

Economic and market update

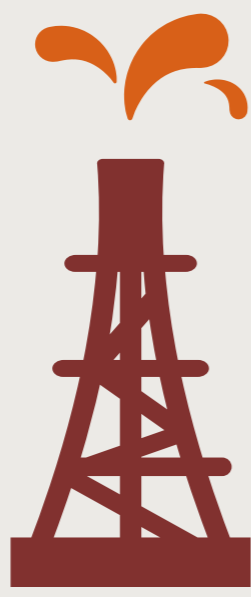
September 2016

Top 3 themes



US: Fed signals "time to wait" on raising interest rates

US economic activity was modest in September with both jobs growth and business surveys softening. Caution ahead of November's Presidential election may partly explain these mild results. Given the moderate economic activity, the US Federal Reserve (Fed) judged there is still time to wait before raising US interest rates.



Oil:

Prices surged by 7% with OPEC cutbacks

Oil prices rebounded by 7% in September following the announcement from the Organization of the Petroleum Exporting Countries (OPEC) that it will be making production cuts.



Australia:

Our dollar rose 1.5% against the US dollar

The Australian dollar (AUD) rose 1.5% against the US dollar in September due to higher commodity prices (notably coal and oil) and the Fed delaying once again higher US interest rates. The AUD rose by 2.4% against the British pound given Brexit concerns.

Australia



Australian shares made a mild gain of 0.5% in September. Higher coal and oil prices supported the Resource sector. However Australian Real Estate Investment Trusts (A-REITs) fell sharply by 4.3% in September given their sensitivity to higher bond yields. Economic activity was solid with a rise in job vacancies and the unemployment rate edging down to 5.6%, which is the lowest in the past three years.



A-REITS
-4.3%



Resources
+5.8%

Performance for the month of September 2016. Sector returns are for the S&P/ASX200 Accumulation GICS indices.

Share market performance - September



+0.5%

AU



0.0%

US



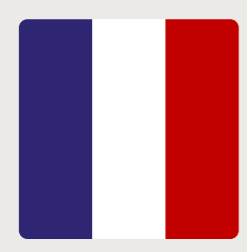
+1.8%

UK



-0.8%

DE



+0.4%

FR



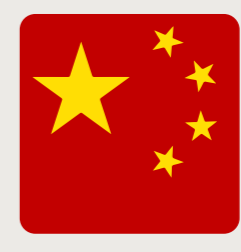
-1.9%

JP



+1.4%

HK



-2.6%

CN

Performance for the month of September 2016. S&P/ASX200 Accumulation Index; S&P500 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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