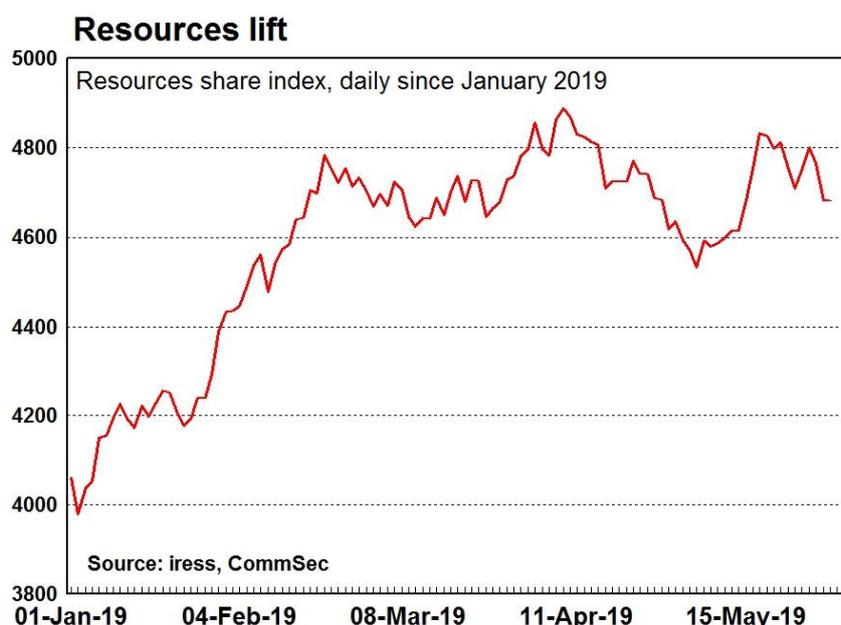


Sharemarket Month in Review – May 2019

- Global sharemarkets weakened over May as investors re-assessed the outlook following a stalling in US-China trade talks. Australian shares bucked the trend, lifting over 1 per cent in May.
- US sharemarkets eased over the first week of May. A key factor was the Federal Reserve rates decision (May 1). While the federal funds rate was left unchanged, there was a less 'dovish' stance from the Fed chair Jerome Powell (a dovish stance favours lower interest rates). The Fed chief said that some 'transitory' factors had been holding down the inflation rate. But strong jobs data (jobless rate hit a 49-year low of 3.6 per cent) lifted the Dow Jones by 0.8 per cent on May 3. The US Dow Jones fell 0.3 per cent over May 1-3 while Aussie shares rose 0.2 per cent.
- In the second week of May, the US Dow fell on three of five days, losing 2.1 per cent. Australian shares slipped 0.4 per cent. On May 7 the Dow slid 473 points or 1.8 per cent on concerns about a breakdown in China-US trade talks. On May 10 the US raised tariffs on \$200 billion of Chinese imports from 10 per cent to 25 per cent, with President Trump saying that China "broke the deal".
- The third week of May began with the US Dow Jones losing 617 points or 2.4 per cent on May 13. China retaliated against the US by imposing tariffs on US\$60 billion of US imports. Shares in Apple lost 5.8 per cent with Boeing down 4.9 per cent.
- There were more conciliatory comments from the US President on May 14, saying "When the time is right we will make a deal with China". US sharemarkets clawed back most losses over May 14-16 before easing again on May 17. The US Dow Jones lost 0.7 per cent over the week.
- But the Australian and European markets actually lifted in the third week of May. The UK FTSE rose by 2.0 per cent after falling by 2.4 per cent in the prior week with the German Dax up 1.5 per cent. The US President delayed a decision on auto tariffs. And the Australian ASX 200 was up 0.9 per cent. Over May 16-17, iron ore prices rose 5.6 per cent.
- In the fourth week of May (May 20-24) Australian shares out-performed as investors responded to the Federal Election result. The ASX 200 lifted by 1.4 per cent while US and European shares fell. The US Dow Jones fell by 0.7 per cent (falling on three of five days) and the Nasdaq lost 2.3 per cent. The US White House placed Chinese telecom equipment maker Huawei on a trade blacklist. And China and the US continued the war of words on trade. On May 24 the UK Prime Minister Theresa May said she would resign. UK shares rose 0.7 per cent.
- In the fifth week of May (May 27-May 31) US shares continued to fall. The US President said he wasn't ready to make a trade deal with China. Recession fears re-emerged in the US as the yield curve inverted (short-term yields exceeded long-term yields). And shares slumped on May 31 after the US President threatened to impose tariffs on Mexico unless the Mexican government stopped the flow of illegal migrants into the US. The US Dow Jones fell 3 per cent over the week although the ASX 200 fell by only 0.9 per cent.
- Over May, major sharemarkets were lower. The US Dow Jones lost 6.7 per cent, the S&P 500 fell by 5.5 per cent and Nasdaq lost 6.8 per cent. In Europe, the German Dax fell by 4.1 per cent and UK FTSE eased by 3.1 per cent. In Asia, Japan's Nikkei lost 5.6 per cent. But in Australia the ASX 200 lifted by 1.1 per cent.

- In Australia over May, major resource stocks responded to a higher iron ore price and the market more broadly responded to the Federal Election result. Overall 12 of 22 industry sub-sectors rose. Media rose 8.0 per cent, Telecom rose 7.1 per cent, Healthcare rose 3.4 per cent with Pharmaceutical & Biotech up 3.2 per cent. The Materials and Banks sectors each rose by 3.1 per cent. But the Consumer Durables & Apparel sector lost 12.3 per cent, dragged down by shares in Breville. Capital goods fell 10.9 per cent and Food, beverages & tobacco lost 9.1 per cent.
- Big companies rose the most in May with the ASX 50 up 1.9 per cent and ASX 100 up 1.5 per cent. But, the Small Ordinaries fell by 1.3 per cent and MidCap50 lost 0.8 per cent.



	Dow Jones	S&P 500	Nasdaq	ASX 200	Nikkei	FTSE 100	Dax
APR 30	26592.9	2945.8	8095.4	6325.5	22258.7	7418.2	12344.1
MAY 3	26505.0	2945.6	8164.0	6335.8	22258.7	7380.6	12412.8
MAY 10	25942.4	2881.4	7916.9	6310.9	21344.9	7203.3	12059.8
MAY 17	25764.0	2859.5	7816.3	6365.3	21250.1	7348.6	12238.9
MAY 24	25585.7	2826.1	7637.0	6456.0	21117.2	7277.7	12011.0
MAY 31	24815.0	2752.1	7453.1	6396.9	20601.2	7161.7	11726.8

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