

# Monthly Market Review

March 2024

---

## Author



**Kerry Craig**  
Global Market Strategist

## Steady as she goes

March brought further evidence of the resilience of the U.S. economy, and that Australia was passing the low point in economic activity. At the same time, progress on cooling inflation globally has slowed, but the trend remains downward. This gave central banks the confidence to continue signaling the markets that cuts are coming.

The better economic news was cheered rather than feared by investors, and equity and credit market performed well over March. The MSCI World Index rose 3.4% over the month and 10.1% over the quarter. Emerging market equities lagged, but performance started to turn late in the quarter as the MSCI EM Index rose by 3.1% in March.

Meanwhile, central banks took another step closer to the rate cutting cycle, leading to a fall in yields on government bonds. The Bloomberg Global Aggregate Index rose 0.6% on the month (all total returns in local currency).

Central banks can still surprise, as the Swiss National Bank cut rates in March, the first developed market bank to do so. Meanwhile, the Bank of Japan increased its interest rates for the first time in 17 years, abandoning the negative interest rate policy, yield curve control and the purchase of exchange traded funds in the process.

However, even with this move, the Japanese yen (JPY) continued to weaken. There are two currencies in any pair and the weak JPY is more a reflection of the strength of the U.S. dollar, as the market contemplates a shallower cutting cycle from the U.S. Federal Reserve and the demand for U.S. dollars driven by the resilient economy.

With a macro backdrop settling into a “steady as she goes” soft landing and some positive views that a stronger U.S. economy does not have to come with higher inflation, the bigger challenge for investors is current valuations across equities and credit markets, which reflects most of the upside. This places a greater onus on corporate profitability to deliver against market expectations, providing scope for potential disappointment.

However, any consolidation in equities would more likely be treated as an opportunity to add risk at a better entry point. It is worth noting that since 1994, the U.S. equity market has experienced a 5% pullback, on average, five times a year, and there are only two years in that 30-year period where the market did not face a 5% drawdown.

Risk assets are likely to continue doing well but may be more volatile. The breadth in the equity rally away from the mega-cap companies in the U.S. and Europe, into more cyclical and non-tech sectors is an encouraging sign.

## Australian economy:

- The Australian economy expanded by 0.2% quarter-over-quarter in the last three months of 2023. While in line with market expectations, the figure was still very soft for Australia. Consumption was very weak, and the savings rate moved higher. A rise in real household incomes and a small savings buffer offer some offset against future drags.
- The monthly consumer price index report for February was unchanged at 3.4% from the prior month (non-seasonally adjusted). The underlying data was mixed, as inflation ex-volatile items fell but the trimmed mean measures of inflation (the Reserve Bank of Australia's (RBA's) proxy for core inflation) rose slightly. The services component of this inflation data still appears to be too high, but we expect further moderation in the months ahead. (GTM AUS page 5)
- The volatility in economic data continued as the unemployment rate reversed January's rise to fall by 0.4% to 3.7% in February, as employment surged by 116,000. The fall in the unemployment rate was largely dismissed given the temporary distortions with continued softening in the labour market expected. Job vacancies fell 6.1% in the three months to February. (GTM AUS page 9)
- The RBA struck a more neutral tone at its March meeting but would not be drawn on forward guidance. Slight tweaks to the statement suggest that while the next move in rates will be down, the RBA is in no hurry and is seeking further confirmation that inflation will fall to target over its forecast horizon. Market pricing for the first rate cut has been pushed into the fourth quarter of 2024, but our view is that it is unlikely to come until early 2025. (GTM AUS page 53)
- House prices rose by another 0.6% in March, matching the February increase. Price increases were the strongest outside of the eastern capital cities. Price appreciation may be supported by the positive net migration outcome and the resilience of prices even as housing supply has come to the market. (GTM AUS page 10 and 11)

## Equities:

- The ASX 200 rose by 3.3% in March. Australian small caps returned a larger 4.8% for the month.
- The real estate investment trusts were well ahead of the rest with a 9.3% gain, with energy being the next best performer at 5.3% for March. Also, recording positive returns were utilities (4.8%), materials (3.7%), financials (3.1%), Information technology (2.9%), industrials (2.9%), and consumer staples (2.5%). Telecoms was the only sector in the red (-0.6%) on the month.

- The ASX 200 kept pace with the global equity benchmarks in March, but some country specific indices outperformed. The S&P 500 rose 3.2%, while MSCI Europe was up 4.6% and Japan by 4.4% on the month. However, Australia has lagged well behind compared to the first three months of the year. The ASX 200 gained 5.3% in the first quarter compared to the 18.1% rise in Japanese equities, 10.6% gain in the S&P 500 and the 8.4% increase in European stocks. (GTM AUS page 32)
- Valuations continue to rise as earnings expectations have not experienced material downward revisions. There may be some expectation that better top line growth will allow margins to be maintained. For the ASX 200, the forward price-to-earnings multiple is at 16.9x, which is the highest excluding the COVID period, and over one standard deviation higher than the 20-year average. Australia is not alone in rising equity market valuations but has a much weaker earnings outlook, making it more susceptible to a period of consolidation. (GTM AUS page 33)

## Fixed income:

- The Australian 10-year government bond yield moved down 17bps month-over-month to 3.97%, helping lift the return on Australian bonds by 1.2% over the month. The U.S. 10-year Treasury yield fell by a more muted 4bps to 4.20%. (GTM AUS page 48)
- Global credit markets recorded modest gains. The Global HY bond index was 1.1% higher in March and 2.0% for the first quarter. Meanwhile, the higher quality Global Investment Grade index was 1.2% higher in March but down -0.8% for the quarter. (GTM AUS page 47)
- Spreads in credit markets remain tight, but the improving economic outlook suggests they can remain so. (GTM AUS page 50)

## Other assets:

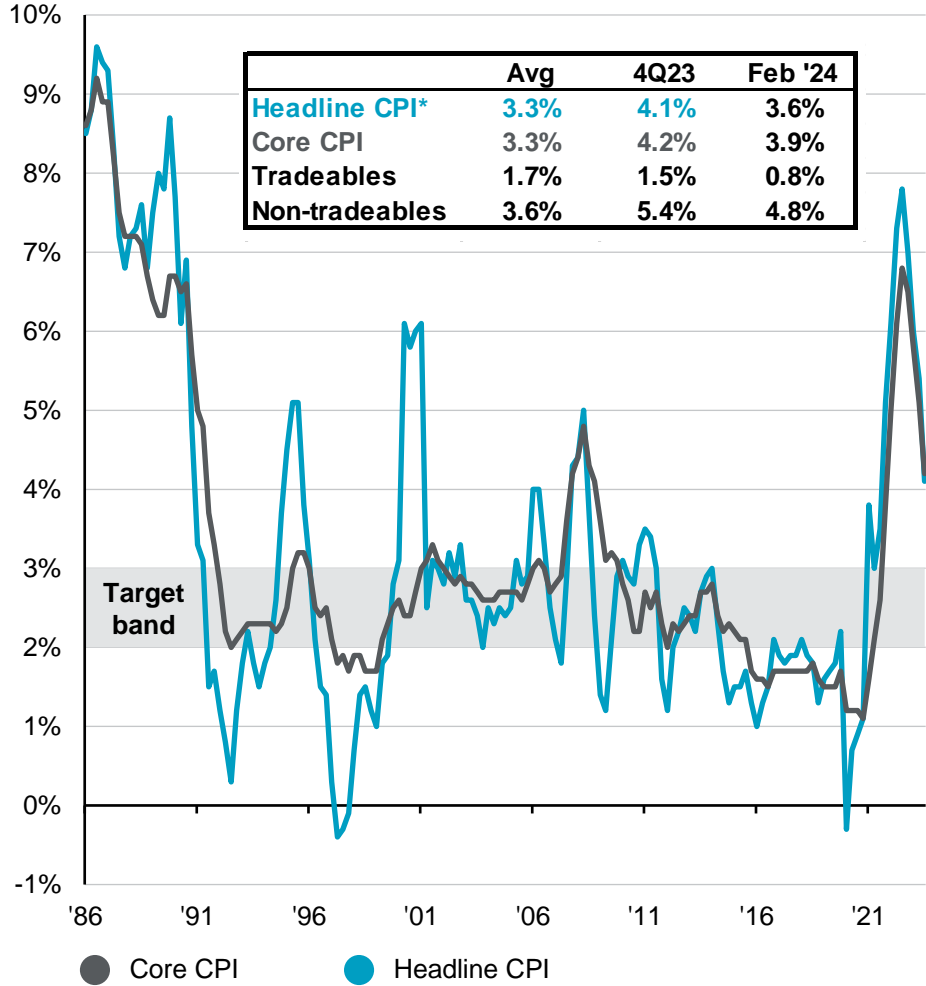
- Commodity prices were broadly higher in March, led by energy prices. The Bloomberg Commodity index rose 2.9%, as did the price of Brent oil, taking it to USD 87 per barrel in March. (GTM AUS page 63)
- Metal prices were mixed as copper was 4.9% higher but nickel ended 5.2% lower. In precious metals, the price of gold continues to grind higher and ended the month up by 8.1% to USD 2,214 an ounce. Iron ore dropped sharply to USD 110 per ton, 12.3% lower than where it started the month. (GTM AUS page 66)
- The U.S. dollar index was 0.4% higher and the Australian dollar gained 0.2% against the greenback. (GTM AUS page 68)



# Inflation

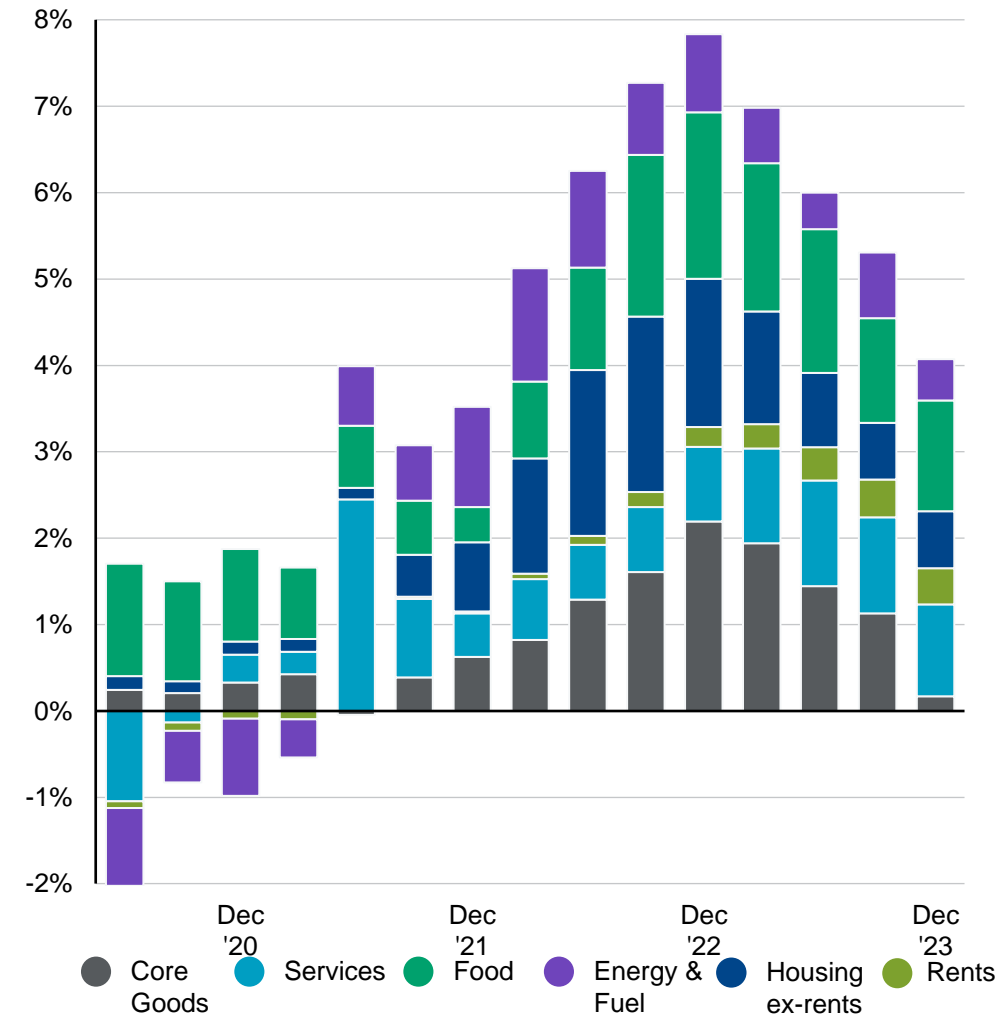
## CPI and core CPI inflation

Year-over-year



## Inflation components contribution

Year-over-year



Source: Australian Bureau of Statistics, FactSet, J.P. Morgan Asset Management. \*CPI is the Consumer Price Index, core CPI is the trimmed mean measure of inflation. Tradeables represent approximately 35% of the CPI basket and non-tradeables 65%. Core goods CPI is goods CPI excluding volatile items. Monthly CPI series not shown on chart.  
 Guide to the Markets – Australia. Data as of 31 March 2024.



