

# THE MONTHLY MARKET REPORT



## A SNAPSHOT OF THE KEY POINTS FOR March

The RBA kept the overnight cash rate steady at 2.25% during the March board meeting.

Domestic yields continued to fall over the month, with the Three Month Bank Bill Swap Rate decreasing by -0.08% while the Ten Year Australian Bond Rate slipped by -0.16%.

The price of Australian Shares decreased over the month, with the All Ordinaries Price Index and the S&P/ASX 200 Price Index declining by -0.62% and -0.63% respectively.

Australian Listed Properties slightly underperformed the broader equity market in March, losing -2.50%.

Global equities posted mixed results in various regions over the past month. The STOXX 50 European Index and the TOPIX Japan Index were leading performers, gaining 1.30% and 1.26% respectively.

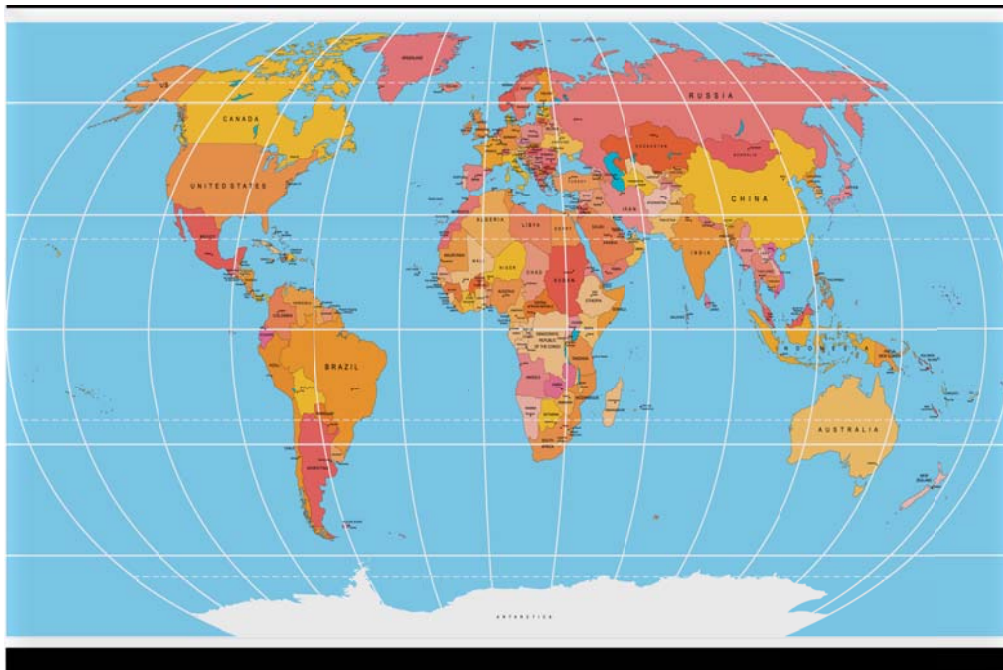
The US and the UK underperformed, with the Dow Jones US Industrials Index and the FTSE 100 UK Index decreasing by -1.97% and -2.50% respectively.

Commodity prices fell by -1.41% in March as measured by the US\$ CRB Spot Commodity Price Index. In particular, gold prices decreased by -2.38% while oil prices dropped by -4.34% to take its past year loss to -53.14%.

The Australian Dollar continued to fall against the rising US Dollar (-2.03%), while appreciating by 1.73% versus the Euro and 1.09% over the British Pound. The Australian Dollar recorded a -1.20% decline against the Japanese Yen.

The Australian Trade Weighted Index (TWI) fell by -1.25% in February, indicating a slight decrease in Australia's international competitiveness.

The US VIX Volatility Index rose by 1.95% for the month, while the S&P/ASX 200 Volatility Index increased by 0.66%.



### Bonds outperformed shares in March

Following a strong rally in the previous month, shares were marginally down in March both domestically and globally. Most of the losses were due to falling commodity prices, as a result Energy and Materials lost -2.69% and -3.94% (in local currency) over the month to be the worst performing sectors.

International fixed income had a strong month, with Treasury Bonds outperforming Corporate Debt. Government bond yields decreased in many countries while corporate debt spreads widened moderately. Australian Bonds followed their global peers, adding 0.77% for March.

