

Monthly market snapshot

The monthly market snapshot provides commentary on financial markets' performance and the global economy



Monthly market summary

August 2024

Market volatility rises amid economic slowdown

August 2024 saw heightened volatility in global markets driven by monetary policy developments and mixed economic data from major regions. Early in the month, market volatility spiked following a weaker-than-expected U.S. jobs report, signalling an economic slowdown. This raised concerns about a possible recession.

Globally, inflation showed signs of cooling. The U.S. Federal Reserve (Fed) indicated that rate cuts might be on the horizon, with Fed Chairman Jerome Powell suggesting that restrictive monetary policy had reached its peak. The European Central Bank and Bank of England also hinted at further rate cuts, while China continued to grapple with deepening economic issues, with stimulus measures proving insufficient to reverse its economic slowdown. The Bank of Japan also continued tightening its ultra-loose monetary policy stance, which, all things being equal, may lead to an appreciation of the Yen. The appreciation of the Yen led to one of the steepest declines in global equities this year.

Global equity markets experienced mixed performance throughout August. The U.S. market led global gains, with the S&P 500 rising by 2.4% for the month, supported by strong consumer sentiment and retail sales. In contrast, European equities lagged, with the Euro Stoxx Index posting more modest gains of 1.8%, driven by continued economic weakness in Germany and other major economies. Inflationary pressures in Europe eased, with core inflation falling to 2.8%, further fuelling expectations for rate cuts later in the year. Meanwhile, Chinese equities struggled, with the CSI 300 Index down 3.3% as economic stimulus measures failed to restore investor confidence. Japan also posted negative returns, with the Nikkei Index falling 1.1%.

In Australia, the ASX 300 Index posted a slight gain of 0.4% in August. The performance was driven primarily by the industrials sector, which rose 1.4%, while resource stocks dragged the index lower due to declining commodity prices. Small-cap stocks also suffered, with the ASX Small Ords Index down 2%, reflecting global concerns about economic growth.

In currency markets the Japanese Yen appreciated by 2.54% against the U.S. dollar as the Bank of Japan indicated that it could continue tightening its monetary policy stance if inflationary pressures continued. This rapid appreciation led to steep selloffs in riskier assets, particularly in emerging markets, where investors had used the low-yielding Yen to fund higher-yielding investments. The U.S. dollar, meanwhile, depreciated against most major currencies as the market priced in a higher likelihood of a rate cut in September. The Australian dollar appreciated 3.4% against the U.S. dollar, bolstered by higher domestic rates and strong economic data.

Bond markets performed strongly in August, with global yields falling in response to expectations of monetary policy easing. The Bloomberg Barclays Global Aggregate Index rose 2.4%, as Treasury yields fell across the curve. U.S. Treasuries outperformed, with shorter-term yields dropping more aggressively than longer-term yields. In Australia, the Bloomberg Ausbond Composite Index gained 1.2%, reflecting broader gains in global fixed income assets. As central banks prepared for potential rate cuts, high-yield corporate bonds outperformed their investment-grade counterparts.

