# Market wrap

## March: Small Caps Outperform

- March was one of those rare month's where all of the asset classes in this report produced positive returns. Interestingly, the returns for the 1 year to 31 March 2024 were also very good and all positive.
- **Global Shares** on an unhedged basis gained 3.0%. Global shares on a hedged basis gained 3.3%. Value-Weighted and Value were the best performing styles for the month, with Momentum as a style also performing well.
- Australian shares also performed well, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 3.3% for the month. The best performing styles for the month were Small Caps and Momentum. The poorest performing style was Quality, which still performed to a reasonable standard.
- Australian small caps were the best performing asset class for the month returning an excellent 4.8% for March.
- **Fixed income** gained some ground this month with Australian Fixed Interest gaining 1.1%, while global fixed interest returned 0.8%.
- The Australian dollar gained 0.2% against the U.S. dollar over the month.

## **Job Market Remains Strong**

Globally

- The unemployment rate in the United States dipped to 3.8% in March 2024 from the previous month's two-year high of 3.9% and surprising market expectations, which had forecasted the rate to remain unchanged. The number of unemployed individuals decreased by 29,000 to 6.4 million, while employment levels saw a significant surge, rising by 498,000 to reach 161.5 million.
- In the U.S., the number of job openings went up by 8,000 from the previous month to 8.756 million in February 2024, marginally above market expectations of 8.75 million.

Locally

- The monthly Consumer Price Index (CPI) indicator in Australia stood at 3.4% in the year to February 2024, unchanged from the previous two months and below market expectations of 3.5%. Still, the latest reading pointed to the lowest since November 2021, with food prices rising the least in 25 months (3.6% vs 4.4% in January).
- Australia's seasonally adjusted unemployment rate fell to 3.7% in February 2024, the lowest since last September, from 4.1% in January. Figures were less than market forecasts of 4.0%, as the number of unemployed individuals dropped by 52,000 to 548,300, with those seeking full-time jobs falling by 47,800 to 351,500.

#### Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	3.3%	14.4%	9.2%
Australian small companies	4.8%	13.8%	5.4%
Global shares (hedged)	3.3%	23.1%	10.0%
Global shares (unhedged)	3.0%	28.7%	14.1%
Global small companies (unhedged)	3.5%	18.8%	9.7%
Global emerging markets (unhedged)	2.0%	10.7%	3.9%
Global listed property (hedged)	3.6%	7.7%	-0.8%
Cash	0.4%	4.2%	1.5%
Australian fixed income	1.1%	1.5%	0.2%
International fixed income	0.8%	2.5%	-0.1%

Source: FactSet, Lonsec & Insignia Financial, 31 March 2024

Indices used: Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

Please note: Past performance is not indicative of future performance.

#### Currency markets

Exchange rates	At close on 31/03 %	1 month change %	1 year change %
USD/AUD	0.6524	0.2%	-2.6%
Euro/AUD	0.6041	0.4%	-2.0%
Yen/AUD	98.74	1.3%	10.8%

Source: FactSet & Insignia Financial, 31 March 2024.

All foreign exchange rates are rounded to two decimal places where appropriate.

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