

Monthly Market Snapshot

September 2026

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

Market commentary

September was a difficult month across global markets, shaped by a sharp rise in bond yields, firmer oil prices and persistent inflation concerns. Investors were concerned with government debt issuance, tightening financial conditions and geopolitical tension around energy supply.

Developed-market equities were weaker overall. Technology was again the clear standout, producing positive returns, supported by strong earnings and continued enthusiasm around artificial intelligence. However, the rest of the market was revalued down with rate-sensitive exposures negatively impacted by rising interest rate expectations. Japan, broadly flat, and the US, moderately negative, held up better in aggregate, while Europe and the UK declined by more.

Australian equities also declined, with resources underperforming. Firmer oil prices supported the energy sector but could not offset the valuation drag from higher bond yields and weaker sentiment toward China. Equity price movements reflected greater caution around external demand and growth sensitivity.

The broad emerging markets index was only modestly negative. China was a weak part of the emerging-market universe, with divergence consistent with caution around China's domestic growth and limited confidence in policy support translating into stronger demand. Performance was also particularly poor in India, Indonesia, and South Africa. However, returns in Taiwan and Korea were positive, boosted by technology stocks.

Bond markets were the key source of market volatility. Sovereign yields rose materially across developed markets, producing negative bond returns. Central banks tightened monetary policy, in the context of a sizeable lift in oil prices amid renewed near-term supply uncertainty offsetting some softening in inflation trends. The US Federal Reserve hiked rates for the first time in this cycle in September and the European Central Bank, the Bank of Japan and the Reserve Bank of Australia (RBA) also increased rates during the month. The RBA has now increased rates four times to the highest level in around 15 years.

Currency moves reinforced the defensive tone, as well as movements in yield differentials. The Yen strengthened and the US dollar appreciated against other developed currencies, while the Australian dollar weakened. The fall in the AUD meant that unhedged equity returns were positive in September.

Listed property and listed infrastructure both fell, with global property particularly weak. Higher long-end yields reduced valuation support across both sectors.



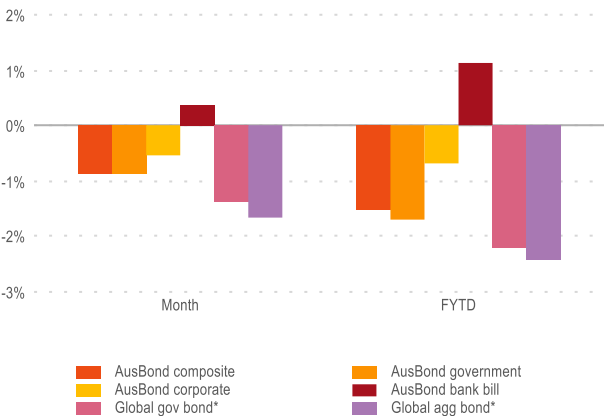
Australian equities



Source: LSEG Datastream



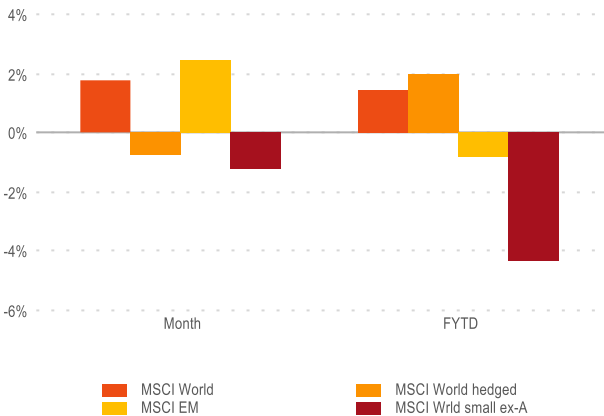
Fixed income



Source: LSEG Datastream



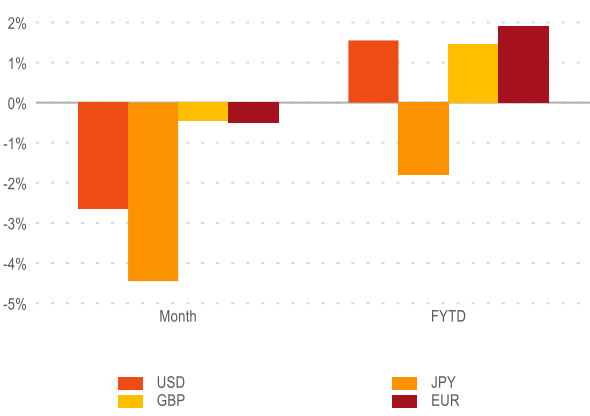
International equities (\$A)



Source: LSEG Datastream



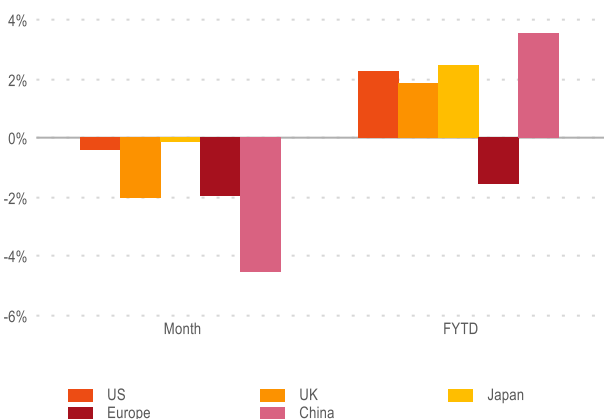
Australian dollar



Source: LSEG Datastream



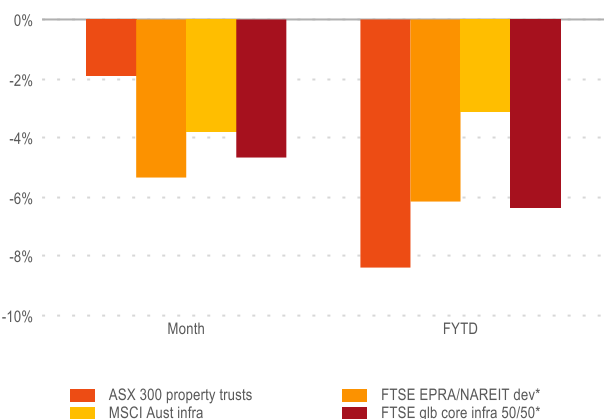
International equities



Source: LSEG Datastream



Real assets



Source: LSEG Datastream *Hedged A\$



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

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