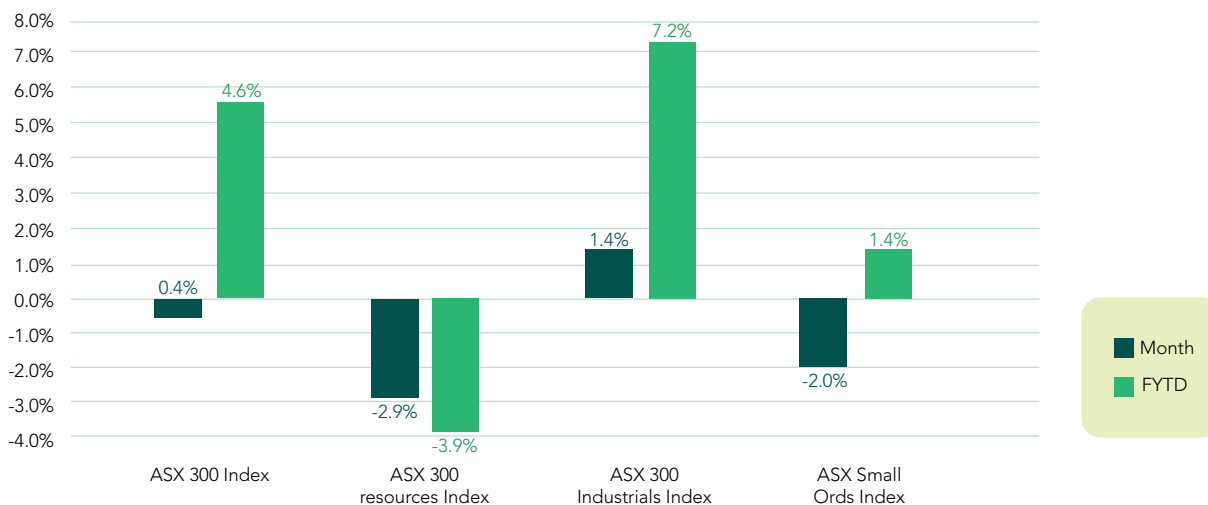
Commodities, particularly energy, underperformed in August. Global oil prices fell to their lowest levels this year, driven by a surprise increase in U.S. inventories and broader concerns about oversupply. The Bloomberg Commodity Index remained flat for the month, while precious metals like gold benefited from rising safe-haven demand amidst geopolitical risks. Gold prices reached new nominal highs, gaining 2.3% in August.

Domestically, the economy remained resilient amid global volatility. The CoreLogic Home Value Index showed a 0.5% increase nationally, represents the 19th consecutive month of increase in home value however quarterly growth eased in most capital city through winter. Mortgage rates, however, remained elevated as the Reserve Bank of Australia (RBA) kept interest rates steady in August, signalling that inflation risks persist. The RBA emphasised that rates would need to stay higher for longer to address underlying inflationary pressures, particularly in the housing and wage sectors.

Looking ahead, Australia's economy faces potential risks from China's slowdown, given the close trade links between the two countries. The decline in Chinese demand for commodities, especially iron ore, could weigh on Australian exports and Gross Domestic Product growth.