# Labour market

Local economy

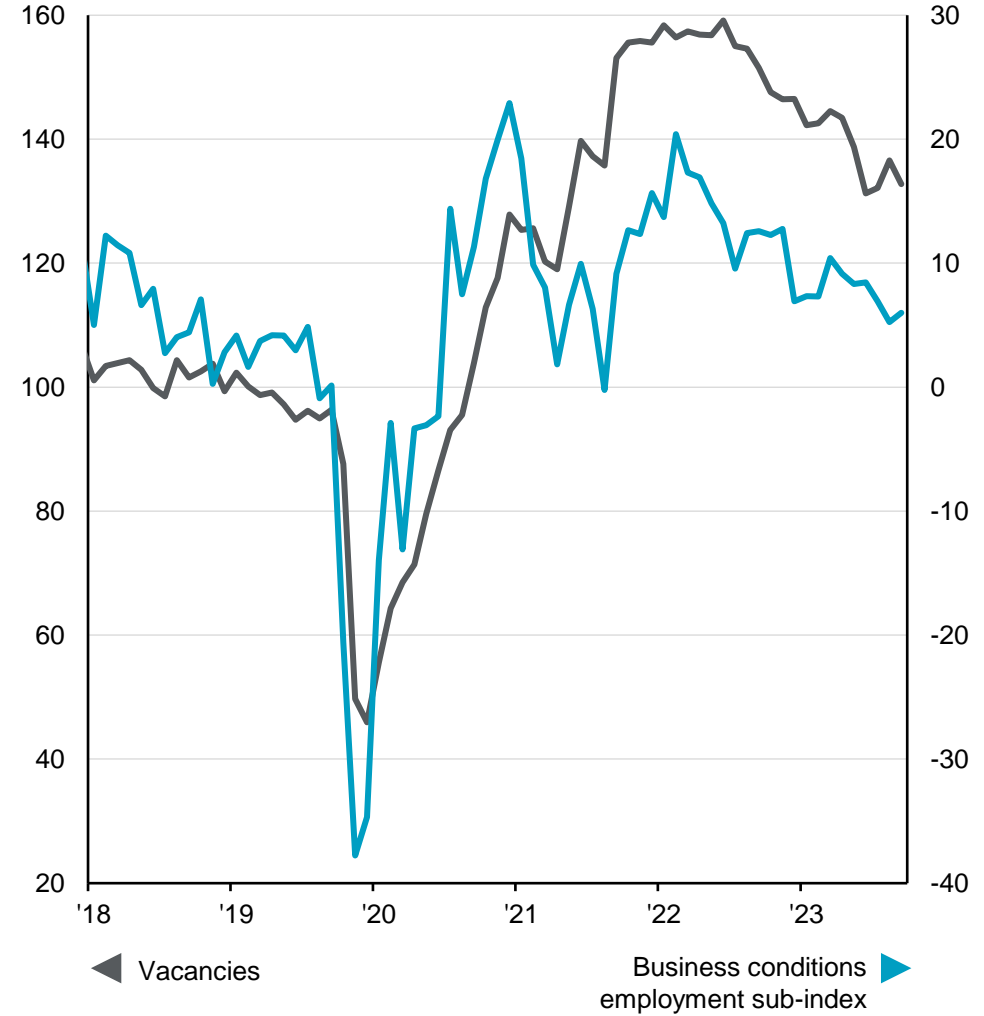
## Unemployment and wage growth

Seasonally adjusted



## Vacancies and employment

Index



Source: FactSet, J.P. Morgan Asset Management; (Left) Australian Bureau of Statistics; (Right) ANZ-Indeed, National Australia Bank. Guide to the Markets – Australia. Data as of 31 March 2024.



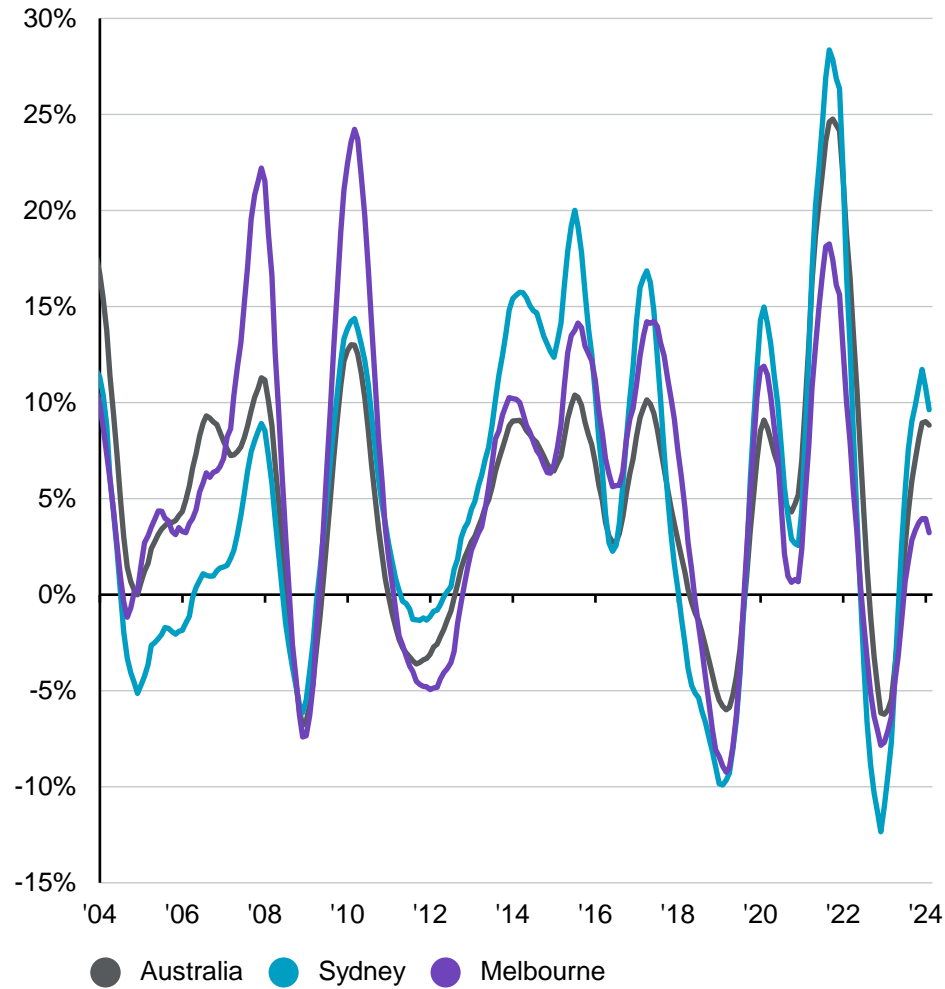
# Residential real estate prices

GTM AUS 10

Local economy

## House prices

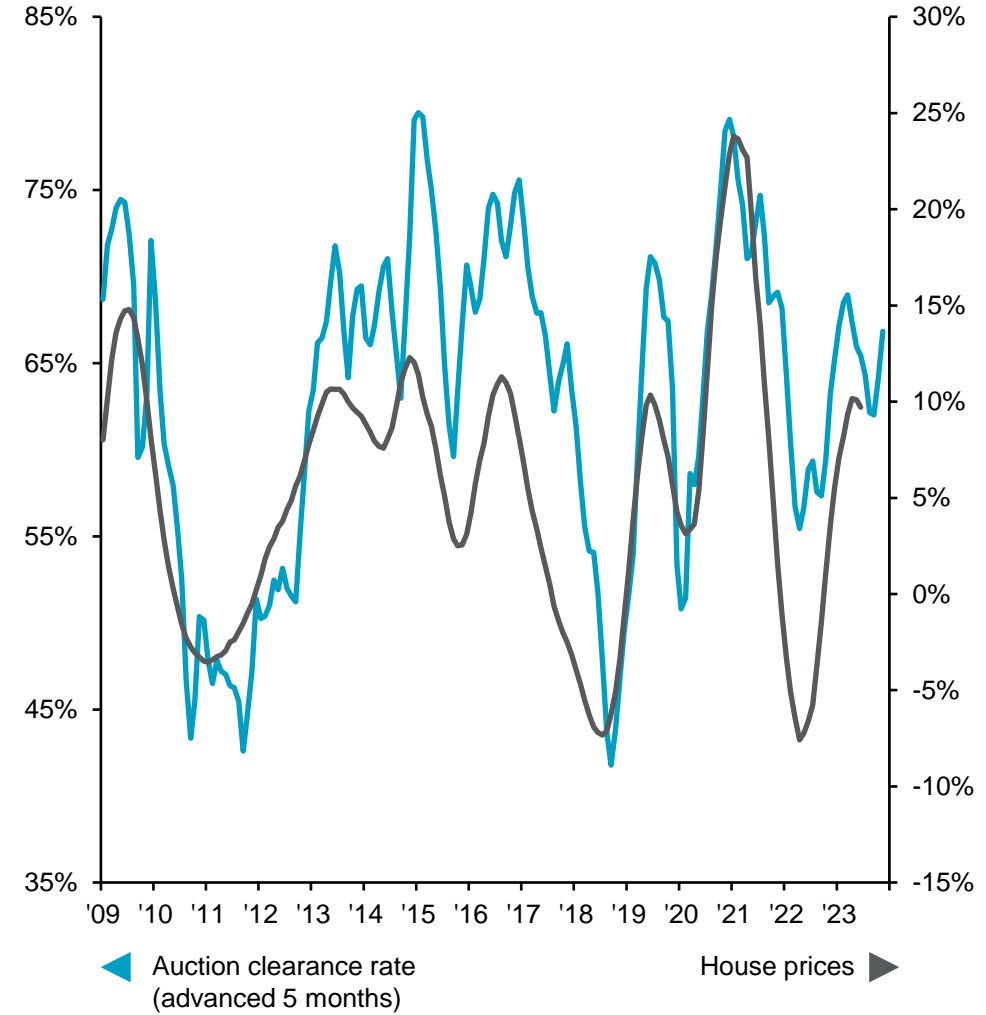
Year-over-year



## Auction clearance rate and house prices

3-month moving average

Year-over-year



Source: RPD CoreLogic, J.P. Morgan Asset Management. Guide to the Markets – Australia. Data as of 31 March 2024.

