

Monthly Market Snapshot

February 2026

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

Market commentary

Global markets delivered a generally constructive February, but with a rotation in performance as it broadened beyond the narrow leadership of previous periods. It was at the end of the month, after February trading ended, when Middle East conflict escalated, with markets responding in March.

Global equities were positive overall in February, but with regional differences. In the US, equities were modestly weaker as investors continued moving away from technology stocks, with the scale of AI-related investment and disruption risks weighing on sentiment. A major US Supreme Court decision against Trump's tariffs added another layer of uncertainty on markets late in the month.

In Europe, equities were stronger, supported by a steady monetary policy backdrop and improved economic conditions. UK equities delivered a particularly strong month, consistent with its larger weighting to energy, materials and industrial sectors, which performed well. Japan was the standout among major developed markets, aided by positive sentiment after its election outcome boosted expectations for supportive fiscal settings.

Australian equities posted a large positive return for the month, with Resources materially outperforming amid firming commodity prices. Energy and precious metal prices rose as tensions heightened with Iran. Against that, Small Caps were notably weaker, consistent with tighter financial-conditions sensitivity and selective risk appetite of investors.

Emerging markets performed well as part of the broadening of the equity market rally beyond the US, and as investors responded to a mix of solid global activity signals and easing inflationary pressures. However, in contrast, China equities fell sharply. Sentiment remained constrained by the entrenched weakness in the ongoing property market downturn.

Bond markets had a strong month, with global yields generally moving lower and total returns positive across government and credit. Lower inflation data in the US supported the rally, weighed against the tone from the Federal Reserve minutes, which reinforced a more cautious path ahead. In the UK and euro area,

softer inflation dynamics helped underpin bond performance. The European Central Bank reiterated a meeting by meeting, data dependent approach ahead, while the Bank of England had a notably close vote split, with a number of members supporting a rate cut. Domestically, the Reserve Bank of Australia moved against the global trend by lifting its cash rate in response to an inflation pickup. However, this did not translate to bond yields, which fell over the month inline with global trends.

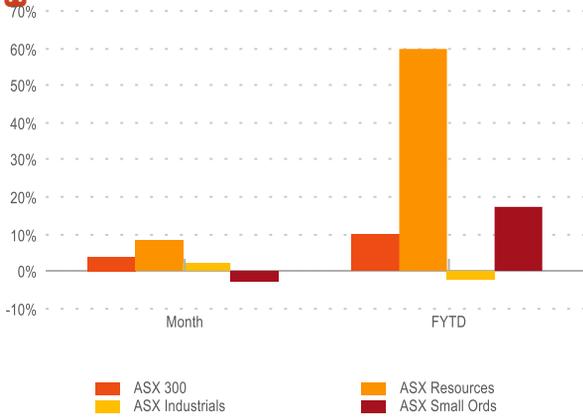
Currency markets saw the Australian dollar strengthen broadly, consistent with Australia's comparatively tighter policy stance, following the RBA's rate increase, and on stronger commodity prices.

Global listed property and listed infrastructure delivered strong gains, aided by falling global bond yields and a market rotation toward assets with tangible cash flows. Australian listed property was weaker, which fit with the domestic rate hike and the associated headwind for local rate-sensitive sectors.

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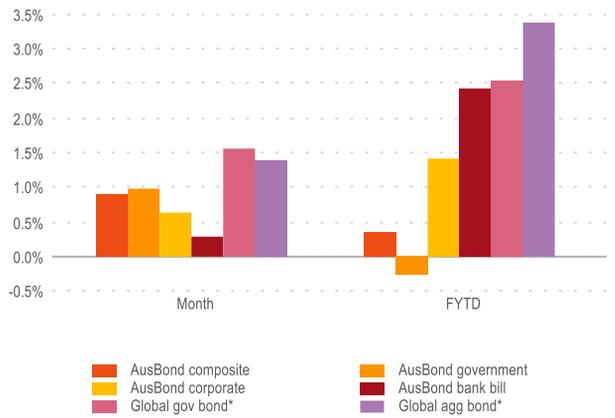
Australian equities



Source: LSEG Datastream



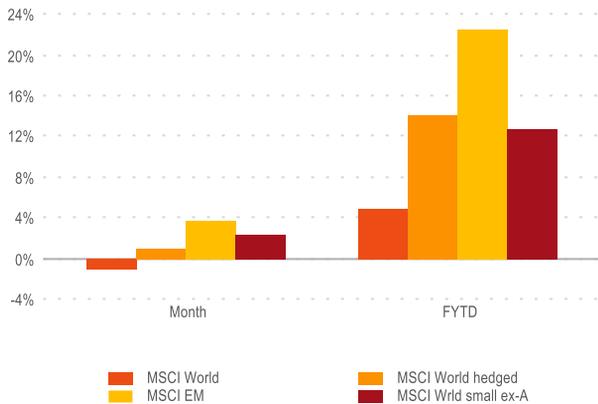
Fixed income



Source: LSEG Datastream



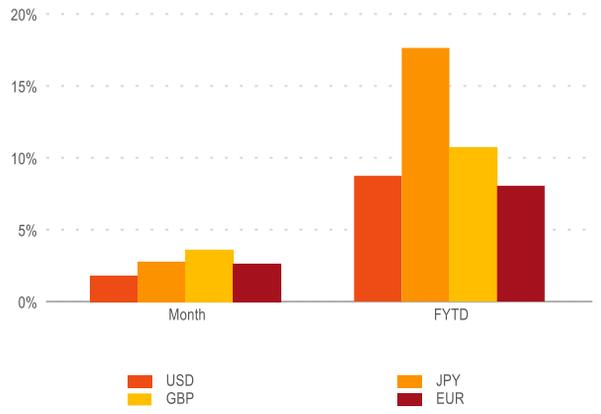
International equities (\$A)



Source: LSEG Datastream



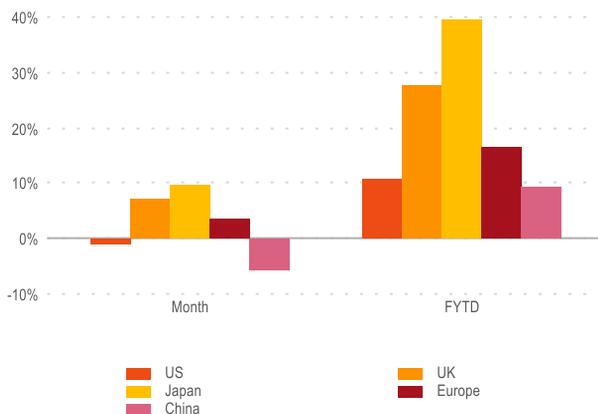
Australian dollar



Source: LSEG Datastream



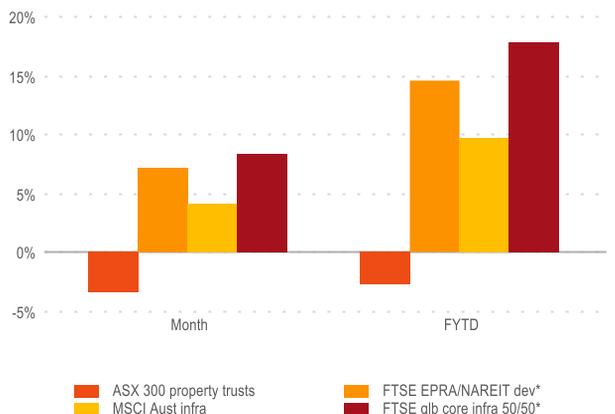
International equities



Source: LSEG Datastream



Real assets



Source: LSEG Datastream *Hedged A\$



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