Monthly Market Snapshot

July 2026

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

Frontier Advisors

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 invention of the Japanese Ministry of Finance and US Treasury to buy yen.

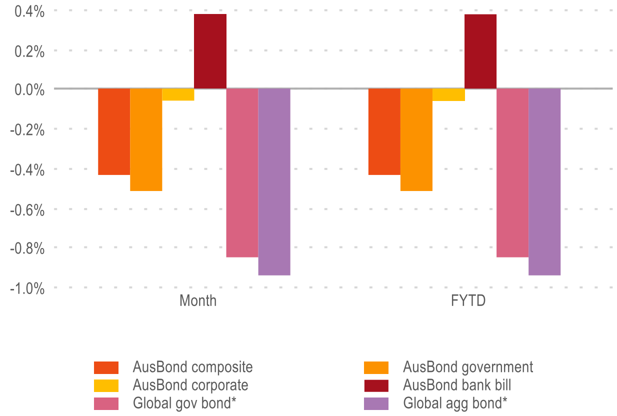
Australian listed property returns were essentially flat for the month, while global property posted solid gains, despite the rise in bond yields. Listed infrastructure delivered modest positive returns. The muted performance reflected higher yields and energy-price uncertainty limiting returns.

July 2026

Australian equities

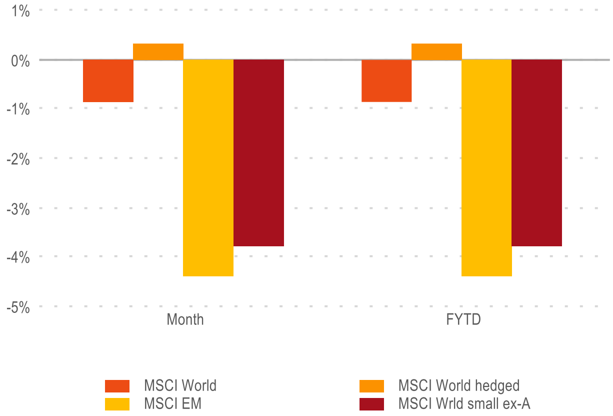
Source: LSEG Datastream

Fixed income



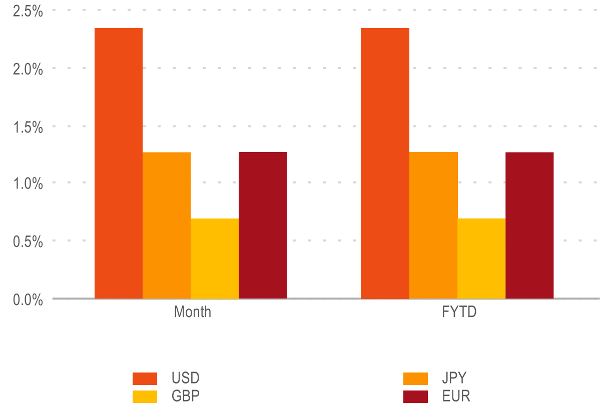
Source: LSEG Datastream

International equities ($A)



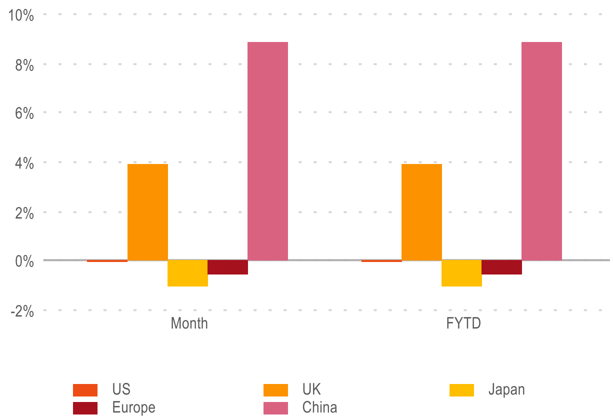
Source: LSEG Datastream

Australian dollar



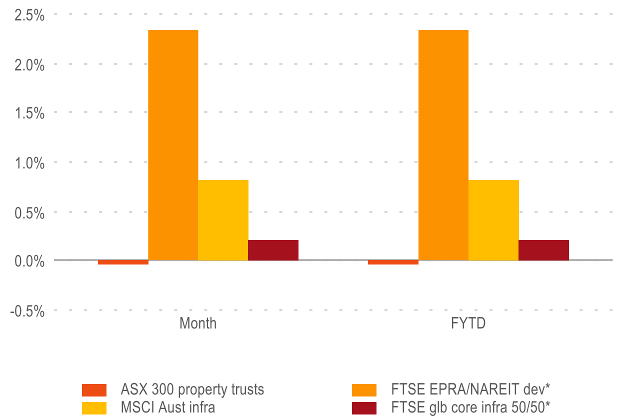
Source: LSEG Datastream

International equities



Source: LSEG Datastream

Real assets



Source: LSEG Datastream *Hedged A$

Frontier Advisors

Frontier Advisors

Level 17, 130 Lonsdale Street

Melbourne, Victoria 3000

Level 21, 83 Clarence Street
Sydney, NSW 2000

Tel: +61 3 8648 4300

www.frontieradvisors.com.au

Frontier does not warrant the accuracy of any information or projections in this paper and does not undertake to publish any new information that may become available. While this information is believed to be reliable, no responsibility for errors or omissions is accepted by Frontier or any director or employee of the company.
The advice in this paper does not take into account investors' particular objectives, financial situation or needs. Investors should consider the appropriateness of the contents of this paper in light of these matters and seek individual advice prior to taking action on any of the issues raised in this paper or making any investment decisions. Investors should obtain and read the applicable Product Disclosure or Information Statement before making a decision on acquiring any financial products. Frontier Advisors Pty Ltd does not provide taxation advice and investors should seek their own independent taxation advice from a registered tax agent.

ACN 074 287 406 AFS Licence No. 241266

© Frontier Advisors