



# MONTHLY MARKET REPORT SUMMARY: JULY 2025



Global share markets continued to advance in July, led by a resurgence in US mega-cap stocks and strong earnings results. US and Australian central banks held interest rates steady, but expectations for cuts by year-end strengthened. Australian Shares performed strongly, supported by improving domestic data and interest rate cut optimism. Emerging markets outperformed developed peers. Commodities were mixed, with oil and iron ore up, while gold held steady amid tariff uncertainty. The Australian dollar weakened as US dollar strength returned, fuelled by sentiment towards US growth stocks.



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# KEY SECTOR TAKEAWAYS

## GLOBAL DEVELOPED SHARES



Global developed share markets rose 3.1% in AUD terms in July. AI-related stocks led US earnings surprises, helping lift the S&P 500 and Nasdaq to fresh highs. US shares outperformed Europe ex-UK and Japan as European earnings expectations dimmed due to a strong euro and 15% tariff concerns.

## AUSTRALIAN SHARES



Australian shares rose 2.4% in July as investors rotated away from expensive banks like CBA toward sectors better positioned for an interest rate easing cycle. The outlook for the domestic economy improved, and mid-caps outperformed. Markets are pricing in at least two RBA interest rate cuts by year-end.



# KEY SECTOR TAKEAWAYS

## EMERGING MARKETS



Emerging markets rose 3.8% in AUD terms in July and have returned 13.0% YTD. China, Korea, and Taiwan posted strong returns despite US tariffs. India detracted, falling -5.1% in USD terms as the rupee hit a record low amid trade uncertainty. China showed signs of stabilisation.

## PROPERTY AND INFRASTRUCTURE



Australian listed property rose 3.2% in July, buoyed by strong performance from Goodman Group and signs of a bottom in unlisted property valuations. Global listed property declined -0.2%, while global listed infrastructure rose 1.2%. Listed infrastructure lagged broader equities but was supported by sticky inflation data.

## GLOBAL FIXED INTEREST



Global bonds were mixed in July. US 10-year yields traded between 4.24% and 4.50%, ending at 4.37%. Early in the month, yields rose on concerns about inflation and Fed independence but later declined on weaker jobs and GDP data.



# KEY SECTOR TAKEAWAYS

## AUSTRALIAN FIXED INTEREST



Australian 10-year bond yields ended July at 4.29%, supported by lower domestic inflation and growing expectations of RBA rate cuts. Australian Bonds produced flat returns in July and have returned 3.9% year to date.

## COMMODITIES



Oil prices rose in July, driven by concerns over Russian supply disruptions and threats of further US sanctions. However, an OPEC+ agreement to boost production saw prices ease post month-end. Gold was flat at just under US\$3,300/oz but remains up 25.4% year to date. Iron ore rose on speculation of further Chinese stimulus, while Copper prices fell on tariff-related uncertainty but remain up 10.0% for the year.

## CURRENCIES



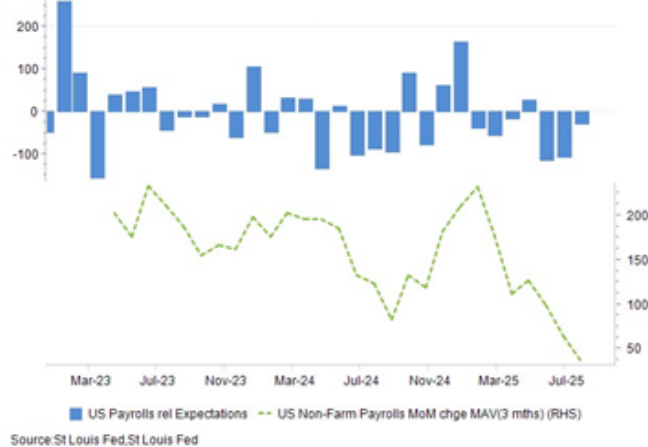
The US dollar strengthened in July as strong US earnings and renewed confidence in the tech sector lifted sentiment. The Australian dollar fell -2.4% to end the month at US\$0.643, weighed down by growing expectations of RBA rate cuts and subdued commodity momentum.





