

# THE MONTHLY MARKET REPORT



## A SNAPSHOT OF THE KEY POINTS FOR November

The RBA held the overnight cash rate steady at 2.50% in November.

The 3 Month Bank Bill Swap Rate increased by 0.04% over the month, while the 10 Year Australian Bond Yield decreased by -0.19%.

The Australian Share Market had a negative month, with the All Ordinaries Price and the S&P/ASX 200 Index decreasing by -3.76% and -3.86% respectively.

Australian Listed Properties were largely unchanged in November.

Many global equities markets outperformed the Australian market, with the TOPIX (Japan) Index increasing by 5.75% to be the strongest performer.

US equities also performed well, with the Dow Jones Industrials Index and the S&P 500 Index increasing by 2.52% and 2.45% respectively. The STOXX 50 (EUR) Index also had a good month, adding 3.10%.

Oil prices saw a large drop over the month, with the Texas Crude Oil US\$ Index decreasing by -17.87%. The overall US\$ CRB Spot Commodity Price Index fell by -0.93% in November.

The Australian Dollar depreciated against most major currencies in November. In particular, it fell by -3.57% against the US Dollar, -2.47% versus the Euro and -1.85% against the British Pound. However the Australian Dollar gained 3.51% over the Japanese Yen, signalling a further decline in the Yen.

The Australian Trade Weighted Index (TWI) fell by -1.73% in November, indicating a decrease in Australia's international competitiveness.

Corporate debt spreads tightened over the month, falling to 89.73 from 94.00, as measured by the iTraxx Australia Index.

US equity market volatility decreased by -0.70% in November, ending the month priced at 13.33%, as measured by the S&P VIX Index.



### Energy fell around the globe

Oil hit a four-year low of around US \$70 a barrel at the end of November after OPEC's decision to maintain current level of oil production despite an oversupply. The energy sector globally fell by -8.10% over the month as measured by the MSCI ACWI Energy Local Currency Index.

Australian shares underperformed their global counterparts over the month, although the bond market outperformed marginally.

Bei Cao  
Analyst

## MARKET INDICATORS

Market	Indicator	End of Month Price	Previous Month Price	1 Month Change in Price	12 Months Ago Price	12 Month Change in Price
Interest Rates	Overnight Cash Rate (%)	2.50	2.50	0.00	2.50	0.00
	3 Month BBSW (%)	2.74	2.70	0.04	2.86	-0.12
	10 Year Bond Rate (%)	3.10	3.30	-0.19	4.25	-1.14
Australian Shares	All Ordinaries Index	5298.10	5505.00	-3.76%	5314.30	-0.30%
	S&P/ASX 200	5313.00	5526.60	-3.86%	5320.00	-0.13%
Property	ASX 300 Property Index	1133.89	1133.91	0.00%	1001.63	13.20%
Regional Shares	Dow Jones Industrials (US)	17828.24	17390.52	2.52%	16086.41	10.83%
	S&P 500 (US)	2067.56	2018.05	2.45%	1805.81	14.49%
	FTSE 100 (UK)	6722.62	6546.47	2.69%	6650.57	1.08%
	STOXX 50 (EUR)	347.25	336.80	3.10%	325.16	6.79%
	TOPIX (Japan)	1410.34	1333.64	5.75%	1258.66	12.05%
	Hang Seng (Hong Kong)	23987.45	23998.06	-0.04%	23881.29	0.44%
Commodities	US\$ Gold Price	1181.97	1165.69	1.40%	1253.35	-5.70%
	US\$ Oil Price – W Texas Crude	66.15	80.54	-17.87%	92.72	-28.66%
	US\$ CRB Spot Commodity Index	454.64	458.92	-0.93%	463.15	-1.84%
Exchange Rates	AUD / USD	0.8491	0.8805	-3.57%	0.9087	-6.56%
	AUD / EUR	0.6822	0.6995	-2.47%	0.6676	2.19%
	AUD / GBP	0.5406	0.5508	-1.85%	0.5553	-2.65%
	AUD / JPY	100.43	97.02	3.51%	92.94	8.06%
TWI	Australia Trade Weighted Index \$A	68.20	69.40	-1.73%	69.80	-2.29%
iTraxx	iTraxx Australia	89.73	94.00	-4.55%	99.38	-9.71%
Volatility	VIX Index %	13.33	14.03	-0.70%	13.70	-0.37%

## CASH, FIXED INCOME & CREDIT

Zenith Benchmarks	Index	1 Mth	1 Qtr	1 Yr (p.a.)	3 Yr (p.a.)	5 Yr (p.a.)	Fin YTD	Cal YTD
Australian Cash	Bloomberg AusBond Bank Bill	0.21	0.66	2.67	3.23	3.85	0.66	2.01
Australian Bonds	Bloomberg AusBond Composite Index	1.25	1.90	8.55	6.13	6.89	1.90	6.45
International Bonds	Barclays Global Aggregate \$A (H)	1.17	2.02	9.15	7.77	8.07	2.02	7.03
	Barclays Global Agg Treasuries TRI \$A (H)	1.38	2.33	9.28	7.58	7.77	2.33	7.37
	Barclays Global Agg Corporate TRI \$A (H)	0.96	1.26	9.69	9.79	9.56	1.26	6.78
Emerging Markets Debt	Barclays EM Hard Currency Agg TRI \$A (H)	-0.08	0.13	10.34	10.34	11.22	0.13	7.38