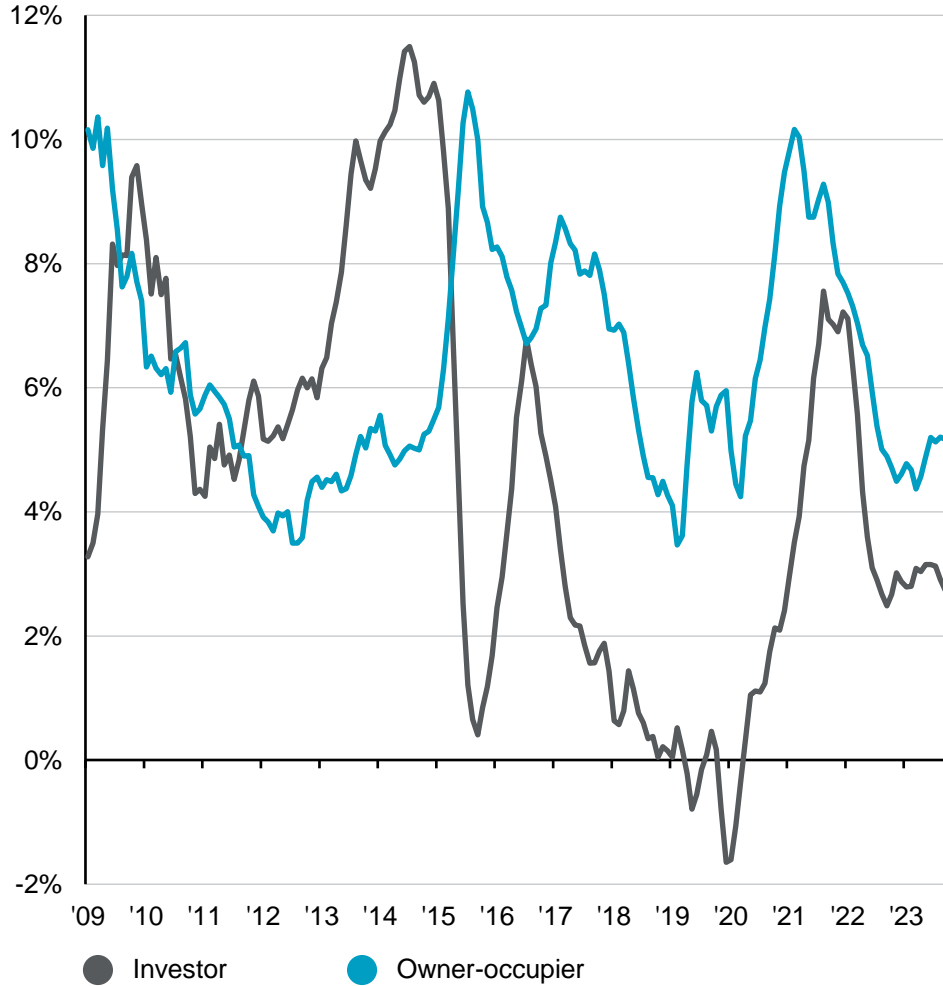


# Residential real estate financing

Local economy

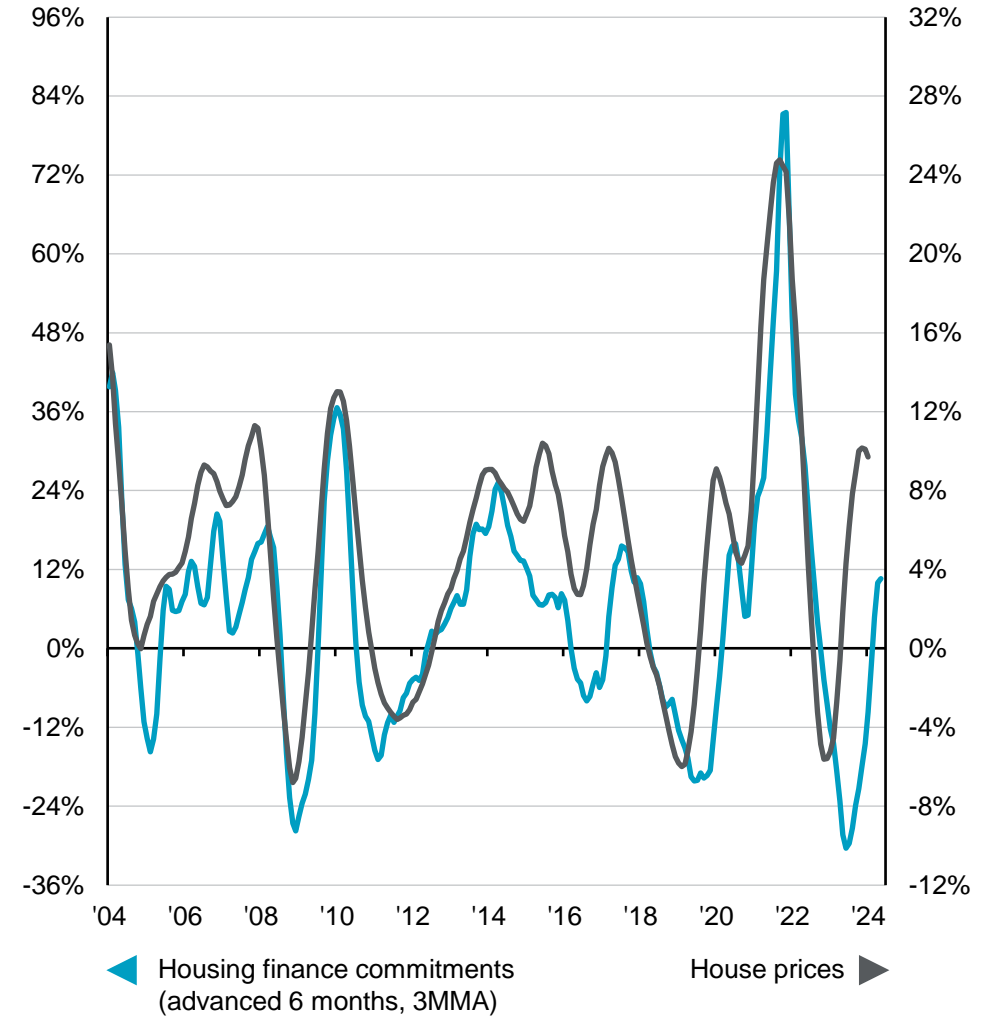
## Mortgage lending

3-month annualised growth rate



## Housing finance and house prices

Year-over-year

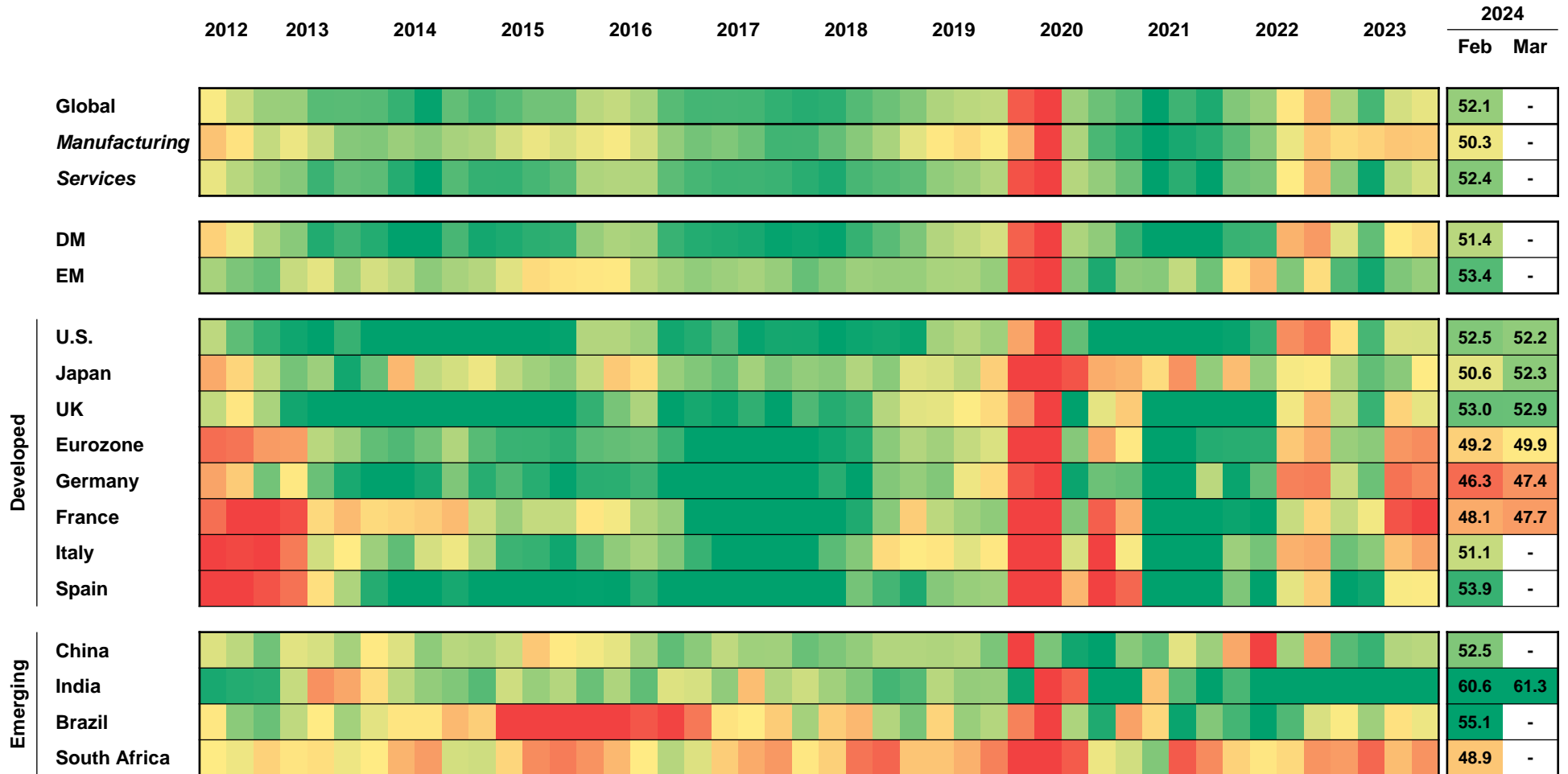


Source: Australian Bureau of Statistics, J.P. Morgan Asset Management; (Right) RPD CoreLogic.  
 House price is the year-over-year change in the hedonic index for national dwelling prices. Past performance is not a reliable indicator of current and future results.  
 Guide to the Markets – Australia. Data as of 31 March 2024.



# Global economic momentum

## Composite Purchasing Managers' Index



Source: FactSet, Markit, J.P. Morgan Asset Management. Heatmap colours are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown. Heatmap is based on quarterly averages, with the exception of the two most recent figures, which are single month readings. DM and EM represent developed markets and emerging markets, respectively. Guide to the Markets – Australia. Data as of 31 March 2024.

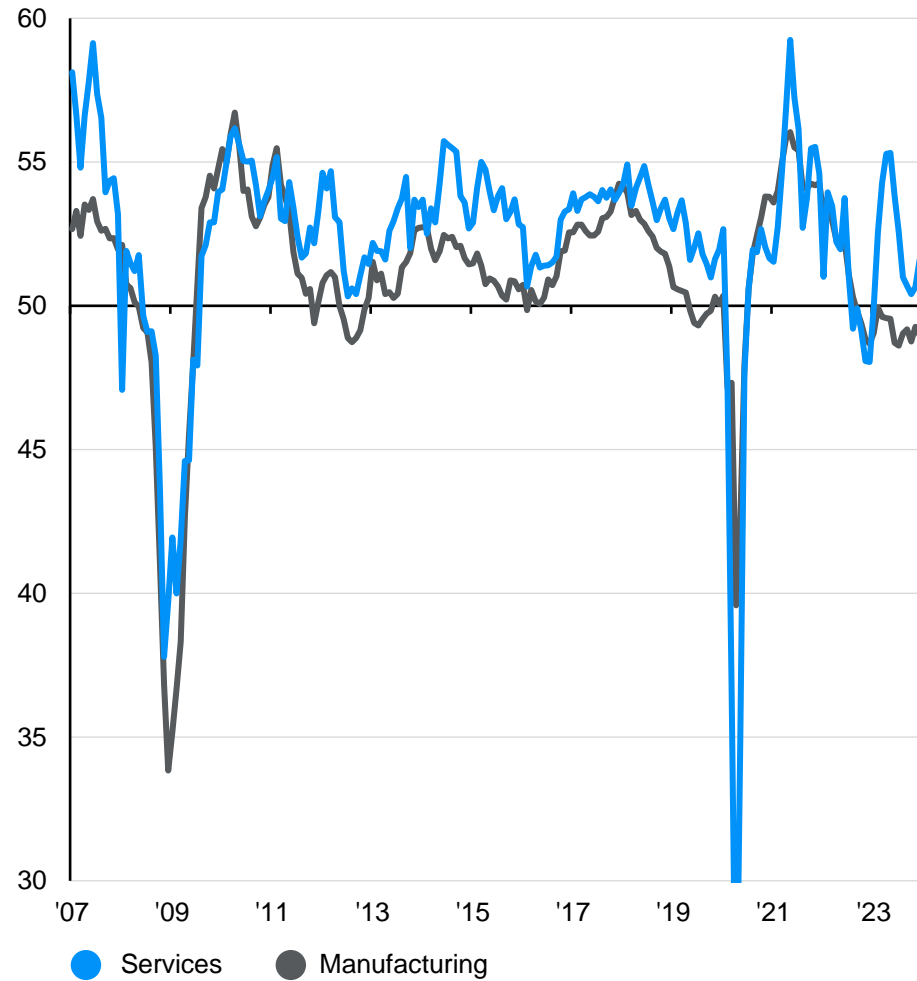


# Global manufacturing

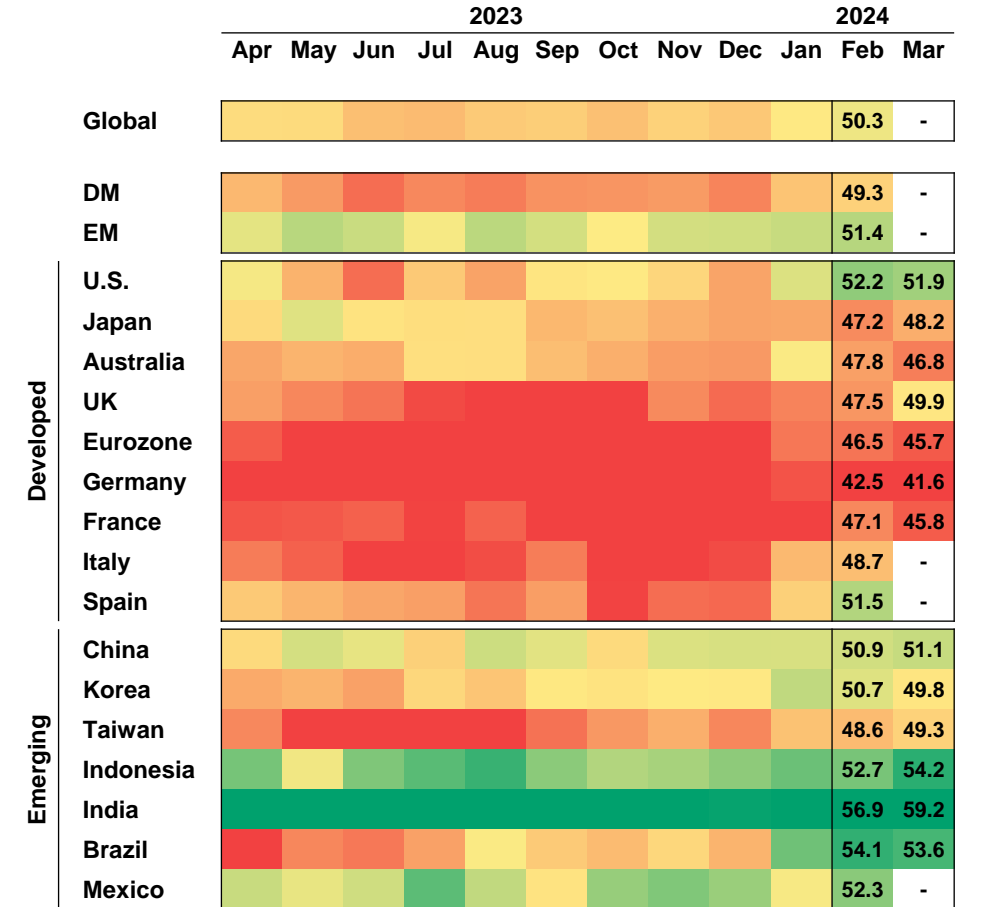
Global economy

## Global PMI for manufacturing and services

Index



## Global PMI for manufacturing by country



Source: FactSet, Markit, J.P. Morgan Asset Management. Heatmap colours are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown. DM and EM represent developed markets and emerging markets, respectively. *Guide to the Markets – Australia*. Data as of 31 March 2024.





