

Weekly Market Update

Week ending 23 July 2021

Australian equities gained across the week, driven by the mining sector, despite over half the economy being in lockdown. Global equities began the week down due to concerns over the rising COVID-19 case numbers. However, markets improved and were driven higher by strong earnings results, particularly in US cyclical companies including financials and materials.

Always in a doctor's best interest

Weekly Market Recap

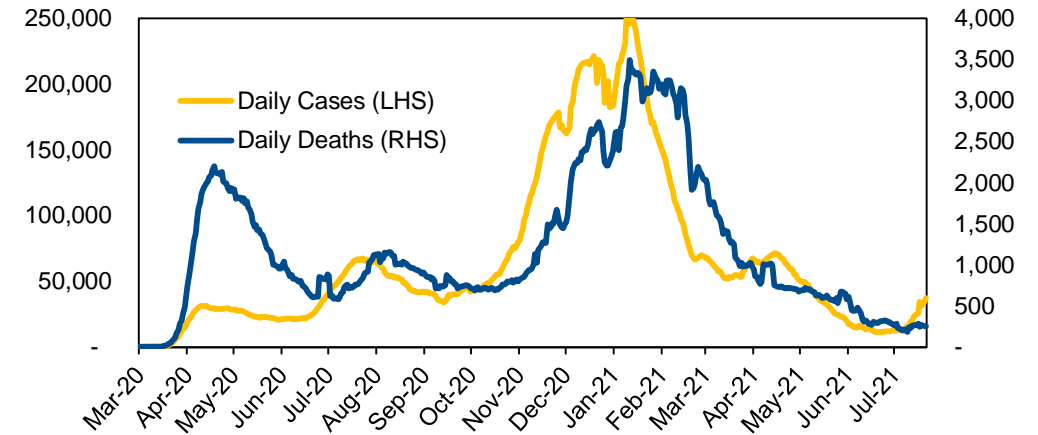
Author: Alex Evans, Senior Investment Manager, Avant Investments

Australian equities gained across the week, driven by the mining sector, despite over half the economy being in lockdown. Global equities began the week down due to concerns over the rising COVID-19 case numbers. However, markets improved and were driven higher by strong earnings results, particularly in US cyclical companies including financials and materials.

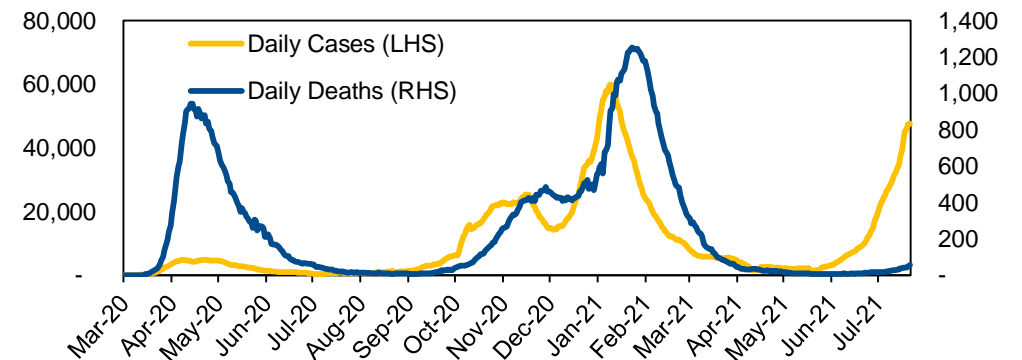
Long term US government bond yields remained largely unchanged over the week. Domestically the Australia 10Y government bond yield fell 8bps to 120bps. There is growing evidence to suggest that the lockdown measures are impacting the domestic economy. Retail sales in June fell -1.8% largely driven by Victoria (-3.5%), NSW (-2%) and Queensland (-1.5%). The Markit Services PMI, which measures the activity in the services section of the economy fell from 57 to 44 (measure greater than 50 suggests increasing activity).