### SUMMARY OF STATISTICS

- Australian Cash gained 0.21% in November, as measured by the Bloomberg AusBond Bank Bill Index, taking its calendar year return to 2.67%.
- The Australian Bond Market had a strong month, with the Bloomberg AusBond Composite Index increasing by 1.25%.
- International Bonds also posted positive returns in November, with the Barclays Global Aggregate (Hedged) \$A Index increasing by 1.17%. Within the asset class, Corporate Bonds gained 1.38% over the month to be the strongest performer, while Government Bonds increased by 0.96%.
- Emerging Markets Debt was the weakest performer over the month, with the Barclays Emerging Market Hard Currency Aggregate Total Return Index \$A (Hedged) falling by -0.08%.

### COMMENTARY

The RBA has left the official cash rate unchanged at 2.50% for the 15th month in a row. RBA Governor Glenn Stevens reiterated his view of keeping interest rates stable for a reasonable period of time in order to stimulate economic activities outside of the mining sector. The Westpac Consumer Confidence Index rose by 1.9% in November, yet is still 12.5% below its level a year ago. The Australian Manufacturing PMI increased by 0.7 points to 50.1, indicating a slight expansion in manufacturing activities this month. The Australian Dollar depreciated over the month, and commodity prices fell further on the back of OPEC's decision to not cut output.

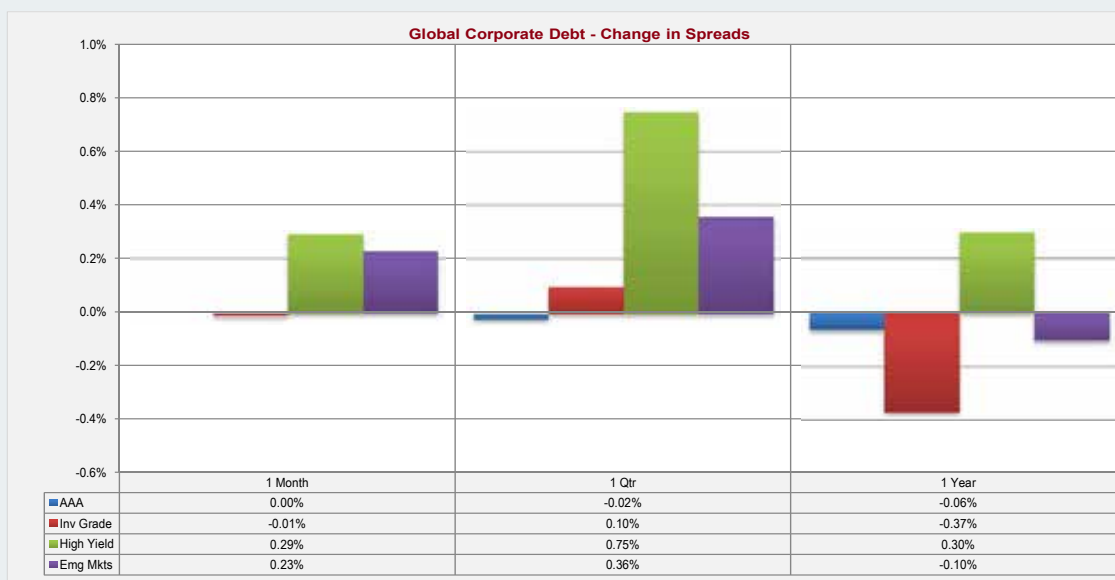
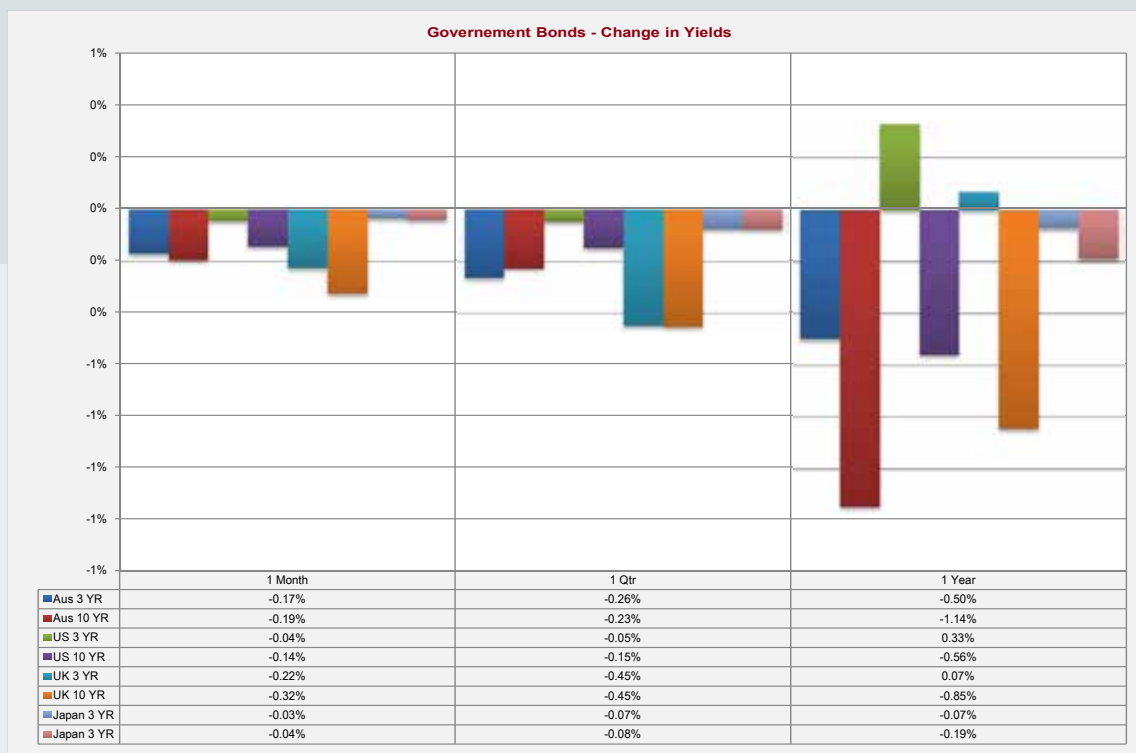
Australian Bonds posted strong returns over the month, with the Bloomberg AusBond Australia Composite Index increasing by 1.25%. Australian Government Bond Yields fell

