

Selected Market Indicators

July 2024



New Zealand Selected Market Indicators

Periods to 31 July 2024

	Return (%)			Return (% p.a.)					Risk (% p.a.)		
	1 Mth	3 Mths	Cal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	5 Yrs	10 Yrs	
New Zealand Equities											
S&P/NZX 50 with Imputation Credits	5.9	3.9	5.8	3.8	0.3	3.5	10.2	11.1	13.0	10.5	
S&P/NZX 50 without Imputation Credits	5.9	3.7	5.4	2.9	-0.5	2.7	9.2	9.9	13.0	10.5	
NZX 10 (with ICs)	4.0	2.8	4.8	4.3	1.6	4.2	10.0	11.0	13.4	11.5	
S&P/NZX 50 Portfolio Index (with ICs)	7.5	3.8	3.9	0.9	-0.5	3.7	10.5	11.4	14.3	11.0	
Global Equities – in NZD (unhedged)											
MSCI All Country World	4.2	7.7	20.6	22.6	11.6	13.4	12.7	10.6	11.3	10.6	
MSCI World	4.4	8.1	21.2	24.0	12.8	14.4	13.5	11.4	12.0	11.1	
MSCI World Value	7.5	6.8	18.6	20.4	12.9	10.9	10.3	9.1	12.7	11.3	
MSCI World Growth	1.6	9.3	23.8	27.4	11.9	17.2	16.3	13.4	14.6	12.5	
S&P ASX 200	4.5	6.4	10.8	15.3	9.0	8.6	8.1	7.9	16.8	14.7	
MSCI US	3.9	9.4	23.7	27.3	14.2	16.8	16.5	14.5	13.2	12.1	
MSCI Japan	8.5	6.1	19.9	21.8	10.5	10.1	9.9	6.9	12.0	12.5	
MSCI UK	6.9	5.7	18.8	18.7	14.0	9.3	7.0	6.8	12.7	12.2	
MSCI Europe	4.8	4.3	15.2	16.0	9.7	10.3	8.6	7.2	12.5	12.7	
MSCI World Small Caps	9.6	9.1	15.6	16.5	6.7	10.5	11.3	11.0	15.4	13.2	
MSCI World Emerging Markets	2.9	4.5	14.9	11.3	2.6	5.6	6.4	4.9	12.0	11.9	
Global Equities – in local currency											
MSCI All Country World	1.2	7.6	14.5	18.4	7.4	11.8	10.0	10.7	15.9	13.0	
MSCI World	1.2	7.8	14.8	19.4	8.3	12.5	10.6	11.2	16.5	13.4	
MSCI World Min Volatility	3.8	6.7	11.3	13.4	5.0	6.4	8.6	9.7	11.9	9.5	
S&P ASX 200 (AUD)	4.2	6.2	8.6	13.5	7.4	7.5	8.0	8.9	16.5	13.4	
MSCI US (USD)	1.2	9.8	16.1	21.5	8.2	14.4	12.5	13.7	18.4	14.8	
MSCI Japan (JPY)	-1.0	1.8	20.0	23.1	16.3	15.1	10.2	9.5	14.3	16.2	
MSCI UK (GBP)	2.5	3.4	10.6	13.5	11.0	6.0	6.1	7.9	13.7	12.3	
MSCI Europe (EUR)	1.0	2.6	10.3	12.4	6.8	7.9	7.0	8.0	14.9	12.9	
MSCI World Small Caps	5.9	8.5	10.1	12.7	3.3	9.1	8.6	11.0	19.9	16.0	
MSCI World Emerging Markets	0.6	5.4	11.7	10.4	0.7	5.9	5.6	6.4	15.3	13.2	