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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 (%)	2.25	2.25	0.00	2.50	-0.25
	3 Month BBSW (%)	1.97	2.05	-0.08	3.04	-1.07
	10 Year Bond Rate (%)	2.34	2.50	-0.16	4.07	-1.72
Australian Shares	All Ordinaries Index	5861.90	5898.50	-0.62%	5403.00	8.49%
	S&P/ASX 200	5891.50	5928.80	-0.63%	5394.80	9.21%
Property	ASX 300 Property Index	1263.09	1288.88	-2.00%	990.03	27.58%
Regional Shares	Dow Jones Industrials (US)	17776.12	18132.70	-1.97%	16457.66	8.01%
	S&P 500 (US)	2067.89	2104.50	-1.74%	1872.34	10.44%
	FTSE 100 (UK)	6773.04	6946.66	-2.50%	6598.37	2.65%
	STOXX 50 (EUR)	397.30	392.21	1.30%	334.31	18.84%
	TOPIX (Japan)	1543.11	1523.85	1.26%	1202.89	28.28%
	Hang Seng (Hong Kong)	24900.89	24823.29	0.31%	22151.06	12.41%
Commodities	US\$ Gold Price	1187.60	1216.57	-2.38%	1289.28	-7.89%
	US\$ Oil Price – W Texas Crude	47.60	49.76	-4.34%	101.58	-53.14%
	US\$ CRB Spot Commodity Index	414.98	420.92	-1.41%	493.68	-15.94%
Exchange Rates	AUD / USD	0.7634	0.7792	-2.03%	0.9221	-17.21%
	AUD / EUR	0.7070	0.6950	1.73%	0.6707	5.41%
	AUD / GBP	0.5164	0.5047	2.32%	0.5544	-6.85%
	AUD / JPY	91.72	92.83	-1.20%	94.83	-3.28%
TWI	Australia Trade Weighted Index \$A	63.30	64.10	-1.25%	71.00	-10.85%
iTraxx	iTraxx Australia	90.33	83.84	7.75%	100.39	-10.02%
Volatility	VIX Index %	15.29	13.34	1.95%	13.88	1.41%
	S&P/ASX200 Volatility Index	14.27	13.61	0.66%	12.20	2.07%

## 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	0.67	2.72	3.03	3.76	2.04	0.67
Australian Bonds	Bloomberg AusBond Composite Index	0.77	2.67	11.13	7.11	7.63	7.77	2.67
International Bonds	Barclays Global Aggregate \$A (H)	0.78	2.55	10.25	7.48	8.34	7.41	2.55
	Barclays Global Agg Treasuries TRI \$A (H)	0.97	2.64	10.98	7.61	8.24	8.40	2.64
	Barclays Global Agg Corporate TRI \$A (H)	0.48	2.81	9.87	8.59	9.49	6.60	2.81
Emerging Markets Debt	Barclays EM Hard Currency Agg TRI \$A (H)	0.79	3.03	7.11	7.65	10.02	2.05	3.03

### SUMMARY OF STATISTICS

- Australian Cash returned 0.21% over the month, as measured by the Bloomberg AusBond Bank Bill Index, taking its 12 month return to 2.72%.
- The Australian Bond Market posted strong returns, with the Bloomberg AusBond Composite Index increasing by 0.77% in March to take the past year gain to 11.13%.
- International Bonds increased by 0.78%, as measured by the Barclays Global Aggregate Hedged \$A Index. While both global government and corporate bond markets rose in March, the Barclays Global Aggregate Treasuries Total Return Hedged AUD Index increased by 0.97% to be the strongest performer in the asset class.
- Emerging Markets Debt also had a strong month, increasing by 0.79% as measured by the Barclays Emerging Market Hard Currency Aggregate Total Return Hedged AUD Index.

### COMMENTARY

The Reserve Bank of Australia elected to keep the overnight cash rate steady at 2.25% during the March meeting. The board cited that domestic growth is continuing at below-trend levels, with both consumer and business confidence remaining at weak levels.

Further easing policy may be appropriate over the period ahead, although it was deemed appropriate to hold interest rates steady for the time being.

