Weekly Market Update

Cooling US inflation offered markets some relief, but renewed Middle East conflict and higher energy prices kept global central banks cautious and interest-rate expectations volatile.

US

Inflation cooled sharply in June: headline CPI fell 0.4% month on month and eased from 4.2% to 3.5% annually, helped by temporarily lower energy prices. Core inflation slowed to 2.6%.

Near-term rate-rise expectations declined: markets reduced the probability of a Federal Reserve increase in July to around 10–14%, although further tightening later in 2026 remained possible.

Federal Reserve independence remained in focus: Chair Kevin Warsh told Congress that monetary policy would remain data-led despite potential pressure from President Trump.

Renewed conflict with Iran unsettled markets: US strikes, disruption around the Strait of Hormuz and higher oil prices revived concerns that energy costs could reverse recent inflation progress.

UK

Andy Burnham prepared to become prime minister: markets focused on the likely direction of the new government, particularly its approach to public spending, devolution and regional investment.

Cost-of-living policies moved up the agenda: Burnham's team indicated that the proposed £1.8 billion digital identity programme would be dropped, with resources redirected towards more immediate domestic priorities.

The OECD called for continued fiscal discipline: it forecast UK growth of approximately 0.9% in 2026 and warned that high debt-servicing, pension and healthcare costs limited the new government's room for manoeuvre.

Sterling strengthened on expectations of policy continuity: the pound reached a one-year high against the euro as investors welcomed reports that a fiscally cautious chancellor could be appointed and anticipated a possible Bank of England rate rise.

Europe

The ECB was expected to hold rates in July: economists forecast the deposit rate would remain at 2.25%, while rising oil prices increased the possibility of another rate rise in September.

The eurozone growth outlook remained subdued: quarterly growth was reported at only 0.2%, while the 2026 forecast was lowered to around 0.5% as energy costs and geopolitical uncertainty weighed on activity.

Inflation remained above target: eurozone inflation eased to 2.8% in June, but higher oil and gas prices threatened renewed pressure on household and business costs.

EU governments remained divided over Israel policy: foreign ministers discussed tariffs, licensing restrictions or a ban on trade with Israeli settlements, but failed to reach a common position.

Global

Middle East tensions dominated global markets: renewed US-Iran hostilities, attacks on Gulf shipping and restrictions around the Strait of Hormuz increased risks to global energy supplies.

Russia intensified missile and drone attacks across Ukraine, including one of the largest strikes on Kyiv this year, highlighting ongoing pressure on Ukrainian air defences.

China's Economic growth slowed more than expected: second-quarter GDP expanded by 4.3%, leaving growth below Beijing's annual target range and increasing pressure for additional policy support.

The weak yen remained a market concern: analysts warned that the currency could fall beyond ¥170 per dollar before the government's investment and growth policies produced measurable results.

Performance

Asset Class/Region	Currency	Week ending 17 July 2026	Month to date	YTD 2026	12 Months
Developed Market Equities					
United States	USD	-1.5%	-0.5%	9.4%	19.4%
United Kingdom	GBP	1.1%	1.2%	8.9%	22.7%
Continental Europe	EUR	-0.4%	-1.0%	10.1%	19.0%
Japan	JPY	-2.9%	-1.9%	16.3%	41.2%
Asia Pacific (ex Japan)	USD	-3.6%	-5.1%	17.6%	31.2%
Australia	AUD	-0.1%	0.2%	2.6%	5.1%
Global	USD	-1.2%	-0.3%	9.3%	19.9%
Emerging Markets Equities					
Emerging Europe	USD	-1.7%	1.2%	15.7%	28.7%
Emerging Asia	USD	-4.6%	-6.9%	19.3%	35.5%
Emerging Latin America	USD	-1.3%	1.5%	12.1%	36.9%
BRICs	USD	-0.8%	2.5%	-8.9%	-3.5%
China	USD	-0.6%	4.0%	-11.6%	-4.1%
MENA countries	USD	-1.3%	-0.9%	-0.6%	-3.0%
South Africa	USD	-2.5%	-1.7%	-6.9%	27.8%
India	USD	-0.5%	0.1%	-12.5%	-12.5%
Global emerging markets	USD	-4.1%	-5.8%	16.7%	33.0%
Bonds					
US Treasuries	USD	0.1%	-0.4%	0.0%	3.5%
US Treasuries (inflation protected)	USD	0.1%	-0.1%	1.0%	3.3%
US Corporate (investment grade)	USD	0.1%	-0.6%	0.4%	4.6%
US High Yield	USD	0.0%	0.1%	2.0%	5.9%
UK Gilts	GBP	-0.4%	-1.1%	-1.0%	2.6%
UK Corporate (investment grade)	GBP	-0.4%	-1.0%	-0.1%	4.0%
Euro Government Bonds	EUR	-0.4%	-1.5%	-0.3%	0.1%
Euro Corporate (investment grade)	EUR	-0.3%	-0.8%	0.5%	1.4%
Euro High Yield	EUR	-0.2%	-0.1%	1.8%	3.6%
Global Government Bonds	USD	0.0%	-0.5%	-1.1%	0.1%
Global Bonds	USD	0.0%	-0.6%	-0.7%	1.9%
Global Convertible Bonds	USD	-3.2%	-5.2%	11.9%	20.9%
Emerging Market Bonds	USD	-0.3%	-0.7%	1.4%	9.2%

Performance

Asset Class/Region	Currency	Week ending 17 July 2026	Month to date	YTD 2026	12 Months
Property					
US Property Securities	USD	3.1%	3.8%	21.3%	23.8%
Australian Property Securities	AUD	0.0%	-1.6%	-8.3%	-8.7%
Global Property Securities	USD	2.0%	2.9%	11.2%	15.9%
Currencies					
Euro	USD	0.1%	0.2%	-2.5%	-1.3%
UK Pound Sterling	USD	0.3%	1.5%	0.0%	0.4%
Japanese Yen	USD	-0.6%	0.1%	-3.5%	-8.5%
Australian Dollar	USD	0.4%	1.0%	4.7%	7.7%
South African Rand	USD	-1.3%	-0.8%	0.3%	8.0%
Swiss Franc	USD	0.0%	0.2%	-1.7%	-0.2%
Chinese Yuan	USD	0.0%	0.1%	3.1%	6.0%
Commodities & Alternatives					
Commodities	USD	5.0%	8.1%	31.0%	34.8%
Agricultural Commodities	USD	1.4%	6.4%	13.3%	9.8%
Oil	USD	15.9%	20.8%	44.8%	26.7%
Gold	USD	-2.2%	-0.3%	-7.1%	20.3%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

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