

# Weekly Market Recap

Australia | 2 March 2020

## Week in review

- Construction work done contracts 1.4% q/q
- Capital expenditure contracts 2.8% q/q
- Private sector credit increase 0.3% m/m

## Week ahead

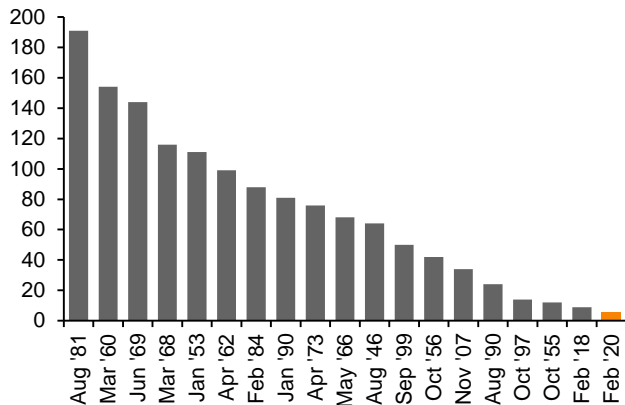
- China Caixin PMI manufacturing
- RBA official cash rate
- Australia 4Q real GDP

## Thought of the week

The swift nature of the correction in global equities has caught investors off guard. This week's chart looks at past instances of 10% market corrections for the U.S. S&P 500 from its peak. The current correction is the fastest in history, taking only six days. The 10% drop in 2018 was close at nine days, but otherwise investors would need to go back a long way to find another correction as rapid. There are two questions investors now have to grapple with. The first is whether the market reaction has been overdone given the figures surrounding the spread of the coronavirus outside of China remain low as a share of the population. The second is whether the market recovery will be as swift. Too soon to tell on either.

## Number of days for the S&P to fall 10% from its peak

Days



## Market statistics

Equities	Level	Index returns (%)		
		1 week	YTD	1 year
MSCI AC World	603	-10.5	-8.1	5.5
MSCI World	1,646	-11.1	-8.3	5.9
MSCI EM	57,100	-6.4	-7.0	1.7

Countries	Level	Index returns (%)		
		1 week	YTD	1 year
ASX 200	6,441	-9.5	-3.1	8.6
Small Ords	2,728	-10.9	-5.6	1.6
NZ50	4,821	-6.7	-2.0	20.8
Topix	1,511	-9.7	-12.2	-3.6
Shanghai Comp	2,880	-5.2	-5.6	-2.1
S&P 500	2,954	-11.4	-8.3	8.2
STOXX 600	376	-12.2	-9.4	4.4
DAX	11,890	-12.4	-10.3	3.3
CAC 40	5,310	-11.9	-11.0	4.7
FTSE MIB	21,984	-11.3	-6.1	10.9

ASX sectors	Level	Index returns (%)		
		1 week	YTD	1 year
Cons disc	2,532	-11.0	-4.4	14.0
Cons staples	12,211	-9.0	0.5	20.1
Energy	9,479	-11.8	-16.6	-14.8
Financials	5,904	-9.1	-0.4	3.8
Healthcare	43,817	-8.5	7.9	47.6
Industrials	6,488	-10.0	-6.5	8.4
IT	1,288	-13.7	-8.1	4.4
Materials	12,391	-10.6	-10.2	0.4
Telecoms	1,224	-7.4	-1.2	11.8
Utilities	7,833	-5.6	-3.0	2.3

Volatility	Level (%)			
	28/02/20	21/02/20	31/12/19	28/02/19
VIX	40.11	17.08	13.78	14.78

Local bonds	Yield	Change (bps)		
		1 week	YTD	1 year
2yr Aus Treasuries	0.55	-12	-37	-114
10yr Aus Treasuries	0.82	-11	-56	-128
AusBond Comp	0.92	-10	-45	-122
AusBond IG	1.46	-6	-41	-135

Global bonds	Yield	Change (%)		
		1 week	YTD	1 year
10yr US Treasury	1.14	-33	-77	-157
10yr UK Gilt	0.42	-14	-40	-92
10yr German Bund	-0.62	-17	-43	-77
10yr JGB	-0.14	-7	-12	-11
Global Agg	1.07	-15	-38	-89
Global IG	1.88	-6	-33	-123
Global HY	6.54	90	86	14
EMD (\$US)	4.98	31	5	-117

Commodities		Change (%)		
		1 week	YTD	1 year
Copper (\$/t)	5,573	-2.3	-9.5	-14.7
Gold (\$/ozt)	1,610	-2.0	6.3	22.0
Silver (\$/ozt)	17.19	-7.4	-4.8	8.7
Crude (Brent\$/bbl)	50.00	-14.7	-26.2	-23.1
Iron ore (\$/t)	82.93	-4.0	-9.4	-5.0

Currencies	Levels (vs \$A)			
	28/02/20	21/02/20	31/12/19	28/02/19
USD	0.6448	0.6632	0.7030	0.7115
EUR	0.5870	0.6111	0.6262	0.6248
GBP	0.5048	0.5117	0.5306	0.5349
CHF	0.6241	0.6489	0.6807	0.7087
JPY	69.5460	74.0772	76.3931	79.1986
NZD	1.0395	1.0452	1.0419	1.0439

Please see important disclosure on next page.

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Source: FactSet, Standard & Poors, J.P. Morgan Asset Management, all returns in local currency unless otherwise stated.

Equity price levels and returns: Levels are prices and returns represent total returns for stated period.

Bond yields and returns: Yields are yield to maturity for government bonds and yield to worst for corporate bonds. All returns represent total returns. AusBond Comp is the AusBond Composite 0+ Yr, AusBond IG is the AusBond Credit 0+ Yr both provided by Bloomberg.

Currencies: All cross rates are against the Australian dollar. An appreciation of the foreign currency against the Australian dollar would be positive and a depreciation of the foreign currency against the Australian dollar would be negative.

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