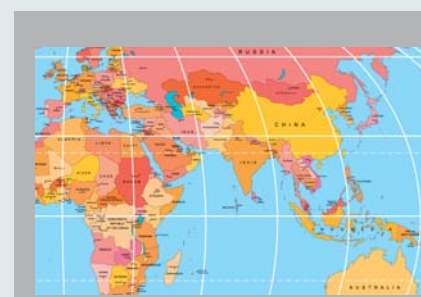
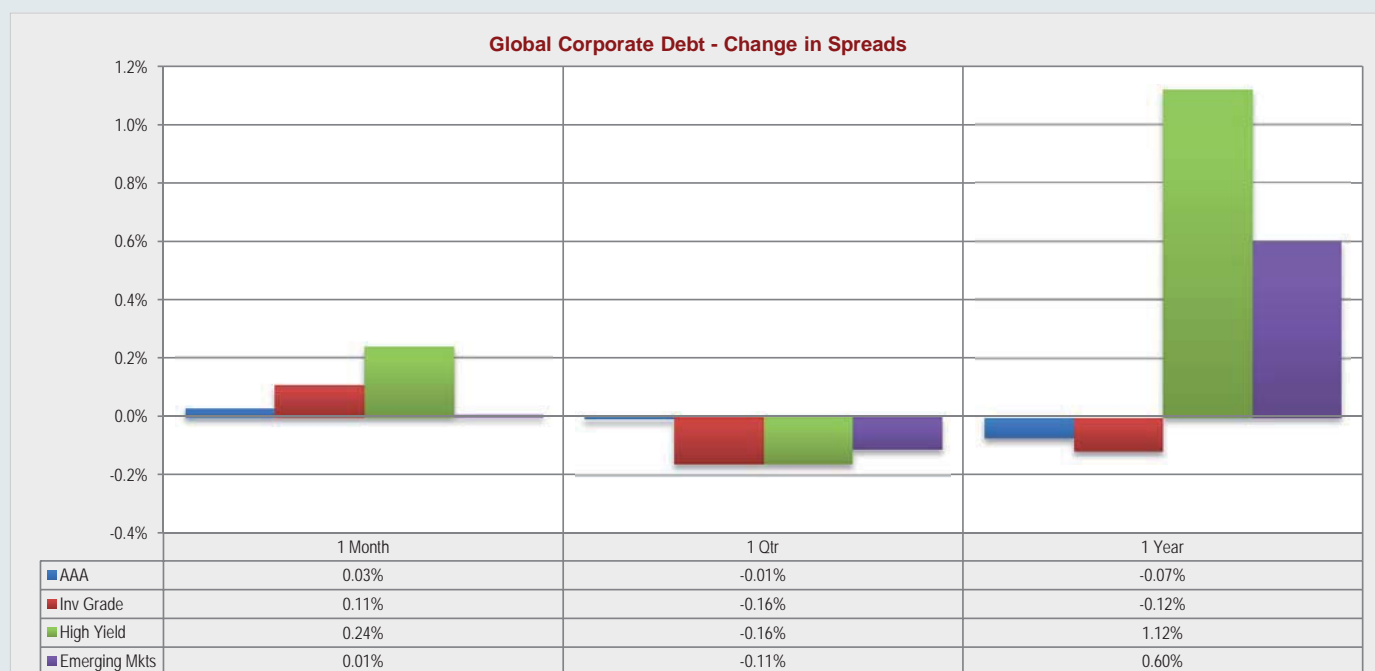
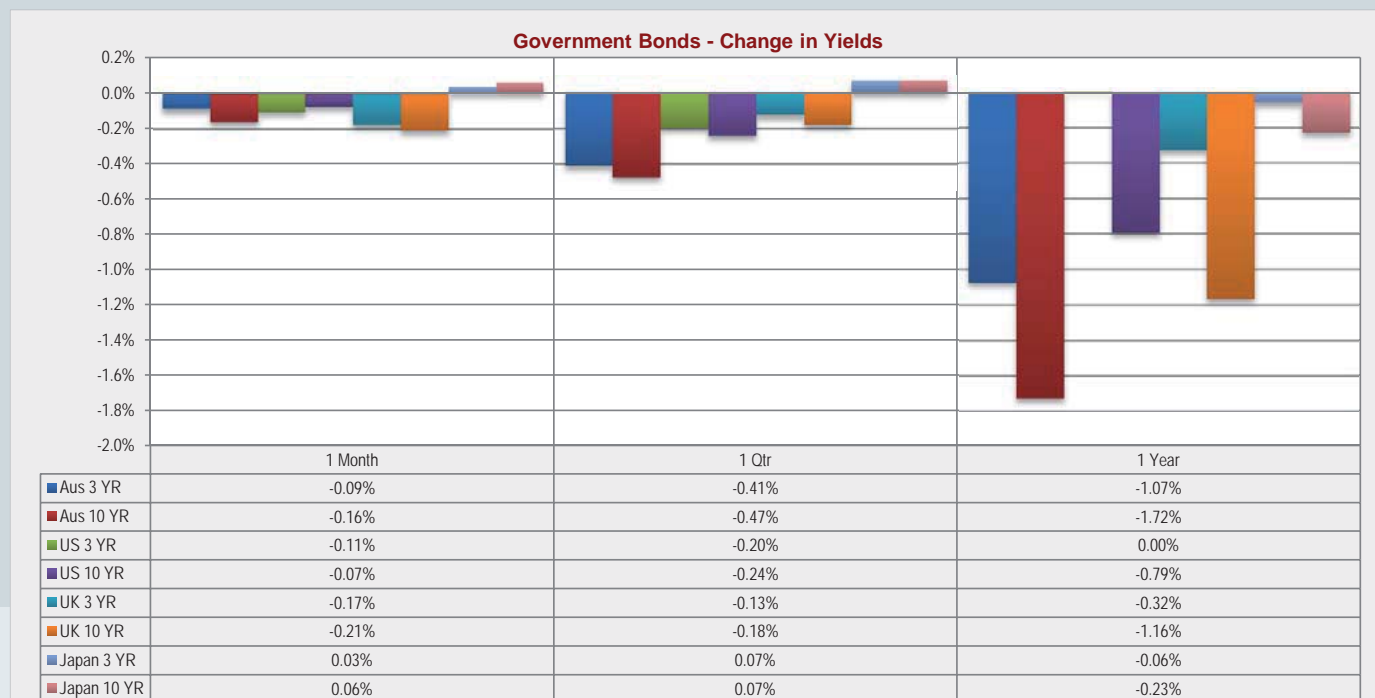
The Australian Dollar dropped further against a rising US Dollar, taking its past year loss to -17.21%. Consumer sentiment slipped back to negative territory, with the Westpac Consumer Confidence Index falling to 99.47 in March from 100.70 in the previous month. Although the Australia Manufacturing PMI rose by 0.88 points to 46.29 over the month, a reading below 50 represents a contraction in the manufacturing sector.

The Australian Bond Market posted a return of 0.77% over the month, as measured by the Bloomberg AusBond Composite Index. Government Bond Yields fell over the month with the 3 Year and the 10 Year Government Bond Yields decreasing by -0.09% and -0.16% respectively. The iTraxx Australian Index increased by 7.75% over the month, though it was largely due to a sharp tightening in corporate yields in the previous month.