S&P 500 (USD)	1.2	10.0	16.7	22.1	9.6	15.0	13.2	14.4	18.1	14.6	
NASDAQ (USD)	-0.7	12.6	17.7	23.6	7.1	17.5	16.1	16.9	21.4	17.3	
Real Assets											
S&P/NZX All Real Estate (Industry Group) without ICs	5.7	-0.8	-3.7	-7.0	-6.7	-2.4	6.1	8.0	15.3	11.1	
FTSE EPRA NAREIT Developed Index hedged NZD	5.6	9.5	4.0	8.1	-2.8	0.3	4.1	na	19.6	na	
FTSE Global Core Infrastructure 50/50 hedged NZD	6.5	8.7	11.1	10.6	4.6	4.4	7.6	na	14.8	na	
Bloomberg Commodity Index hedged NZD	-4.1	-4.0	0.8	-5.1	3.0	5.4	-1.2	-0.3	16.2	14.6	
WTI Crude Oil (USD)	-4.2	-4.9	10.4	-3.0	2.4	6.3	-2.1	0.9	56.6	40.4	
LBM Gold Bullion	4.1	5.5	17.3	23.0	9.9	11.1	6.5	6.6	14.3	15.6	
New Zealand Cash and Bonds											
Bloomberg NZ Bond Composite 0+ Yr Index	2.3	4.2	3.4	7.8	-0.6	0.1	2.8	na	4.7	na	
S&P/NZX NZ Government Bond Index	2.5	4.5	2.9	7.5	-1.9	-0.7	2.5	3.5	5.8	4.1	
S&P/NZX A-Grade Corporate Bond Index	2.0	3.8	3.8	8.2	1.0	1.3	3.5	4.5	3.8	2.6	
S&P/NZX Bank Bills 90-Day Index	0.5	1.4	3.3	5.8	3.7	2.5	2.5	2.6	0.6	0.4	
Global Bonds											
Bloomberg Global Aggregate Index-Hedged (NZD)	2.0	3.8	2.0	5.8	-1.7	0.2	2.8	4.2	5.0	3.6	
JP Morgan Global Government Bond Index-Hedged (NZD)	1.9	3.3	1.0	4.3	-2.7	-0.5	2.5	3.8	5.0	3.9	
Bloomberg Global Aggregate Corporate-Hedged (NZD)	2.2	4.4	2.4	7.1	-3.5	-0.1	2.8	4.9	7.5	5.2	
JP Morgan EMBI Global Diversified Composite (NZD)	4.5	4.0	11.1	14.4	3.3	2.2	6.5	5.7	10.0	10.2	
Inflation and average earnings											
NAOTWI (periods to Mar 24)	\$1,586.32	na	1.5	1.9	5.6	5.9	5.3	4.1	3.6	na	na
CPI (periods to Mar 24)	1272	na	0.4	1.0	3.3	5.5	4.3	2.7	2.5	na	na
Currency											
	Exchange Rate (equivalent to NZD1.00)	(NZD % Rises +/NZD % Falls -)									
AUD	0.9096	-0.3	-0.2	-2.0	-1.5	-1.4	-1.0	0.0	0.9	4.4	6.1
USD	0.5940	-2.5	0.4	-6.2	-4.6	-5.2	-2.1	-3.5	-0.7	11.6	11.4
JPY	89.3657	-8.8	-4.0	0.1	1.1	5.3	4.5	0.2	2.4	11.3	11.9
GBP	0.4624	-4.1	-2.2	-6.9	-4.4	-2.7	-3.0	-0.8	1.0	7.7	10.1
EUR	0.5489	-3.5	-0.8	-4.2	-2.8	-2.3	-1.5	-1.4	1.1	7.8	8.8
TWI	69.6700	-3.2	-1.3	-4.0	-1.9	-2.0	-0.9	-1.3	0.9	7.0	7.6