further in November, with the Australia 3 Year and 10 Year Government Bond Yield decreasing by -0.17% and -0.19% respectively. Australian corporate debt spreads narrowed over the month, with the iTraxx Australian Index decreasing from 94.00 in October to 89.73 in November.

U.S. manufacturing activities slowed to 54.8 in November from 55.9 in the previous month, yet a reading well above 50 still indicates an expansion. The latest released U.S. GDP figures for Q3 were revised upward to 3.9% annualized rate, with business investments and consumer spending both exceeding prior estimates.

Consistent with the Australian Fixed Income Market, yields for Global Bonds continued to fall over the month. The US 3 Year and 10 Year Government Bond Yields decreased by -0.04% and -0.14%, and the UK 3 Year and 10 Year Government Bond Yields were down by -0.22% and -0.32% respectively. Falling yields have pushed up the performance of global bonds, with the Global Aggregate Hedged \$A Index recording a gain of 1.17%.

Global treasuries outperformed corporate bonds over the month on the back of the rising government yields. The Investment Grade corporate debt spreads were largely unchanged in November, while spreads for the riskier end of the spectrum expanded. The Barclays Emerging Markets Hard Currency Aggregated Total Return Hedged \$A Index lost -0.08% over the month to be the worst performer in the asset class.



## ▲ AUSTRALIAN SHARES

Zenith Benchmarks	Index	1 Mth	1 Qtr	1 Yr (p.a.)	3 Yr (p.a.)	5 Yr (p.a.)	Fin YTD	Cal YTD
Market Capitalisation	S&P/ASX 300 Index	-3.24	-4.53	4.04	13.38	6.82	-4.53	1.39
	S&P/ASX 50 Leaders Index	-3.50	-4.30	3.73	15.05	7.77	-4.30	1.74
	S&P/ASX Midcap 50 Index	-0.69	-2.25	11.99	11.95	5.73	-2.25	4.97
	S&P/ASX Small Ordinaries Index	-3.81	-9.56	-1.81	-1.04	-1.27	-9.56	-6.20
	S&P/ASX Emerging Companies Index	-5.57	-13.87	-9.35	-11.54	-6.75	-13.87	-10.37
GICS Sectors	S&P/ASX 300 Materials	-5.60	-11.86	-9.61	-5.18	-4.36	-11.86	-14.22
	S&P/ASX 300 Industrials	-1.52	-3.49	7.59	10.19	5.39	-3.49	3.11
	S&P/ASX 300 Consumer Discretionary	-1.95	-2.13	3.50	18.81	7.05	-2.13	-0.33
	S&P/ASX 300 Consumer Staples	-8.11	-6.87	-2.00	12.43	8.55	-6.87	-4.82
	S&P/ASX 300 Energy	-13.10	-21.09	-7.89	-2.09	-3.75	-21.09	-12.27
	S&P/ASX 300 Healthcare	1.19	7.16	17.89	29.75	16.41	7.16	12.92
	S&P/ASX 300 Information Technologies	-3.99	-6.16	2.84	15.12	2.87	-6.16	-1.35
	S&P/ASX 300 Telecommunications	1.21	3.30	20.35	30.45	19.79	3.30	16.09
	S&P/ASX 300 Financials ex Property	-2.12	-2.21	6.13	23.32	11.87	-2.21	6.39
	S&P/ASX 300 Utilities	-0.88	-1.10	14.88	15.82	12.83	-1.10	6.66
S&P/ASX 300 Property	0.00	1.05	19.82	18.99	11.81	1.05	15.91	

### SUMMARY OF STATISTICS

- Australian Shares fell by -3.24% in November, as measured by the S&P/ASX 300 Accumulation Index.
- The broader Australian share market fell across the board in November. The ASX Midcap 50 Index was the strongest performer, falling by -0.69% to outperform the ASX 300 Index by 2.55%.
- The S&P/ASX Emerging Companies Microcap Index continued its underperformance of the broader Australian share market, declining by -5.57% for the month. This index has now lost -9.35% over the past 12 months to underperform the broader market by 13.39%.
- On a sector basis, the S&P/ASX 300 Energy Index continued to be the poorest performer in November, losing -13.10% over the month to take its past year losses to -7.89%.
- Healthcare and Telecommunications were the strongest sectors over the month, gaining 1.19% and 1.21% respectively.