In global news, the US unemployment rate remained at its lowest level over the past 12 months, while business and consumer confidence slipped slightly over the month. PMI measures of manufacturing activities in China and the Euro region increased to above 50 in March, indicating an expansion.

International Fixed Income had a strong month, with the Barclays Global Aggregate Hedged \$A Index increasing by 0.78%. Treasury bond yields decreased in many countries, with the 3 Year US and UK Government Bond Yields falling by -0.11% and -0.17% respectively. Global Corporate Bonds underperformed Government Bonds in March, with corporate debt spreads widening across the sector. In particular, investment grade and high yield debt spread increased by 0.11% and 0.24% respectively over the month.

Emerging Markets Debt followed the broader fixed income market in March, adding 0.79% as measured by the Barclays Emerging Markets Hard Currency Aggregated Hedged \$A Index.



## ▲ 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
<b>Market Capitalisation</b>	S&P/ASX 300 Index	-0.05	10.31	13.89	15.30	8.32	12.92	10.31
	S&P/ASX 50 Leaders Index	-0.14	10.39	14.15	17.18	9.20	12.93	10.39
	S&P/ASX Midcap 50 Index	2.25	12.18	21.92	14.70	8.22	20.11	12.18
	S&P/ASX Small Ordinaries Index	-1.94	7.29	2.31	-1.71	-0.30	4.67	7.29
	S&P/ASX Emerging Companies Index	-0.38	4.25	-8.22	-14.84	-5.92	-3.04	4.25
<b>GICS Sectors</b>	S&P/ASX 300 Materials	-4.54	7.73	-4.79	-3.38	-3.96	-1.80	7.73
	S&P/ASX 300 Industrials	1.76	8.98	17.87	10.52	7.00	17.99	8.98
	S&P/ASX 300 Consumer Discretionary	0.06	13.93	12.16	19.71	8.32	14.01	13.93
	S&P/ASX 300 Consumer Staples	-0.57	4.06	0.37	11.77	8.57	0.09	4.06
	S&P/ASX 300 Energy	-5.67	-3.72	-16.59	-6.00	-5.26	-20.64	-3.72
	S&P/ASX 300 Healthcare	2.41	12.21	36.46	31.62	18.44	39.14	12.21
	S&P/ASX 300 Information Technologies	3.71	9.43	9.34	13.80	2.92	9.58	9.43
	S&P/ASX 300 Telecommunications	0.10	8.92	31.14	32.23	24.99	28.94	8.92
	S&P/ASX 300 Financials ex Property	1.95	14.09	20.66	26.17	13.89	19.21	14.09
	S&P/ASX 300 Utilities	-0.50	13.80	25.98	17.02	14.75	17.37	13.80
	S&P/ASX 300 Property	-1.96	9.22	34.41	22.57	14.42	23.08	9.22

### SUMMARY OF STATISTICS

- Australian Shares had a flat month, with the ASX 300 Accumulation Index marginally down by -0.05%.
- On a market capitalisation basis, the Midcap 50 Index continued to be the strongest performer, increasing 2.25% for the month to take its past year gain to 21.92%.
- The Small Ordinaries Index underperformed the broader Australian Share Market by -1.89% in March to be the worst performer.
- On a sector basis, Materials and Energy fell back to negative territory in March after a strong run in the previous month, declining by -4.54% and -5.67% respectively.
- Healthcare and Information Technology were winners of the month, increasing by 2.41% and 3.71% respectively.

### COMMENTARY

After starting the 2015 calendar year strongly the Australian share market pulled back slightly during March with the ASX 300 Accumulation Index falling by -0.05% over the month. Although the Australia manufacturing PMI Index increased to 46.29 in March, a reading below 50 represents a contraction. The Westpac Consumer Confidence decreased to 99.47 in March from 100.70 in the previous month while business confidence stayed at very low levels.

On the back of falling commodity prices and easing interest rates, many retail investors continued to search for yields in Midcap stocks. The Midcap 50 Index has increased by 21.92% over the past 12 months to outperform the ASX 300 Accumulation Index by 8.03%.

