

Monthly market snapshot

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



Monthly market summary

December 2024

December 2024 was marked by heightened volatility and uncertainty in global financial markets as investors digested mixed signals from central banks, geopolitical developments, and economic data. The prevailing mood was one of caution as markets grappled with the implications of shifting monetary policies and uneven economic recoveries worldwide. Looking ahead to 2025, the outlook remains clouded by potential risks, driving investors to adopt a more defensive stance.

Central banks: policy shifts and divergent signals

In the United States, the Federal Reserve (Fed) reduced its policy rate by 25 basis points (bps) to a range of 4.25% to 4.50%, as widely expected. However, the Fed's accompanying hawkish commentary and projection of only two additional rate cuts in 2025 have intensified concerns of overheating economy as upward revisions in growth and inflation forecasts were revealed. Investors remain wary of the Fed's ability to balance inflation control with growth and employment stability, adding to market jitters.

In Europe, the macroeconomic backdrop continued to weaken, with the Purchasing Managers' Index (PMI) recording its 30th consecutive month of contraction in the manufacturing sector. Political uncertainties have also added to investor caution. France's newly appointed Prime Minister Bayrou faces the challenge of passing a deficit-reducing budget, while Germany struggles to reignite growth through fiscal spending. Meanwhile, the European Central Bank (ECB) lowered rates by 25 bps in December and signalled further cuts in 2025 to stimulate the sluggish economy.

In the Asia-Pacific region, markets were impacted by softer currencies, tariff disputes, and political instability. South Korea's ongoing political challenges have pushed the South Korean won (KRW) to a 16-year low, underscoring the region's vulnerabilities.

Equity markets: diverging performances

Global equity markets closed the month broadly lower, though regional performances varied. In the U.S., the S&P 500 fell by 2.4%, reflecting investor concerns over the Fed's hawkish stance. European equities, represented by the Euro Stoxx Index, rose 1.9%, buoyed by optimism over falling energy prices. Japan's Nikkei Index surged 4.5%, supported by robust corporate earnings and a depreciating yen, while Australia's ASX 300 dropped 3.1% due to resource sector weakness. China's CSI 300 posted a modest 0.6% gain, driven by cautious optimism about economic recovery.

Fixed income: persistent inflationary pressures

In fixed income, the Fed's rate cut failed to deliver the expected relief, with bond yields rising instead. Persistent inflation and doubts over central bank efficacy kept pressure on yields. The Bloomberg Barclays Global Aggregate Bond Index fell 2.1%, while Australian fixed-income markets saw modest gains of 0.5% (Bloomberg AusBond Composite Index).

Property and commodities: mixed signals

Property markets struggled, with the ASX 300 Listed Property Index declining 5.8% and the FTSE EPRA Nareit Developed Index dropping 6.9%. Commodities showed mixed performance: gold slipped 0.7% to close the year at USD 1,951 per ounce, while the Bloomberg Commodity Index rose 1.0%, driven by higher energy prices.

Currency and domestic markets

Currency markets were dominated by U.S. dollar strength. The Australian dollar (AUD) fell 5.0% against the greenback, reflecting the Reserve Bank of Australia's (RBA) dovish tone during its December meeting. Domestically, the RBA held rates steady at 4.35%, citing signs of easing inflation. Meanwhile, Australian home values declined by 0.1% in December, marking the first drop in nearly two years.

Outlook for 2025

As global markets transition into 2025, uncertainty remains the defining theme. Investors are likely to stay cautious, focusing on diversification and risk management to navigate a complex and volatile investment environment.