**The Australian Share Market had a poor month, with the S&P/ASX 300 Accumulation Index decreasing by -3.24% to underperform their global counterparts.**

### COMMENTARY

The Australian Share Market had a poor month, with the S&P/ASX 300 Accumulation Index decreasing by -3.24% to underperform their global counterparts. The domestic economic activity continued to grow a little below average, on the back of falling commodity prices and the increasing chance of another interest rate cut.

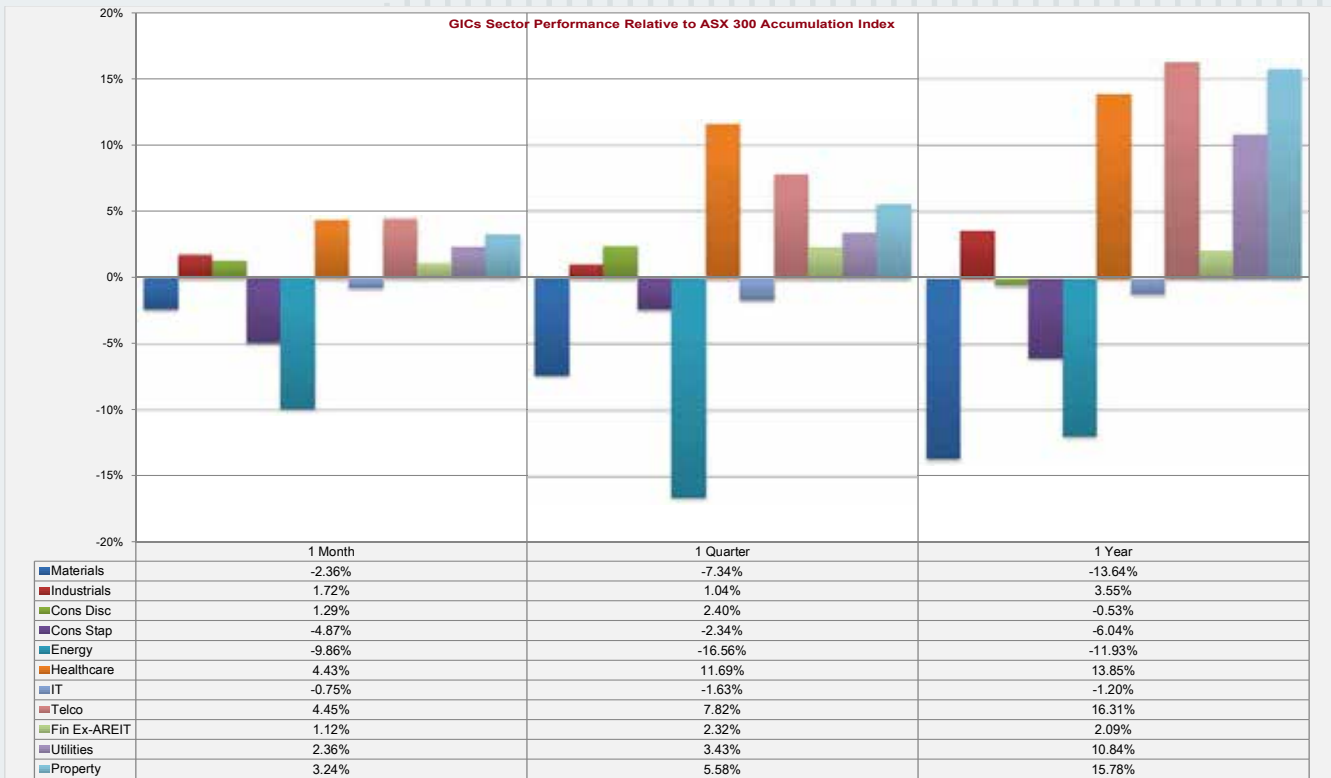
Over the past month, most major Australian sectors underperformed their global counterparts with resources stocks continuing to suffer losses. The Energy sector lost -13.10% in November on the back of sliding global oil prices. OPEC's decision to maintain production in the face of oversupply prompted a heavy fall for Brent crude oil at end of the month.

Losses were driven by Santos Ltd (-21.22%), WorleyParsons Ltd (-16.08%) and Origin Energy Ltd (-14.34%), all of which are in the ASX 50 Leaders Index. Santos has lost more than a third of its market value in the past three months and WorleyParsons has cut thousands of jobs in recent months joining many other mining companies on cost reductions to adapt to post mining boom conditions.

