Monthly Market Snapshot

August 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 were broadly constructive in August, with risk appetite in equities even as bond markets stayed volatile. Market movements reflected a push and pull between resilient corporate earnings and persistent concerns around inflation pressure tied to energy prices and ongoing geopolitical tension in the Middle East.

Developed market equities were positive, led by the US and Japan. Technology and other growth segments regained momentum as investors leaned back in after previous volatility. European equities were also positive but less convincing and the UK was flat for the month.

Australian equities rose modestly, with Resources the clear source of strength and smaller companies also contributing positively. Rising commodity prices, including gains across key industrial metals, energy markets and gold, supported Resources. This offset softness in rate-sensitive segments such as Financials.

China and emerging markets again diverged, with broader emerging market equities advancing while China slipped. That contrast reflected ongoing softer domestic growth in China and continued caution around policy transmission. However, in general, sentiment towards emerging markets improved, with a less dominant US dollar offering support to emerging markets.

Bond markets were a central source of volatility through August. Yields moved higher across markets, with Australian government bonds producing a small negative return. The world bond index was flat as Japan, Europe and the US, all experienced upward pressure on yields. US yield movements were lessened by the Treasury announcing increased long-dated bond buybacks. Energy costs pushing up inflation, fiscal deficit concerns, and evolving central bank communications pushed markets towards expectations of tighter monetary policy. However, key central banks did not make changes to official interest rates during the month. Credit spreads were little changed.

The Australian dollar strengthened in August, consistent with firmer commodity prices and an increased probability that the RBA would hike rates further. Currency markets rotated through the month, as bond market moves unfolded and geopolitical headlines shifted. After the invention of the Japanese Ministry of Finance and US Treasury to buy yen at the end of July, the yen depreciated in August.

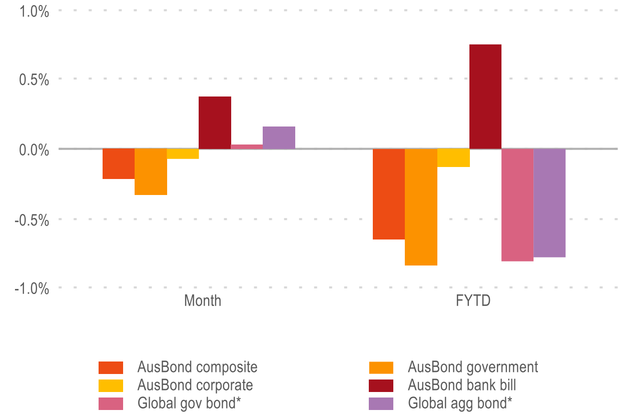
Listed property and infrastructure both declined, with property under greater pressure as higher bond yields compressed valuations. Infrastructure proved comparatively steadier, yet also experienced a drag from higher discount rates and uneven risk sentiment.

Aug 2026

Australian equities

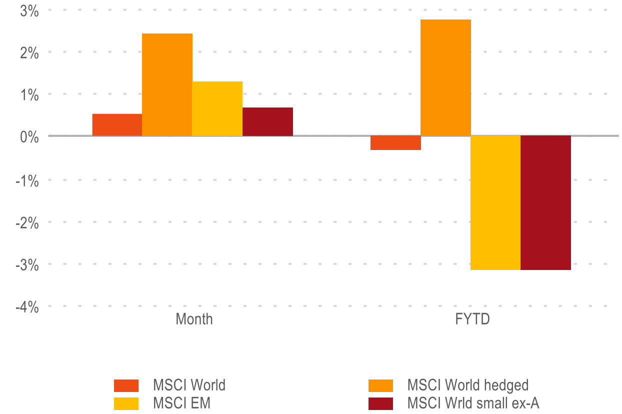
Source: LSEG Datastream

Fixed income



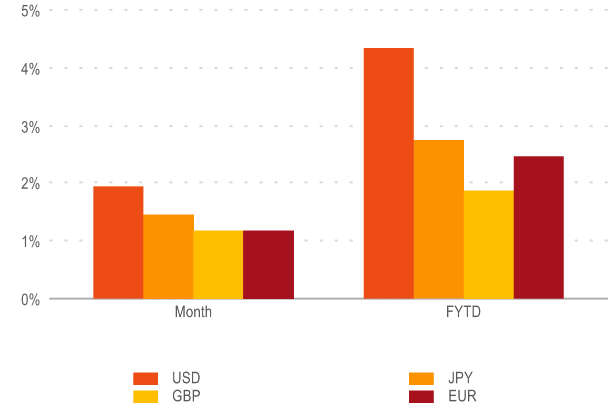
Source: LSEG Datastream

International equities ($A)



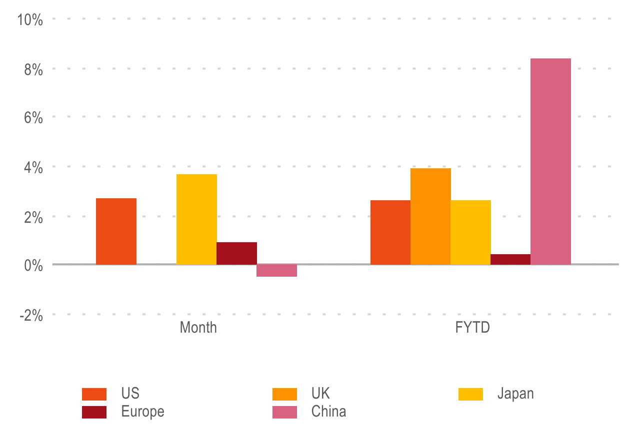
Source: LSEG Datastream

Australian dollar



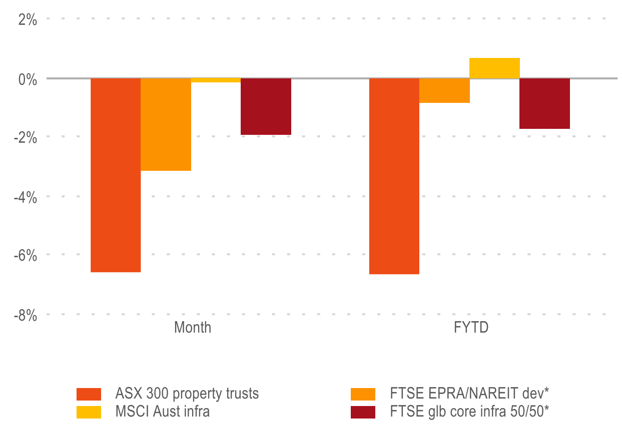
Source: LSEG Datastream

International equities



Source: LSEG Datastream

Real assets



Source: LSEG Datastream *Hedged A$

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