December 2024

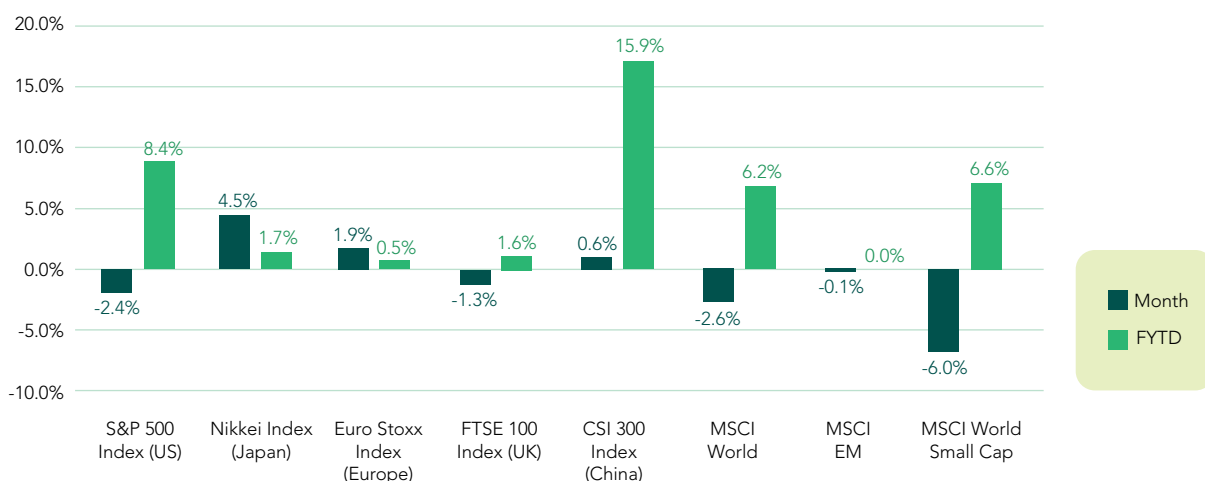
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Australian equities



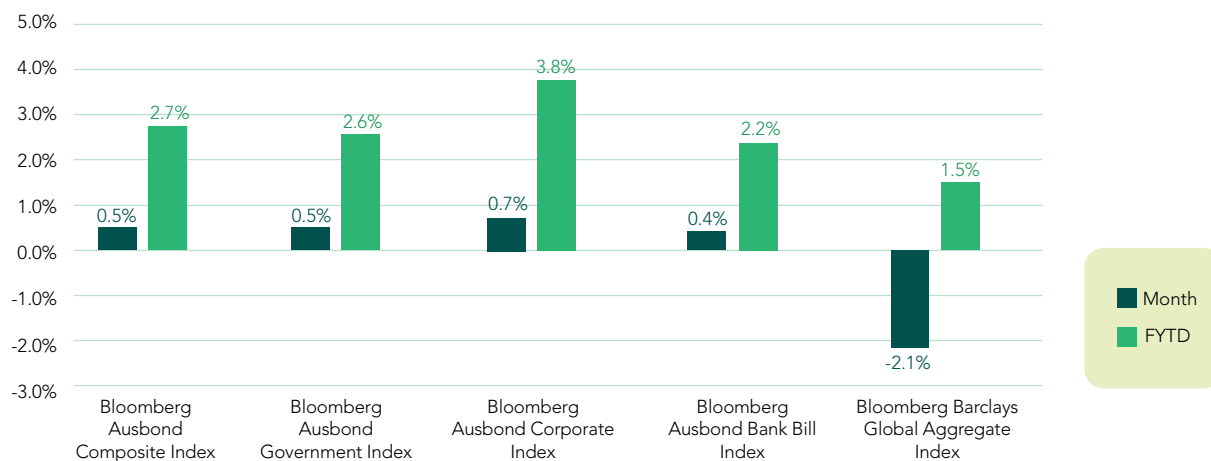
Source: Bloomberg Index Services Limited.

International equities (local currencies)



Source: Bloomberg Index Services Limited.

