



MONTHLY MARKET REPORT SUMMARY: JUNE 2025

Global share markets surged in June, capping off a strong quarter despite heightened tensions in the Middle East. A brief conflict between Israel and Iran raised fears of oil supply disruption but eased after a ceasefire was announced. Meanwhile, the Trump administration's "One Big Beautiful Bill Act" passed Congress, extending first-term tax cuts and sparking fresh debate over US debt. The US Federal Reserve held rates steady but signalled a more dovish stance amid falling inflation, while the Reserve Bank of Australia (RBA) is expected to follow suit as domestic inflation declines.



LINK WEALTH
ADVICE

KEY SECTOR TAKEAWAYS

GLOBAL DEVELOPED SHARES



Global Developed Shares: Global developed share markets climbed strongly, with the MSCI World ex Australia index up 2.5% (in AUD terms) for the month and 5.9% the quarter. US shares reached record highs, driven by gains in mega cap and AI-related stocks. Share markets were buoyed by optimism around fiscal policy, prospects for rate cuts and the view that tariffs would not severely hamper economic growth.

AUSTRALIAN SHARES



Shares: Australian shares rose 1.4% in June and 9.5% for the quarter. A steady domestic labour market, easing inflation and expectations for further RBA rate cuts underpinned the positive performance. The banking sector rallied strongly, helped by more global investors buying in and large super funds increasing bank share weightings to manage benchmark risks.



KEY SECTOR TAKEAWAYS

EMERGING MARKETS



Emerging markets gained 4.1% (in AUD terms) in June and 6.5% for the quarter. South Korea and Taiwan performed strongly thanks to semiconductor stocks and favourable politics. Confidence improved on signs of stabilisation in China, lower global interest rates and a weaker USD.

PROPERTY AND INFRASTRUCTURE



Australian listed property rose 1.8% in June and 13.7% for the quarter, supported by the outlook for lower rates and steady property values. Global listed property and global infrastructure underperformed broader share markets, posting quarterly gains of 2.6% and 2.1% respectively.

GLOBAL FIXED INTEREST



Global bonds were volatile as worries over tariffs and US government debt pushed US Treasury yields higher and triggered swings in investor sentiment. The US 10-year yield finished June at 4.25%, while signs of falling inflation have strengthened expectations for rate cuts from the US Federal Reserve.



KEY SECTOR TAKEAWAYS

AUSTRALIAN FIXED INTEREST



Australian bonds gained 0.75% in June, with the Bloomberg Composite Index up 2.6% for the quarter. Declining inflation and subdued economic growth strengthened expectations for multiple RBA cuts through to early 2026.

COMMODITIES



Oil prices spiked mid-June when conflict flared between Israel and Iran but settled after a ceasefire. Brent crude approached US\$80 per barrel before easing back. Gold rose 5.7% (USD terms) for the quarter, copper prices climbed on strong demand, while iron ore fell to US\$94.5 a tonne on soft Chinese demand.

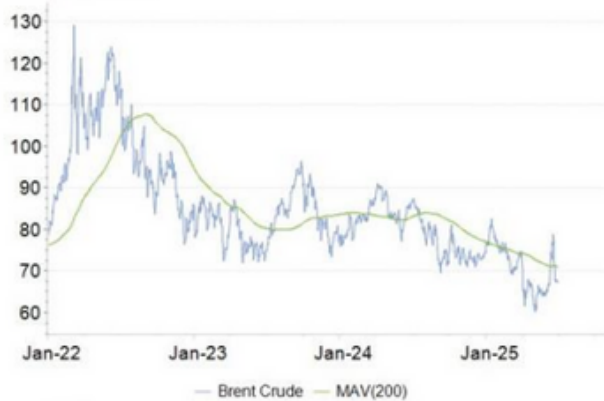
CURRENCIES



The AUD strengthened to 65.8 cents against the USD by month-end, helped by a weaker USD and the view that it's still trading below its fair value of around 70 cents.

ECONOMIC HIGHLIGHTS

BRENT CRUDE



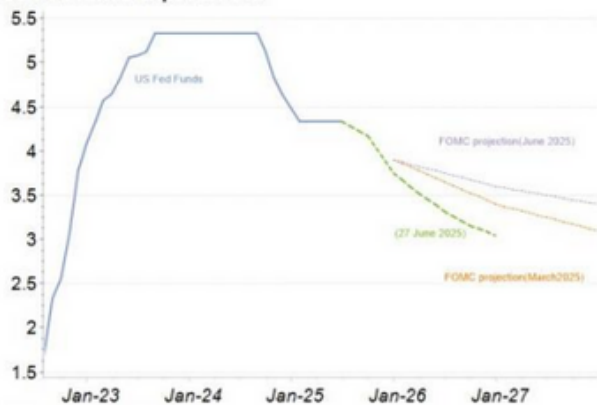
Source: IRESS

EASING GEOPOLITICAL TENSIONS



The brief conflict between Israel and Iran drove a spike in oil prices in mid-June and rattled global markets over fears of disrupted supply through key shipping routes. However, fears eased quickly after a US strike on Iran's nuclear sites and a ceasefire was announced after 12 days, helping oil prices settle back towards their previous downtrend.