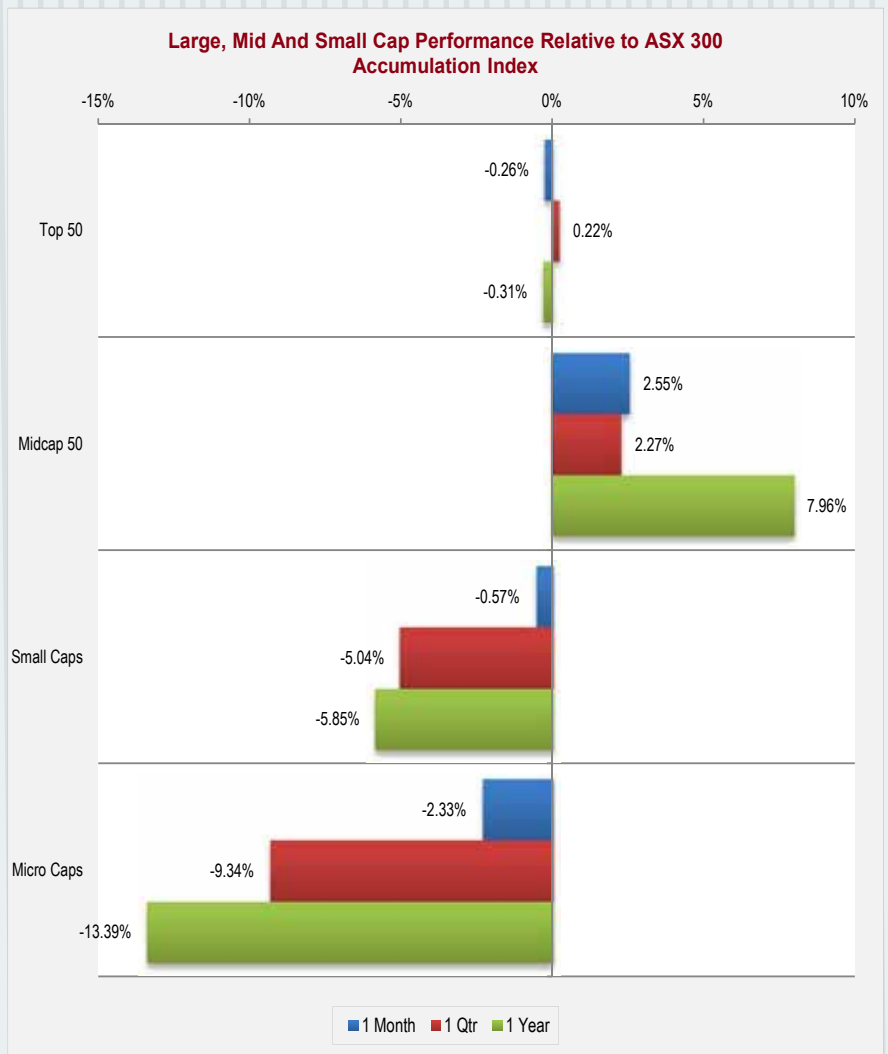
Economic uncertainties drove investors towards defensive equity sectors, with the Healthcare and Telecommunications the strongest performers for the month. Acrux Ltd and Australian Pharmaceutical Industries Ltd led the gains in the Healthcare sector, gaining 16.89% and 13.13% respectively to drive the S&P/ASX 300 Healthcare Index 1.19% higher for the month.

In the Telecommunications space, NewSat Ltd and Singapore Telecommunications Ltd gained 8.11% and 6.34% respectively for the month to be the best performers. Australia's largest telecommunications company Telstra continued to provide attractive income through generous dividends and overall the company generated 2.52% total return for the month.





This chart shows GICs Sector performance relative to the ASX 300 Index, over the past 1 month, 1 quarter and 1 year time periods. GICs Sector weightings for the ASX 300 Index, as at 30 September 2014 were as follows: Materials 17.73%; Industrials 6.33%; Consumer Discretionary 4.77%; Consumer Staples 7.50%; IT 0.43%; Telecommunication Services 5.43%; Financials ex-AREIT 38.71%; Property 6.07%; Energy 5.69%; Utilities 2.29%; Healthcare 5.05%.



This chart shows market capitalisation segmental performance relative to the S&P/ASX 300 Accumulation Index.

## INTERNATIONAL SHARES

Zenith Benchmarks	Index	1 Mth	1 Qtr	1 Yr (p.a.)	3 Yr (p.a.)	5 Yr (p.a.)	Fin YTD	Cal YTD
International Shares -	MSCI World Ex-Au (\$A)	5.32	9.91	17.03	23.80	12.71	11.43	12.05
Unhedged	MSCI World (\$A)	5.05	9.45	16.61	23.48	12.52	11.08	11.80
	MSCI Small Cap World (\$A)	3.44	5.65	11.06	23.46	15.19	5.47	6.22
	MSCI AC World (\$A)	4.71	8.56	15.68	22.08	11.60	10.62	11.33
International Shares -	MSCI World ex-Au	3.09	3.26	13.28	18.54	12.41	5.05	10.90
Local Currency	MSCI World	2.89	3.02	12.98	18.40	12.21	4.92	10.67
	MSCI World Small Cap	0.44	-3.59	3.72	16.07	13.59	-4.63	1.33
	MSCI AC World	1.67	-0.93	8.04	14.76	10.05	0.03	6.21
Regional Shares -	MSCI North America	2.48	2.77	15.89	19.24	14.59	5.40	12.97
Local Currency	MSCI Asia	3.71	5.18	10.54	18.36	9.58	8.10	9.22
	MSCI AC Asia ex-Japan	1.62	-0.52	8.09	11.64	7.15	3.90	9.03
	MSCI China	1.56	-0.75	3.10	11.54	3.10	7.51	6.74
	MSCI Europe	3.70	1.84	7.90	14.88	8.82	1.85	6.86
	MSCI Emerging Markets	1.13	-1.80	6.79	9.27	6.24	3.13	7.85
	MSCI India	2.69	6.48	35.13	21.26	10.86	11.52	32.15
	MSCI Japan	6.19	12.30	13.80	27.34	12.96	13.31	9.96
Global Gold Shares in \$A	FTSE Gold Mines	7.96	-25.04	-12.59	-29.93	-18.68	-22.68	-11.60
Global Resources in \$A	HSBC Global Mining	0.31	-12.31	-5.79	-8.69	-6.62	-9.78	-9.02

