INDEX INVESTMENT STRATEGY: Australia & New Zealand Dashboard

December 29, 2023

Summary

- Cheered by easing inflation and the potential for lower interest rates, Australia’s S&P/ASX 200 soared to its best monthly return in three years by adding 7% in December. The benchmark finished 2023 with a gain of 12%, closing just 0.3% away from a new record high.
- Although New Zealand’s S&P/NZX 50 Portfolio Index rose at a more modest pace, December’s 4% gain was sufficient to push the index’s annual return back into the green.
- All sectors in the S&P/ASX 200 contributed positively in December. Health Care and Real Estate sectors continued to lead the pack, rising 11% and 9% respectively, following over 10% gains in November. Defensive sectors including Utilities (+3%) and Consumer Staples (+5%) continued to lag, while Energy (+19%) also remained at the bottom of the table accompanied by weak oil prices.
- The S&P/ASX 200 Quality was the best performing factor with a 9% gain in December and 21% in 2023, while Momentum barely closed the year in green. The thematically-targeted S&P/ASX All Technology index offered the highest annual return among our reported indices, with a total return of 36%.
- Fixed income indices across Australia and New Zealand all remained in positive territory again this month, with global rates trending lower from their October peaks. While all our reported fixed income indices in the region generated positive returns in 2023, inflation-linked government bonds were the winners with 6-9% gains.

Headline Sector Contribution December 2023

Source: S&P Dow Jones Indices LLC and/or its affiliates. Data as of December 29, 2023 except as of December 28, 2023. Index performance based on total return in local currency unless otherwise indicated. Figures in brackets in the table correspond to the closing price level for that index. Charts and graphics are provided for illustrative purposes. Past performance is no guarantee of future results. To sign up to other dashboard, please visit on spdji.com/DashboardSpec and for more information, please visit our website at www.spglobal.com/spdji.
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