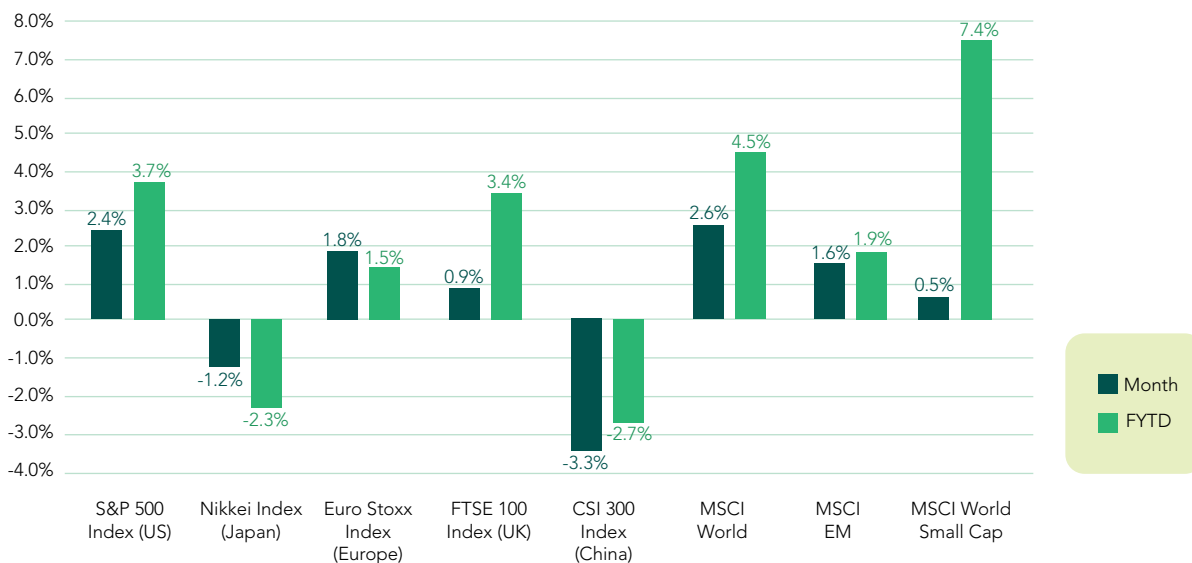
August 2024

Australian equities



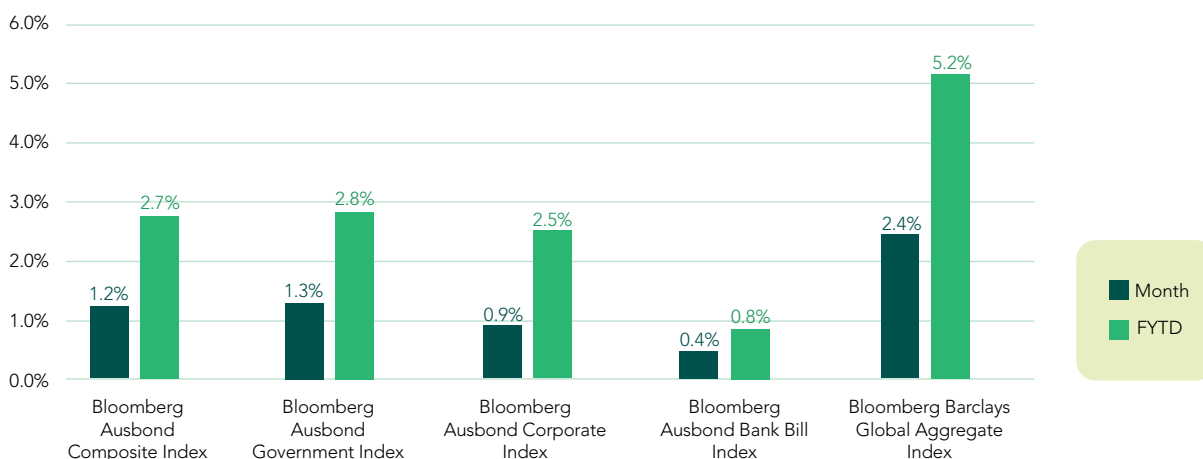
Source: Bloomberg

International equities (local currencies)



