Brent Crude w/w	Gold (US$/oz) w/w	ASX 200 w/w	MSCI World w/w	AUD/USD
+0.7%	+7.2%	+2.7%	+1.0%	70.66 +0.9%

Piers Bolger
Chief Investment Officer, Infinity

Market overview

Financial markets rebounded over the week as the potential for a truce in the Middle East (ME) and the reopening of the Strait of Hormuz gather pace as negotiations between Iran and Oman continued. However, while signs are positive, the lack of any concrete agreement will see energy prices continue to oscillate. While markets have attempted to look through the events in the ME and remain focused on the AI thematic, which continues to be the main game, we believe that no resolution will eventually impact negatively on markets.

Global oil supply and outlook

While we have seen some level of demand decline amongst a constricted level of global supply, key energy (i.e. diesel) cannot be easily replaced or refined with Persian Gulf oil. With global economy short ~4mn b/pd, and China continuing to remain on the sidelines, we believe the lack of a longer term solution will be negative for both the economic outlook as well as markets.

Central banks and inflation

The key around this outlook is the ongoing inflationary pressures that will see central banks remain hawkish through 2h26. While we expect the RBA to remain on hold (@ 4.35%) when it meets this week, a further rate hike cannot be ruled out if inflation remain above the 3.0% target. Additionally, in the US, Europe and Japan the pressure on central banks remains elevated given current inflationary expectations. While weaker jobs numbers over the week in the US should support the Fed remaining on hold, the CPI and PPI numbers set for release this week will be focus of markets. While the inflation data is set to be benign (on a pcp basis), it remains above the Fed's target, but another soft (July) number in addition to the June CPI release will afford the Fed some flexibility in the near term.

What to watch this week

Locally, the NAB Business confidence/conditions survey will also be released. As we begin the reporting season in earnest this week, company outlook statements will be closely scrutinised alongside the ongoing weakness in the domestic housing market.

Asset class returns

	1 wk	1 mth	3 mths	6 mths	1 yr p.a.
Aust Eq (lge) S&P/ASX 200 (Accum)	+2.7%	+5.2%	+6.3%	+6.2%	+8.6%
Aust Eq (sml) S&P/ASX Sml Ords (Accum)	+5.6%	+4.0%	+1.7%	−4.5%	+4.7%
Aust Industrials S&P/ASX 200 Industrials (Accum)	+1.4%	+4.1%	+8.0%	+4.7%	−1.5%
Aust Resources S&P/ASX 200 Resources (Accum)	+6.0%	+8.0%	+2.1%	+10.1%	+47.1%
Global Eq (unh) MSCI AC World (unh) Accum	+1.0%	+0.6%	+7.0%	+9.7%	+13.2%
Global Eq (hdg) MSCI AC World (hdg) Accum	+1.8%	+1.9%	+5.3%	+10.8%	+24.6%
Global Eq (sml unh) MSCI World SMID Cap Index	+2.3%	+2.6%	+3.2%	+6.2%	+21.5%
Global Eq (EM unh) MSCI Emerging Markets (unh) Accum	−0.4%	−3.4%	+0.1%	+8.6%	+24.4%
AREITs S&P/ASX 200 AREIT (Accum)	+1.1%	+2.7%	+5.8%	−0.9%	−5.9%
GREITs EPRA NAREIT (ex-Aust) hdg (Accum)	−0.6%	+0.9%	+2.4%	+4.5%	+17.1%
Global Infra (A$ hdg) S&P Gbl Infrastructure A$ (Hdg) TR	−1.4%	−1.9%	+1.2%	+1.7%	+12.7%
Global Infra (A$ unhdg) S&P Gbl Infrastructure A$ TR	−2.1%	−3.0%	+2.4%	+0.4%	+3.9%
Aust Fixed Income BBerg AusBond Composite (0+yrs)	−0.1%	−0.2%	+1.5%	+1.5%	+0.9%
Global Fixed Income Bar Cap Global Agg Index (AUD hdg)	+0.3%	+0.1%	+0.2%	+0.1%	+2.2%
Aust Cash BBerg Aust Bond Bank Bill Index	+0.1%	+0.3%	+1.1%	+2.1%	+3.9%

Source: Bloomberg, Infinity.

S&P/ASX sectors

	1 wk	1 mth	3 mths	6 mths	1 yr
Energy	−0.8%	+6.2%	+2.1%	+11.9%	+12.0%
Materials	+7.2%	+8.4%	+3.2%	+7.7%	+43.9%
Industrials	+1.4%	+2.7%	+4.8%	+2.0%	+1.5%
Consumer Disc	+0.6%	+3.7%	+22.7%	+2.4%	−6.9%
Consumer Staples	+0.4%	+2.1%	+15.3%	+13.4%	+11.3%
Healthcare	+4.0%	+4.4%	+13.6%	−15.8%	−36.5%
Financials	+1.0%	+4.6%	+5.4%	+7.6%	+7.2%
AREITs	+1.1%	+2.7%	+4.6%	−2.6%	−8.9%
IT	+7.5%	+6.0%	+7.2%	+5.3%	−36.1%
Comm Services	+1.4%	+4.0%	−4.3%	−0.5%	−12.3%
Utilities	−2.8%	+1.2%	−5.2%	+2.3%	−3.6%
Banks	+0.4%	+5.2%	+3.0%	+3.7%	+7.4%

Currencies

Pair	Rate	1 wk	1 mth	3 mths
AUD/USD	70.66	+0.9%	+1.6%	−2.5%
AUD/GBP	52.38	+0.5%	+0.9%	−1.4%
AUD/EUR	61.15	+0.5%	+0.4%	−0.5%
AUD/JPY	111.5820	+1.4%	−0.8%	−1.7%
GBP/USD	1.3491	+0.4%	+0.6%	−1.0%
EUR/USD	115.57	+0.4%	+1.2%	−2.0%
USD/JPY	157.9000	+0.5%	−2.3%	+0.8%
Aust TWI	65.3000	−0.3%	+0.3%	−2.2%

Bond markets — yields & weekly change

	2yr %	3yr %	5yr %	10yr %
Australia	4.55 +2bp	4.53 +3bp	4.59 +3bp	4.99 +6bp
United States	4.20 −4bp	4.26 −4bp	4.35 −4bp	4.65 −3bp
United Kingdom	4.28 −3bp	4.38 −3bp	4.47 −3bp	4.92 −3bp
Japan	1.61 +5bp	1.81 +4bp	2.08 −1bp	2.81 −3bp
Europe	2.75 −3bp	2.76 −3bp	2.86 −3bp	3.13 −2bp

Commodities

	1 wk	1 mth	3 mths
Barclays Cmdty (TR US$)	+0.9%	+4.1%	−3.9%
Gold (US$/oz)	+7.2%	+5.5%	−7.8%
Crude Oil (Brent)	+0.7%	+10.9%	−7.9%
Copper	+1.8%	+5.8%	+5.0%
Iron Ore (Qingdao 62%)	+0.9%	−4.7%	−12.8%