Weekly Market Update

Higher energy prices and long-term government bond yields challenged risk assets, even as economic activity remained broadly resilient. Diversified investors benefited from balancing equity growth exposure with less correlated regional, defensive and real-asset allocations.

US

Rising oil prices and renewed concern about the Strait of Hormuz lifted inflation expectations and long-dated Treasury yields, putting pressure on equity valuations, particularly rate-sensitive growth companies.

The Treasury's decision to expand buybacks of longer-dated bonds briefly lowered long yields and weakened the dollar, but investors remained focused on the need for credible fiscal consolidation.

Minutes from the Federal Reserve's July meeting showed that many policymakers considered further tightening likely if inflation failed to ease, reinforcing a cautious, data-dependent policy outlook.

Economic signals were mixed: housing and industrial data softened, while business surveys and jobless claims pointed to continued resilience. Retail earnings also raised questions about consumer momentum.

UK

Headline inflation rose to 2.9% in July, while core inflation remained firm. The combination of higher energy costs and persistent underlying pressures supported a cautious Bank of England outlook.

Labour-market data were softer, with payroll employment falling and private-sector wage growth slowing, reducing some pressure on the Bank of England to tighten policy further.

Gilts outperformed several European sovereign markets after softer employment data, although long-term UK borrowing costs remained elevated against a backdrop of fiscal and inflation uncertainty.

Consumer confidence improved to its highest level in two years, offering a more constructive signal on household sentiment despite high energy prices and borrowing costs.

Europe

Germany's August investor-expectations survey improved to its strongest level since February, offering a tentative sign of confidence despite the region's energy and rate pressures.

Energy prices remained a significant constraint. Higher oil and European gas prices kept near-term inflation risks elevated and weighed both regional equities and sovereign bonds.

Regional equities came under pressure as higher discount rates and energy costs challenged earnings expectations, with technology and other rate-sensitive sectors particularly vulnerable.

Long-dated German and French bond yields reached multi-year highs as markets absorbed heavier borrowing needs, fiscal uncertainty and the prospect of inflation remaining above target.

Global

China's July retail sales and industrial production disappointed expectations, reinforcing concerns about weak domestic demand even as authorities retained room for targeted support.

Japan's economy grew more slowly than expected in the second quarter, but firmer inflation and improving August business surveys strengthened expectations of further Bank of Japan normalisation.

Asian technology markets were volatile as semiconductor shares sold off sharply before partially recovering, highlighting sensitivity to demanding valuations and uncertainty over returns from artificial-intelligence investment.

Canada and the United States continue to fight over tariffs with Canadian Prime Minister Mark Carney pushing to apply counter-tariffs on $20B of US products on 8th of September.

Performance

Asset Class/Region	Currency	Week ending 21 Aug 2026	Month to date	YTD 2026	12 Months
Developed Market Equities					
United States	USD	-1.4%	2.5%	12.7%	21.5%
United Kingdom	GBP	0.7%	0.1%	11.9%	20.2%
Continental Europe	EUR	-0.8%	1.4%	12.7%	19.8%
Japan	JPY	-3.1%	1.6%	20.7%	35.0%
Asia Pacific (ex Japan)	USD	1.0%	3.2%	25.0%	36.7%
Australia	AUD	-0.4%	1.2%	5.9%	3.7%
Global	USD	-1.2%	2.6%	13.1%	21.8%
Emerging Markets Equities					
Emerging Europe	USD	1.1%	5.3%	27.8%	33.9%
Emerging Asia	USD	1.0%	3.5%	27.1%	42.1%
Emerging Latin America	USD	3.0%	-1.6%	14.1%	36.8%
BRICs	USD	1.7%	-0.1%	-5.6%	-2.6%
China	USD	2.9%	0.9%	-6.5%	-4.2%
MENA countries	USD	0.2%	2.7%	1.6%	-0.9%
South Africa	USD	6.7%	14.7%	8.3%	38.5%
India	USD	-0.5%	-0.7%	-12.0%	-10.8%
Global emerging markets	USD	1.2%	3.5%	24.2%	38.9%
Bonds					
US Treasuries	USD	-0.1%	0.3%	-0.5%	1.8%
US Treasuries (inflation protected)	USD	0.1%	0.3%	0.6%	2.2%
US Corporate (investment grade)	USD	-0.2%	0.2%	-0.4%	2.3%
US High Yield	USD	-0.1%	0.8%	2.4%	5.4%
UK Gilts	GBP	-0.2%	0.1%	-1.4%	2.4%
UK Corporate (investment grade)	GBP	-0.2%	0.4%	-0.1%	3.6%
Euro Government Bonds	EUR	-0.4%	-0.4%	-0.9%	-0.1%
Euro Corporate (investment grade)	EUR	-0.3%	0.0%	0.4%	1.1%
Euro High Yield	EUR	-0.1%	0.4%	1.9%	2.9%
Global Government Bonds	USD	0.2%	0.7%	-0.3%	0.5%
Global Bonds	USD	0.1%	0.7%	-0.2%	1.8%
Global Convertible Bonds	USD	-2.1%	2.4%	15.3%	24.4%
Emerging Market Bonds	USD	-0.4%	0.6%	0.9%	5.9%

Performance

Asset Class/Region	Currency	Week ending 21 Aug 2026	Month to date	YTD 2026	12 Months
Property					
US Property Securities	USD	-0.4%	-0.9%	18.4%	20.3%
Australian Property Securities	AUD	-4.3%	-5.5%	-11.9%	-17.9%
Global Property Securities	USD	0.0%	-0.7%	10.0%	12.3%
Currencies					
Euro	USD	1.0%	1.4%	-0.5%	0.6%
UK Pound Sterling	USD	0.8%	1.3%	1.4%	1.7%
Japanese Yen	USD	0.3%	0.3%	-1.3%	-6.7%
Australian Dollar	USD	1.2%	2.1%	7.5%	11.7%
South African Rand	USD	1.2%	3.4%	3.5%	10.9%
Swiss Franc	USD	1.4%	1.0%	-1.0%	0.9%
Chinese Yuan	USD	0.3%	0.5%	4.0%	6.8%
Commodities & Alternatives					
Commodities	USD	4.1%	6.7%	40.9%	47.1%
Agricultural Commodities	USD	2.9%	5.2%	17.5%	12.9%
Oil	USD	6.6%	4.7%	55.1%	39.5%
Gold	USD	5.5%	14.5%	7.1%	38.6%

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

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Important notes