



**Research Insights**  
with Wealth Planning Solutions

Market Commentary March 2025

Risk off was the pervading theme during March. Investor concern regarding the announcement of US tariffs in early April and their impact on global economic activity undermined investor confidence. An increasingly uncertain economic backdrop led investors to re-calibrate their views of future risks and focus on equity market valuations. In addition, an Australian federal election was called for 3<sup>rd</sup> May in a race that appears too close to call at this stage.

In March the Bank of Canada cut rates by 0.25% to 2.75% whilst the European Central Bank cut its deposit facility rate by 0.25% to 2.5% as disinflation continued in the European region. The US Federal Reserve held the US Fed Funds rate at 4.25% to 4.5% at its March meeting.

In Europe the German parliament approved a package focused on defence and infrastructure spending and in the process stepped away from decades of fiscal conservatism. The spending package includes the set-up of a €500 billion infrastructure fund, to be spent over the next 12 years. In China the National People's Congress occurred with a key outcome being China's commitment to a 5% growth target this year. Elsewhere there were widespread protests in Turkiye and unrest in the Serbian National Assembly.

Australian large cap equities fell 3.30% in the month led by the Information Technology sector (-9.66%). Other sectors to fall sharply during the month were Consumer Discretionary (-6.28%) and Health Care (-4.60%). On the other hand, Communication Services (+1.74%), Utilities (+1.52%) and Materials (-0.32%) outperformed during the month. Small Cap Australian equities (-3.60%) underperformed large caps for the month.

Currency hedged global equities fell 5.04% for the month as the Australian dollar gained slightly versus the US dollar at month's end closing at US\$0.6247, up from US\$0.6209 a month earlier. Unhedged global equities fell 4.67% for the month.

Bond yields in both Australia and the US were mixed during the month with the US 10 year bond yield finishing little changed from a month earlier at 4.21% and the US 2 year bond yield falling 11bps to 3.88%. In Australia, the Australian 2 year bond yield fell 5 bps to 3.68% whilst the Australian 10 year bond yield rose 9 bps to 4.38%.

## Benchmark Returns

Period Ended: 31 March 2025	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% (pa)	% (pa)	% (pa)
<b>Australian Shares</b>							
Large Caps	-3.30	-2.95	-3.71	3.11	6.08	13.62	7.30
Broad Caps	-3.34	-2.85	-3.64	2.64	5.30	13.23	7.15
Small Caps	-3.60	-2.00	-2.99	-1.26	-0.82	10.24	6.31
<b>International Shares</b>							
World ex-Australia in AUD Hedged (Net)	-5.04	-2.62	-0.73	6.72	7.24	15.24	9.41
World ex-Australia in AUD Unhedged (Net)	-4.67	-2.41	9.42	12.25	14.65	15.75	11.86
<b>Australian Cash and Bonds</b>							
Bank Bill Index	0.35	1.07	2.20	4.46	3.56	2.15	1.99
Australian Bond Index	0.17	1.29	1.03	3.20	1.67	-0.51	1.84
<b>Australian Property</b>							
A-REIT – Accumulation	-4.89	-6.82	-12.45	-5.42	3.59	13.62	6.68



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