



## Hitting the brakes

- Share markets in the US closed flat for August after a choppy month on the back of US political uncertainty, riots in Charlottesville and tensions in North Korea. The devastation of Hurricane Harvey also contributed to what has been the most volatile month in the S&P500 this year.
- US jobs data disappointed, with 156,000 jobs added against expectations of around 180,000. Also, previous job estimate numbers for June and July were reduced. Unemployment raised slightly to 4.4%, also a surprise. Despite this, we still expect strong US Q3 growth as jobs keep being added, the weaker US dollar strengthens exports and the Fed is now less likely to raise rates this calendar year due to subdued inflation.
- US Corporate Bond yields were up sharply over the month, though Government Bond yields were down on North Korea fears, and nervous investors turning from equities to bonds.
- The USD continued to fall against other major currencies, hitting a record low against the euro during the month. The AUD was still buying almost 0.8 USD by month-end due to doubts over the Trump administration's ability to pass legislation due to ongoing major staff changes.
- The local market took a hit from a money laundering case against a major bank. Despite this, there was sustained strength in labour market data, and improved business conditions.

## Major asset class performance (%)

Asset classes	1 month	12 months	5 years (p.a.)
<b>Australian Shares</b>	0.8	9.5	10.4
<b>Global Shares (hedged)</b>	0.2	17.1	15.0
<b>Global Shares (unhedged)</b>	0.8	10.1	17.4
<b>Global Emerging Markets (unhedged)</b>	2.9	18.0	11.0
<b>Global Small Companies (unhedged)</b>	0.5	10.9	19.2
<b>Global Listed Property</b>	-0.1	-1.3	10.5
<b>Cash</b>	0.1	1.8	2.5
<b>Australian Fixed Income</b>	0.0	-0.7	4.2
<b>International Fixed Income</b>	1.0	1.0	5.3

Source: JP Morgan & ANZ Wealth, 31 August 2017.  
 Indices: Australian Shares - S&P / ASX300 Accumulation, Global Shares (hedged/unhedged) - MSCI World ex Australia, Global Emerging Markets - MSCI Emerging Free Net in AUD (unhedged), Global Small Companies (unhedged) - MSCI World Small Cap ex Australia, Global Listed Property - FTSE EPRA/NAREIT Developed Rental Index ex Australia (hedged), Cash - Bloomberg Bank Bill, Australian Fixed Income - Bloomberg Composite Bond All Maturities, International Fixed Income - Barclays Global Aggregate Bond Index (hedged).  
 Please note: Past performance is not indicative of future performance.

## Currency

Exchange rates	At close on 31/8	% change 1 month	% change 12 months
<b>AUD/USD</b>	0.79	-0.7	5.7
<b>AUD/euro</b>	0.67	-1.3	-1.0
<b>AUD/yen</b>	87.4	-1.0	12.4
<b>Trade weighted index</b>	66.3	-1.5	4.9

Source: Bloomberg & ANZ Wealth, 31 August 2017. All foreign exchange rates are rounded to two decimal places where appropriate.  
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