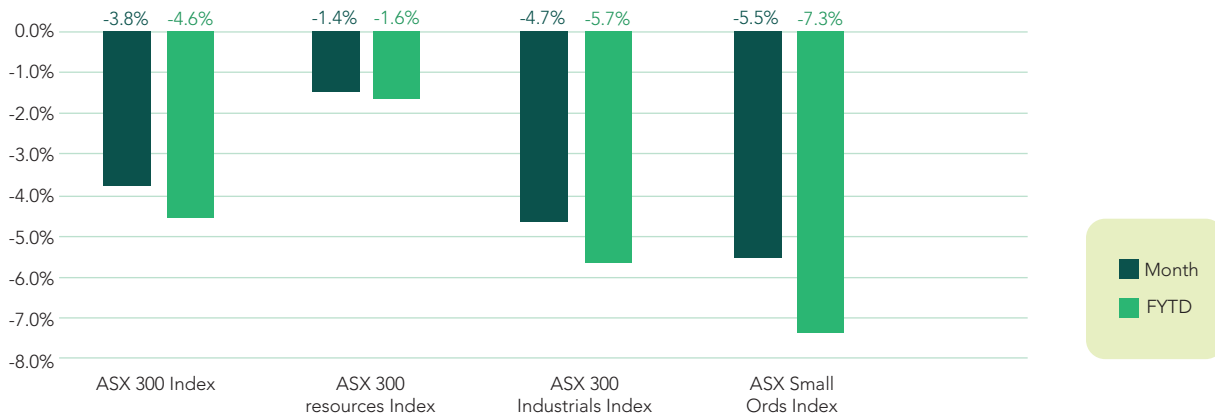
⁴ S. Qiu, "Australia's surprisingly strong Q3 inflation raises odds of Nov rate hike," Reuters, 25 10 2023. [Online]. Available: <https://www.reuters.com/markets/australia-inflation-surprisingly-strong-q3-adds-rate-risk-2023-10-25/#:~:text=SYDNEY%2C%20Oct%2025%20%28Reuters%29%20,that%20added%20greatly%20to%20the>

⁵ "Australia: Staff Concluding Statement of the 2023 Article IV Mission," International Monetary Fund, 31 10 2023. [Online]. Available: <https://www.imf.org/en/News/Articles/2023/10/31/cs103123-australia-staff-concluding-statement-of-the-2023-article-iv>.