# ECONOMIC HIGHLIGHTS

US Payrolls rel Expectations

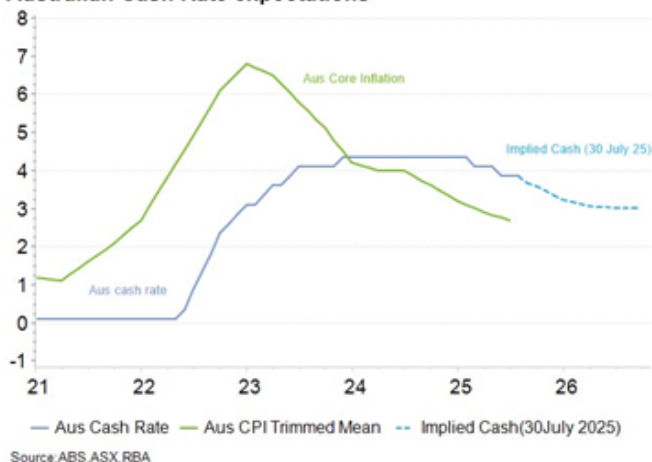


## US ECONOMY AND CENTRAL BANK POLICY



US economic data showed signs of weakening, with July payrolls rising by just 73,000 and previous months revised down by 260,000. GDP growth slowed to 1.0–1.5% in the first half of the year. Inflation, however, edged higher due to tariffs, with core CPI up 0.3% in July and annual inflation lifting to 2.9%. The Fed maintained its policy rate at 4.25–4.50%, but dissent within the committee—two members voted for a rate cut—highlighted the challenge of managing high inflation alongside slowing growth.

Australian Cash Rate expectations



## RBA AND AUSTRALIAN OUTLOOK



Despite market expectations, the RBA did not cut rates in July, citing persistent inflation and a tight labour market. However, the soft June labour market report and declining inflation (core CPI rate at 2.7%) have cemented expectations for an August rate cut. Economic data showed early signs of recovery: house prices and unit approvals rose, real wages increased, and inflation pressures continued to recede.

# ASSET CLASS RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Australian Cash	0.3	4.3	3.9	2.4
Australian Bonds	0.0	6.1	2.7	-0.2
Global Bonds (Hedged)	-0.2	3.3	1.4	-0.9
Australian Shares	2.4	11.8	12.3	12.3
Global Shares (Unhedged)	3.1	17.5	19.1	16.3
Global Shares (Hedged)	2.1	14.4	14.6	13.3
Emerging Markets	3.8	18.9	13.5	7.7
Global Infrastructure (Hedged)	1.2	9.1	3.9	7.0
Australian Listed Property	3.3	10.2	12.3	13.0
Global Listed Property (Hedged)	-0.2	2.5	-0.4	4.2
AUD / USD	-1.2	-0.3	-2.6	-2.2

# GLOBAL SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	-2.7	6.0	4.9	5.7
Consumer Discretionary	1.2	15.6	11.8	10.2
Energy	2.5	-0.2	7.5	20.6
Financials	0.7	27.7	21.4	19.6
Health Care	-3.0	-11.3	1.6	4.6
Industrials	1.7	20.6	19.1	16.0
Information Tech	4.1	22.4	26.0	19.8
Materials	-1.1	-0.4	7.1	8.1
Telecom	1.6	30.8	24.0	13.9
Utilities	2.4	20.3	9.1	8.6





# AUSTRALIAN SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	0.4	-1.9	-0.1	1.7
Consumer Discretionary	3.1	13.2	16.2	13.8
Energy	5.4	-2.9	3.1	11.3
Financials	-1.0	20.4	19.4	19.7
Health Care	8.8	-0.7	3.6	3.7
Industrials	2.7	23.7	13.9	12.6
Information Tech	5.2	27.6	23.4	12.9
Materials	4.1	2.4	6.6	8.6
Telecom	2.2	24.8	13.8	13.1
Utilities	5.1	13.2	13.0	10.5



# CONCLUSION

- Global Share markets advanced in July, driven by strong US earnings and expectations of central bank easing.
- Australian shares rallied amid growing confidence in a domestic rate cut cycle.
- Emerging markets outperformed developed markets despite trade tensions.
- Commodities were mixed, while the AUD weakened on a stronger USD and lower rate outlook.
- Investors should remain mindful of shifting monetary policy, trade dynamics, and earnings momentum as key market drivers.

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