US Fed funds expectations



Source: CME, FED, St Louis Fed

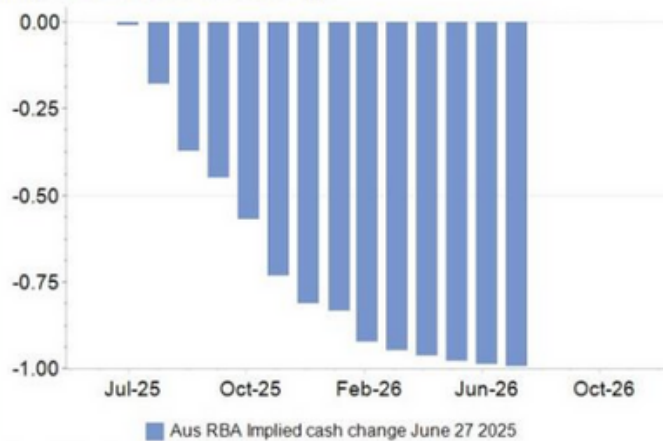
US CENTRAL BANK POLICY



US Federal Reserve Chair Jerome Powell told Congress he's still worried that tariffs could keep inflation higher. However, two other Fed members have taken a softer view, and there's talk that President Trump may appoint a new Fed chair sooner than expected. This has led markets to expect US interest rates might come down sooner than previously thought.

ECONOMIC HIGHLIGHTS

Implied RBA Cash rate change



Source: ASX, using proxy updates

RBA OUTLOOK

Markets now expect the RBA to cut rates up to four more times, bringing the cash rate below 3.0% by early 2026. This is what many would consider the 'neutral rate', meaning interest rates would be set at a level that neither boosts nor restricts economic growth and inflation. Softer inflation and modest economic growth have strengthened the case for lower rates to help support spending and the broader Australian economy.

Australia CPI



Source: ABS

AUSTRALIAN INFLATION DATA

Australia's inflation continued to ease in May, with the headline CPI dropping to 2.1% and the key core measure (which strips out volatile items such as fuel and fresh food) falling to 2.4% — slightly below the middle of the RBA's 2—3% target range.

ASSET CLASS RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Australian Cash	0.3	4.4	3.9	2.3
Australian Bonds	0.8	6.8	3.9	-0.1
Global Bonds (Hedged)	0.9	5.5	2.3	-0.6
Australian Shares	1.4	13.8	13.6	11.9
Global Shares (Unhedged)	2.5	18.6	20.4	15.8
Global Shares (Hedged)	3.8	13.5	16.7	13.6
Emerging Markets	4.1	17.5	11.5	7.9
Global Infrastructure (Hedged)	0.2	14.7	5.1	7.0
Australian Listed Property	1.8	14.0	15.4	12.4
Global Listed Property (Hedged)	0.4	8.4	2.2	4.5
AUD / USD	1.8	-1.1	-1.7	-0.9

GLOBAL SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	-1.9	11.8	7.2	7.5
Consumer Discretionary	1.3	15.6	16.8	11.5
Energy	5.0	-0.8	9.1	19.1
Financials	3.3	34.2	23.2	20.0
Health Care	1.5	-5.6	3.7	6.1
Industrials	3.5	24.0	22.1	16.4
Information Tech	9.2	15.2	29.6	20.2
Materials	1.7	4.4	9.0	9.9
Telecom	7.1	24.8	24.7	14.9
Utilities	1.5	25.4	10.1	9.5



AUSTRALIAN SECTOR RETURNS

	Month Return (%)	1 Year Return (%)	3 Year Return (p.a %)	5 Year Return (p.a %)
Consumer Staples	-2.3	1.6	1.2	2.2
Consumer Discretionary	1.2	19.8	18.3	13.8
Energy	8.9	-8.4	2.0	8.7
Financials	4.3	29.2	23.5	19.7
Health Care	-1.1	-4.5	3.3	1.2
Industrials	1.7	27.0	14.5	11.1
Information Tech	0.5	21.7	27.3	12.9
Materials	-3.0	-1.9	5.0	9.0
Telecom	1.7	28.4	14.8	13.4
Utilities	-0.2	4.6	12.3	9.4

CONCLUSION

- Global share markets surged in June, led by the US and supported by a major US- China tariff rollback and strong earnings.
- Australian shares also rose, driven by easing inflation and expectations for rate cuts from the RBA.
- Bond yields moved higher, particularly in the US, amid fiscal concerns, but central banks signalled a more cautious policy stance.
- A diversified approach across shares, property, fixed income and alternatives remains important as policy uncertainty and macro risks persist.

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