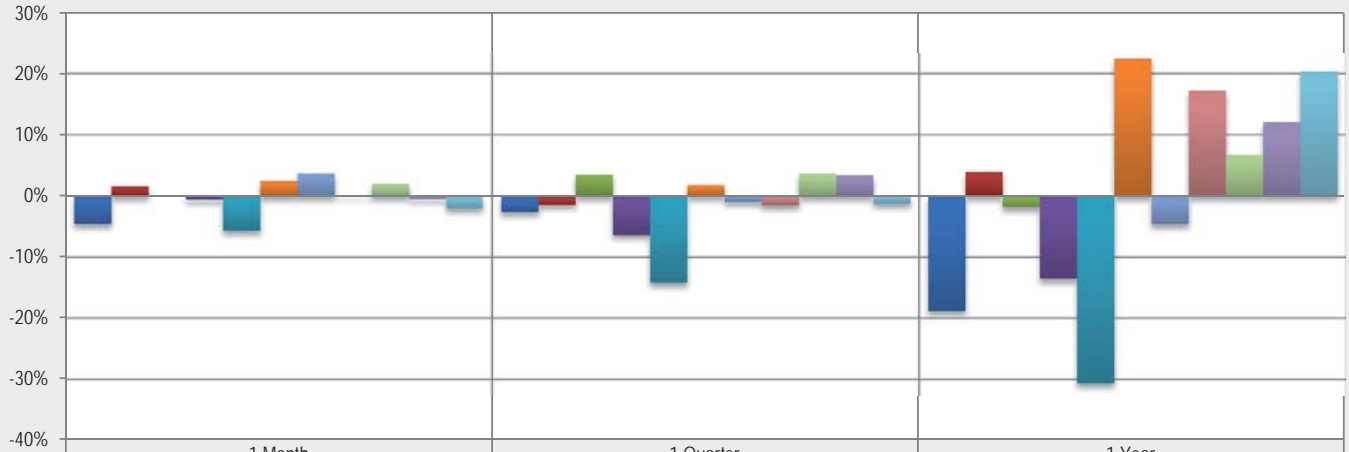
The performance of the Small Ordinaries and the Emerging Companies indices continued to lag behind other sectors, falling by -1.94% and -0.38% respectively. Both of these indices have a significant weighting towards the resources sector – mostly with small mining prospectors. With commodities prices significantly declining over the past year, the operational efficiency and profitability of such companies has weakened, subsequently leading to substantial declines in the value of stocks in this sector.

Materials and Energy were the poorest performers in March, falling by -4.54% and -5.67% respectively. Detractors in the Materials Index included Atlas Iron Ltd (-31.58%), Regis Resources Ltd (-30.97%) and Sundance Energy Australia Ltd (-18.92%) which is in the ASX Energy Index. Atlas Iron is one of the many victims of the falling iron ore price and its average grade of ore made it even less competitive in the industry.

Information Technology was the strongest sector in March, gaining 3.71%. Top performers in this sector included GBST Holdings Ltd (+19.60%), Altium Ltd (+12.71%) and iSentia Group Ltd (+11.97%). GBST was a new addition to the ASX 300 Index due to its recent success in winning more financial services clients. The Healthcare sector also had a good run over the month, with Australian Pharmaceutical Industries surging 59.21% to be the strongest performer.

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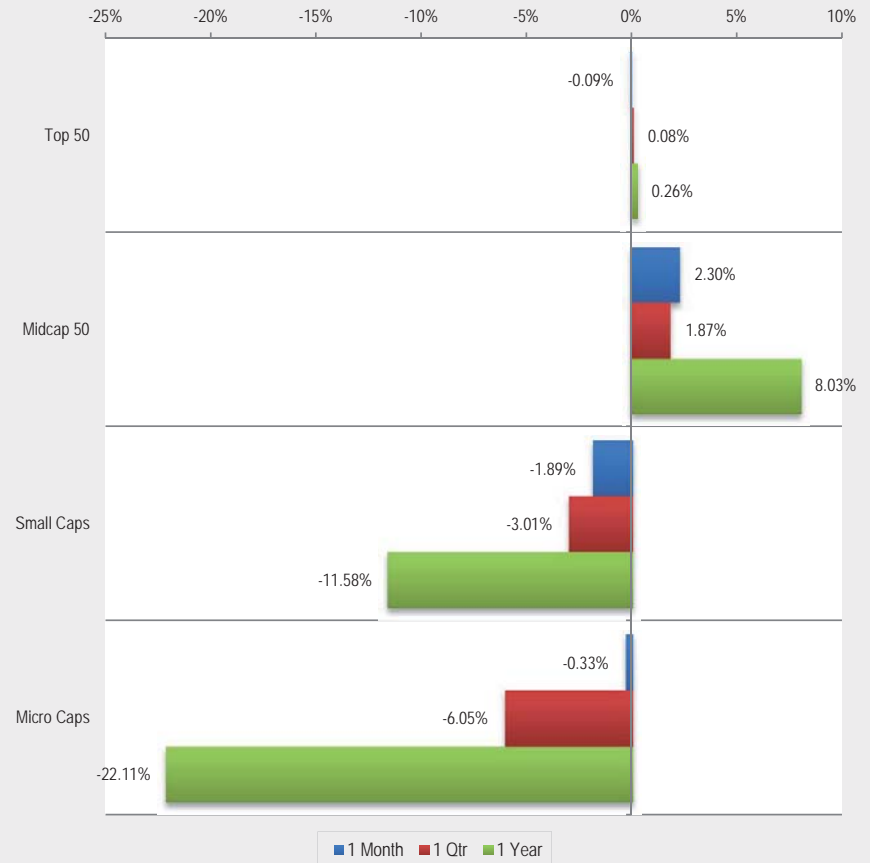
### GICs Sector Performance Relative to ASX 300 Accumulation Index



	1 Month	1 Quarter	1 Year
Materials	-4.49%	-2.58%	-18.68%
Industrials	1.81%	-1.33%	3.98%
Cons Disc	0.11%	3.63%	-1.72%
Cons Stap	-0.52%	-6.25%	-13.52%
Energy	-5.62%	-14.03%	-30.48%
Healthcare	2.46%	1.90%	22.57%
IT	3.76%	-0.88%	-4.55%
Telco	0.15%	-1.39%	17.25%
Fin Ex-AREIT	2.00%	3.78%	6.77%
Utilities	-0.45%	3.49%	12.09%
Property	-1.91%	-1.09%	20.52%

This chart shows GICs Sector performance relative to the ASX 300 Index, over the past 1 month, 1 quarter and 1 year time periods.