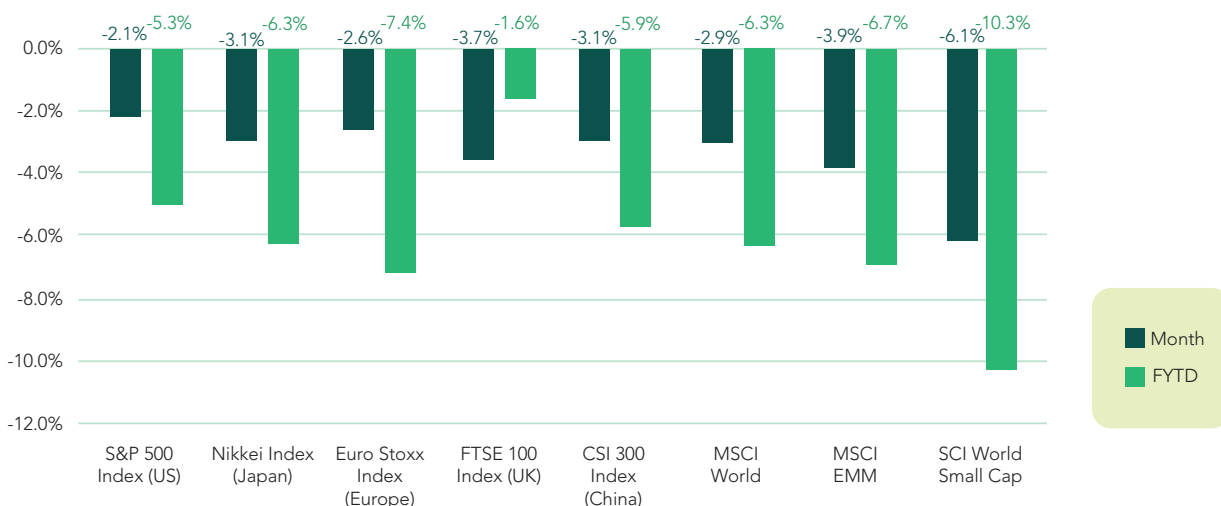
October 2023

Australian equities



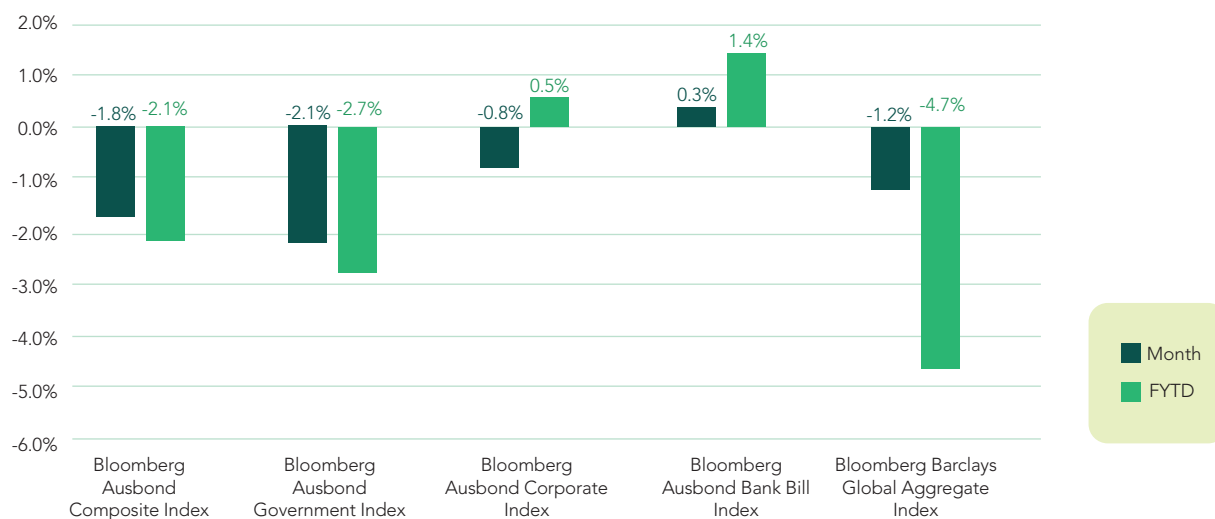
Source: Bloomberg

International equities (local currencies)