### SUMMARY OF STATISTICS

- Global Equities had a strong month, with the MSCI World ex-Australia (Local Currency) Index increasing by 3.09%. The unhedged equivalent in AUD outperformed, adding 5.32% due to a depreciation of the Australian Dollar over the month.
- On a market capitalisation basis, small cap stocks underperformed the broader market in November, with the MSCI World Small Cap ex Australia Local Currency Index increasing by 0.44%.
- On a regional basis, Japan gained 6.19% over the month to be the strongest performer while the Emerging Markets underperformed the broad global index by 1.96% (in local currency).
- Gold prices recovered some of its earlier losses in November, with the FTSE Global Mines \$A Index increasing by 7.96%.

### COMMENTARY

Global equities added 3.09% over the month, as measured by the MSCI World ex-Australia (Local Currency) Index. The gains were led by the developed nations and losses were mostly from the Emerging Markets. The U.S. released further optimistic data over the month, with consumer sentiment rising to 88.8 in November from 86.9 in the previous month. GDP figures revised

upward to 3.9% for the third quarter, exceeding forecasts. Although the US manufacturing activities fell from 55.9 in October to 54.8 in November, a reading well above 50 still indicates an expansion. The MSCI North America Local Currency Index increased by 2.48% over the month.

Japan was the best performer in equities markets over the month, with the MSCI Japan Local Currency Index increasing by 6.19%. The Japanese manufacturing operating conditions continued to improve, with the PMI Index posting at 52.0 in November. Production and new orders rose modestly over the month as the country's strong corporate spending lifted sentiment on the back of a weaker Yen. The falling oil prices continued to support airline shares and rubber products makers.

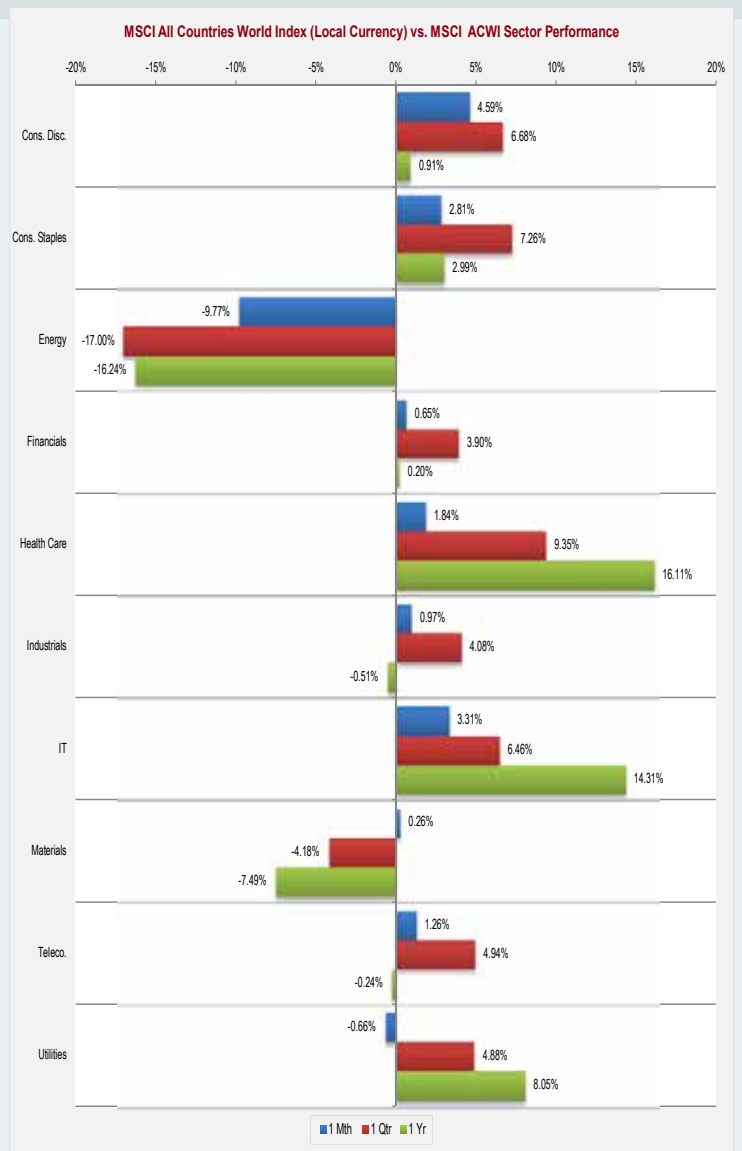
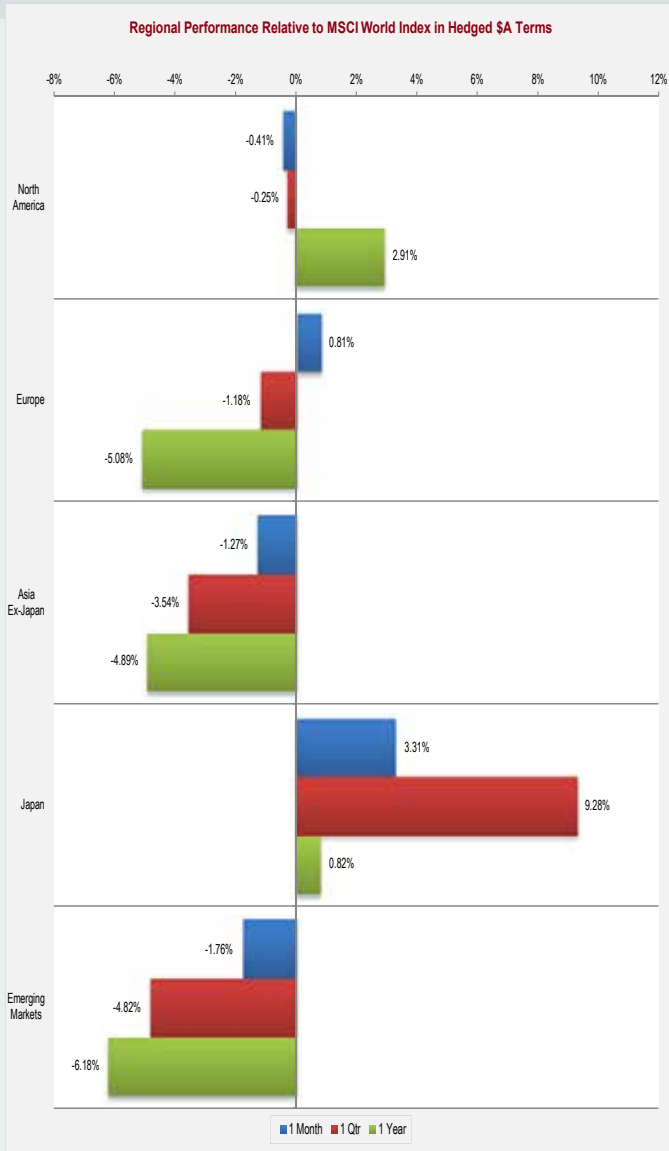
On a sector basis, energy was the weakest performer, losing -8.10% over the month as measured by the MSCI ACWI Energy Local Currency Index. The continuing falling commodity prices have made it tough for many resources companies and the OPEC's decision to maintain their current level of oil output at end of the month has sent oil prices even lower. This financial year to date, energy has fallen by -18.63% to be the least attractive sector.

