

Monthly Market Snapshot

July 2026

The Monthly Market Snapshot publication provides commentary on the global economy and the performance of financial markets

Market commentary

Global investment markets delivered mixed outcomes in July, with pronounced regional differences. The month was characterised by the tension between resilient activity in parts of the global economy and renewed inflation pressure from energy markets.

US equity markets were essentially flat as the Technology sector declined, reflecting both valuation concerns and moderating artificial intelligence investment momentum. European and Japanese equities declined modestly, amid more cautious central bank communication. In contrast, UK equities delivered a standout performance, supported by a meaningful commodity and energy sector exposure, which performed well.

Australian equities also delivered solid returns. Resources equities advanced, as the oil price jumped sharply in response to news in the Middle East, while industrial commodity prices, such as copper, strengthened, supported by China's announced policy support. Financials performed well in the month, benefiting from rising yields.

China equities were a striking outperformer in the month, delivering robust gains. Although onshore A-Shares were negative, returns were driven by global investors in Hong Kong listed H-Shares. Improved market confidence benefited from expectations of more supportive government policy. This was a significant divergence from the broader emerging market index, which recorded a negative month. Amidst the shift in sentiment around AI, previously very strong returns from Korean and Taiwan technology stocks reversed significantly in July.

Bond markets delivered negative returns as bond yields rose. With renewed concerns of inflation from rising oil prices, market expectations generally moved back towards potential central bank policy tightening. The Fed, ECB, BoE and BoJ all left official interest rates unchanged during the month, but communication remained cautious, with particular focus on whether higher energy prices would feed into broader inflation. Australian bonds relatively outperformed, producing more

modest negative returns, with some expectation that the RBA would be willing to ease monetary policy should growth concerns materialise.

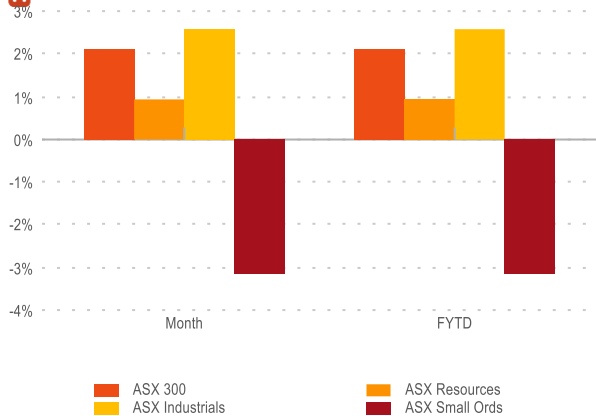
The Australian dollar appreciated against the US dollar and to a lesser extent the Euro. The stronger Australian dollar reflected the strength in commodity markets. However, Yen weakness suddenly strengthened at the end of the month due to the co-ordinated intervention of the Japanese Ministry of Finance and US Treasury to buy yen.

Australian listed property returns were essentially flat for the month, while global property posted solid gains, despite the rise in bond yields. Listed infrastructure delivered modest positive returns. The muted performance reflected higher yields and energy-price uncertainty limiting returns.

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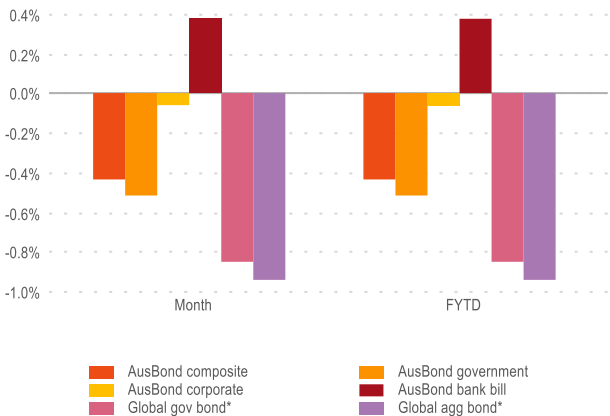
Australian equities



Source: LSEG Datastream



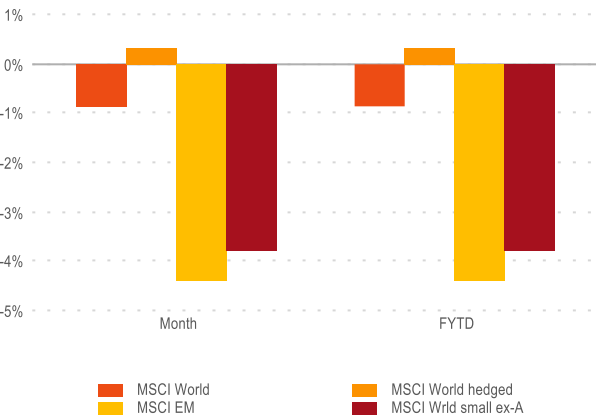
Fixed income



Source: LSEG Datastream



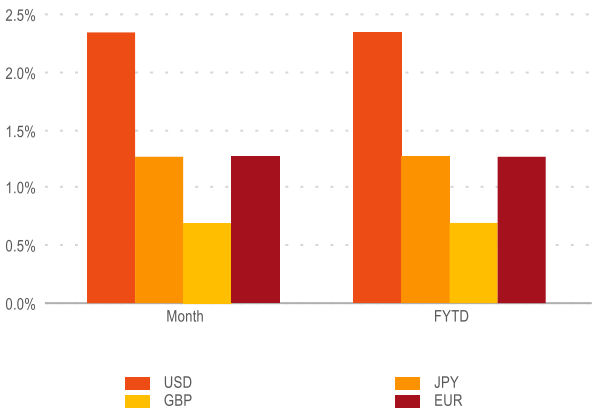
International equities (\$A)



Source: LSEG Datastream



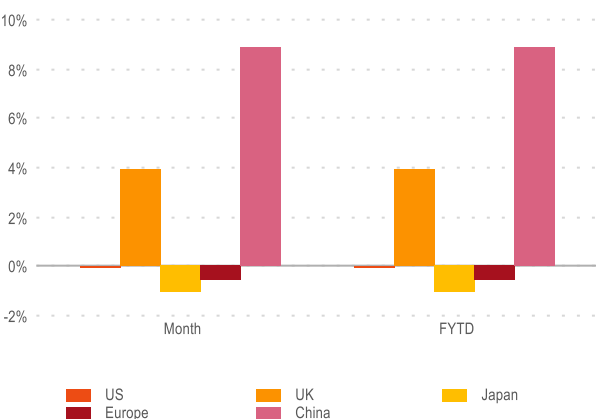
Australian dollar



Source: LSEG Datastream



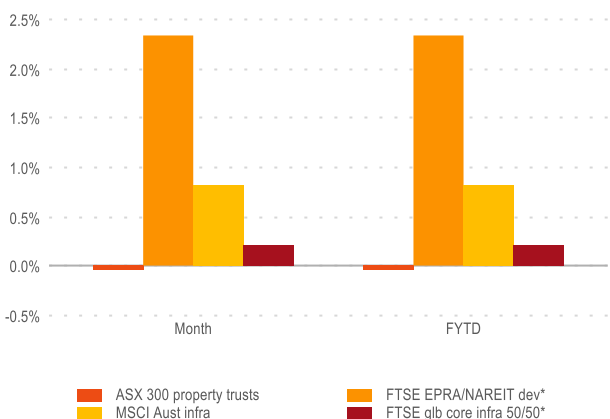
International equities



Source: LSEG Datastream



Real assets



Source: LSEG Datastream *Hedged A\$



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