Fixed income

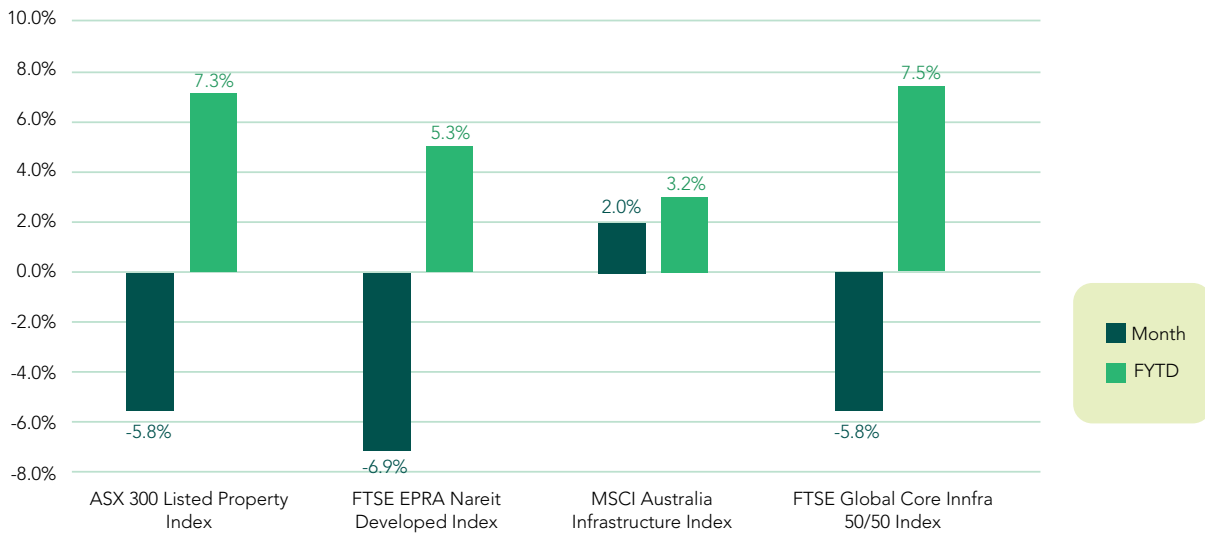


Source: Bloomberg Index Services Limited.

December 2024

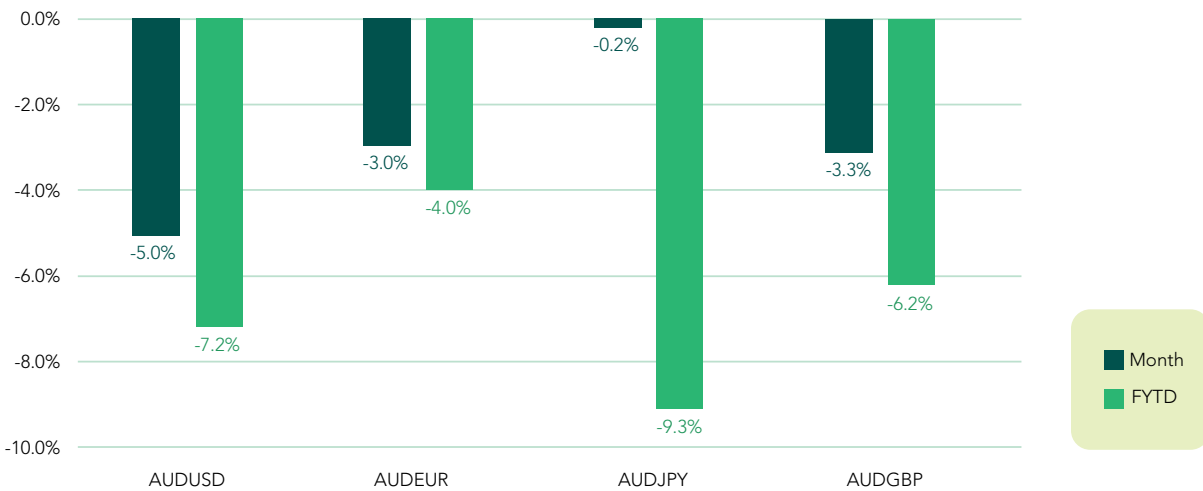
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Property and infrastructure



Source: Bloomberg Index Services Limited.

Australian dollar against major local currencies



Source: Bloomberg Index Services Limited.