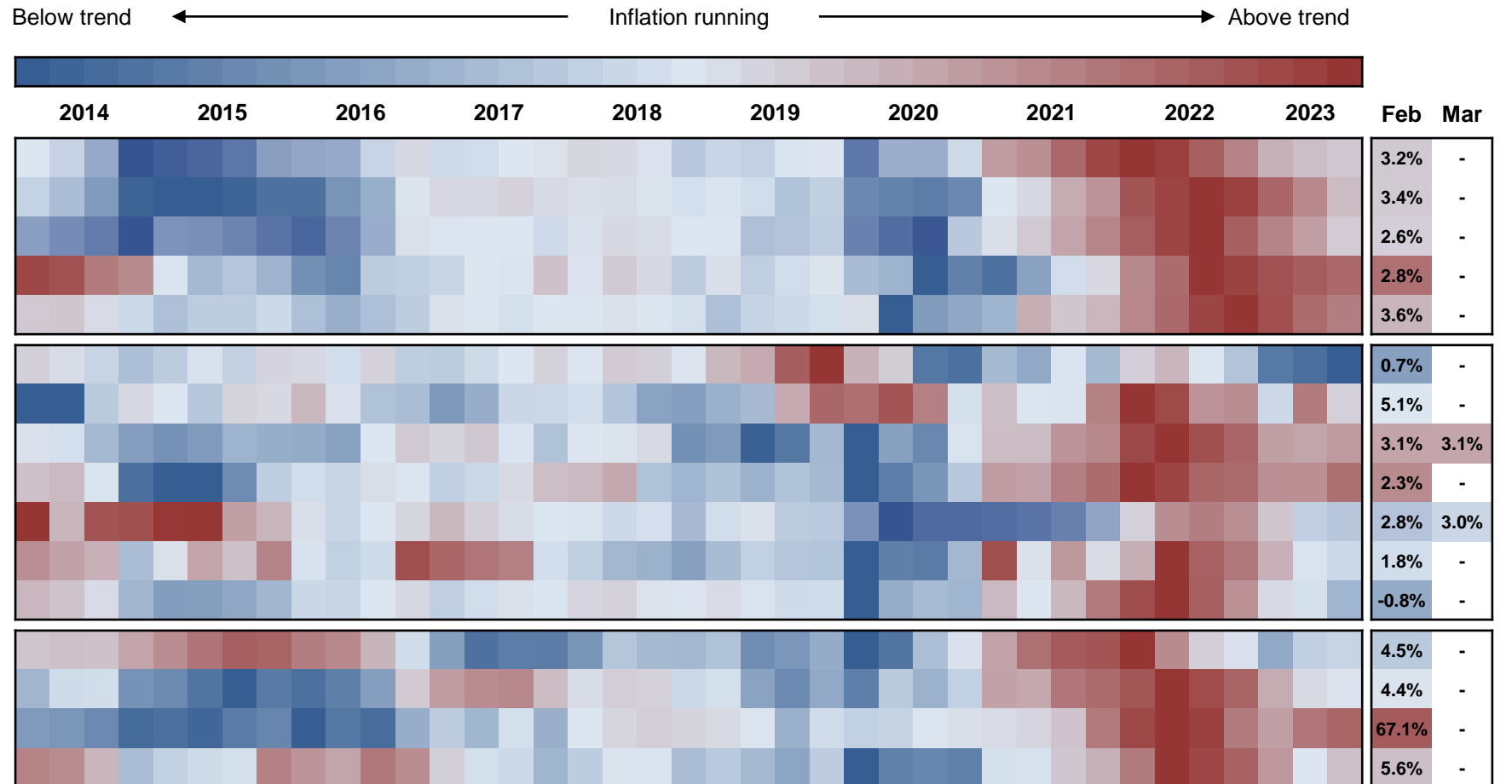
# Global inflation heatmap

GTM AUS 20

Global economy

## Headline consumer prices

Year-over-year, quarterly



Source: ABS, Department of Statistics Malaysia, DGBAS, Eurostat, FactSet, Goskomstat of Russia, IBGE, India Ministry of Statistics & Programme Implementation, INEGI, J.P. Morgan Economic Research, Korean National Statistical Office, Ministry of Commerce Thailand, Ministry of Internal Affairs & Communications Japan, National Bureau of Statistics China, Office for National Statistics UK, Statistics Indonesia, Statistics Institute Turkey, Statistics South Africa, U.S. Department of Labor, J.P. Morgan Asset Management. Quarterly averages, except for the two most recent figures, which are single month readings, are shown. Colours are based on z-score of year-over-year inflation rate relative to each country's own 10-year history where red (blue) indicates inflation above (below) long-run trend. EM represents emerging markets. *Guide to the Markets – Australia*. Data as of 31 March 2024.



# World equity market returns

GTM AUS 32

Equities

|              |  | 2014                        | 2015                        | 2016                        | 2017                         | 2018                          | 2019                         | 2020                         | 2021                        | 2022                           | 2023                        | YTD                        | 1Q'24                      | 10-years '14 - '23         |                     |
|--------------|--|-----------------------------|-----------------------------|-----------------------------|------------------------------|-------------------------------|------------------------------|------------------------------|-----------------------------|--------------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|---------------------|
|              |  |                             |                             |                             |                              |                               |                              |                              |                             |                                |                             |                            |                            | Ann.                       | Vol.                |
| AUD<br>Local |  | 24.3%<br>U.S.<br>13.7%      | 25.6%<br>Japan<br>12.1%     | 13.2%<br>Small Cap<br>13.2% | 31.5%<br>Asia ex JP<br>35.9% | 6.2%<br>U.S.<br>-4.4%         | 31.7%<br>U.S.<br>31.5%       | 14.2%<br>Asia ex JP<br>22.7% | 36.6%<br>U.S.<br>28.7%      | -1.1%<br>Australia<br>-1.1%    | 25.5%<br>U.S.<br>26.3%      | 15.6%<br>U.S.<br>10.6%     | 15.6%<br>U.S.<br>10.6%     | 15.1%<br>U.S.<br>12.0%     | Small Cap<br>17.2%  |
|              |  | 14.9%<br>Asia ex JP<br>7.7% | 14.0%<br>U.S.<br>1.4%       | 12.5%<br>U.S.<br>12.0%      | 27.5%<br>EM<br>31.0%         | -2.3%<br>Portfolio<br>-7.3%   | 24.8%<br>Europe<br>24.6%     | 9.2%<br>Small Cap<br>9.2%    | 24.1%<br>Europe<br>23.3%    | -8.4%<br>Europe<br>-8.0%       | 19.9%<br>Europe<br>15.0%    | 15.1%<br>Japan<br>18.1%    | 15.1%<br>Japan<br>18.1%    | 9.1%<br>Portfolio<br>8.3%  | U.S.<br>15.2%       |
|              |  | 8.7%<br>Portfolio<br>6.8%   | 10.2%<br>Small Cap<br>10.2% | 12.1%<br>EM<br>10.1%        | 20.0%<br>Small Cap<br>20.0%  | -2.8%<br>Australia<br>-2.8%   | 24.0%<br>Portfolio<br>23.7%  | 8.1%<br>EM<br>19.5%          | 19.0%<br>Portfolio<br>17.2% | -8.7%<br>Japan<br>-2.5%        | 19.3%<br>Japan<br>28.3%     | 10.2%<br>Europe<br>8.4%    | 10.2%<br>Europe<br>8.4%    | 8.3%<br>Japan<br>8.6%      | Japan<br>14.7%      |
|              |  | 7.3%<br>EM<br>5.6%          | 9.8%<br>Europe<br>5.4%      | 11.8%<br>Australia<br>11.8% | 17.2%<br>Japan<br>22.2%      | -4.2%<br>Japan<br>-16.0%      | 23.4%<br>Australia<br>23.4%  | 7.9%<br>U.S.<br>18.4%        | 17.2%<br>Australia<br>17.2% | -8.8%<br>Portfolio<br>-9.5%    | 15.8%<br>Portfolio<br>16.2% | 9.6%<br>Portfolio<br>8.2%  | 9.6%<br>Portfolio<br>8.2%  | 7.9%<br>Australia<br>7.9%  | Asia ex JP<br>14.6% |
|              |  | 5.7%<br>Japan<br>10.3%      | 8.4%<br>Portfolio<br>3.3%   | 9.4%<br>Portfolio<br>9.8%   | 16.9%<br>Europe<br>13.7%     | -4.6%<br>Asia ex JP<br>-12.0% | 21.4%<br>Small Cap<br>21.4%  | 4.2%<br>Portfolio<br>8.6%    | 16.9%<br>Small Cap<br>16.9% | -12.2%<br>U.S.<br>-18.1%       | 12.4%<br>Australia<br>12.4% | 7.5%<br>Small Cap<br>7.5%  | 7.5%<br>Small Cap<br>7.5%  | 7.6%<br>Europe<br>7.0%     | Portfolio<br>14.5%  |
|              |  | 5.6%<br>Australia<br>5.6%   | 2.6%<br>Australia<br>2.6%   | 6.3%<br>Asia ex JP<br>6.4%  | 16.7%<br>Portfolio<br>19.1%  | -4.7%<br>EM<br>-9.7%          | 19.4%<br>Japan<br>18.1%      | 3.0%<br>Japan<br>7.4%        | 7.3%<br>Japan<br>12.7%      | -13.5%<br>Asia ex JP<br>-15.1% | 9.6%<br>EM<br>10.3%         | 7.1%<br>Asia ex JP<br>4.5% | 7.1%<br>Asia ex JP<br>4.5% | 7.0%<br>Asia ex JP<br>5.2% | Australia<br>14.1%  |
|              |  | 3.1%<br>Europe<br>5.2%      | 2.5%<br>Asia ex JP<br>-5.3% | 4.0%<br>Japan<br>0.3%       | 12.8%<br>U.S.<br>21.8%       | -4.8%<br>Europe<br>-10.0%     | 19.1%<br>EM<br>18.5%         | 1.4%<br>Australia<br>1.4%    | 3.8%<br>EM<br>0.1%          | -13.9%<br>EM<br>-15.2%         | 7.8%<br>Small Cap<br>7.8%   | 7.1%<br>EM<br>4.6%         | 7.1%<br>EM<br>4.6%         | 6.0%<br>Small Cap<br>6.0%  | EM<br>13.5%         |
|              |  | -3.8%<br>Small Cap<br>-3.8% | -3.9%<br>EM<br>-5.4%        | 0.7%<br>Europe<br>7.9%      | 11.8%<br>Australia<br>11.8%  | -8.7%<br>Small Cap<br>-8.7%   | 18.7%<br>Asia ex JP<br>18.2% | -3.5%<br>Europe<br>-1.7%     | 1.4%<br>Asia ex JP<br>-2.8% | -18.4%<br>Small Cap<br>-18.4%  | 5.7%<br>Asia ex JP<br>6.8%  | 5.3%<br>Australia<br>5.3%  | 5.3%<br>Australia<br>5.3%  | 5.9%<br>EM<br>5.6%         | Europe<br>13.2%     |

Source: FactSet, MSCI, Standard & Poor's, TOPIX, J.P. Morgan Asset Management. Annualised return (Ann.) and volatility (Vol.) covers the period 2014 to 2022. Volatility is based on local currency returns. Small Cap: S&P ASX Small Ordinaries; Asia ex JP: MSCI AC Asia ex Japan; EM: MSCI EM Index; Europe: MSCI Europe Index; Japan: TOPIX first section; Australia: ASX 200 Index; U.S.: S&P 500 Index. Hypothetical portfolio (for illustrative purposes only and should not be taken as a recommendation): 20% U.S.; 30% Australia; 15% EM; 15% Europe; 10% Japan; 10% small cap. All indices are total returns. Past performance is not a reliable indicator of current and future results.

Guide to the Markets – Australia. Data as of 31 March 2024.