The UK and US are seeing around 40,000 cases a day, however hospitalisations remain low. European countries that previously lagged in the vaccine roll out have improved the pace of vaccinations, helping reduce hospitalisations amongst growing cases. Australia has completed 7.7m (30%) first doses and 3.3m (12%) full doses. Despite increasing vaccination rates over the last few weeks as hesitation has fallen in response to recent outbreaks, low vaccination levels continue to drive the lockdowns in NSW, Victoria and SA to curb the delta variant of COVID-19. Lockdown extensions and ongoing restrictions are expected to have a significant impact on September quarter GDP.

US Daily Cases and Deaths



UK Daily Cases and Deaths



Full vaccinations appear to be effective in reducing the likelihood of death from COVID-19 infections

Source: Bloomberg

Economic data released across the prior week



	Current	Market expectations	Prior Period
Westpac Leading Index	0.0%		0.0%
Retail Sales Month on Month	-1.8%	-0.7%	0.4%
Markit Composite Flash PMI	45.2		56.7
Markit Service Flash PMI	44.2		56.8
Markit Manufacturing Flash PMI	56.8		58.6

The Week Ahead

- Consumer Price Index
- Private Sector Credit
- Producer Price Index



	Current	Market expectations	Prior Period
Housing Starts	1643K	1590K	1572K
Markit Composite Flash PMI		59.7	63.7
Markit Service Flash PMI	59.8	64.5	64.6
Markit Manufacturing Flash PMI	63.1		62.1

The Week Ahead

- Conference Board Consumer Confidence
- FOMC Interest Rate Decision
- Q2 GDP



	Current	Market expectations	Prior Period
European Central Bank Rate	0%	0%	0%
Markit Composite Flash PMI	60.6	60	59.5
Markit Service Flash PMI	60.4	59.3	58.3
Markit Manufacturing Flash PMI	62.6	62.5	63.4

