

Monthly Market Snapshot

July 2025

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

Market commentary

Global investment markets advanced further in July 2025 as investor confidence was buoyed by increasing acceptance of trade tensions, resilient economic growth, and contained inflation.

Throughout the month, financial markets were shaped by ongoing negotiations around US trade policy, with news of progress with trade discussions, between the US and several trading partners, received well by markets. Geopolitical risk, including the continued conflict in Ukraine and the Middle East, remained a source of headline volatility, although markets largely looked through the news.

Global equities extended their positive run, with major benchmarks reaching new highs. US equities produced strong gains on the back of robust results from large-cap technology firms, which continued to benefit from secular shifts towards AI development. Japanese equities delivered positive returns, supported by monetary policy staying accommodative and optimism around corporate reforms. While European equity markets also rose, it was at a more moderate pace. Financials continuing to perform strongly, as consumer stocks struggled.

Australian equities were also higher over the month; broadly in line with the global index. Resources stocks benefited from a rebound in key commodity prices, iron ore, coal and oil, while industrial metals and agricultural commodity prices also rose across July.

Emerging market equities turned in another month of strong performance, driven by Chinese stocks. Gains reflected news of progress on the trade front, which offered some relief to previous uncertainty. Korean and Taiwan equities continued strong recent momentum, boosted by the demand for technology. Elsewhere, Brazilian equities notably underperformed, with the US announcing late July a steep tariff increase on Brazilian exports, citing political disagreements.

The Federal Reserve held policy steady in July, as it has done since late 2024, in the face of increasing pressure from President Trump, who has made threats towards the Fed Chair Jerome Powell to lower interest rates. The European Central Bank took a pause in cutting interest rates as it nears the end of its cutting cycle. The Reserve Bank of Australia (RBA) kept its cash rate unchanged in July, which was a major surprise to markets that had expected a cut. The RBA emphasised a cautious stance, preferring to wait for further information confirming that inflationary pressures continue to recede. With central banks taking a cautious stance, signalling a desire to gather more economic evidence before making changes to monetary policy, bond yields rose modestly across most major developed markets. Consequently, bond returns were flat to marginally negative for the month.

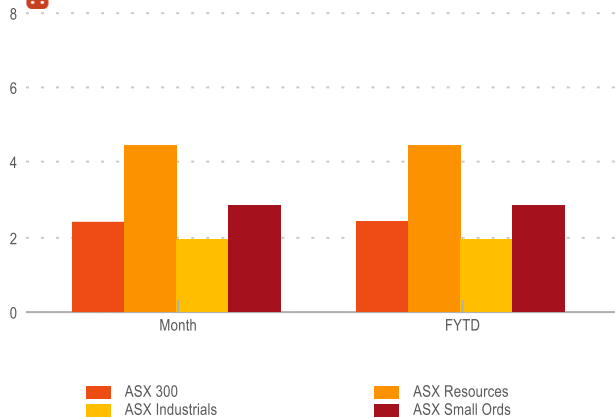
Currency markets saw the USD strengthen after previous weakness, while the Australian dollar posted gains against other major currencies, with the Yen notably losing further ground.

The Australian REITs index registered healthy gains, while global listed property had marginal losses, weighed down by rising bond yields. Listed infrastructure delivered positive returns, helped by interest in sectors perceived as beneficiaries of ongoing government investment and structural economic shifts.

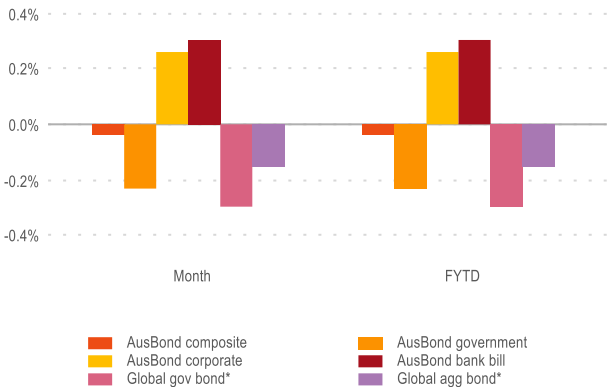
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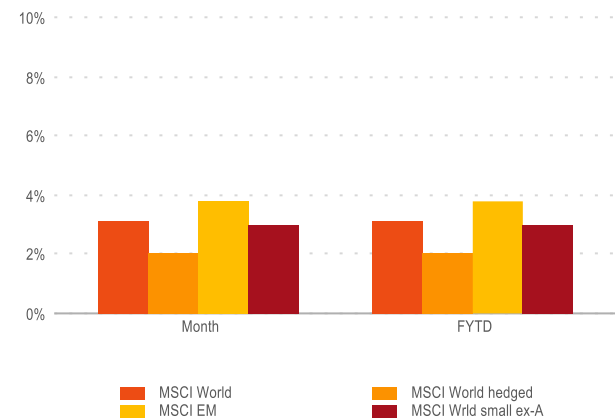
Australian equities



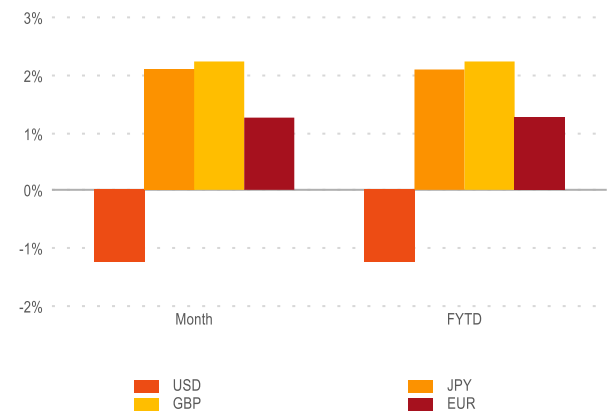
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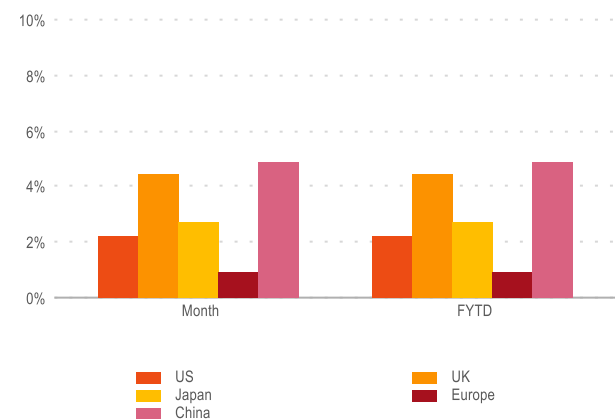
International equities (\$A)



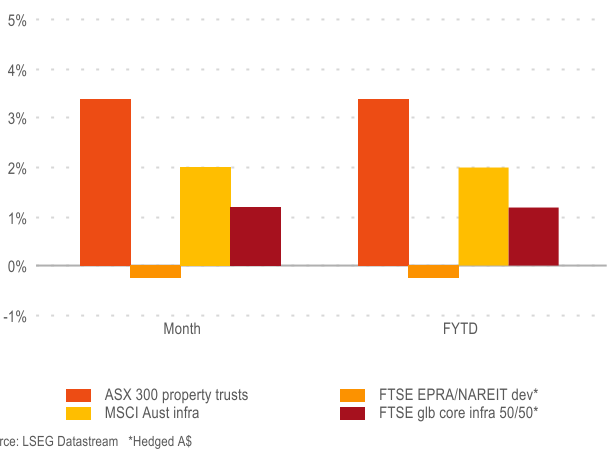
Australian dollar



International equities



Real assets





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