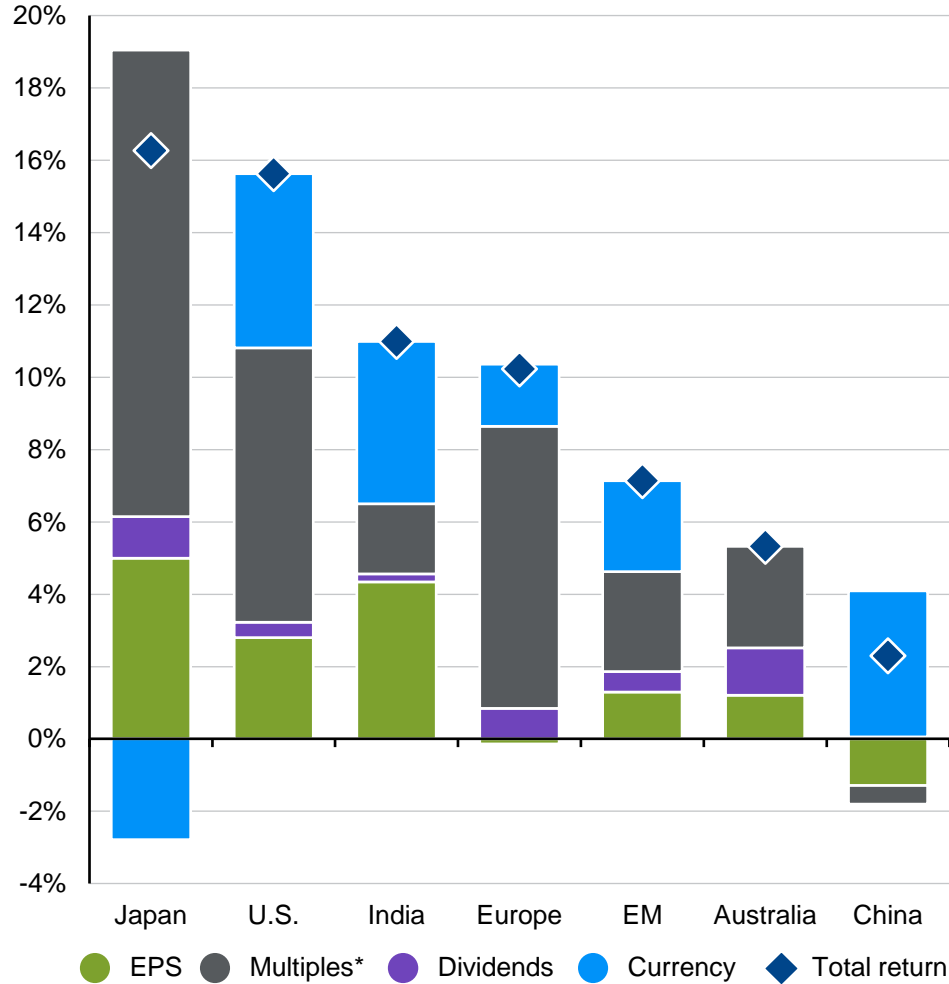


# Global equities: Source of return and valuations

Equities

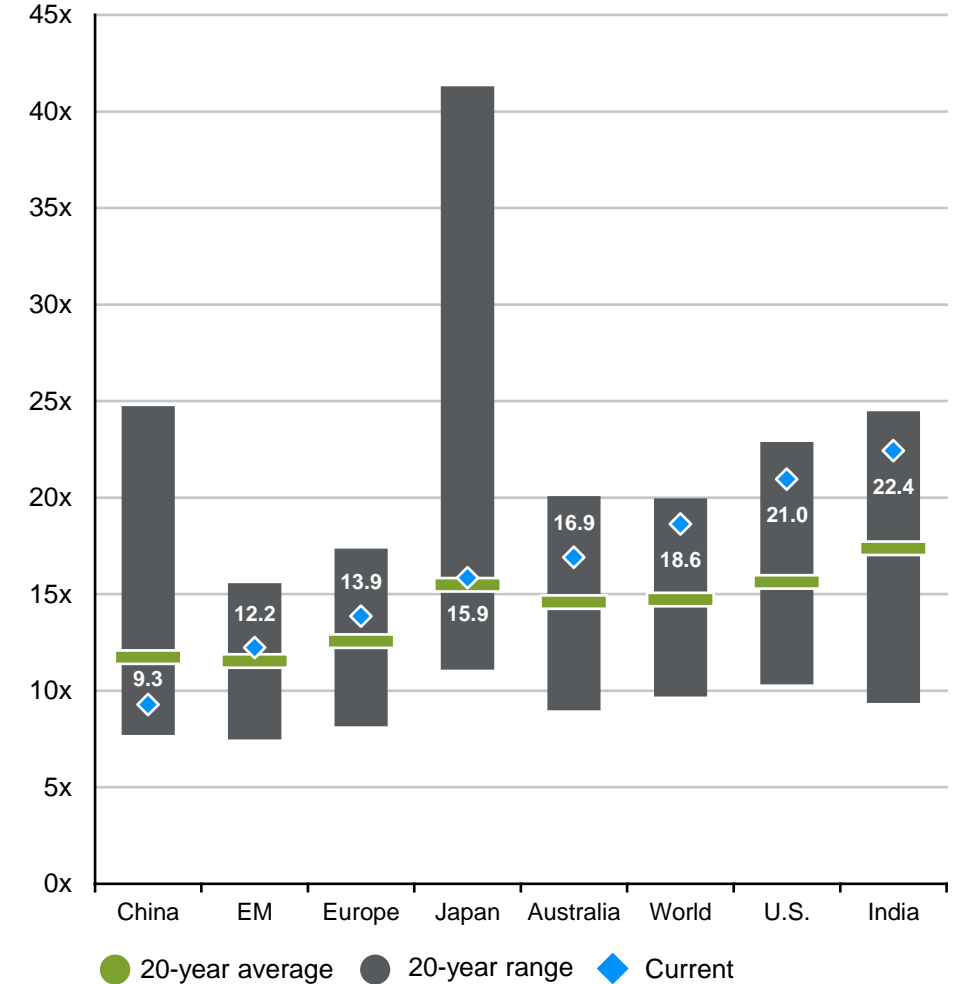
## Source of return

2024 AUD



## Global valuations

Current and 20-year historical price-to-earning valuations\*



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.

All return values are MSCI indices except the U.S. and Australia, which are the S&P 500 and ASX 200, respectively. \*Multiple expansion is based on the forward P/E ratio and EPS growth outlook is based on NTMA earnings estimates. Chart is for illustrative purposes only. Past performance is not indicative of future results.

Guide to the Markets – Australia. Data as of 31 March 2024.

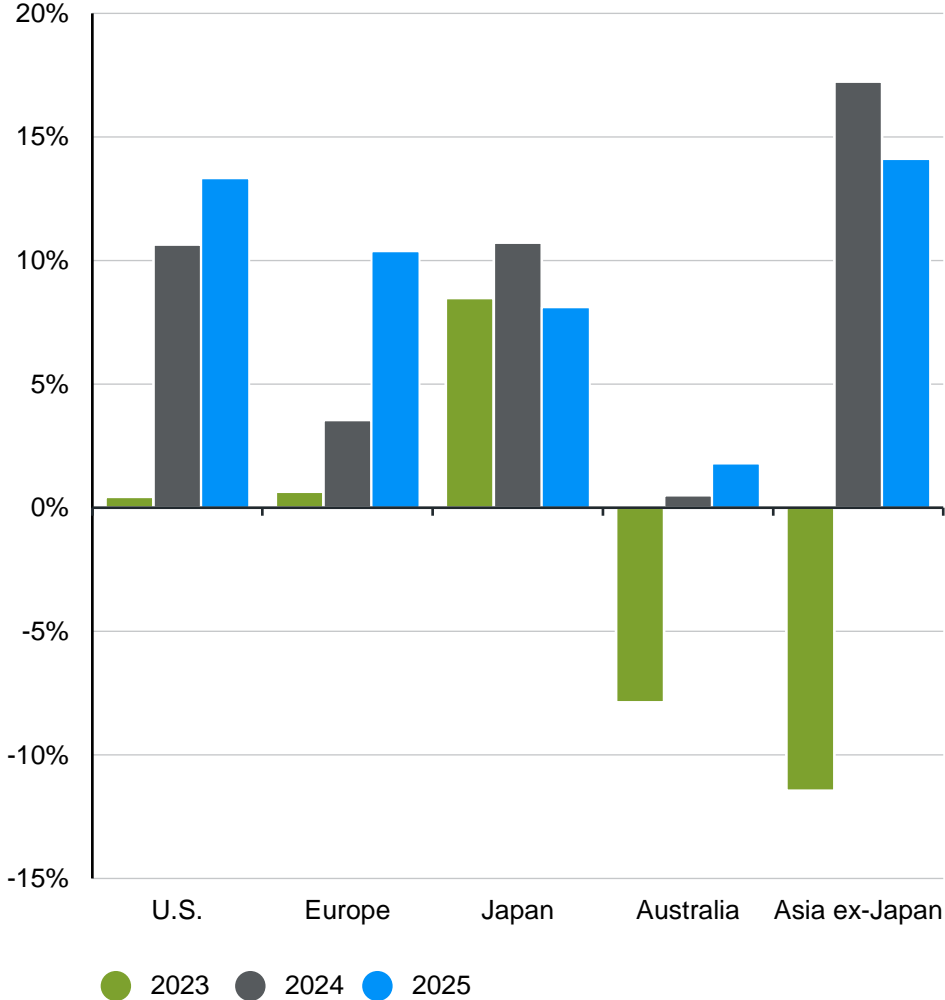


# Global equities: Earnings and revisions

Equities

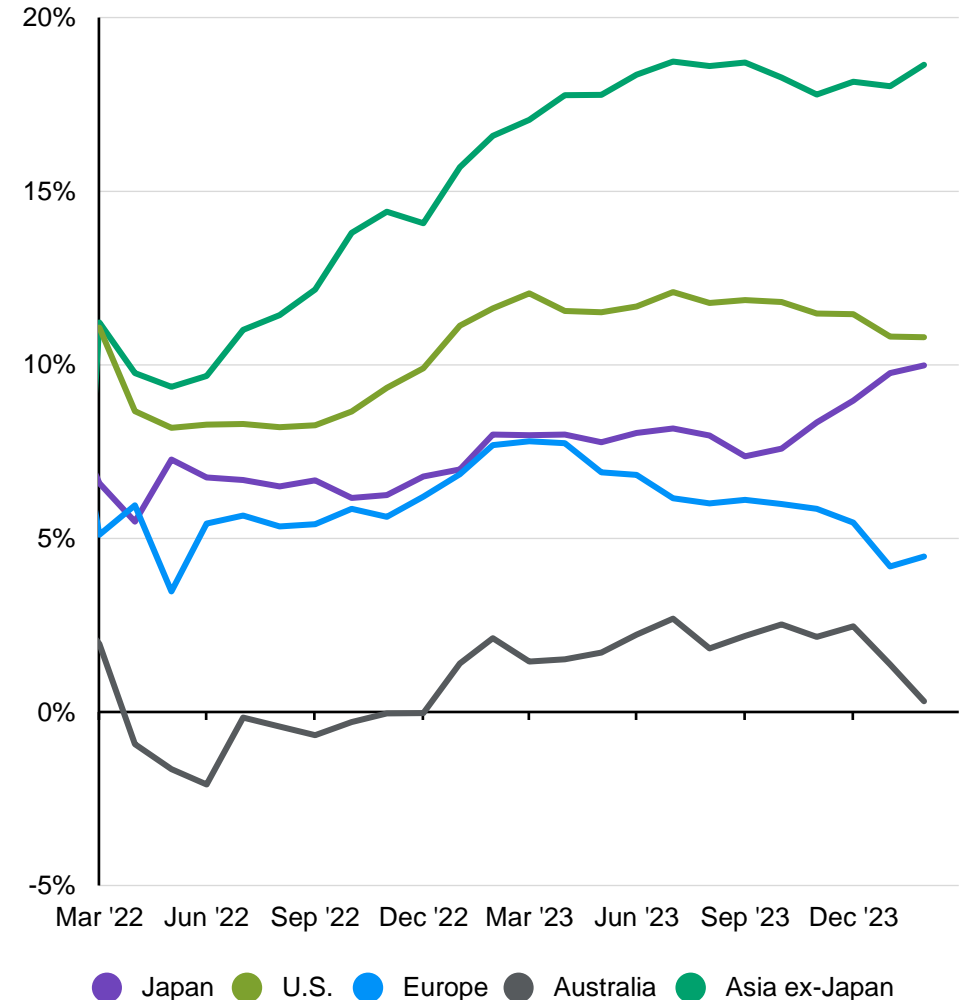
## Earnings growth

Earnings per share, year-over-year



## Earnings growth estimates

2024 CY, year-on-year EPS growth



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. Guide to the Markets – Australia. Data as of 31 March 2024.