The Week Ahead

- Unemployment Rate
- Consumer Price Index

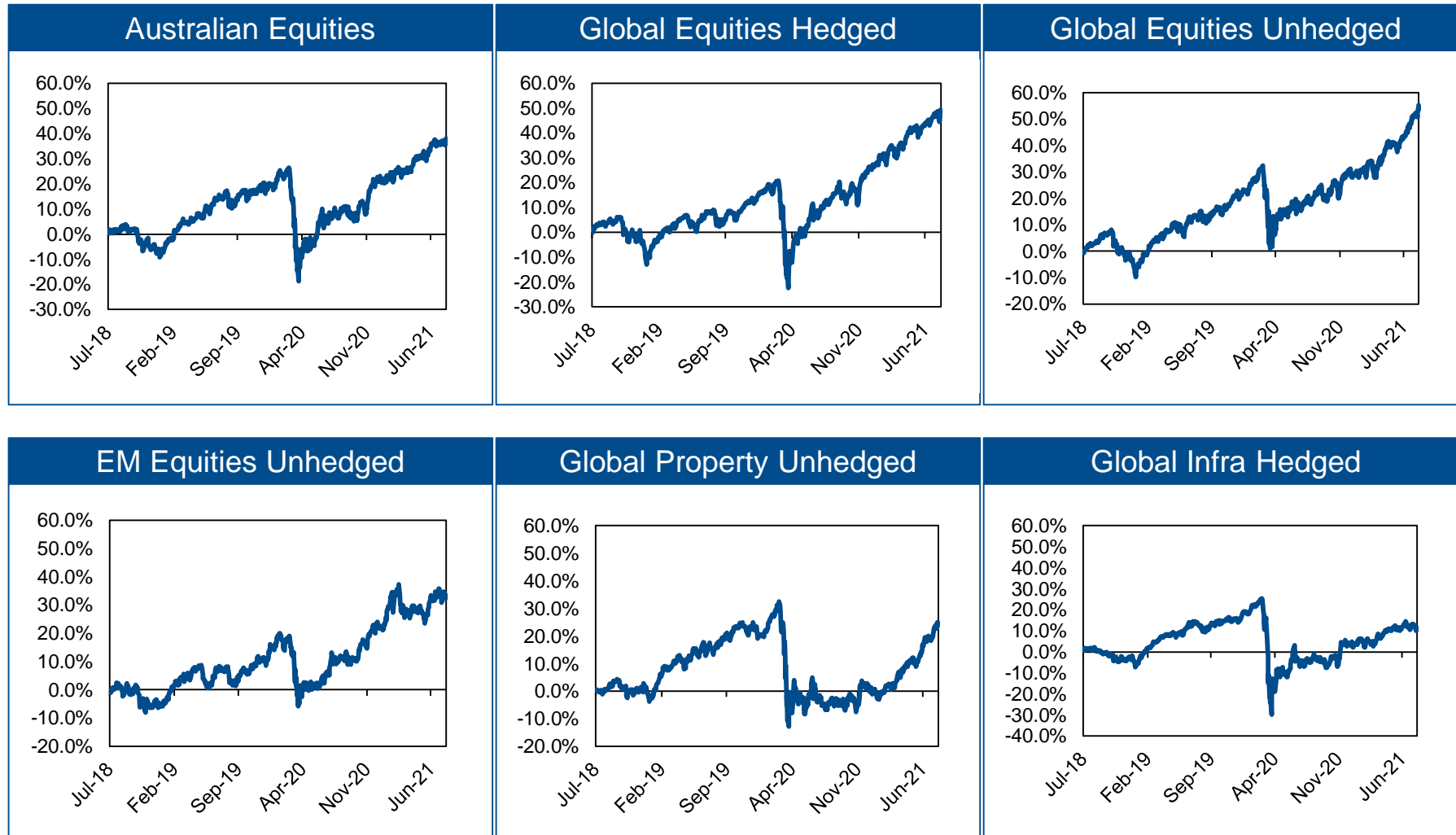


	Current	Market expectations	Prior Period

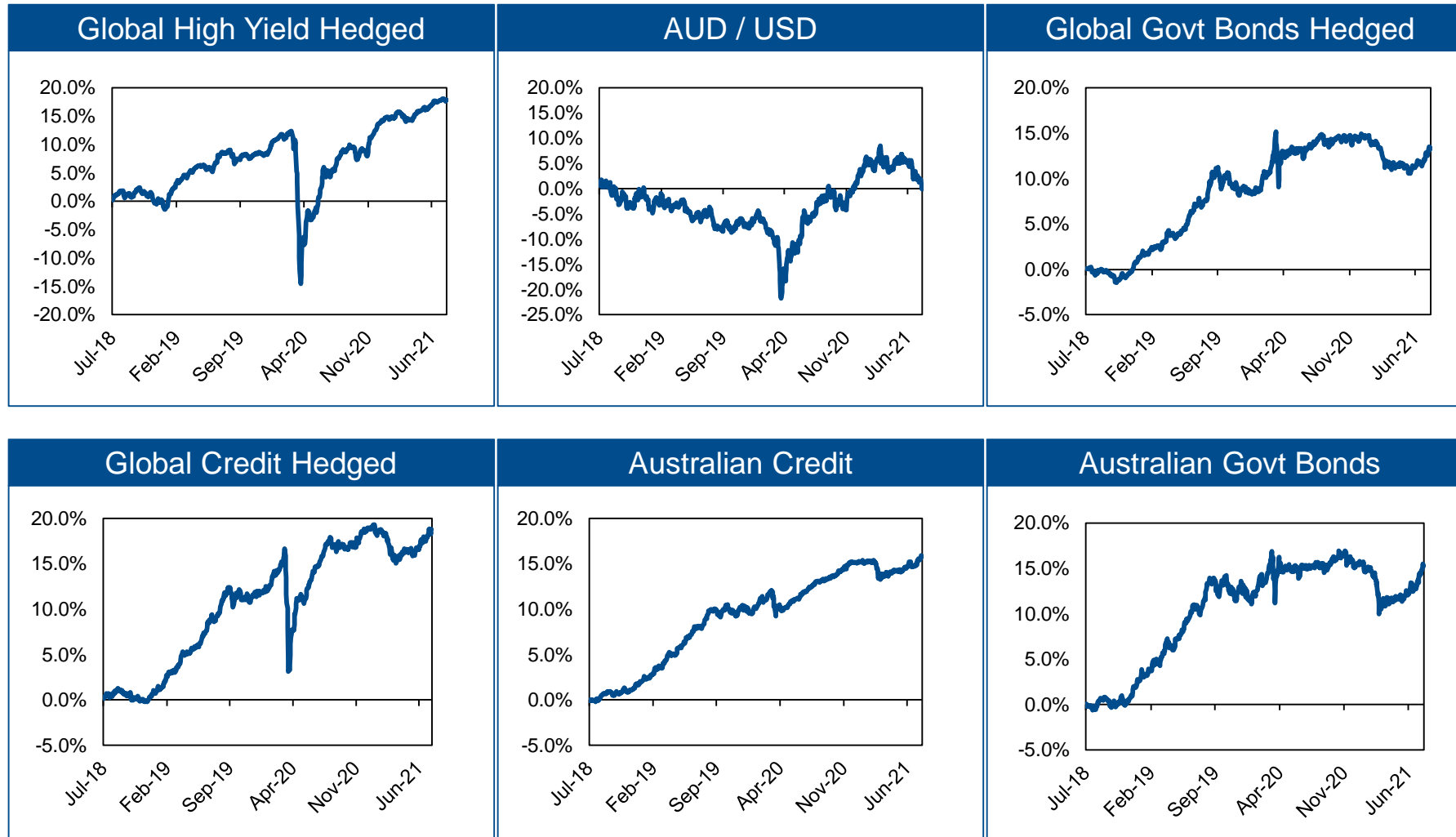
The Week Ahead

- Industrial Profits
- Non-Manufacturing PMI
- Manufacturing PMI
- Composite PMI

Historical market returns



Historical market returns



Market performance

Australian Shares	Index Returns (%)								Index Characteristics			
	Price	1 week	MTD	YTD	FYTD	1 yr	3 yrs pa	5yrs pa	Div Yld	Trailing PE	Forward PE	10Y Average PE
Top 50	7,149	0.73	1.31	15.33	1.31	24.78	11.01	11.36	2.94	43.72	16.84	18.74
Top 200	7,394	0.63	1.12	14.14	1.12	25.43	10.94	11.52	2.74	53.35	17.56	20.29
Top 300	7,386	0.60	1.10	14.21	1.10	25.98	11.12	11.60	2.71	57.91	17.88	23.02
Small Caps	3,398	0.32	0.57	11.39	0.57	29.28	9.53	10.69	2.07	125.55	23.42	-
Overseas Shares - local currency												
Global Equities	3,072	1.60	1.90	15.47	1.90	34.50	14.99	15.16	1.64	29.16	20.55	20.29
