Market Watch

June 2026

Resilient Growth Amid Global Uncertainty

Global equity markets delivered a flat return in June with performance varying across regions. Investor sentiment was weighed down by concerns over AI-related disruptions and the possibility of further US interest rate hikes following persistent inflation. However, hopes for a sustained ceasefire in Iran helped support market confidence. US equities reached record highs early in the month, driven by enthusiasm for AI and strong earnings expectations, although gains eased as inflation data increased concerns about additional rate rises. Across Asia, results were mixed with Japan, Taiwan, and South Korea recorded modest gains, supported by AI-related sectors, while Chinese equities declined due to weaker economic data, including softer industrial production and retail sales figures. Unhedged global equities benefited from declines in the AUD, especially against the USD.

Australian equities recorded modest gains in June. The Health Care sector was a standout performer, rising 12.5%, primarily due to CSL's rebound from its recent lows. Consumer Staples also delivered robust returns of 12.5%, benefiting from improved consumer spending trends and lower fuel costs. Conversely, the Energy sector declined 9% as energy prices softened amid easing geopolitical tensions in the Middle East. The Resources sector fell 7.8%, weighed down by weaker gold and iron ore prices. Restrictive monetary policy is weighing on the outlook for Australian equities and earnings. Changes announced in the Budget around negative gearing and capital gains tax are expected to slow credit growth. Elevated inflation remains a key risk that could result in further RBA tightening.

Global REITs and infrastructure markets in June remain positive compared to May despite heightened geopolitical and inflation-related risks. Real estate performance was supported by improving fundamentals and resilient demand for sectors such as logistics, data centres, and residential assets. Infrastructure remains attractive due to its defensive characteristics and stable cash flows; however, higher interest rates, higher energy costs, and geopolitical uncertainty are expected to contribute a continued market volatility.

Global bond markets remained cautiously positive, with current bond yields providing attractive income opportunities, although investors continued to face uncertainty from persistent inflation, central bank policy, and geopolitical developments. Expectations that interest rates could remain higher for longer suggested bond market volatility may persist.

The Australian bond market rallied strongly in June as softening domestic economic data, easing oil prices, and cooling inflation led investors to scale back expectations for further interest rate hikes. The 10-year government bond yield dropped by 0.1% to finish the month at 4.73%. This decline in yields lifted asset valuations supporting Australian sovereign debt to outperform broader global bond markets.

The AUD traded between USD $0.71 and $0.69 range. The AUD has fallen recently due to a relatively weaker growth outlook for Australia vs the US and narrowing in interest rate differentials.

Economics:

U.S.

- The U.S. unemployment rate dropped to 4.2% in June as many people left the workforce. Job gains were concentrated in professional and business services, health care, and social assistance.
- Interest rates remained unchanged following the June U.S. Federal Research meeting. This is the first meeting under new Fed Chair Kevin Warsh.

Locally

- Australia's inflationary pressures remained elevated, with headline consumer inflation reaching 4.0% over the year to May. While the Reserve Bank of Australia (RBA) maintained the cash rate at its June meeting, it reiterated that further rate increases remain possible
- In May, Australia's seasonally adjusted unemployment rate increased to 4.4%.

Major Asset Class Performance

Asset classes	1 Mth %	1 Yr %	3 Yrs (p.a.) %	5 Yrs (p.a.) %
Australian Shares	0.7%	6.1%	10.6%	7.8%
Australian Small Companies	-2.0%	8.1%	9.9%	3.0%
Global Shares (unhedged)	3.1%	17.2%	18.2%	12.9%
Global Shares (hedged)	0.02%	25.4%	19.3%	10.9%
Global Small Companies (unhedged)	4.9%	22.4%	16.4%	9.7%
Global Emerging Markets (unhedged)	2.4%	35.8%	21.4%	8.9%
Global Listed Property (hedged)	1.9%	15.6%	9.3%	1.9%
Listed Infrastructure (hedged)	2.2%	16.6%	11.8%	7.4%
Australian Fixed Income	1.0%	1.5%	4.0%	0.4%
International Fixed Income	0.4%	2.9%	3.7%	-0.03%
Cash	0.4%	3.9%	4.2%	3.1%

Source: Lonsec iRate, Rhombus Advisory, 30 June 2026.

Indices used: Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (unhedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (hedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Listed Infrastructure (hedged): FTSE Global Core Infrastructure 50/50 NR Index (AUD Hedged) Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Hedged AUD

Please note: Past performance is not indicative of future performance.

Currency markets

Exchange rates	At close on 30/6	1 Mth change %	1 Yr change %	3 Yrs change %
AUD/USD	0.6869	-4.12%	4.87%	3.60%
AUD/GBP	0.5193	-2.59%	8.85%	-1.09%
AUD/Euro	0.6034	-1.95%	8.02%	-1.07%
AUD/Yen	111.48	-2.33%	18.27%	16.22%

Source: Reserve Bank of Australia, Lonsec iRate, Rhombus Advisory, 30 June 2026.
Please note: Past performance is not indicative of future performance.