Global gold prices improved by 7.96% over the month, in Australian Dollar terms. Investments in global resources continued to be sluggish, underperforming riskier assets.

**Global equities added 3.09% over the month, as measured by the MSCI World ex-Australia (Local Currency) Index. The gains were led by the developed nations and losses were mostly from the Emerging Markets.**

Zenith Benchmarks	Index	1 Mth	1 Qtr	1 Yr (p.a.)	3 Yr (p.a.)	5 Yr (p.a.)	Fin YTD	Cal YTD
Currency Spot Rates	AUD / USD	-3.57	-9.18	-6.56	-5.37	-1.54	-9.18	-5.10
	AUD / EUR	-2.47	-3.86	2.19	-3.18	2.29	-3.86	4.47
	AUD / GBP	-1.85	-4.11	-2.65	-5.59	-0.48	-4.11	0.78
	AUD / JPY	3.51	3.46	8.06	8.77	4.85	3.46	10.47

Investors should note that investments in any international assets are subject to the risk of currency fluctuations. If a foreign investment is unhedged, the gain / loss from the relevant currency pair should be deducted from the return of the asset to calculate the approximate return of the investment.



Zenith Benchmarks	Index	1 Mth	1 Qtr	1 Yr (p.a.)	3 Yr (p.a.)	5 Yr (p.a.)	Fin YTD	Cal YTD
Industry Sectors -	MSCI ACWI Consumer Discretionary Index	6.27	5.74	8.95	21.69	16.66	5.74	7.42
Local Currency	MSCI ACWI Consumer Staples Index	4.48	6.32	11.04	13.95	11.69	6.32	12.91
	MSCI ACWI Energy Index	-8.10	-17.93	-8.19	-0.02	1.50	-17.93	-8.75
	MSCI ACWI Financials Index	2.33	2.97	8.24	18.41	6.11	2.97	8.85
	MSCI ACWI Health Care Index	3.52	8.42	24.15	25.50	16.00	8.42	15.35
	MSCI ACWI Industrials Index	2.64	3.14	7.53	16.23	11.17	3.14	5.80
	MSCI ACWI IT Index	4.99	5.53	22.35	19.02	13.26	5.53	15.66
	MSCI ACWI Materials Index	1.94	-5.12	0.56	1.01	0.37	-5.12	-2.76
	MSCI ACWI Teleco. Services Index	2.94	4.01	7.80	10.16	6.96	4.01	9.84
	MSCI ACWI Utilities Index	1.01	3.95	16.09	7.58	3.15	3.95	11.23

