

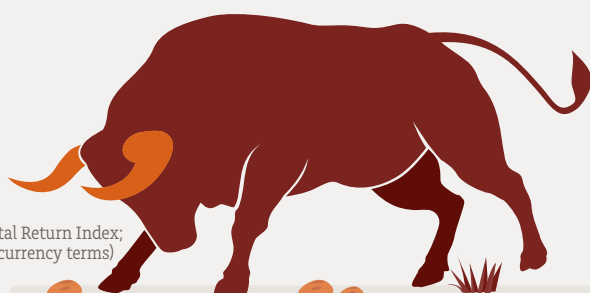
2019 year in review

Markets delivered strong returns to investors

Share investors in particular were handsomely rewarded with most developed markets recording double digit returns, although these returns were off a low base as markets lost considerable ground in the December quarter 2018.

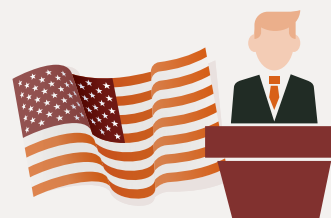
Australia's share market was up by **23.4%**

while the US market increased by **30.7%**



Source: S&P/ASX200 Total Return Index; S&P 500 Index (in local currency terms)

Another year of trade tensions



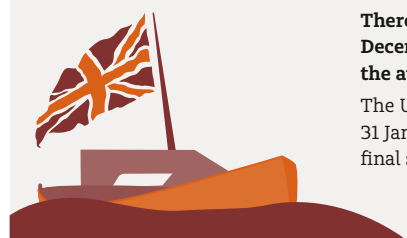
Markets remain concerned the Trump Administration could escalate US protectionism beyond China and target other countries.

Trade is likely to remain a tactical weapon for the Trump Administration in the lead up to the Presidential election late this year.



"phase one" trade deal announced

UK Brexit saga



Theresa May resigned as Prime Minister. December's election result gave Boris Johnson the authority to break the Brexit impasse.

The UK will leave the European Union on 31 January 2020 and transition towards final separation at the end of the year.

Global growth moderated as the year progressed



Slower growth most evident in Australia, parts of Asia and Europe.

Another mixed report card for Australia's economy

Comments by the Reserve Bank of Australia late in the year point to further interest rate cuts in 2020 if sluggish economic conditions prevail.

Retail sales **2.7%**

Cash rate **0.75%**

Unemployment **5.1%**
Still too high.

House prices¹ **2.3%**

Underemployment **8.3%**
Workers who want more hours remains high.



Contrastingly, the US economy continued to perform well.

Interest rates



US Federal Reserve did a policy u-turn, cutting rates three times in 2019.

Reserve Bank of Australia cut the cash rate three times to just 0.75%.

All figures as at 31 December 2019 unless otherwise stated. ¹ CoreLogic national house prices annual change.

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