Source: Bloomberg

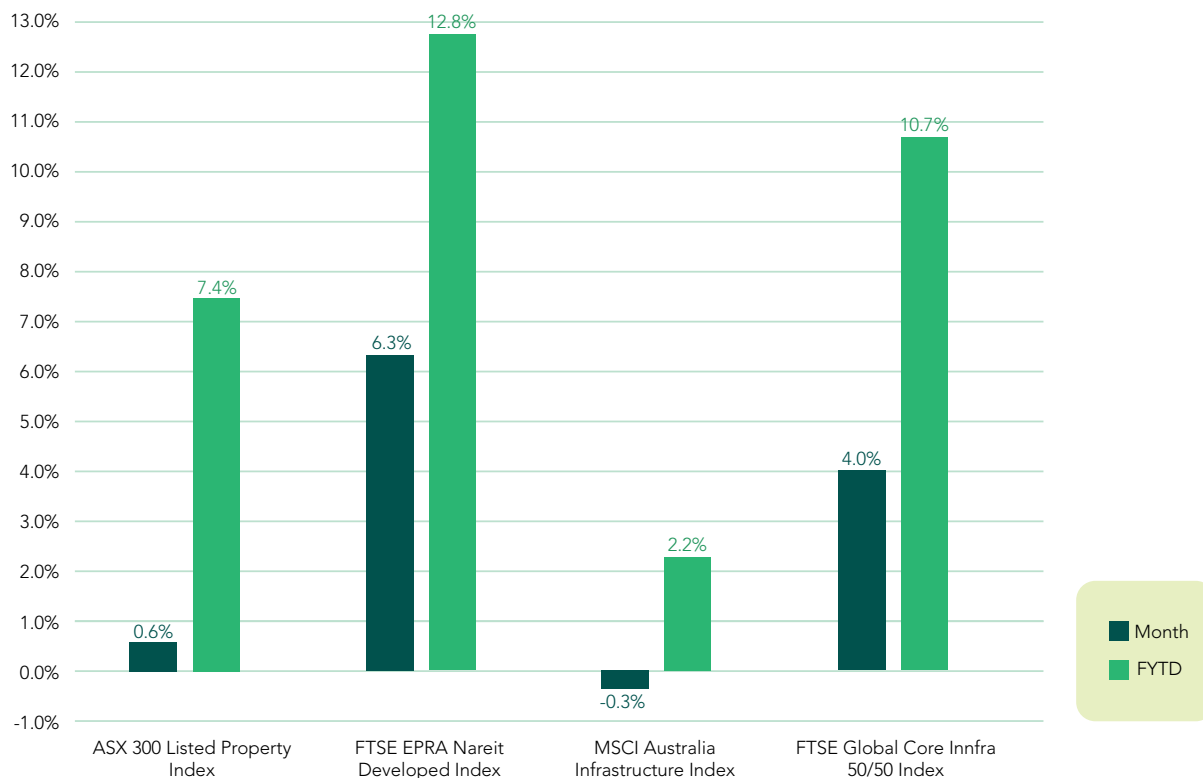
Fixed income



Source: Bloomberg

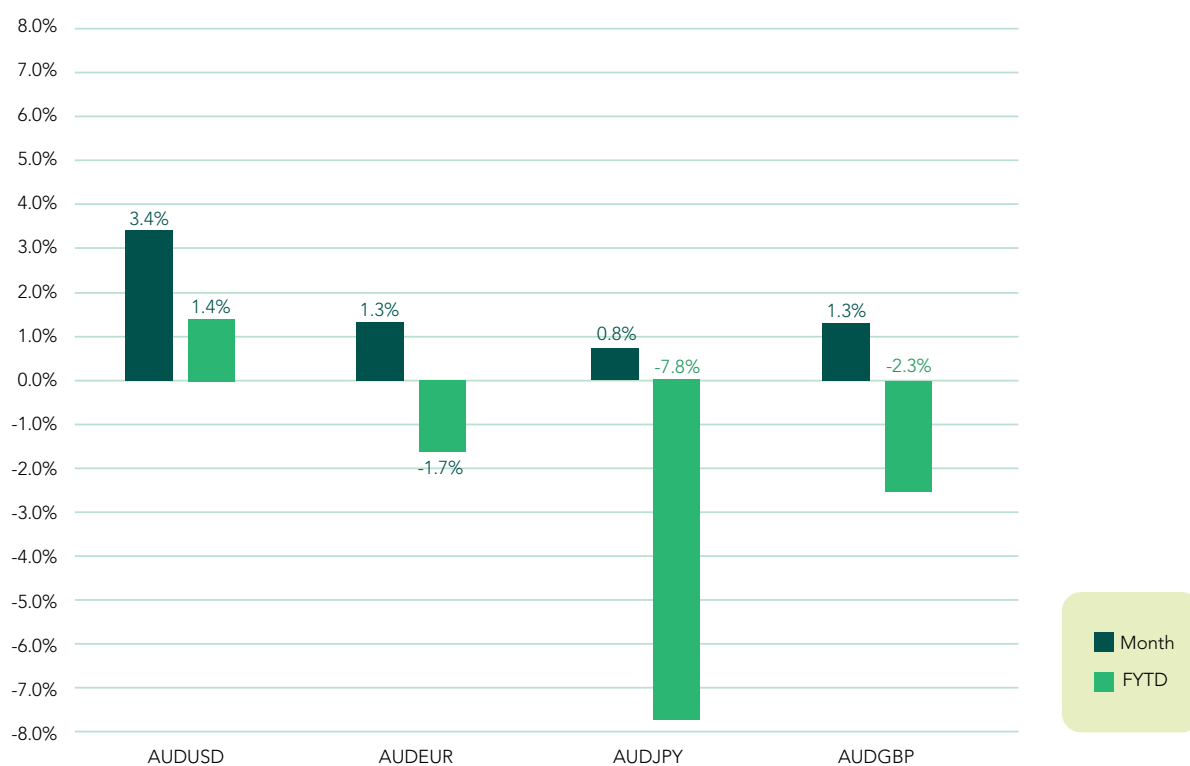
August 2024

Property and infrastructure



Source: Bloomberg

Australian dollar against major local currencies



Source: Bloomberg

NGS Super Investment Performance Summary

To 31 August 2024

Superannuation

NGS Accumulation account returns

	NGS Super investment option	10 years % p.a.	5 years % p.a.	3 years % p.a.	1 year %	Financial year to date %	Month %	Since commencement % p.a. return	Commencement date	Funds under management (FUM) \$M
PRE-MIXED	Diversified (MySuper)	6.85	5.87	3.73	8.69	1.76	-0.14	6.80	Oct 1999	9807.70
	High Growth	7.52	6.43	3.52	9.17	1.33	-0.66	6.35	Jul 2007	685.10
	Balanced	5.65	4.69	3.26	7.26	1.76	0.25	5.33	Jul 2007	476.30
	Defensive	4.76	3.62	2.64	6.22	1.63	0.39	5.55	Feb 2003	296.40
	Indexed Growth	7.32	6.51	4.97	13.73	3.64	0.50	8.42	Oct 2011	165.60
SECTOR-SPECIFIC	Australian Shares	7.76	8.05	6.50	14.50	4.56	0.91	9.37	Feb 2003	465.80
	International Shares	9.92	8.35	3.43	15.07	1.82	-0.55	8.13	Mar 2003	325.60
	Infrastructure	n/a	4.60	3.60	13.20	8.18	2.61	4.72	May 2019	8.40
	Property	7.09	5.60	7.58	16.32	8.73	4.06	7.87	Sep 2002	84.40
	Diversified Bonds	1.70	0.40	-0.96	6.09	2.82	1.39	3.95	Oct 1999	35.50
	Cash and Term Deposits	1.95	1.82	2.56	4.19	0.71	0.35	3.44	Oct 1999	280.80

The above table shows the net return after investment fees, tax and the asset-based fee.

We recommend that you seek financial advice before making any changes to your investment strategy. In particular we recommend that you seek financial advice before making any short-term changes to your long-term investment strategy. Investment returns are not guaranteed as all investments carry some risk. Past performance is not necessarily a guide to future performance.