## PROPERTY & INFRASTRUCTURE

Zenith Benchmarks	Index	1 Mth	1 Qtr	1 Yr (p.a.)	3 Yr (p.a.)	5 Yr (p.a.)	Fin YTD	Cal YTD
Australian Listed Property	S&P/ASX 300 Property	0.00	1.05	19.82	18.99	11.81	1.05	15.91
	FTSE E/N Australia	-0.18	1.04	19.70	18.62	11.72	1.04	16.00
Global Listed Prop. \$A (H)	FTSE E/N GLOBAL HGD A\$	2.26	4.83	22.45	21.43	16.50	4.83	17.07
Global Listed Prop. \$A	FTSE E/N GLOBAL A	4.09	10.31	22.83	22.78	13.31	10.31	16.62
	FTSE E/N North America	4.88	14.91	35.62	23.78	19.26	14.91	21.73
	FTSE E/N Euro Zone	6.24	5.65	16.44	22.94	8.44	5.65	9.37
	FTSE E/N UK	6.28	11.32	27.34	30.81	15.46	11.32	8.48
	FTSE E/N Developed Asia	0.82	4.34	7.59	21.84	9.47	4.34	11.62
	FTSE E/N Japan	-1.43	3.34	-4.39	24.66	13.24	3.34	2.66
Australian Listed Infra.	S&P/ASX 300 Utilities	-0.88	-1.10	14.88	15.82	12.83	-1.10	6.66
Global Listed Infra. \$A (H)	UBS Global Infra. & Utilities	2.61	5.28	24.18	20.97	15.23	5.28	16.98
Global EM Listed Infra - \$A (H)	UBS EM Infra. & Utilities	1.39	2.41	13.03	10.97	4.29	2.41	15.58

### SUMMARY OF STATISTICS

- The Australian Listed Property was flat in November, with the S&P/ASX 300 Property Accumulation Index remaining largely unchanged.
- Global Listed Property in Hedged AUD recorded a gain of 2.26% in November, while the unhedged equivalent in AUD added 4.09% due to depreciation in the Australian Dollar over the month.
- Australian Listed Infrastructure fell by -0.88% over the month and their global counterparts added 2.61% in hedged AUD to be the stronger performer.

### COMMENTARY

Listed properties performed strongly in many countries over the month, with AREITs continuing to underperform GREITs in hedged Australian Dollar terms.

The Australian Property Market posted mix results in November. Winners included 360 Capital Industrial Fund (+10.71%) and Astro Japan Property Group (+9.77%). Laggards included Ingenia Communities Group (-3.26%) and Growthpoint Properties Australia Ltd (-2.14%).

On a regional basis, the Euro Zone and the UK added 6.24% and 6.28% respectively to be the strongest performers over the month. Japanese property underperformed their broader equity market, falling by -1.43% in November, taking its past year losses to -4.39%.

Australian listed infrastructure also underperformed their global counterparts, with the S&P/ASX 300 Utilities Index decreasing by -0.88% while the hedged UBS Global Infrastructure & Utilities \$A Index gained 2.61%.

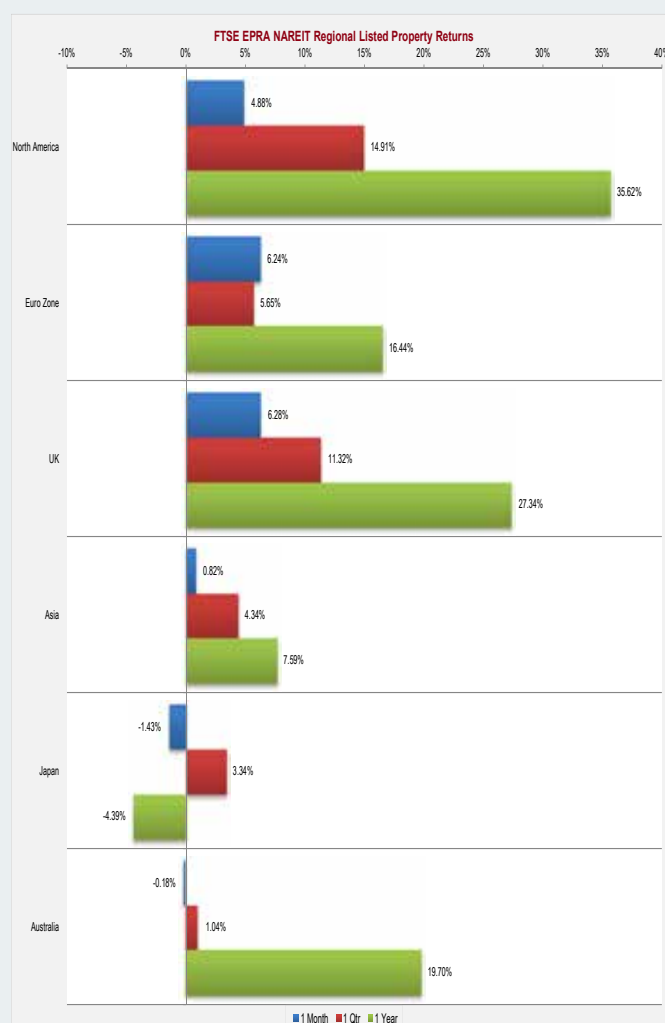
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Data source | Thomson Reuters

This chart shows Regional performance relative to the FTSE EPRA/NAREIT Index over 1 month, 1 quarter and 1 year time periods. Regional weightings for the FTSE Index, as at 30 September 2014 were as follows: North America 66.95%; Western Europe 18.54%; Asia Pacific 14.51%; other 0.00%.



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