# Fixed income sector returns

Fixed income

|              | 2013                 | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                | 2020                | 2021                 | 2022                  | 2023                | YTD                  | 1Q '24               | Ten-yr Ann.         |
|--------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|---------------------|----------------------|----------------------|---------------------|
| <b>AUD</b>   | 25.3%                | 16.0%               | 14.2%               | 15.3%               | 5.1%                | 12.2%               | 14.6%               | 5.3%                | 12.5%                | -5.5%                 | 12.7%               | 6.1%                 | 6.1%                 | 6.5%                |
| <b>Local</b> | Global HY<br>7.1%    | U.S. MBS<br>6.1%    | U.S. MBS<br>1.5%    | Global HY<br>15.9%  | Aus IG<br>5.1%      | U.S. MBS<br>1.0%    | EM Debt<br>14.4%    | Aus IG<br>5.3%      | U.S. TIPS<br>6.0%    | U.S. MBS<br>-11.8%    | Global HY<br>12.4%  | Global HY<br>2.0%    | Global HY<br>2.0%    | Global HY<br>4.2%   |
|              | 16.4%                | 15.4%               | 13.9%               | 10.7%               | 3.5%                | 12.1%               | 13.9%               | 4.1%                | 7.6%                 | -6.2%                 | 9.8%                | 6.0%                 | 6.0%                 | 5.9%                |
|              | Global IG<br>0.3%    | EM Debt<br>5.5%     | EM Debt<br>1.2%     | EM Debt<br>10.2%    | Aus Gov<br>3.5%     | U.S. Treas.<br>0.9% | Global HY<br>14.0%  | Aus Gov<br>4.1%     | Global HY<br>2.9%    | U.S. Treas.<br>-12.5% | EM Debt<br>10.5%    | EM Debt<br>1.4%      | EM Debt<br>1.4%      | EM Debt<br>3.1%     |
|              | 14.4%                | 14.8%               | 13.4%               | 5.6%                | 2.0%                | 9.7%                | 11.7%               | 1.1%                | 5.0%                 | -6.7%                 | 8.9%                | 4.5%                 | 4.5%                 | 4.6%                |
|              | U.S. MBS<br>-1.4%    | U.S. Treas.<br>5.1% | U.S. Treas.<br>0.8% | Portfolio<br>5.4%   | Global HY<br>7.6%   | U.S. TIPS<br>-1.3%  | Global IG<br>11.5%  | U.S. TIPS<br>11.0%  | U.S. MBS<br>-1.0%    | Aus IG<br>-6.7%       | Global IG<br>9.6%   | U.S. TIPS<br>-0.1%   | U.S. TIPS<br>-0.1%   | Global IG<br>1.8%   |
|              | 12.9%                | 13.3%               | 10.9%               | 5.2%                | 1.2%                | 7.4%                | 9.5%                | 0.8%                | 4.5%                 | -7.0%                 | 6.8%                | 3.8%                 | 3.8%                 | 4.2%                |
|              | U.S. Treas.<br>-2.7% | U.S. TIPS<br>3.6%   | U.S. TIPS<br>-1.4%  | U.S. TIPS<br>4.7%   | EM Debt<br>9.3%     | Global HY<br>-2.4%  | Portfolio<br>9.2%   | Portfolio<br>6.1%   | EM Debt<br>-1.5%     | Global HY<br>-11.8%   | Aus IG<br>6.8%      | Global IG<br>-0.8%   | Global IG<br>-0.8%   | U.S. MBS<br>1.4%    |
|              | 9.9%                 | 12.8%               | 8.5%                | 4.8%                | 1.0%                | 7.2%                | 8.6%                | 0.5%                | 3.7%                 | -10.2%                | 6.8%                | 3.6%                 | 3.6%                 | 4.0%                |
|              | Portfolio<br>0.3%    | Global IG<br>3.1%   | Global IG<br>-3.6%  | Global IG<br>4.3%   | Global IG<br>9.1%   | Portfolio<br>0.7%   | U.S. TIPS<br>8.4%   | Global IG<br>10.4%  | U.S. Treas.<br>-2.3% | Aus Gov<br>-10.2%     | Portfolio<br>6.8%   | U.S. Treas.<br>-1.0% | U.S. Treas.<br>-1.0% | U.S. Treas.<br>1.3% |
|              | 8.4%                 | 11.7%               | 7.8%                | 3.8%                | 0.9%                | 7.1%                | 7.8%                | -1.6%               | 3.1%                 | -10.4%                | 4.4%                | 3.5%                 | 3.5%                 | 3.9%                |
|              | EM Debt<br>-6.6%     | Portfolio<br>6.0%   | Global HY<br>-2.1%  | Aus IG<br>3.8%      | Portfolio<br>5.1%   | Global IG<br>-3.6%  | Aus Gov<br>7.8%     | Global HY<br>6.3%   | Global IG<br>-2.9%   | EM Debt<br>-16.5%     | U.S. MBS<br>5.0%    | U.S. MBS<br>-1.0%    | U.S. MBS<br>-1.0%    | Portfolio<br>2.6%   |
|              | 6.1%                 | 10.3%               | 7.7%                | 2.5%                | -4.6%               | 6.0%                | 7.1%                | -1.6%               | 2.3%                 | -10.7%                | 4.3%                | 3.3%                 | 3.3%                 | 3.4%                |
|              | U.S. TIPS<br>-8.6%   | Aus Gov<br>10.3%    | Portfolio<br>0.5%   | Aus Gov<br>2.5%     | U.S. TIPS<br>3.0%   | EM Debt<br>-4.6%    | Aus IG<br>7.1%      | U.S. Treas.<br>8.0% | Portfolio<br>-1.1%   | Global IG<br>-16.7%   | Aus Gov<br>4.3%     | Portfolio<br>0.7%    | Portfolio<br>0.7%    | Aus IG<br>3.4%      |
|              | 4.3%                 | 9.2%                | 3.0%                | 2.2%                | -5.1%               | 5.1%                | 7.0%                | -3.5%               | -1.6%                | -11.7%                | 3.4%                | 1.4%                 | 1.4%                 | 2.5%                |
|              | Aus IG<br>4.3%       | Global HY<br>2.5%   | Aus IG<br>3.0%      | U.S. MBS<br>1.7%    | U.S. MBS<br>2.5%    | Aus Gov<br>5.1%     | U.S. Treas.<br>6.9% | EM Debt<br>5.9%     | Aus IG<br>-1.6%      | Portfolio<br>-11.1%   | U.S. Treas.<br>4.1% | Aus IG<br>1.4%       | Aus IG<br>1.4%       | Aus Gov<br>2.5%     |
|              | 0.3%                 | 8.1%                | 2.3%                | 1.5%                | -5.3%               | 3.9%                | 6.5%                | -5.4%               | -3.1%                | -76.2%                | 3.3%                | 0.9%                 | 0.9%                 | -8.3%               |
|              | Aus Gov<br>0.3%      | Aus IG<br>8.1%      | Aus Gov<br>2.3%     | U.S. Treas.<br>1.0% | U.S. Treas.<br>2.3% | Aus IG<br>3.9%      | U.S. MBS<br>6.4%    | U.S. MBS<br>3.9%    | Aus Gov<br>-3.1%     | U.S. TIPS<br>-11.8%   | U.S. TIPS<br>3.9%   | Aus Gov<br>0.9%      | Aus Gov<br>0.9%      | U.S. TIPS<br>2.4%   |

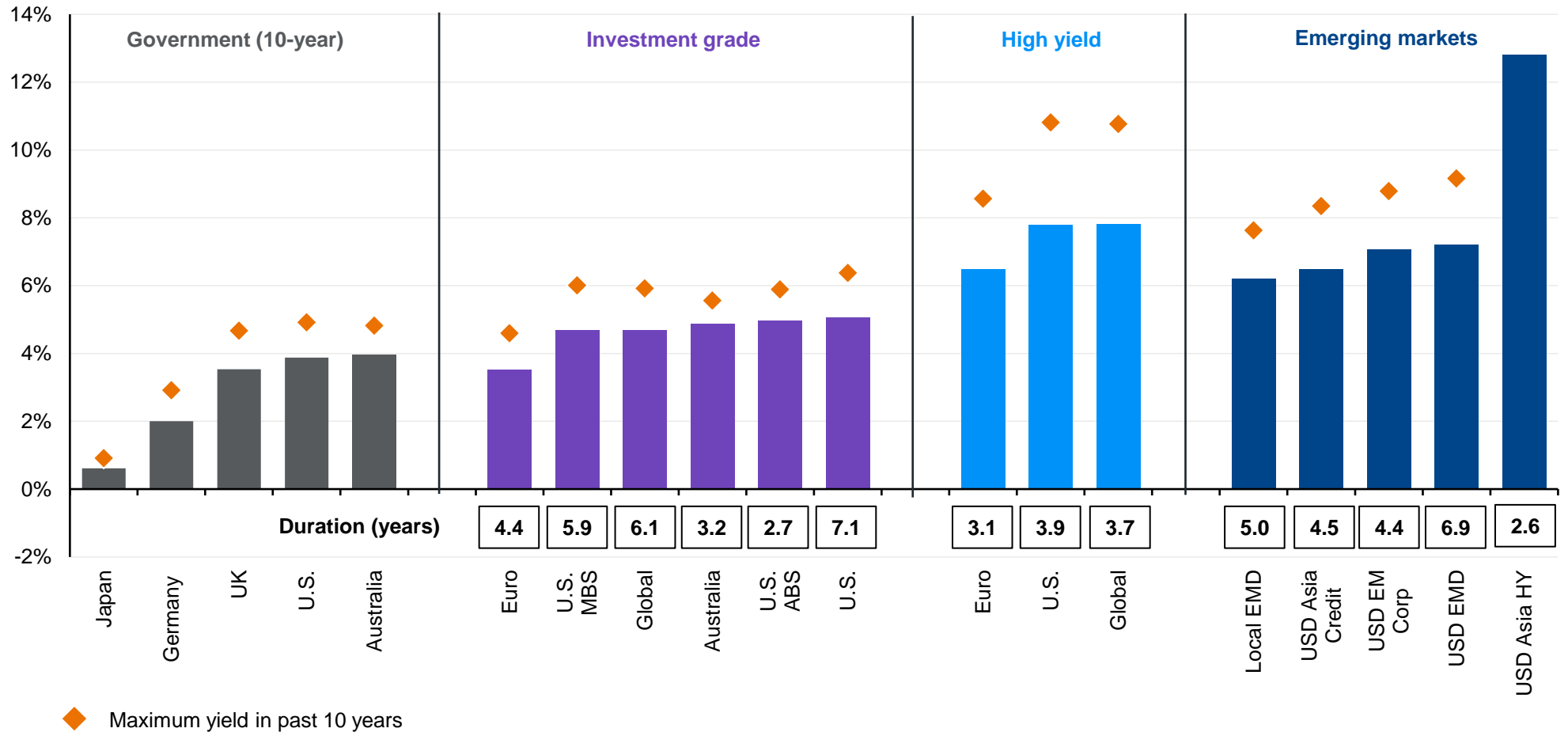
Source: Bloomberg L.P., FactSet, ICE BofA, J.P. Morgan Asset Management. Aus Gov: AusBond Treasury (0+Y); U.S. Treas.: Barclays U.S. Aggregate Government – Treasury; Global IG: Barclays Global Aggregate – Corporate – Investment Grade; Aus IG: Bloomberg AusBond Credit (0+Y); Global HY: BoA/ML Global High Yield; EM Debt: J.P. Morgan EMBI Global; U.S. TIPS: Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS); U.S. MBS: Bloomberg Barclays U.S. Aggregate Securitized – MBS. Hypothetical portfolio (for illustrative purposes only and should not be taken as a recommendation): 25% Aus Gov, 15% Aus IG, 10% Global IG, 15% Global HY, 10% EM Debt, 15% U.S. Treas., 5% U.S. TIPS, 5% U.S. MBS. Past performance is not a reliable indicator of current and future results. Guide to the Markets – Australia. Data as of 31 March 2024.



# Fixed income yields

Fixed income

## Nominal yields



Source: Bloomberg L.P., FactSet, ICE BofA, J.P. Morgan Asset Management. Euro IG: Bloomberg Barclays Euro-Aggregate – Corporate; Global IG: Bloomberg Barclays Global Aggregate – Corporate; Aus IG: Bloomberg AusBond Credit (0+Y); U.S. IG: Bloomberg Barclays U.S. Aggregate Corporate. Euro HY: ICE BofA Euro Developed Markets Non-Financial High Yield Constrained Index; Global HY: ICE BofA Global High Yield; U.S. HY: ICE BofA U.S. High Yield Constrained Index; USD EM Corp: CEMBI Broad Diversified; Local EMD: GBI-EM Global Diversified; USD EMD EMBI Global; USD Asia Credit: JPM Asia Credit; Local Asia EMD: JPM JADE; USD Asia HY: JPM Asia HY. Positive yield does not imply positive return. Past performance is not a reliable indicator of current and future results. Max yield on USD Asia HY is 19.1% *Guide to the Markets – Australia*. Data as of 31 March 2024.



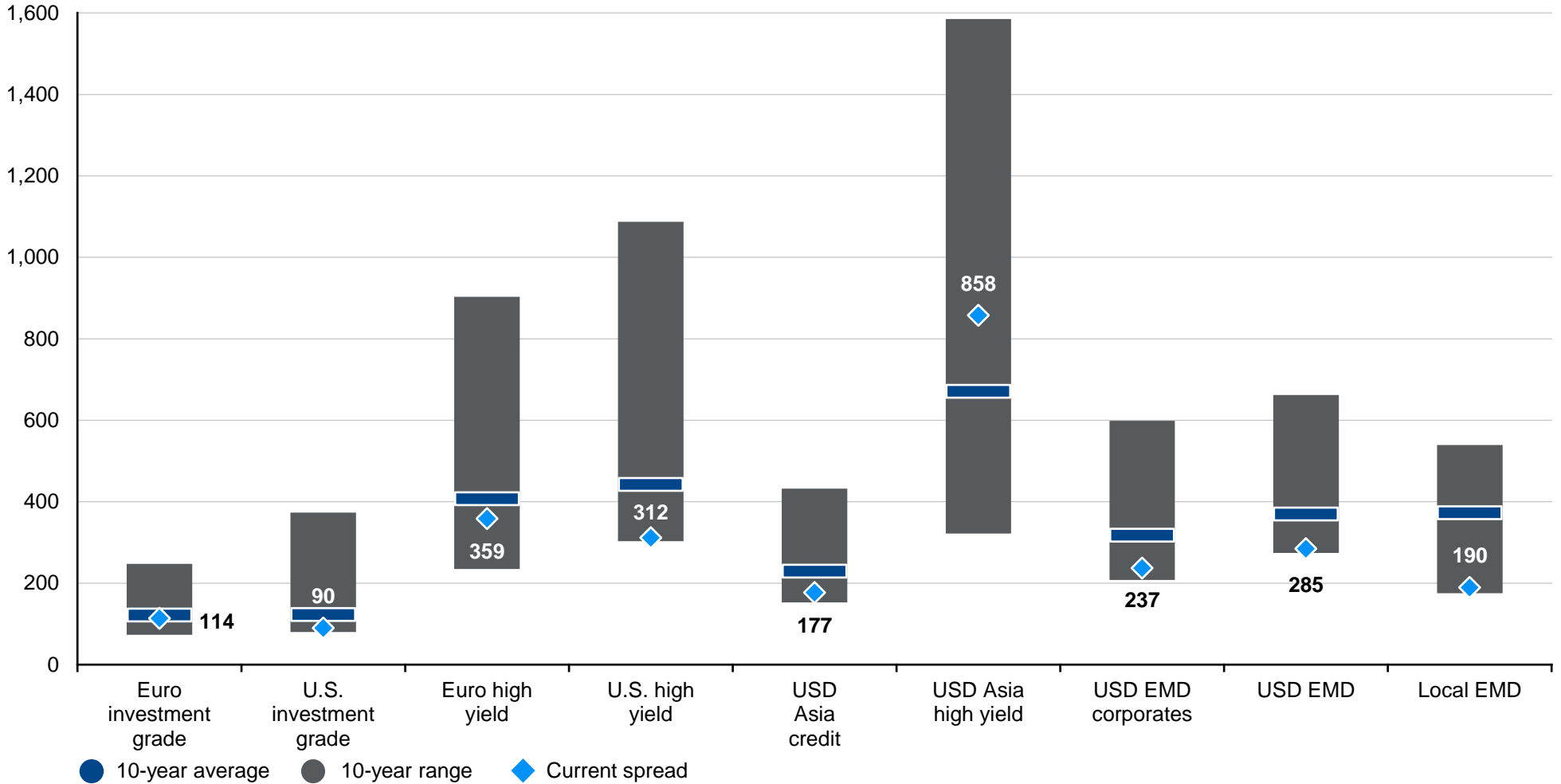
# Fixed income valuations

GTM AUS 50

Fixed income

## Spreads across fixed income sub-sectors

Basis points



Source: Bloomberg L.P., FactSet, ICE BofA, J.P. Morgan Securities, J.P. Morgan Asset Management. Past performance is not a reliable indicator of current and future results.  
 Guide to the Markets – Australia. Data as of 31 March 2024.