### Large, Mid And Small Cap Performance Relative to ASX 300 Accumulation Index



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
<b>International Shares - Unhedged</b>	MSCI World Ex-Au (\$A)	0.89	9.57	29.12	24.44	14.32	25.31	9.57
	MSCI World (\$A)	0.86	9.60	28.63	24.18	14.12	24.93	9.60
	MSCI Small Cap World (\$A)	2.66	11.88	25.56	25.54	16.24	23.76	11.88
	MSCI AC World (\$A)	0.87	9.59	27.89	22.58	13.07	23.99	9.59
<b>International Shares - Local Currency</b>	MSCI World ex-Au	-0.44	4.70	14.00	15.56	11.39	9.06	4.70
	MSCI World	-0.43	4.86	13.98	15.59	11.27	9.16	4.86
	MSCI World Small Cap	0.20	4.45	3.50	13.42	12.05	0.17	4.45
	MSCI AC World	-1.55	2.31	5.42	10.75	8.99	0.36	2.31
<b>Regional Shares - Local Currency</b>	MSCI North America	-1.51	1.32	11.85	14.98	13.23	6.40	1.32
	MSCI Asia	1.34	7.64	21.40	15.19	8.69	15.20	7.64
	MSCI AC Asia ex-Japan	0.90	5.44	14.18	8.54	7.06	7.91	5.44
	MSCI China	2.38	8.09	23.94	10.50	5.16	17.55	8.09
	MSCI Europe	1.26	11.60	14.72	15.12	8.96	11.34	11.60
	MSCI Emerging Markets	0.14	4.90	10.92	6.44	5.57	5.50	4.90
	MSCI India	-2.94	4.49	26.48	17.40	9.83	11.47	4.49
	MSCI Japan	1.86	10.24	30.49	23.98	11.29	24.37	10.24
<b>Global Gold Shares in \$A</b>	FTSE Gold Mines	-12.39	7.65	-7.13	-21.44	-14.51	-12.71	7.65
<b>Global Resources in \$A</b>	HSBC Global Mining	-8.44	1.09	-7.68	-7.59	-7.68	-10.25	1.09

### SUMMARY OF STATISTICS

- The MSCI World ex-Australia Local Currency Index fell by -0.44% in March, while the unhedged equivalent in AUD gained by 0.89%.
- On a market capitalisation basis, global small caps added 0.20% in Local Currency to outperform the broader MSCI World Index.
- China was the best performing region in March, increasing by 1.86%. North America and India saw negative returns over the month, losing -1.51% and -2.94% respectively.
- Global resources continued to fall over the month, with the HSBC Global Mining \$A Index declining by -8.44%. The FTSE Gold Mines \$A Index overall decreased by -12.39% in March.

### COMMENTARY

International shares saw mixed results across various regions, with the overall MSCI World ex-Australia Local Currency Index decreasing by -0.44%. Energy and materials continued to underperform due to the falling commodity prices, decreasing by -2.69% and -3.94% respectively.

North America and India were the biggest detractors, declining by -1.51% and -2.94%. Although the US Manufacturing PMI Index rose 0.60 points to 55.70 in March, business and consumer confidence both fell over the month. New exports sales remained weak due to the stronger US Dollar. The Indian share market saw a small correction in the past month, after a strong run under Narendra Modi's business friendly government since last May. Despite a loss of -2.94% in March, Indian shares have gained 26.48% over the past year.

China was the strongest performer in global shares over the month, gaining 1.86%. The Chinese Manufacturing PMI Index increased from 49.90 in February to 50.10 in March, with a reading above 50 indicating an expansion in manufacturing activities. The economic and political reforms by the Chinese government may have gathered some critics in the short term; however they are much needed in the long run for steady and healthy growth.

Japan continued to perform well on the back of falling commodity prices, as the country is a net importer of energy and resources. Manufacturing activities continued to expand, although at a slightly moderate rate over the past month. Business and consumer confidence have been steady since the start of 2015. The overall MSCI Japan Local Currency Index increased by 1.86% in March to take its past year gain to 30.49%.

