



# 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<br>21 Aug 2026 | Month<br>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%      |

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|--------------------------------|----------|----------------------------|------------------|----------|-----------|
|                                |          | Week ending<br>21 Aug 2026 | Month<br>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.





# Global Matters Weekly

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