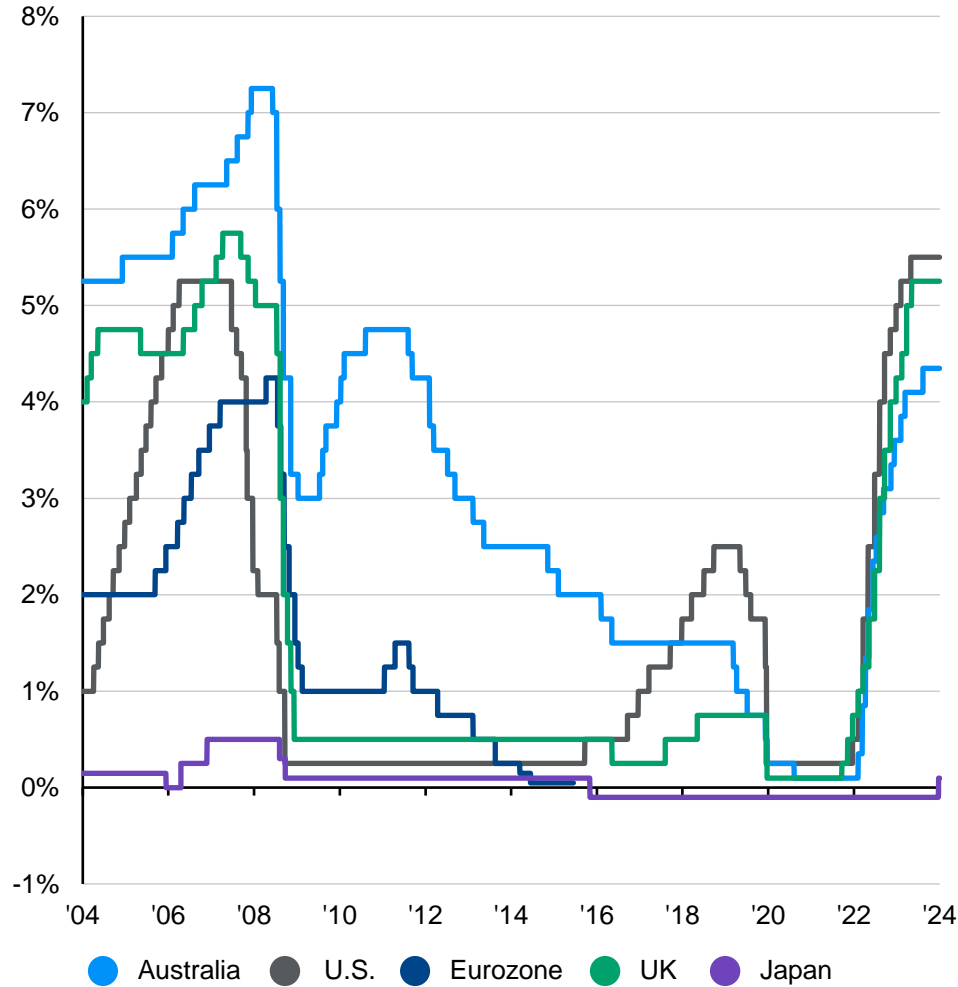
# Central bank policy rates

GTM AUS 53

Fixed income

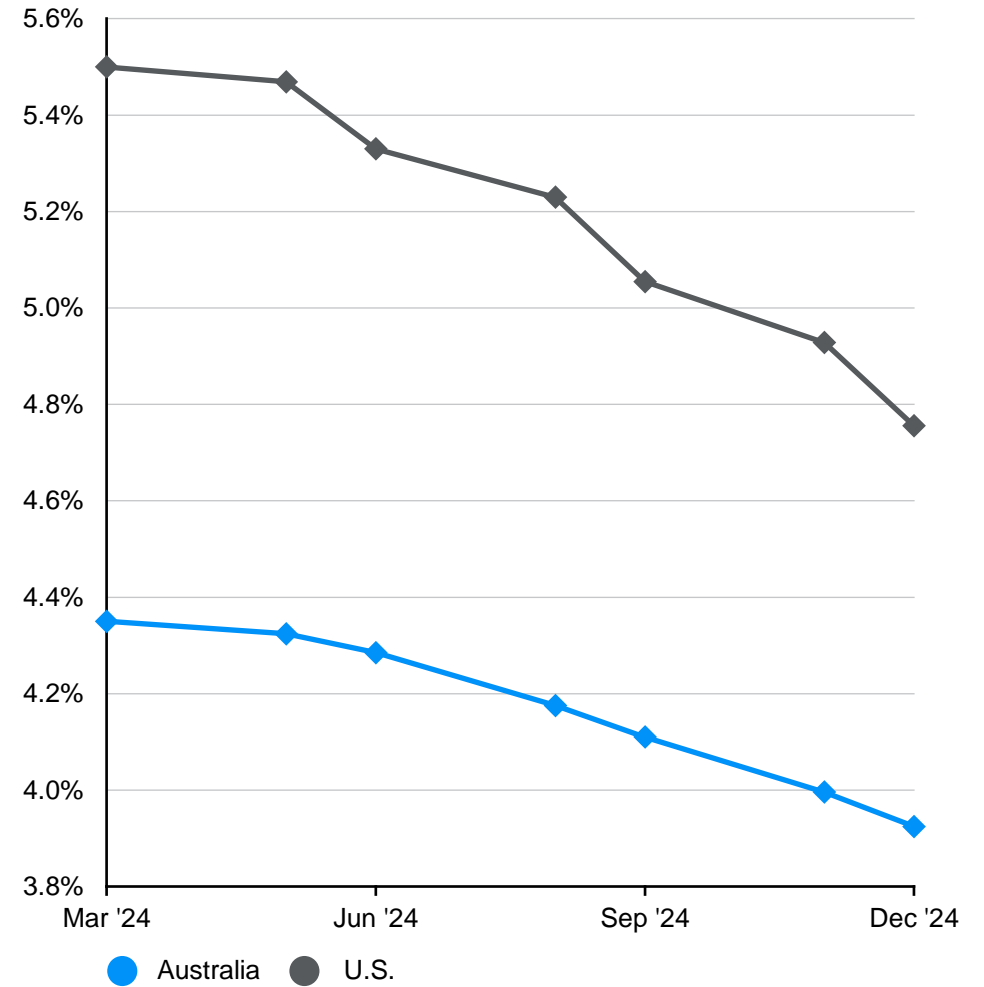
## Central bank key policy rates

Target rates



## Market implied policy rates

Expected policy rate at coming central bank meetings



Source: Bank of Japan, European Central Bank, FactSet, Reserve Bank of Australia, U.S. Federal Reserve, J.P. Morgan Asset Management. Past performance is not a reliable indicator of current and future results.  
 Guide to the Markets – Australia. Data as of 31 March 2024.





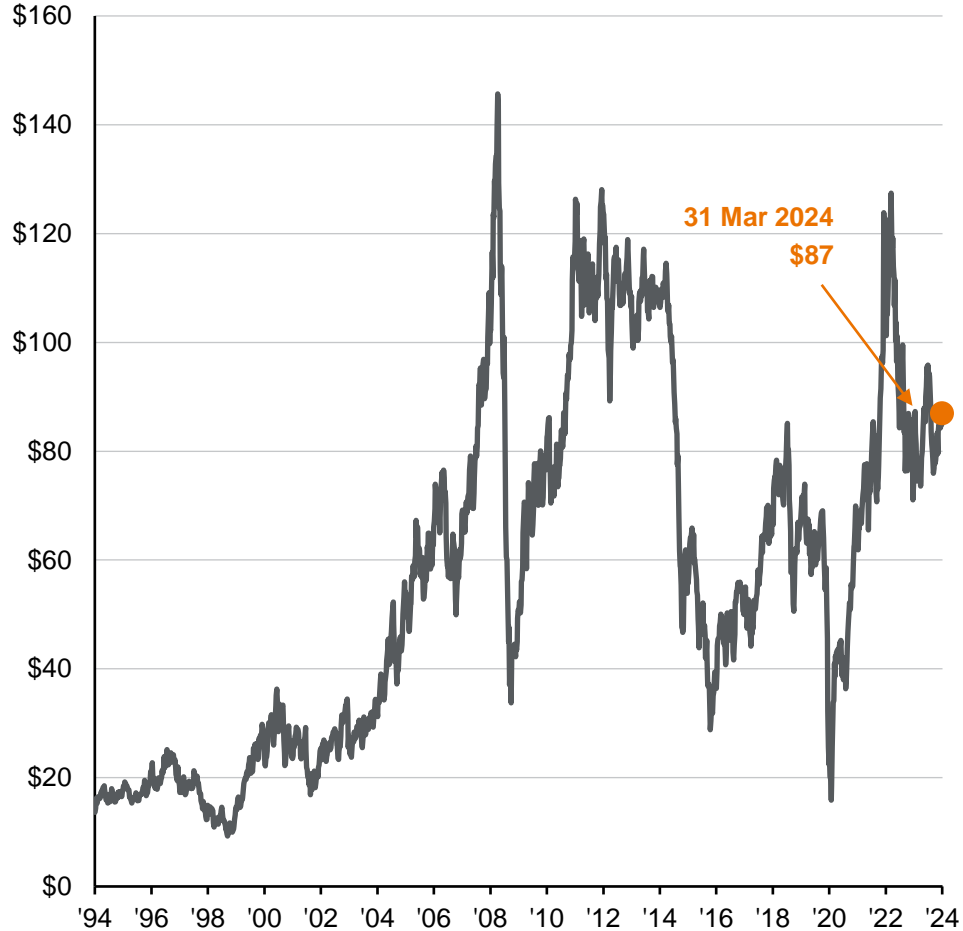
# Energy prices

GTM | AUS | 63

Other asset classes

## Price of oil

Brent crude, USD/barrel



## Natural gas prices

EUR per MWh / USD per Mmbtu



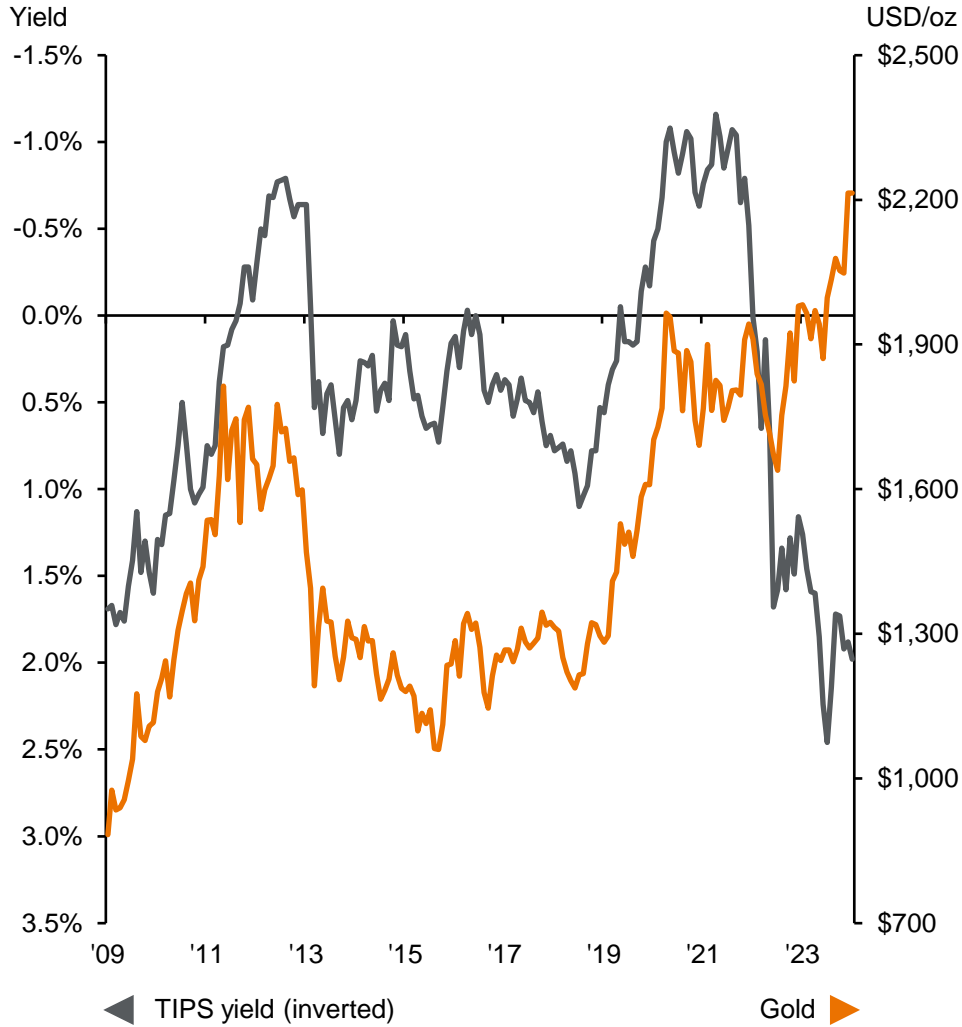
Source: FactSet, ICE, Nymex, J.P. Morgan Asset Management. Past performance is not a reliable indicator of current and future results. Guide to the Markets – Australia. Data as of 31 March 2024.