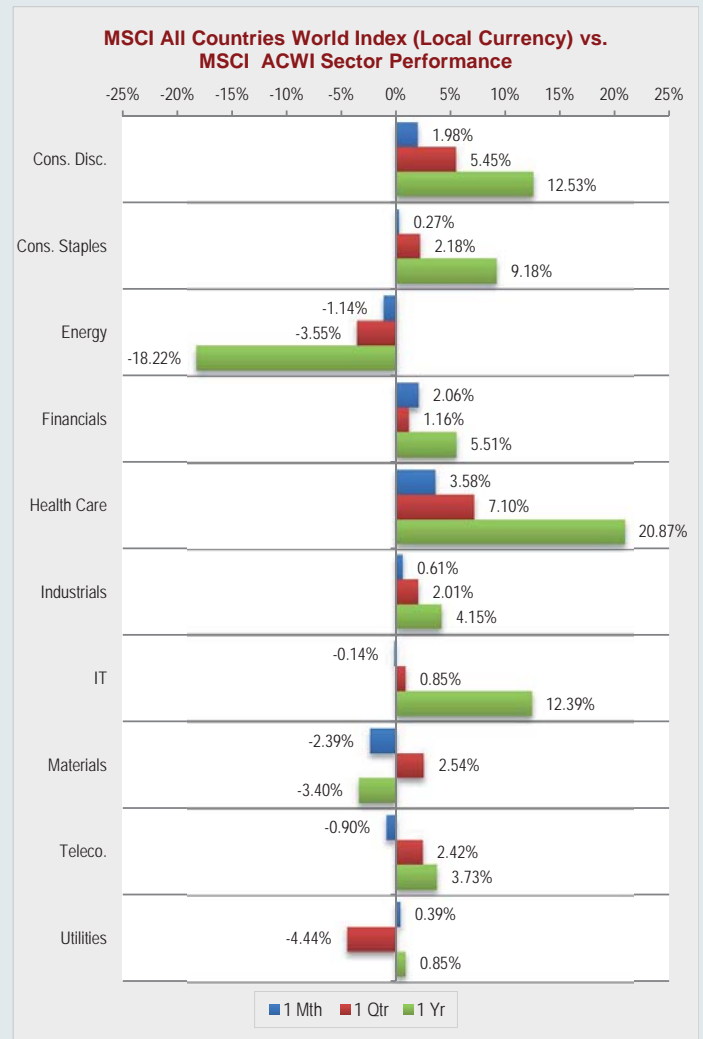
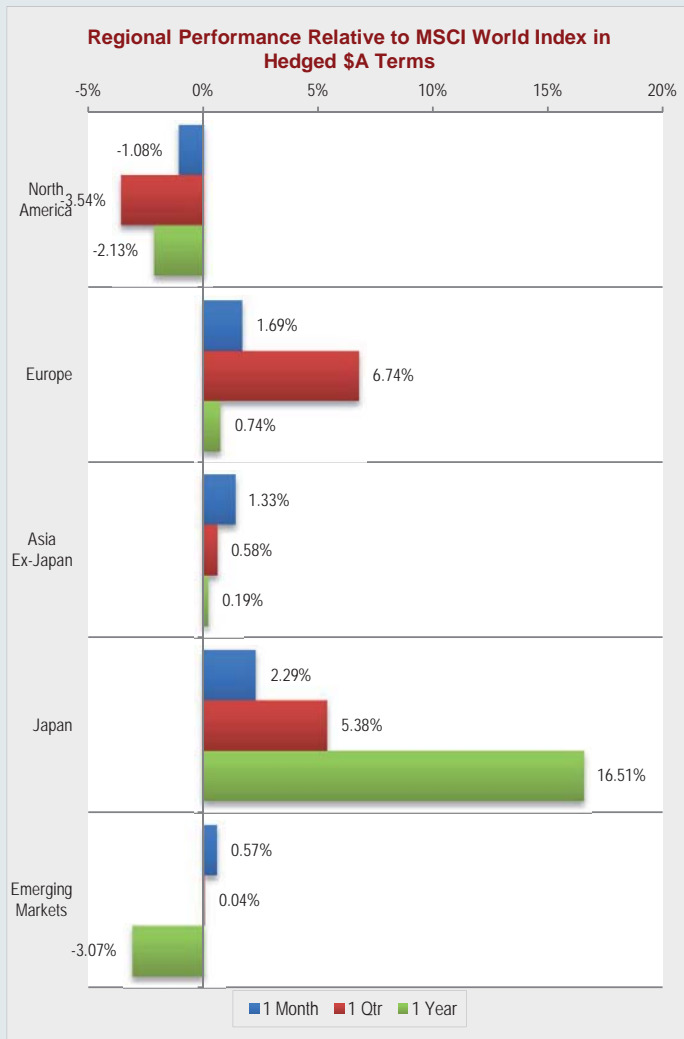
Global resources slipped by -8.44% in March, measured in Australian Dollar terms. Gold prices in AUD also fell back to the negative territory over the month, with the FTSE Gold Mines \$A Index declining by -12.39%.

International shares saw mixed results across various regions, with the overall MSCI World ex-Australia Local Currency Index decreasing by -0.44%.

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	-2.03	-6.93	-17.21	-9.80	-3.58	-18.96	-6.93
	AUD / EUR	1.73	4.80	5.41	-3.17	0.70	2.37	4.80
	AUD / GBP	2.32	-2.03	-6.85	-7.42	-3.19	-6.64	-2.03
	AUD / JPY	-1.20	-6.45	-3.28	2.43	1.40	-3.89	-6.45

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	0.43	7.75	17.95	18.48	15.33	15.18	7.75
Local Currency	MSCI ACWI Consumer Staples Index	-1.28	4.48	14.60	12.11	10.66	10.32	4.48
	MSCI ACWI Energy Index	-2.69	-1.24	-12.80	-1.71	0.64	-20.72	-1.24
	MSCI ACWI Financials Index	0.51	3.46	10.92	13.57	5.52	9.18	3.46
	MSCI ACWI Health Care Index	2.03	9.40	26.28	24.40	16.28	21.21	9.40
	MSCI ACWI Industrials Index	-0.94	4.32	9.57	13.11	9.13	7.13	4.32
	MSCI ACWI IT Index	-1.69	3.16	17.81	13.00	11.38	11.80	3.16
	MSCI ACWI Materials Index	-3.94	4.85	2.02	0.68	-0.57	-0.74	4.85
	MSCI ACWI Teleco. Services Index	-2.45	4.72	9.15	9.79	6.68	6.86	4.72
	MSCI ACWI Utilities Index	-1.17	-2.14	6.27	6.13	1.99	0.61	-2.14