¹ If you are in a *Transition to retirement account*, your returns prior to 1 July 2017 were tax free and were reflected in the Income account returns.

This information is provided by NGS Super Pty Limited ABN 46 003 491 487, AFSL No 233 154, the trustee of NGS Super ABN 73 549 180 515

NGS Super Investment Performance Summary

To 31 August 2024

Transition to Retirement

NGS Transition to Retirement account returns

	NGS Super investment option	10 years % p.a.	5 years % p.a.	3 years % p.a.	1 year %	Financial year to date %	Month %	Since commencement % p.a. return	Commencement date	Funds under management (FUM) \$M
PRE-MIXED	Diversified	7.06	5.87	3.73	8.69	1.76	-0.14	7.14	Jul 2005	9807.70
	High Growth	7.77	6.43	3.52	9.17	1.33	-0.66	6.58	Jul 2007	685.10
	Balanced	5.84	4.69	3.26	7.26	1.76	0.25	5.66	Jul 2007	476.30
	Defensive	4.94	3.62	2.64	6.22	1.63	0.39	5.77	Jul 2005	296.40
	Indexed Growth	7.51	6.51	4.97	13.73	3.64	0.50	8.88	Oct 2011	165.60
SECTOR-SPECIFIC	Australian Shares	7.90	8.05	6.50	14.50	4.56	0.91	8.18	Jul 2005	465.80
	International Shares	10.17	8.35	3.43	15.07	1.82	-0.55	8.10	Jul 2005	325.60
	Infrastructure	n/a	4.60	3.60	13.20	8.18	2.61	4.72	May 2019	8.40
	Property	7.27	5.60	7.58	16.32	8.73	4.06	7.24	Jul 2005	84.40
	Diversified Bonds	1.81	0.40	-0.96	6.09	2.82	1.39	3.57	Jul 2005	35.50
	Cash and Term Deposits	2.06	1.82	2.56	4.19	0.71	0.35	3.53	Jul 2005	280.80

The above table shows the net return after investment fees, tax and the asset-based fee.

