Brent Crude w/w	Gold (US$/oz) w/w	ASX 200 w/w	MSCI World w/w	AUD/USD
−0.9%	−4.1%	0.0%	+0.3%	71.60 +0.1%

Piers Bolger
Chief Investment Officer, Infinity

Market overview

Financial markets were again flat to slightly negative over the week. While the ASX 200 Index saw no change, it was a different story for interest rate sensitive parts of the market, which continued to come under pressure as global bond yields moved higher. Domestically, the release of the July CPI print reaffirmed the likelihood that the RBA will need to increase cash rates (at least) one further time through 2026.

RBA outlook

We expect that the RBA will move at its November meeting given the uptick that we have seen in the unemployment rate (now 4.5%), which does reflect the pace of hiring is slowing. We expect that the RBA will wait on the next jobs report before looking at a rate hike. Further weakening in the labour market may see the RBA continue to hold at its September meeting, but as we have mentioned previously, with CPI at 3.6% and showing few signs of abating near term, the RBA has few options. This week sees the release of 2q26 GDP (f'cst 1.8% y/y), which is set to continue a weakening trend for the growth outlook. With productivity already at a low point, the risk of higher cash rates will further challenge the growth outlook.

The Fed and bond markets

Additionally, we saw Fed Chair Warsh reiterate that the Fed may have 'work to do' to regain price stability in the US. While recent comments have sounded firm, to date it has been more rhetoric with bond markets making their own assessment of the Fed's determination to reduce inflationary pressures. Our view remains that Warsh is stalling and pivoting to an array of other data points to mitigate the need to raise rates. We believe this approach only risks a further sell off in global bond markets should inflationary pressures remain elevated. While core CPI has been steady (at 2.5%, headline 3.4%, −0.1% pcp), markets will be focused on the next read (mid September).

What to watch this week

With renewed hostilities in the Middle East, alongside ongoing global supply disruptions, energy markets are set to remain under pressure, adding to near term financial market volatility.

Asset class returns

	1 wk	1 mth	3 mths	6 mths	1 yr p.a.
Aust Eq (lge) S&P/ASX 200 (Accum)	0.0%	+1.7%	+4.7%	+0.5%	+4.6%
Aust Eq (sml) S&P/ASX Sml Ords (Accum)	−1.4%	+6.3%	+0.8%	−5.3%	−0.2%
Aust Industrials S&P/ASX 200 Industrials (Accum)	0.0%	−2.8%	+4.3%	−2.5%	−7.7%
Aust Resources S&P/ASX 200 Resources (Accum)	−0.1%	+13.4%	+5.6%	+7.8%	+49.4%
Global Eq (unh) MSCI AC World (unh) Accum	+0.3%	+0.6%	+2.1%	+8.2%	+10.4%
Global Eq (hdg) MSCI AC World (hdg) Accum	+0.7%	+2.7%	+2.4%	+10.3%	+23.2%
Global Eq (sml unh) MSCI World SMID Cap Index	+0.1%	+3.5%	+2.2%	+5.2%	+18.3%
Global Eq (EM unh) MSCI Emerging Markets (unh) Accum	+1.2%	+1.2%	−0.9%	+7.3%	+27.0%
AREITs S&P/ASX 200 AREIT (Accum)	−1.9%	−6.8%	−5.3%	−6.0%	−15.7%
GREITs EPRA NAREIT (ex-Aust) hdg (Accum)	−1.6%	−2.2%	+2.2%	0.0%	+12.5%
Global Infra (A$ hdg) S&P Gbl Infrastructure A$ (Hdg) TR	−0.4%	−2.9%	−0.5%	−4.0%	+11.0%
Global Infra (A$ unhdg) S&P Gbl Infrastructure A$ TR	−1.0%	−4.7%	−1.1%	−6.0%	+1.0%
Aust Fixed Income BBerg AusBond Composite (0+yrs)	−0.4%	−0.3%	+0.3%	+0.5%	+0.5%
Global Fixed Income Bar Cap Global Agg Index (AUD hdg)	−0.1%	+0.3%	−0.3%	−1.1%	+1.9%
Aust Cash BBerg Aust Bond Bank Bill Index	0.0%	+0.3%	+1.1%	+2.1%	+4.0%

Source: Bloomberg, Infinity.

S&P/ASX sectors

	1 wk	1 mth	3 mths	6 mths	1 yr
Energy	−1.8%	+2.9%	+5.2%	+14.2%	+17.6%
Materials	+0.1%	+14.3%	+5.7%	+4.6%	+47.4%
Industrials	0.0%	−2.2%	0.0%	−5.5%	−6.3%
Consumer Disc	−1.8%	−7.8%	+4.3%	+0.6%	−19.1%
Consumer Staples	+2.8%	−0.5%	+12.4%	+6.1%	+6.7%
Healthcare	+0.5%	+19.5%	+38.4%	+6.6%	−19.2%
Financials	+0.4%	−7.2%	0.0%	−7.8%	−5.5%
AREITs	−2.0%	−7.3%	−6.8%	−7.6%	−18.4%
IT	−1.4%	+7.8%	+7.6%	+7.1%	−36.3%
Comm Services	−1.8%	−3.5%	−4.2%	−7.7%	−17.7%
Utilities	0.0%	+6.9%	+6.3%	+1.3%	+1.7%
Banks	+0.3%	−8.7%	−2.0%	−14.2%	−6.8%

Currencies

Pair	Rate	1 wk	1 mth	3 mths
AUD/USD	71.60	+0.1%	+2.0%	−0.3%
AUD/GBP	52.90	+0.9%	+1.4%	−1.0%
AUD/EUR	61.80	+0.8%	+1.5%	+0.3%
AUD/JPY	114.6470	+0.8%	+3.9%	+0.2%
GBP/USD	1.3536	−0.7%	+0.4%	+0.6%
EUR/USD	115.84	−0.7%	+0.5%	−0.6%
USD/JPY	160.1200	+0.6%	+1.7%	+0.5%
Aust TWI	66.4000	+0.5%	+1.4%	−0.3%

Bond markets — yields & weekly change

	2yr %	3yr %	5yr %	10yr %
Australia	4.71 +15bp	4.68 +15bp	4.73 +14bp	5.11 +9bp
United States	4.34 +11bp	4.40 +10bp	4.48 +8bp	4.72 +2bp
United Kingdom	4.41 +2bp	4.52 +2bp	4.62 +2bp	5.06 +1bp
Japan	1.71 +3bp	1.92 +4bp	2.19 +5bp	2.93 +4bp
Europe	2.91 +4bp	2.92 +4bp	3.02 +4bp	3.28 +3bp

Commodities

	1 wk	1 mth	3 mths
Barclays Cmdty (TR US$)	+0.6%	+6.5%	+4.7%
Gold (US$/oz)	−4.1%	+10.2%	−1.8%
Crude Oil (Brent)	−0.9%	+6.1%	+4.9%
Copper	+0.6%	+4.4%	+6.2%
Iron Ore (Qingdao 62%)	+1.6%	+3.2%	−5.2%

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