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NGS Super Investment Performance Summary

To 31 December 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)	7.05	6.14	4.64	10.64	5.86	-0.20	6.88	Oct 1999	10126.50
	High Growth	7.74	6.76	4.60	12.19	6.09	-0.11	6.50	Jul 2007	716.10
	Balanced	5.75	4.83	3.88	7.94	4.62	-0.13	5.40	Jul 2007	473.50
	Defensive	4.78	3.71	3.07	6.20	3.64	-0.09	5.56	Feb 2003	299.20
	Indexed Growth	7.27	6.69	5.41	13.48	6.91	-1.17	8.46	Oct 2011	182.60
SECTOR-SPECIFIC	Australian Shares	8.34	8.15	7.13	12.24	7.81	-2.89	9.38	Feb 2003	477.70
	International Shares	10.01	9.23	6.34	23.22	11.57	2.22	8.45	Mar 2003	351.40
	Infrastructure	n/a	3.60	2.14	9.01	7.71	-4.61	4.36	May 2019	8.60
	Property	6.30	4.92	5.40	7.43	5.73	-5.56	7.61	Sep 2002	84.10
	Diversified Bonds	1.48	0.25	-0.97	1.85	2.17	-0.43	3.87	Oct 1999	35.00
	Cash and Term Deposits	2.01	2.00	3.02	4.26	2.11	0.35	3.45	Oct 1999	280.90

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.

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NGS Super Investment Performance Summary

To 31 December 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	7.24	6.14	4.64	10.64	5.86	-0.20	7.23	Jul 2005	10126.50
	High Growth	7.96	6.76	4.60	12.19	6.09	-0.11	6.73	Jul 2007	716.10
	Balanced	5.91	4.83	3.88	7.94	4.62	-0.13	5.71	Jul 2007	473.50
	Defensive	4.94	3.71	3.07	6.20	3.64	-0.09	5.78	Jul 2005	299.20
	Indexed Growth	7.41	6.69	5.41	13.48	6.91	-1.17	8.90	Oct 2011	182.60
SECTOR-SPECIFIC	Australian Shares	8.52	8.15	7.13	12.24	7.81	-2.89	8.21	Jul 2005	477.70
	International Shares	10.16	9.23	6.34	23.22	11.57	2.22	8.47	Jul 2005	351.40
	Infrastructure	n/a	3.60	2.14	9.01	7.71	-4.61	4.36	May 2019	8.60
	Property	6.43	4.92	5.40	7.43	5.73	-5.56	6.96	Jul 2005	84.10
	Diversified Bonds	1.57	0.25	-0.97	1.85	2.17	-0.43	3.48	Jul 2005	35.00
	Cash and Term Deposits	2.10	2.00	3.02	4.26	2.11	0.35	3.54	Jul 2005	280.90

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 December 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	7.64	6.61	5.27	11.82	6.50	-0.22	7.18	Nov 2001	1236.60
	High Growth	8.28	7.12	5.25	13.42	6.72	-0.13	6.92	Aug 2007	110.50
	Balanced	6.25	5.18	4.38	8.83	5.17	-0.16	5.91	Aug 2007	413.50
	Defensive	5.28	4.03	3.46	7.00	4.17	-0.12	5.78	Nov 2001	405.20
	Indexed Growth	7.85	7.17	6.08	14.88	7.57	-1.29	9.24	Sept 2011	122.80
	Retire Plus	n/a	6.16	5.42	8.19	5.01	-0.15	7.32	Aug 2017	285.40
SECTOR-SPECIFIC	Australian Shares	8.43	7.74	7.96	13.86	8.83	-3.21	8.73	Sept 2004	89.00
	International Shares	10.52	9.40	6.66	25.78	12.62	2.38	8.67	Sept 2004	62.60
	Infrastructure	n/a	4.41	3.14	11.62	8.97	-5.19	5.24	May 2019	2.70
	Property	7.04	5.54	5.78	8.72	6.80	-6.55	8.38	Dec 2002	20.30
	Diversified Bonds	1.83	0.53	-1.09	2.38	2.55	-0.50	4.00	May 2004	20.00
	Cash and Term Deposits	2.36	2.34	3.54	4.99	2.47	0.41	3.77	Jul 2004	152.60

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.

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