## 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	-1.96	9.22	34.41	22.57	14.42	23.08	9.22
	FTSE E/N Australia	-2.12	9.10	34.56	22.12	14.29	23.08	9.10
Global Listed Prop. \$A (H)	FTSE E/N GLOBAL HGD A\$	0.92	7.18	27.08	19.06	16.00	17.84	7.18
Global Listed Prop. \$A	FTSE E/N GLOBAL A	2.23	11.46	39.27	23.73	15.18	32.35	11.46
	FTSE E/N North America	3.99	11.79	48.29	25.16	19.47	41.12	11.79
	FTSE E/N Euro Zone	-2.27	13.73	34.45	25.97	12.71	21.24	13.73
	FTSE E/N UK	-0.82	12.38	35.35	34.80	19.75	32.16	12.38
	FTSE E/N Developed Asia	1.34	10.00	30.99	22.06	11.89	22.09	10.00
	FTSE E/N Japan	3.13	10.87	21.53	24.14	15.02	13.59	10.87
Australian Listed Infra.	S&P/ASX 300 Utilities	-0.50	13.80	25.98	17.02	14.75	17.37	13.80
Global Listed Infra. \$A (H)	UBS Global Infra. & Utilities	-0.29	5.24	21.91	20.40	14.77	13.49	5.24
Global EM Listed Infra - \$A (H)	UBS EM Infra. & Utilities	-0.89	5.82	17.53	7.05	3.75	6.96	5.82

### SUMMARY OF STATISTICS

- Australian listed property declined by -1.96% over the month, as measured by the ASX 300 Property Index.
- GREITs outperformed AREITs in March, with the FTSE EPRA NAREIT Developed Total Return \$A Hedged Index increasing by 0.92%.
- North America and Japan were the best performing regions, increasing by 3.99% and 3.13% respectively.
- Listed infrastructure was down in both domestic and global markets.

### COMMENTARY

The Australian Listed Property market experienced a minor correction in March, declining by -1.96% after several months of stable growth.

Charter Hall Retail REIT and Abacus Property Group were the most significant detractors from the index, declining by -5.92% and -4.84% respectively. Leaders in the Australian property market included Hotel Property Investments (+6.98%) and National Storage Group (+6.67%).

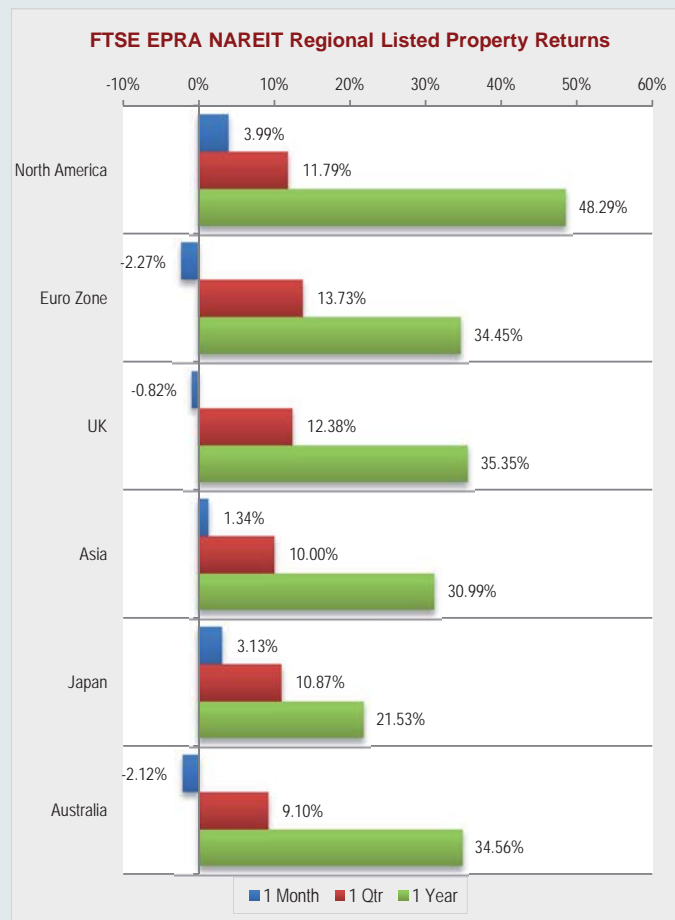
On a regional basis, listed properties in North America and Japan were leading performers, adding 3.99% and 3.13% respectively while the Eurozone fell by -2.27% to be the worst performing region in March.

The S&P/ASX 300 Utilities Index fell by -0.50% in March, while their global counterparts lost -0.29% measured in hedged Australian Dollar Terms. Global Emerging Markets listed infrastructure also posted a loss, decreasing by -0.89% for the month.

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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.



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