

Weekly Market Update

Cooling US inflation supported global equities and reduced rate-rise expectations, but Middle East disruption kept energy prices and global inflation risks elevated.

US

Inflation pressure eased: July CPI rose just 0.1% month-on-month, while core inflation increased 0.2% and 2.5% year-on-year, reducing immediate pressure on the Federal Reserve to raise rates.

Iran tensions intensified: President Trump warned Americans to tolerate higher fuel prices as stalled negotiations and disruption around the Strait of Hormuz continued.

Rate-hike expectations fell: Softer inflation and consumption data cut market expectations for a September Fed increase to roughly one-in-three, although policymakers remain divided over persistent inflation risks.

Long-term borrowing costs stayed elevated: Stronger equity markets contrasted with a 30-year Treasury auction at its highest yield in 25 years, reflecting concerns over inflation and large federal deficits.

UK

Growth surprised positively: UK GDP expanded 0.4% in Q2 and 0.3% in June, helped by stronger services activity, World Cup-related spending and favourable weather.

Sterling remained firm: Better-than-expected growth helped the pound remain near recent highs, although markets continued to price another Bank of England rate increase during 2026.

Fiscal pressures remain: Prime Minister Andy Burnham acknowledged a "difficult financial outlook" while promising measures to reduce business costs ahead of the 28 October Budget.

UK credit rating held: Fitch maintained Britain's AA-sovereign rating with a stable outlook, citing economic flexibility alongside continuing fiscal and geopolitical risks.

Europe

ECB tightening remains possible: A Reuters poll showed economists expecting one further ECB rate rise in September as elevated energy prices keep inflation above its 2% target.

Extreme heat hit the economy: Heatwaves disrupted transport, agriculture and power generation, with France particularly affected as high river temperatures constrained nuclear production and pushed European power prices sharply higher.

French debt worries intensified: France's 10-year borrowing costs approached 4%, while first-half interest payments rose 19% year-on-year, increasing concerns about fiscal sustainability ahead of the 2027 election.

Ukraine adjusted its energy strategy: Kyiv paused attacks on tankers using Russia's Novorossiysk port following a US request amid concerns about disruption to international oil supplies.

Global

Further policy support signalled: The People's Bank of China pledged to maintain a "moderately loose" monetary stance and introduce additional measures when necessary to support domestic demand.

More BOJ tightening priced in: Markets substantially increased expectations for a September Bank of Japan rate rise as policymakers contend with inflation and persistent yen weakness.

Relations with Russia deteriorated: Tokyo condemned President Putin's visit to the disputed Kuril Islands, adding to already strained diplomatic relations.

Hormuz tensions intensified: The UAE accused Iran of attacks on ADNOC vessels transiting the Strait, increasing concerns around the security of global energy supplies.

Performance

Asset Class/Region	Currency				
		Week ending 14 Aug 2026	Month to date	YTD 2026	12 Months
Developed Market Equities					
United States	USD	0.4%	4.0%	14.3%	21.4%
United Kingdom	GBP	-1.1%	-0.7%	11.1%	21.8%
Continental Europe	EUR	0.0%	2.2%	13.6%	22.7%
Japan	JPY	3.0%	4.8%	24.6%	38.9%
Asia Pacific (ex Japan)	USD	2.7%	2.2%	23.7%	34.0%
Australia	AUD	-1.5%	1.6%	6.4%	6.7%
Global	USD	0.5%	3.8%	14.4%	21.9%
Emerging Markets Equities					
Emerging Europe	USD	1.4%	4.1%	26.3%	31.7%
Emerging Asia	USD	3.6%	2.5%	25.9%	39.0%
Emerging Latin America	USD	-3.0%	-4.5%	10.7%	31.1%
BRICs	USD	-2.4%	-1.8%	-7.2%	-3.7%
China	USD	-3.1%	-2.0%	-9.2%	-6.9%
MENA countries	USD	-0.1%	2.4%	1.4%	-1.0%
South Africa	USD	-2.9%	7.5%	1.5%	26.9%
India	USD	-1.3%	-0.2%	-11.5%	-8.3%
Global emerging markets	USD	2.7%	2.2%	22.7%	35.6%
Bonds					
US Treasuries	USD	-0.1%	0.4%	-0.4%	1.4%
US Treasuries (inflation protected)	USD	-0.1%	0.2%	0.5%	1.7%
US Corporate (investment grade)	USD	-0.3%	0.4%	-0.2%	2.0%
US High Yield	USD	0.1%	0.9%	2.5%	5.4%
UK Gilts	GBP	-0.6%	0.3%	-1.2%	1.6%
UK Corporate (investment grade)	GBP	-0.4%	0.5%	0.1%	3.1%
Euro Government Bonds	EUR	-0.5%	0.1%	-0.4%	-0.4%
Euro Corporate (investment grade)	EUR	-0.1%	0.3%	0.7%	1.1%
Euro High Yield	EUR	0.1%	0.5%	2.1%	2.9%
Global Government Bonds	USD	-0.2%	0.5%	-0.5%	-0.6%
Global Bonds	USD	-0.1%	0.6%	-0.4%	0.7%
Global Convertible Bonds	USD	2.1%	4.6%	17.8%	25.9%
Emerging Market Bonds	USD	0.0%	1.0%	1.3%	5.9%

▲ Performance

Asset Class/Region	Currency				
		Week ending 14 Aug 2026	Month to date	YTD 2026	12 Months
Property					
US Property Securities	USD	0.1%	-0.5%	18.9%	21.6%
Australian Property Securities	AUD	-2.3%	-1.2%	-7.9%	-11.2%
Global Property Securities	USD	-0.3%	-0.7%	10.0%	12.8%
Currencies					
Euro	USD	0.1%	0.5%	-1.4%	-1.2%
UK Pound Sterling	USD	0.3%	0.5%	0.6%	-0.3%
Japanese Yen	USD	-1.2%	0.0%	-1.6%	-7.5%
Australian Dollar	USD	0.3%	0.8%	6.2%	8.3%
South African Rand	USD	-0.3%	2.1%	2.2%	8.1%
Swiss Franc	USD	-0.6%	-0.5%	-2.4%	-0.9%
Chinese Yuan	USD	0.1%	0.2%	3.7%	6.4%
Commodities & Alternatives					
Commodities	USD	2.8%	2.5%	35.3%	42.9%
Agricultural Commodities	USD	1.3%	2.3%	14.2%	11.0%
Oil	USD	5.9%	-1.8%	45.5%	34.9%
Gold	USD	1.3%	8.5%	1.5%	30.6%

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



Global Matters Weekly

17 August 2026

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