

# Economic and market update

February 2018

## Top 3 themes



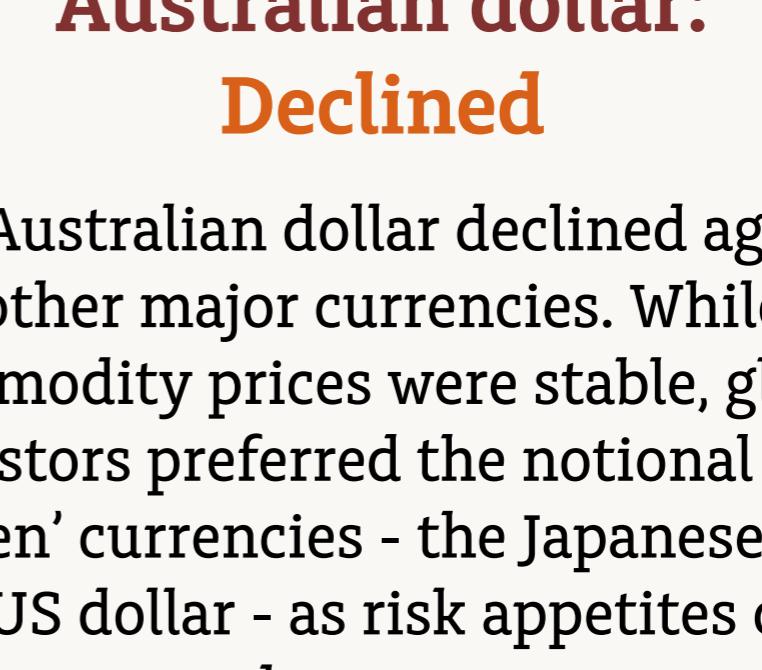
### Global shares: Fell sharply

Concern over US inflation pressures and the prospect of the US Federal Reserve setting higher interest rates saw global shares fall sharply. US shares experienced a sharp correction in the opening weeks of February following record highs in January.



### US government bond yields: Strong rises

US wage growth accelerated signalling that inflation pressures are building-up speed. This surge in bond yields was intensified by strong business surveys and positive commentary from the Federal Reserve on US economic growth prospects.



### Australian dollar: Declined

The Australian dollar declined against other major currencies. While commodity prices were stable, global investors preferred the notional 'safe haven' currencies - the Japanese yen and US dollar - as risk appetites came under pressure.

## Australian shares drifted lower in February

Australian shares made mild gains and were resilient. There were strong returns for the Health Care sector and a solid performance for Information Technology. This was countered by weak performances from the Energy and Telecommunications sectors.



Energy  
-3.7%



Telecommunications  
-6.0%



Health Care  
+7.0%



Information  
Technology  
+1.3%

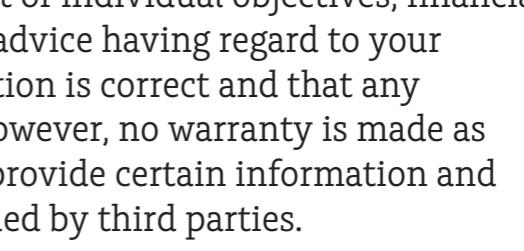
Performance for the month of February 2018. Sector returns are for the S&P/ASX 200 Accumulation GICS indices.

## Share market performance – February

AU +0.4%	US -3.7%	UK -3.4%	DE -5.7%
FR -2.9%	JP -4.4%	HK -6.2%	CN -6.4%

Performance for the month of February 2018. S&P/ASX 200 Accumulation Index; S&P 500 Index; FTSE 100 Index; German Aktien Index (DAX); France CAC40 Index; Nikkei 225 Index; Hang Seng Index; Shanghai Composite Index (all in local currency and unhedged).

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