MONTHLY MARKET REPORT SUMMARY: JUNE 2026

June 2026 closed out a volatile financial year with global share markets advancing further, as investors grew increasingly confident that the Middle East conflict would be resolved without further escalation. Oil prices fell sharply, with Brent crude retreating towards pre-war levels as the ceasefire between the US and Iran held and markets anticipated a negotiated resolution. Falling energy prices helped pull inflation expectations back towards 2.0%, and expectations of central bank tightening diminished as the month progressed.

Australian shares again lagged global peers, reflecting the market's limited exposure to the technology and AI themes driving global indices. Further, Emerging Markets posted further gains, bond markets rallied, while the AUD weakened as commodity prices retreated from conflict-driven highs and the gap between Australian and US rate expectations narrowed.

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KEY SECTOR TAKEAWAYS

GLOBAL DEVELOPED SHARES

Unhedged global shares rose 3.1% in AUD terms in June, bringing 12-month returns to 15.0%, while hedged global shares were flat (0.0%) in June and returned 22.7% over the past 12 months. Markets continued to advance as investors looked through the oil crisis, confident that a resolution would avoid any further escalation that would severely undermine the global economy, with US small caps and stocks outside the tech sector starting to outperform.

AUSTRALIAN SHARES

Australian shares rose 0.7% in June, bringing 12-month returns to 6.1%. The local market continued to lag global peers, reflecting less exposure to the technology and AI themes that drove global indices, while earnings growth remained more subdued. Consumer staples, health care and consumer discretionary led in June, while energy and materials fell as commodity prices retreated from conflict-driven highs.

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KEY SECTOR TAKEAWAYS

EMERGING MARKETS

Emerging market shares rose 2.4% in AUD terms in June, bringing 12-month returns to 35.8%. Changing expectations around Fed funds and a slightly firmer USD created a modest headwind during the month, although the global manufacturing and trade cycle remains supportive. Over the year, gains were driven by markets with direct exposure to the AI hardware cycle, particularly Korea and Taiwan.

PROPERTY AND INFRASTRUCTURE

Hedged global listed property rose 1.9% in June, bringing 12-month returns to 14.3%. Hedged global listed infrastructure rose 2.2%, bringing 12-month returns to 16.6%. Australian listed property rose 1.7% in June, bringing 12-month returns to -2.2%, with the negative annual return largely due to a decline in Goodman Group. Growth in AI-fuelled electricity demand, a focus on energy security and geopolitical tensions provide a strong backdrop for infrastructure, with the key risk being a further rise in bond yields.

KEY SECTOR TAKEAWAYS

GLOBAL FIXED INTEREST

Hedged global bonds returned 0.4% in June and 2.9% over the past 12 months. The US 10-year yield eased to 4.44% after reaching a high of 4.67% in May, as falling oil prices dragged inflation expectations back towards 2.0%. US high yield spreads ended the financial year near their lowest levels at 275 basis points.

AUSTRALIAN FIXED INTEREST

Australian bonds returned 1.0% in June and 1.5% over the past 12 months. The 10-year bond yield fell to 4.74% by month-end after reaching a high of 5.13% in May. Softer economic data, a decline in headline inflation and easing oil prices reduced expectations of further RBA tightening.

COMMODITIES

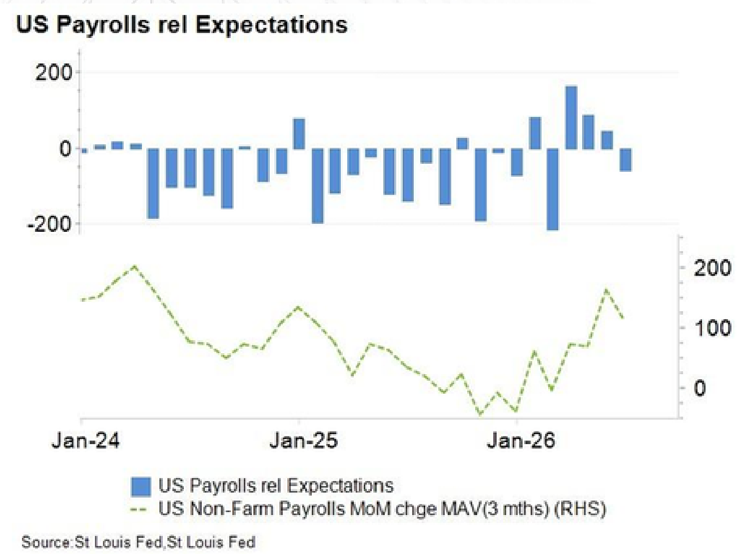
Brent crude fell 20.7% to US$72.9/bbl as markets anticipated a negotiated resolution to the Middle East conflict and prices retreated towards pre-war levels. Gold fell 11.7% to US$4,008/oz, giving back gains from earlier in the year. Iron ore fell 7.9% to US$100.2/t, while copper declined, with gains capped by concerns about the near-term growth outlook in China.

KEY SECTOR TAKEAWAYS

CURRENCIES

The AUD fell 3.8% against the USD in June, ending the month around US$0.69. The currency softened as commodity prices retreated from conflict-driven highs and the gap between Australian and US rate expectations narrowed. The USD proved resilient, supported by renewed US growth momentum, higher real yields and safe-haven demand, while the JPY remained very weak, ending June at 162.6 to the USD.