Note: Risk is measured as the annualised standard deviation of monthly returns.

Monthly commentary

July 2024

July was a pivotal month for markets, as the all-time highs we've seen throughout 2024 came to an end. Markets processed a weaker than expected US CPI reading early in the month, combined with weaker US labour market data, and political developments. As a result, bond investors were reassured that the Fed will begin cutting interest rates in the near term. The US earnings season continued with four of the 'magnificent seven' reporting underwhelming results for the previous quarter, resulting in the tech sector coming under pressure for most of July before a rebound into month end, as investors begin to question the profitability of the recent AI hype.

Small-cap companies which typically outperform large caps in declining interest-rate environments, benefited from investors moving out of the mega-cap technology stocks that have led the U.S. equity market rally so far in 2024. Global commodity prices, as measured by the Bloomberg Commodity Index, fell 4.1% despite the escalating conflict in the Middle East. The WTI Crude Oil price declined 4.2% amid concerns that China's slowing economy could hamper demand for oil in the second half of this year.

Significant developments for July:

- The Bank of Japan raised its policy rate by 15 basis points to 0.25% in July, the highest level since 2008, stating that it will reduce the pace of Japanese Government Bond (JGB) purchases by 400 billion yen per quarter starting in August.
- On July 13, former US President Donald Trump was wounded in an assassination attempt during a campaign rally, however this event did not impact the markets as many other factors are driving stocks' performance.
- Joe Biden ended his presidential re-election campaign on July 21 and endorsed Vice President Kamala Harris to replace him. Investors should brace themselves for political risks as the U.S. election in November draws closer.
- The European Central Bank (ECB) left its benchmark interest rate unchanged at 4.25% following its meeting in July but hinted that there could be a rate cut in September.

Sector commentaries

		Month %	Year %
Trans-Tasman Equities			
New Zealand equities had a strong month rising 5.9% after struggling for much of the year. Positive returns were influenced by inflation figures for the quarter ending 30 June 2024 coming in at 3.3%, closer to the Reserve Bank's target inflation range giving the market optimism that interest rate cuts are just around the corner. Australian shares were a strong performer with the ASX200 index up 4.2%	S&P/NZX 50 (with ICs)	📈 5.9%	📈 3.8%
	S&P/ASX 200 (AUD)	📈 4.2%	📈 13.5%
Global Equities			
Developed market equities delivered 1.2% on the back of a resilient US economy, despite the tech sector experiencing a mid-month pull back as investors prepared for rate cuts and began moving money to more interest rate sensitive asset classes. Emerging Market equities recorded a modest return for the month (0.6% in local currency)	MSCI World (local currency)	📈 1.2%	📈 19.4%
	MSCI World (unhedged)	📈 4.4%	📈 24.0%
Property and Infrastructure			
Interest rate sensitive asset classes performed well in July with Listed Property up 5.6% as investors anticipate a reduction in rates from the Fed in September. Listed Infrastructure finished up 6.5%, with the artificial intelligence theme continuing to be a tailwind.	FTSE EPRA NAREIT (H)	📈 5.6%	📈 8.1%
	FTSE 50/50 Global (H)	📈 6.5%	📈 10.6%
NZ Bonds and Cash			
The RBNZ signalled optimism that falling inflation would allow them to reduce interest rates, which sparked a rally in domestic bonds leading to the Bloomberg NZ Bond Index delivering 2.3% for the month. New Zealand's Official Cash Rate (OCR) has stood at 5.5% since May 2023.	Bloomberg NZ Bond Comp	📈 2.3%	📈 7.8%
	S&P/NZX 90 Day Bank Bills	📈 0.5%	📈 5.8%
Global Bonds			
Global fixed income assets gained 2.0% over the month as a weakening labour market and soft CPI data has heightened investor expectations for Fed rate cuts in 2024 and 2025. This optimism boosted U.S. Treasury yields, as they moved higher for all maturities during the month, with the exception of 1 and 2-month bills.	Bloomberg Global Agg (H)	📈 2.0%	📈 5.8%
	JPM Global Gov (H)	📈 1.9%	📈 4.3%
Currency			
As inflation pressures continue to show signs of easing, markets began to more aggressively price in a potential cut in interest rates, which led to the US dollar declining against other major currencies for the month. This month marked a turnaround for the Japanese Yen in currency markets, which had been on an aggressive decline throughout most of 2024.	AUD	📉 -0.3%	📉 -1.5%
	USD	📉 -2.5%	📉 -4.6%
	JPY	📉 -8.8%	📈 1.1%

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