Source: Bloomberg

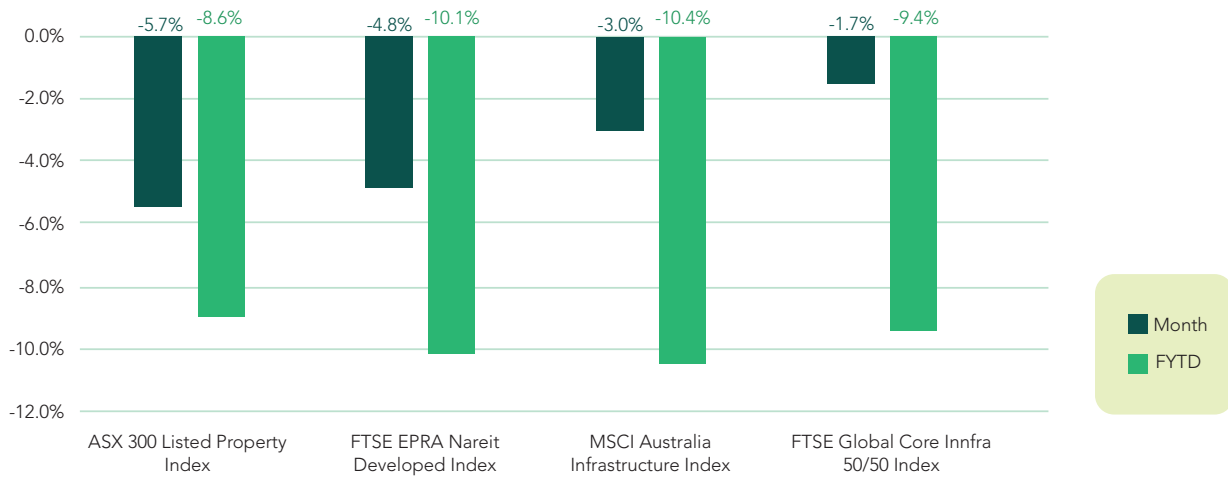
Fixed income



Source: Bloomberg

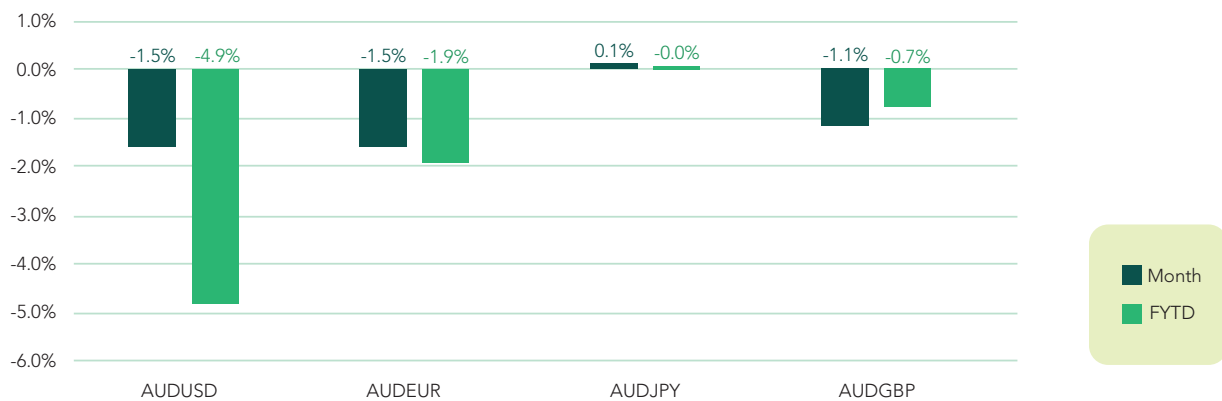
October 2023

Property and Infrastructure



Source: Bloomberg

Australian dollar against major local currencies



Source: Bloomberg

NGS Super Investment Performance Summary

To 31 October 2023

Superannuation

NGS Accumulation account and Transition to retirement account¹ returns

	NGS Super investment option	10 years % p.a.	5 years % p.a.	3 years % p.a.	1 year %	Financial year to date %	Month %	Since commencement % p.a. return	Commencement date	Funds under management (FUM) \$M
PRE-MIXED	Diversified (MySuper)	6.35	5.19	5.42	3.88	-2.19	-1.27	6.53	Oct 1999	8848.00
	High Growth	7.07	5.84	6.17	3.90	-1.88	-1.28	5.90	Jul 2007	604.80
	Balanced	5.26	4.16	4.07	3.01	-1.79	-1.09	4.99	Jul 2007	459.60
	Defensive	4.50	3.31	2.93	2.60	-1.18	-0.72	5.38	Feb 2003	301.40
	Indexed Growth	6.13	5.29	5.12	2.77	-3.54	-2.14	7.42	Sep 2011	131.70
SECTOR-SPECIFIC	Australian Shares	6.38	6.53	8.26	3.75	-4.53	-3.58	8.72	Feb 2003	392.30
	International Shares	8.68	6.61	4.56	9.35	-4.05	-1.89	7.45	Mar 2003	267.10
	Infrastructure	n/a	n/a	0.86	-7.85	-7.29	-0.38	1.76	May 2019	8.10
	Property	5.71	1.90	3.03	-2.66	-6.88	-3.11	7.02	Sep 2002	70.70
	Diversified Bonds	1.31	-0.19	-3.15	-1.98	-3.03	-0.73	3.74	Oct 1999	33.60
	Cash and Term Deposits	1.82	1.44	1.45	3.38	1.30	0.33	3.41	Oct 1999	295.20

The above table shows the net return after investment fees, tax and the asset-based fee.

We recommend that you seek financial advice before making any changes to your investment strategy. In particular we recommend that you seek financial advice before making any short-term changes to your long-term investment strategy. Investment returns are not guaranteed as all investments carry some risk. Past performance is not necessarily a guide to future performance.