US Top 500	4,412	1.97	2.88	20.64	2.88	42.17	17.98	17.46	1.32	29.32	22.67	19.33
Europe Top 600	460	1.52	2.02	18.11	2.02	27.03	8.93	9.65	2.43	43.60	17.41	23.42
UK Top 100	6,995	0.24	-0.04	10.84	-0.04	17.06	0.80	4.79	3.40	50.00	13.04	29.31
Emerging Market	1,311	-2.08	-4.31	2.81	-4.31	24.24	9.14	11.37	2.04	16.25	13.85	14.03
Overseas Shares in AUD												
Global Equities ex Aus (UH)	14,170	2.29	3.99	20.89	3.99	30.04	14.63	15.11	1.62	28.93	20.65	20.42
Global Equities ex Aus (H)	2,476	1.75	2.14	16.61	2.14	32.28	12.88	14.05	1.62	28.93	20.65	20.42
Emerging Markets (UH)	484	-1.46	-2.41	7.77	-2.41	20.29	8.93	11.47	2.04	16.25	13.85	14.03
Listed Real Assets												
Australian REITs	1,540	0.75	0.05	10.18	0.05	32.10	7.92	4.95	3.61		18.07	-
Global REITs (H)	3,102	0.11	3.59	23.62	3.59	33.23	6.05	4.59	3.07	111.07	32.03	26.67
Global Infrastructure (H)	5,386	-0.67	0.05	10.18	0.05	32.10	3.11	4.58	3.36	45.28	23.94	22.14