ECONOMIC HIGHLIGHTS



UNITED STATES: SOFTER JOBS GROWTH EASES TIGHTENING PRESSURE

US payrolls rose by just 57,000 in June, which was half of expectations, and together with downward revisions to recent months, the average monthly gain over the past three months is now 111,000 rather than 188,000. Unemployment of 4.2% suggests the labour market remains tight, but with wages growth at 3.5% and less robust jobs growth than earlier thought, the urgency for a Fed rate hike has diminished. Markets are still factoring in at least one hike, but with less conviction, while implied inflation expectations for one and two years have dropped back to 2.0% as oil prices returned to pre-war levels.

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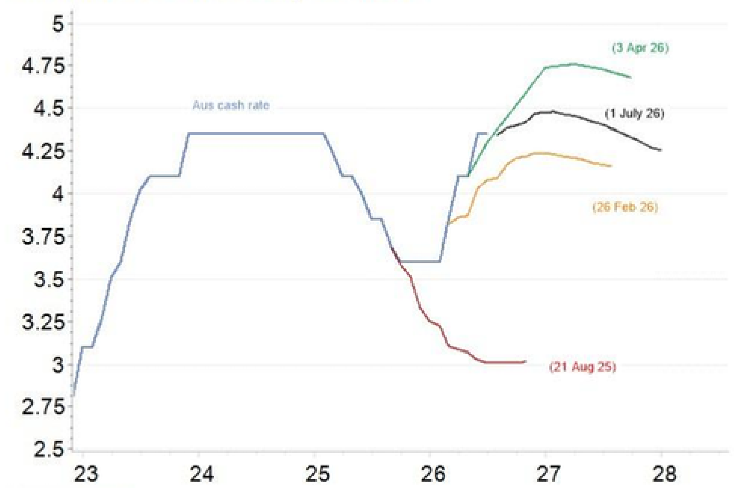
ECONOMIC HIGHLIGHTS

Australia Business & Consumer confidence

Source:NAB,NAB,WBC

Australian Cash Rate expectations



Source:ASX,RBA

AUSTRALIA: INFLATION EASES BUT THE RBA RETAINS A TIGHTENING BIAS

The May CPI data showed headline inflation falling from 4.2% to 4.0%, although core inflation rose to 3.6% from 3.4%, suggesting the RBA will still be biased to tighten. Business confidence bounced as markets anticipated a resolution to the Middle East conflict and as expectations of further RBA tightening diminished, although consumer sentiment remains near recessionary levels. With house prices declining and employment growth weaker, markets have reduced their expectations of further tightening to just one more hike, to 4.6%.

LINK WEALTH ADVICE

ASSET CLASS RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Australian Cash	0.4	3.9	4.2	3.1
Australian Bonds	1.0	1.5	4.0	0.4
Global Bonds (Hedged)	0.4	2.9	3.7	0.0
Australian Shares	0.7	6.1	10.6	7.8
Global Shares (Unhedged)	3.1	15.0	17.8	13.4
Global Shares (Hedged)	0.0	22.7	18.7	11.3
Emerging Markets	2.4	35.8	21.4	8.9
Global Infrastructure (Hedged)	2.2	16.6	11.8	7.4
Australian Listed Property	1.7	-2.2	11.6	5.7
Global Listed Property (Hedged)	1.9	14.3	9.1	1.8
AUD / USD	-3.8	5.2	1.3	-1.7

GLOBAL SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	1.1	5.2	6.2	4.7
Consumer Discretionary	-4.0	6.0	10.3	4.2
Energy	-6.1	28.5	13.8	16.9
Financials	3.5	14.8	24.0	13.4
Health Care	5.0	16.0	6.8	4.8
Industrials	2.7	22.2	20.6	12.6
Information Tech	-1.9	38.4	30.1	19.4
Materials	-5.6	25.1	12.1	6.9
Telecom	-8.0	15.8	25.6	9.7
Utilities	2.0	17.2	15.5	10.1

AUSTRALIAN SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	12.5	13.1	3.5	3.2
Consumer Discretionary	11.7	-2.6	12.6	4.6
Energy	-9.0	13.3	0.9	9.3
Financials	1.8	1.5	19.2	12.0
Health Care	12.5	-36.2	-12.8	-8.7
Industrials	4.4	7.7	12.6	10.4
Information Tech	2.4	-33.4	1.3	-2.7
Materials	-6.8	52.2	13.2	11.5
Telecom	-1.6	-9.1	5.8	5.0
Utilities	1.5	11.9	9.6	16.6

CONCLUSION

- Global share markets advanced further as investors grew increasingly confident the Middle East conflict would be resolved without further escalation.
- Oil prices fell sharply, with Brent crude retreating towards pre-war levels, helping to pull inflation expectations back towards 2.0%.
- Australian shares underperformed, reflecting limited exposure to AI-driven sectors, more subdued earnings growth and a softer domestic backdrop.
- Bond markets rallied, with Australian 10-year yields falling to 4.74% as domestic data softened and tightening expectations were pared back.
- Emerging markets posted further gains, with 12-month returns driven by semiconductor strength in Korea and Taiwan.
- The AUD weakened as commodity prices retreated and the gap between Australian and US rate expectations narrowed.