¹ If you are in a *Transition to retirement account*, your returns prior to 1 July 2017 were tax free and were reflected in the Income account returns.

This information is provided by NGS Super Pty Limited ABN 46 003 491 487, AFSL No 233 154, the trustee of NGS Super ABN 73 549 180 515

NGS Super Investment Performance Summary

To 31 October 2023

Income account

Returns on income account (pension) investments are tax free. Income account investment returns will exceed equivalent (taxed) super investment returns in periods when investment earnings are positive. In periods when investment earnings are negative, super returns will exceed equivalent income account returns. A negative return (loss) means that less tax is payable on taxed super investments than has already been accrued, so there is a tax adjustment that can be credited back to accumulation members. There is no equivalent adjustment for income account members because income account returns are tax free.

NGS Income account returns

	NGS Super investment option	10 years % p.a.	5 years % p.a.	3 years % p.a.	1 year %	Financial year to date %	Month %	Since commencement % p.a. return	Commencement date	Funds under management (FUM) \$M
PRE-MIXED	Diversified (MySuper)	6.85	5.50	5.79	4.40	-2.53	-1.46	6.73	Nov 2001	1054.70
	High Growth	7.56	6.07	6.60	4.87	-2.01	-1.36	6.24	Aug 2007	84.0
	Balanced	5.72	4.40	4.36	3.57	-1.98	-1.23	5.45	Aug 2007	377.60
	Defensive	4.96	3.52	3.20	3.10	-1.36	-0.83	5.56	Nov 2001	366.00
	Indexed Growth	6.59	5.53	5.31	3.34	-3.93	-2.38	8.07	Sept 2011	83.20
	Retire Plus	n/a	5.95	7.00	3.96	-1.54	-0.87	6.62	Aug 2017	134.30
SECTOR-SPECIFIC	Australian Shares	6.21	6.01	7.93	3.73	-5.08	-4.02	7.82	Sept 2004	70.10
	International Shares	9.08	6.35	3.74	9.43	-4.48	-2.11	7.43	Sept 2004	45.70
	Infrastructure	n/a	n/a	1.01	-7.91	-8.25	-0.44	2.03	May 2019	2.80
	Property	6.21	2.01	3.03	3.85	-8.18	-3.75	7.63	Dec 2002	18.20
	Diversified Bonds	1.60	-0.09	-3.43	-2.34	-3.58	-0.87	3.76	May 2004	20.80
	Cash and Term Deposits	2.13	1.70	1.71	3.97	1.52	0.39	3.70	Jul 2004	138.70

The above table shows the net return after investment fees and the asset-based fee (no tax applies).

We recommend that you seek financial advice before making any changes to your investment strategy. In particular we recommend that you seek financial advice before making any short-term changes to your long-term investment strategy. Investment returns are not guaranteed as all investments carry some risk. Past performance is not necessarily a guide to future performance.

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Further information

If you are thinking about making changes to your investments in NGS Super, consider obtaining professional advice to understand which investment option might be right for you.

We offer single-issue advice limited to your NGS Super account at no cost:

- over the phone through our Financial Advice Helpline
- through our **Super Specialists** who you can talk to over the phone or meet either virtually or face-to-face.

We also offer low-cost tailored advice through NGS Financial Planning.

To make an appointment phone us on **1300 133 177** or complete the **Financial planning enquiry form** at ngssuper.com.au/advice

NGS financial planning service

NGS Super members are also entitled to a free initial consultation for general advice relating to your personal circumstances through our financial planning service.

Important information

This is general information only — it does not take into account your objectives, financial situation or needs.

Please assess your own financial situation, read the **Product Disclosure Statement** for any product you may be thinking of acquiring and consider seeking professional advice before acting on this information. Past performance is not a reliable indicator of future performance.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.

The Monthly market snapshot contains general information only and should not be regarded as financial, legal or other advice. If you require further information on any of the content please contact NGS Super or seek professional advice.

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CARBON
NEUTRAL
BY 2030

Climate
Active
NETWORK MEMBER

ESG
LEADER
2022

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