Domestic Fixed Income	Index Returns (%)								Levels			
	Yield	1 week	MTD	YTD	FYTD	1 yr	3 yrs pa	5yrs pa	Aus OAS	23-Jul-21	30-Apr-21	31-Dec-20
Australian Composite	0.86	0.37	1.58	-0.19	1.58	0.76	22.08	3.38	AAA	0.354	0.344	0.319
Australian Treasury	0.80	0.41	1.83	-0.29	1.83	0.04	21.04	3.22	AA	0.483	0.469	0.386
Australian Credit	1.17	0.29	0.86	0.50	0.86	2.83	24.08	4.23	A	0.709	0.630	0.743
Australian Bank Bills	0.03	0.00	0.00	0.01	0.00	0.05	10.03	1.27	BBB	0.985	0.955	1.070
Global Fixed Income												
Global Agg (UH)	1.01	0.08	0.71	-2.52	0.71	1.10	4.53	2.62	Global OAS	23-Jul-21	30-Apr-21	31-Dec-20
Global Agg (H)	1.01	0.29	1.05	-0.58	1.05	0.12	4.40	3.03	AAA	0.485	0.462	0.530
Global Agg credit (UH)	1.39	0.12	0.64	-1.30	0.64	2.56	6.13	4.19	AA	0.541	0.530	0.572
Global High Yield (UH)	4.34	-0.14	0.01	2.09	0.01	10.43	6.07	6.01	A	0.718	0.724	0.772
									BBB	0.991	1.019	1.093

Rates	Levels (%)								Levels			
	23-Jul-21	31-May-21	30-Apr-21	31-Dec-20	30-Sep-20	30-Apr-20	31-Oct-19	30-Sep-19	Currency	23-Jul-21	30-Apr-21	31-Dec-20
RBA cash rate	0.10	0.10	0.10	0.10	0.25	0.25	0.75	1.00	AUD/USD	0.74	0.77	0.77
90 day BBSW	0.03	0.04	0.04	0.01	0.09	0.10	0.93	0.95	AUD/EUR	0.63	0.64	0.63
Aus 3 yr yield	0.26	0.28	0.30	0.11	0.16	0.25	0.81	0.74	AUD/JPY	81.4	84.3	79.5
Aus 10 yr yield	1.20	1.71	1.75	0.97	0.79	0.89	1.14	1.02	EUR / USD	1.18	1.20	1.22
Fed Funds Target rate	0.25	0.25	0.25	0.25	0.25	0.25	1.75	2.00	GDP / USD	1.37	1.38	1.37
US 2 yr yield	0.20	0.14	0.16	0.12	0.13	0.20	1.52	1.62	CNY/ USD	6.48	6.47	6.53
US 3 yr yield	0.37	0.30	0.33	0.16	0.16	0.24	1.52	1.56	Commodity			
US 10 yr yield	1.28	1.59	1.63	0.91	0.68	0.64	1.69	1.66	23-Jul-21	30-Apr-21	31-Dec-20	
ECB Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Gold (US\$)	\$1,802	\$1,769	\$1,898
10 yr German Bund	-0.42	-0.19	-0.20	-0.57	-0.52	-0.59	-0.41	-0.57	WTI Crude (US\$)	\$72	\$63	\$48
									Iron Ore (US\$)	\$216	\$180	\$156

As at 23 July 2021
Source: Bloomberg

Contact Us

Head office

Level 6, Darling Park 3, 201
Sussex Street, Sydney NSW 2000

We are available

Monday – Friday
8am – 7pm AEDT (Australian Eastern Time).



<https://doctorswealthmanagement.com.au/>



wealth@avant.org.au



[1800 128 268](tel:1800128268)

Important Disclaimer

The material contained in this publication is of general nature only. It is not, nor is intended to be legal, accounting, tax or financial advice. Doctors Financial Services Pty Ltd (DFS) and its related entities have not considered your individual objectives, financial situation and needs in providing this information. If you wish to take any action based on the content of this publication we recommend that you seek appropriate professional advice. While we endeavour to ensure that this information is as current as possible at the time of publication, we take no responsibility for matters arising from changed circumstances, information or material. DFS and its related entities will not be liable for any loss or damage, however caused (including through negligence), that may be directly or indirectly suffered by you or anyone else in connection with the use of information provided. Doctors Wealth Management is a registered business name of Doctors Financial Services Pty Ltd ABN 56 610 510 328, AFSL 487758. Doctors Wealth Management Financial Advisers are Authorised Representatives of DFS.

© Doctors Financial Services Pty Limited 2021