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NGS Super Investment Performance Summary

To 31 August 2024

Income account

Returns on income account (pension) investments are tax free. Income account investment returns will exceed equivalent (taxed) super investment returns in periods when investment earnings are positive. In periods when investment earnings are negative, super returns will exceed equivalent income account returns. A negative return (loss) means that less tax is payable on taxed super investments than has already been accrued, so there is a tax adjustment that can be credited back to accumulation members. There is no equivalent adjustment for income account members because income account returns are tax free.

NGS Income account returns

	NGS Super investment option	10 years % p.a.	5 years % p.a.	3 years % p.a.	1 year %	Financial year to date %	Month %	Since commencement % p.a. return	Commencement date	Funds under management (FUM) \$M
PRE-MIXED	Diversified	7.42	6.30	4.28	9.79	1.97	-0.10	7.09	Nov 2001	1197.00
	High Growth	8.04	6.76	4.05	10.15	1.49	-0.70	6.74	Aug 2007	104.70
	Balanced	6.14	5.02	3.68	8.12	1.99	0.29	5.84	Aug 2007	405.50
	Defensive	5.25	3.94	2.99	7.04	1.90	0.46	5.76	Nov 2001	395.90
	Indexed Growth	7.91	6.98	5.58	15.22	3.99	0.55	9.20	Sept 2011	110.40
	Retire Plus	n/a	6.02	4.97	6.83	1.64	0.09	7.18	Aug 2017	250.00
SECTOR-SPECIFIC	Australian Shares	7.77	7.60	7.24	16.45	5.21	1.11	8.69	Sept 2004	87.00
	International Shares	10.45	8.49	3.48	16.83	1.98	-0.59	8.28	Sept 2004	56.50
	Infrastructure	n/a	5.52	4.71	16.48	9.35	2.96	5.65	May 2019	2.70
	Property	7.94	6.34	8.32	19.51	10.40	4.84	8.68	Dec 2002	20.40
	Diversified Bonds	2.09	0.69	-1.09	7.44	3.30	1.62	4.10	May 2004	20.60
	Cash and Term Deposits	2.29	2.14	3.00	4.91	0.84	0.41	3.75	Jul 2004	154.70

The above table shows the net return after investment fees and the asset-based fee (no tax applies).

We recommend that you seek financial advice before making any changes to your investment strategy. In particular we recommend that you seek financial advice before making any short-term changes to your long-term investment strategy. Investment returns are not guaranteed as all investments carry some risk. Past performance is not necessarily a guide to future performance.

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Further information

If you are thinking about making changes to your investments in NGS Super, consider obtaining professional advice to understand which investment option might be right for you.

We offer single-issue advice limited to your NGS Super account at no cost:

- over the phone through our Financial Advice Helpline
- through our **Super Specialists** who you can talk to over the phone or meet either virtually or face-to-face.

We also offer low-cost tailored advice through NGS Financial Planning.

To make an appointment phone us on **1300 133 177** or complete the **Financial planning enquiry form** at ngssuper.com.au/advice

NGS financial planning service

NGS Super members are also entitled to a free initial consultation for general advice relating to your personal circumstances through our financial planning service.

Important information

This document has been issued by NGS Super Pty Limited ABN 46 003 491 487 RSE Licence L0000567 AFSL 233 154 as trustee of NGS Super ABN 73 549 180 515.

Any information contained in this document is of a general nature only and does not take into account your personal objectives, financial situations or needs. Please read the **Product Disclosure Statement** and consider the **Target Market Determination** before making a decision about NGS Super. The information in this document is current as at August 2024. Past performance is not a guarantee of future results. The forward-looking statements in this document are not guarantees or predictions of future performance and subject to change. Care should be taken before relying on these statements.

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