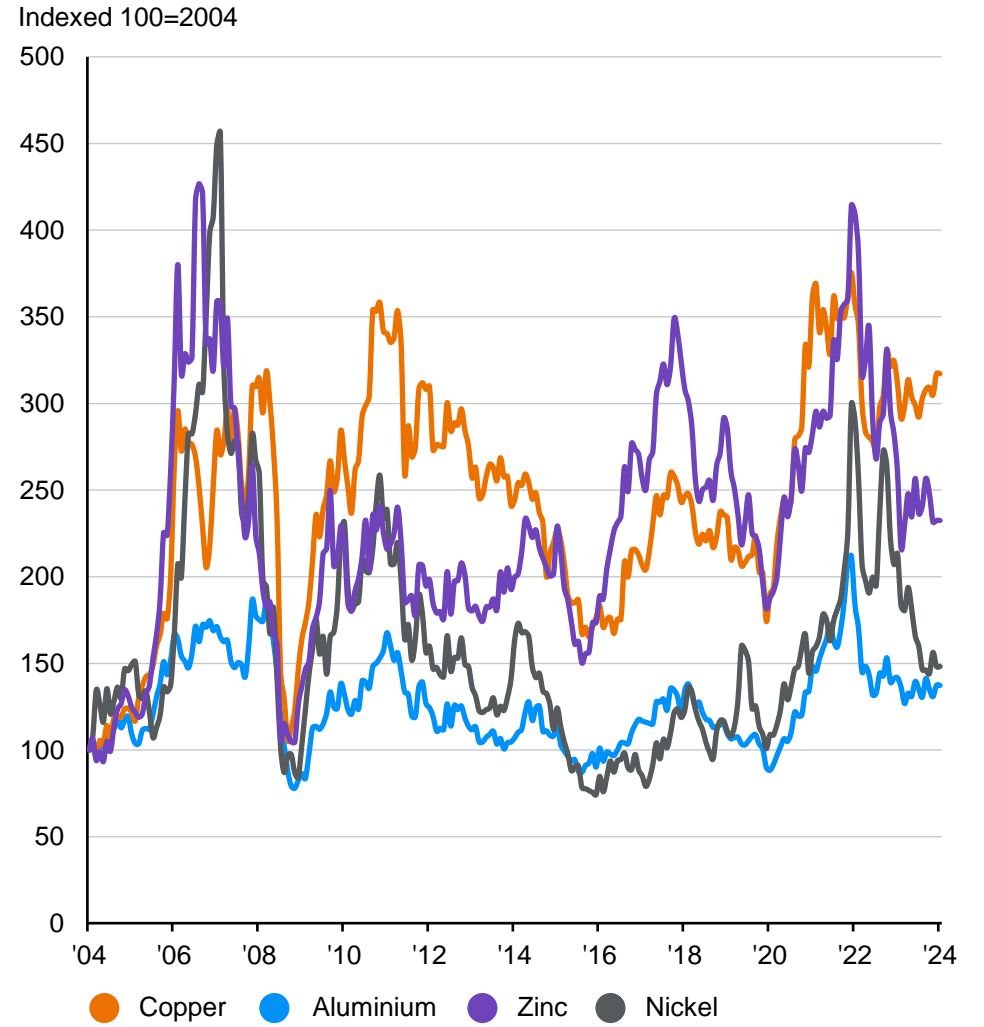
# Metals

Other asset classes

## Gold and real rates



## Metals prices



Source: FactSet, J.P. Morgan Asset Management; (Left) U.S. Federal Reserve; (Right) London Metals Exchange. Past performance is not a reliable indicator of current and future results.  
 Guide to the Markets – Australia. Data as of 31 March 2024.

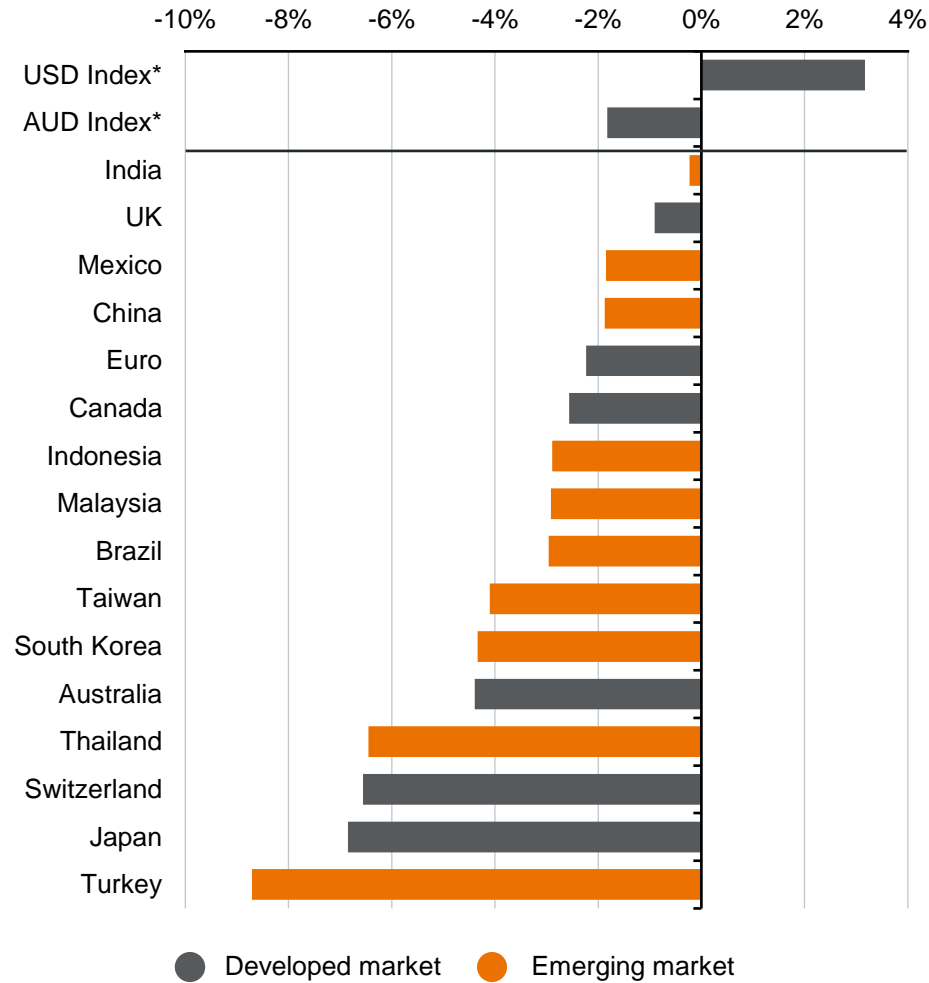


# Global currencies

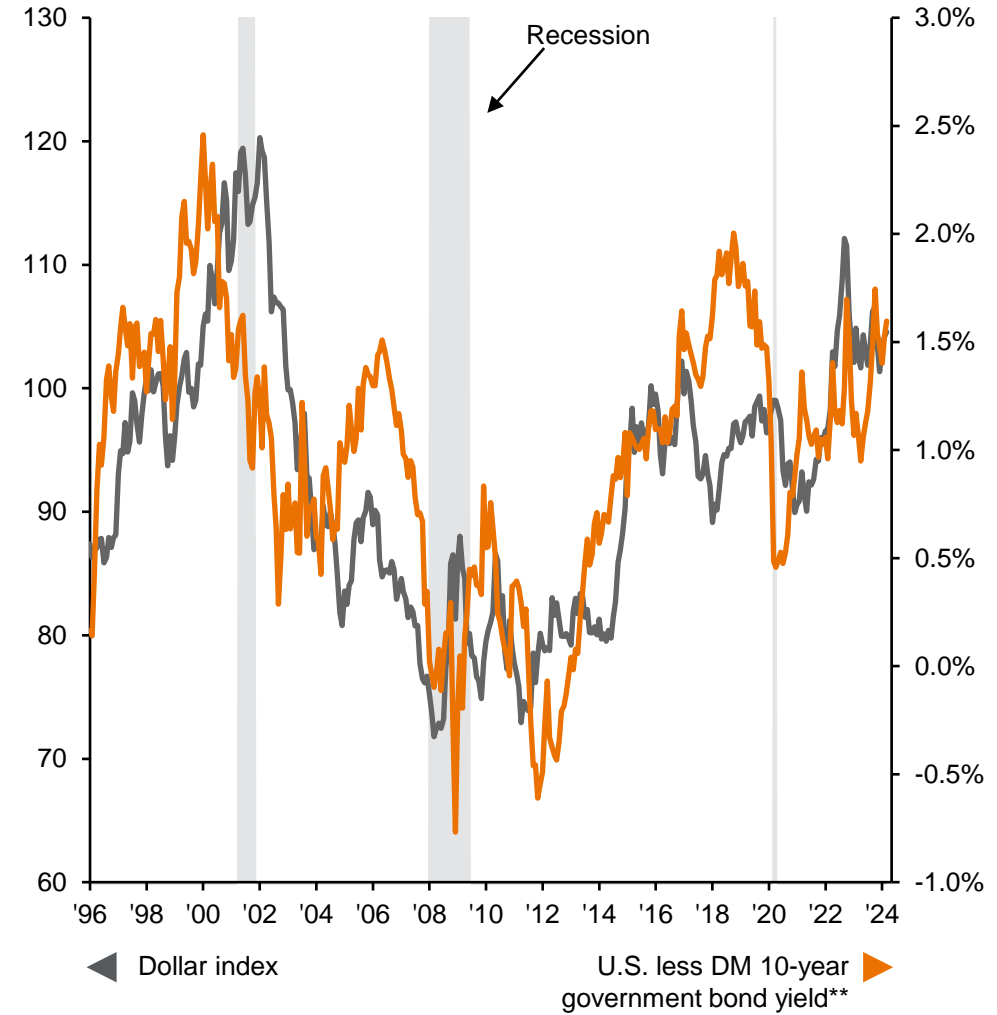
Other asset classes

## Currency movements

2023, vs. USD



## U.S. dollar index and interest rate differential



Source: FactSet, J.P. Morgan Asset Management; (Left) Reserve Bank of Australia; (Right) OECD.

\*USD and AUD Index shows performance vs. a basket of trading partners. \*\*DM is developed markets and the yield is a GDP-weighted average of the 10-year government bond yields of Australia, Canada, France, Germany, Italy, Japan, Switzerland and the UK. Past performance is not a reliable indicator of current and future results.

Guide to the Markets – Australia. Data as of 31 March 2024.



# J.P. Morgan Asset Management – Risks & disclosures

**The Market Insights program provides comprehensive data and commentary on global markets without reference to products. Designed as a tool to help clients understand the markets and support investment decision-making, the program explores the implications of current economic data and changing market conditions.**

For the purposes of MiFID II, the JPM Market Insights and Portfolio Insights programs are marketing communications and are not in scope for any MiFID II / MiFIR requirements specifically related to investment research. Furthermore, the J.P. Morgan Asset Management Market Insights and Portfolio Insights programs, as non-independent research, have not been prepared in accordance with legal requirements designed to promote the independence of investment research, nor are they subject to any prohibition on dealing ahead of the dissemination of investment research.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be taken as advice or a recommendation for any specific investment product, strategy, plan feature or other purpose in any jurisdiction, nor is it a commitment from J.P. Morgan Asset Management or any of its subsidiaries to participate in any of the transactions mentioned herein. Any examples used are generic, hypothetical and for illustration purposes only. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit, and accounting implications and determine, together with their own financial professional, if any investment mentioned herein is believed to be appropriate to their personal goals. Investors should ensure that they obtain all available relevant information before making any investment. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted. It should be noted that investment involves risks, the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Both past performance and yields are not reliable indicators of current and future results.

J.P. Morgan Asset Management is the brand for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide.

To the extent permitted by applicable law, we may record telephone calls and monitor electronic communications to comply with our legal and regulatory obligations and internal policies. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our privacy policies at <https://am.jpmorgan.com/global/privacy>.

This communication is issued by the following entities:

In the United States, by J.P. Morgan Investment Management Inc. or J.P. Morgan Alternative Asset Management, Inc., both regulated by the Securities and Exchange Commission; in Latin America, for intended recipients' use only, by local J.P. Morgan entities, as the case may be. In Canada, for institutional clients' use only, by JPMorgan Asset Management (Canada) Inc., which is a registered Portfolio Manager and Exempt Market Dealer in all Canadian provinces and territories except the Yukon and is also registered as an Investment Fund Manager in British Columbia, Ontario, Quebec and Newfoundland and Labrador. In the United Kingdom, by JPMorgan Asset Management (UK) Limited, which is authorized and regulated by the Financial Conduct Authority; in other European jurisdictions, by JPMorgan Asset Management (Europe) S.à r.l. In Asia Pacific ("APAC"), by the following issuing entities and in the respective jurisdictions in which they are primarily regulated: JPMorgan Asset Management (Asia Pacific) Limited, or JPMorgan Funds (Asia) Limited, or JPMorgan Asset Management Real Assets (Asia) Limited, each of which is regulated by the Securities and Futures Commission of Hong Kong; JPMorgan Asset Management (Singapore) Limited (Co. Reg. No. 197601586K), this advertisement or publication has not been reviewed by the Monetary Authority of Singapore; JPMorgan Asset Management (Taiwan) Limited; JPMorgan Asset Management (Japan) Limited, which is a member of the Investment Trusts Association, Japan, the Japan Investment Advisers Association, Type II Financial Instruments Firms Association and the Japan Securities Dealers Association and is regulated by the Financial Services Agency (registration number "Kanto Local Finance Bureau (Financial Instruments Firm) No. 330"); in Australia, to wholesale clients only as defined in section 761A and 761G of the Corporations Act 2001 (Commonwealth), by JPMorgan Asset Management (Australia) Limited (ABN 55143832080) (AFSL 376919). For all other markets in APAC, to intended recipients only.

For U.S. only: If you are a person with a disability and need additional support in viewing the material, please call us at 1-800-343-1113 for assistance.

Copyright 2024 JPMorgan Chase & Co. All rights reserved.

Prepared by: Kerry Craig, Tai Hui, Marcella Chow, Agnes Lin, Shogo Maekawa, Chaoping Zhu, Ian Hui, Raisah Rasid, Adrian Tong and Jennifer Qiu.

Unless otherwise stated, all data are as of 31 March 2024 or most recently available.

Material ID: 0903c02a82674e7f