Market Commentary

July 2026

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SNAPSHOT

- Markets experience profit taking in tech stocks.
- 'Peace' in the straits of Hormuz supports factor rotation.
- Easing oil price supports duration as inflation concerns ease.

All percentages below are monthly returns for June-2026

EQUITIES

US MARKETS

Optimism on AI spending softens

-1.1%

US 500

UK MARKETS

Better inflation data, more political upheaval

0.6%

UK ALL SHARE

EMERGING MARKETS

AI spending concerns

-1.7%

EM

BOND MARKETS

BONDS

Yields ease across the curve, globally

UK GILTS	0.6%
S T EASURIES	0.3%
LO AL CORPORATE BONDS	1.1%
GLOBAL HIGH YIELD BONDS	1.8%

*Values represent bond index returns

CURRENCIES

CURRENCIES

Pound eases against dollar, gains elsewhere

Pound vs Other Currencies

GBP vs USD	-1.5%
GBP vs JPY	0.6%
GBP vs EUR	0.6%
GBP vs CNY	-1.2%

KEY INDICATORS

GOLD – XAU/USD

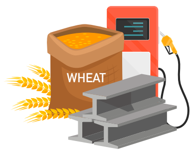
-11.8%

OIL – BRENT CRUDE

-20.8%

COMMODITIES

-8.5%



INFLATION – UK CPI (YOY)

2.8%

DISCLAIMER – The value of investments and the income from them can go down as well as up and past performance is not a guide to future performance. Returns are in local currency unless indicated otherwise. Source: Bloomberg.

GLOBAL MARKETS

Investors began questioning the capacity of the technology hyperscalers to extend elevated capex spending without a clear path to monetising AI. The uncertainty weighed on both the vendors and spenders.

US MARKETS

Profit taking in chip stocks impacted markets

While the Dow closed the month at fresh all-time highs, profit taking in chip stocks, which now account for nearly 20% of the S&P market cap and approximately 33% of the Nasdaq 100, left both indices in negative territory mid-month. The Nasdaq 100 was down 7.5% before bottoming and recovering erratically into month end. Value outperformed Growth, with the Russell 1000 Growth index ending the month 2.7% lower in dollar terms, nearly 5% behind the Russell 1000 Value Index. Declining crude prices boosted broader market optimism, with small cap growth stocks leading the way, up 7% in dollar terms.

-1.1%

US 500

UK MARKETS

Up marginally on better inflation news

UK equities were marginally higher as easing commodity prices and renewed political uncertainty took the edge off the better news from the Middle East. The FTSE 100 was up modestly. However, the more domestically focused FTSE 250 lagged, down a couple of percent. With what looks to possibly be a drawn-out handover period to yet another PM, and a likely a shift further to the left, businesses and their investors are naturally uncertain about the implications.

0.6%

UK All Share

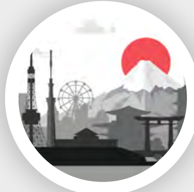
EUROPEAN MARKETS

Declining oil price boosted markets

Heavily dependent on energy imports, the declining oil price boosted European equity markets, helping them outperform despite the ECB raising rates for the first time in three years, while most other major central banks left rates unchanged, though the Bank of Japan also opted to raise. The 0.25% increase across the three main rates took the Marginal Lending Facility Rate to 3.40%. The Bank is forecasting an average inflation rate of 3% for 2026, easing to 2.3% in 2027. Real growth expectations were revised down from 0.9% to 0.8% for 2026, while the ECB remains optimistic that growth will recover to 1.2% in 2027.

2.9%

Euro 600 Index ex UK



JAPAN MARKETS

Hit fresh all-time highs

Japanese stocks hit fresh all-time highs before closing below their best levels. The Nikkei briefly glimpsed 73,000, having surpassed the previous high, set near 50,000 in the late 1980s, only in October. A further weakening of the yen was good for Japanese industrials. Tech stocks Advantest (semiconductor testing), Softbank Group (diversified technology) and Tokyo Electron (chip manufacturer), which are now three of the four biggest stocks in the index, saw their share prices move in line with chip sentiment. Not traditionally regarded as a technology index, the broader IT sector now constitutes more than 50% of the index weight.

0.9%

Japan Index

THE WORLD AT A GLANCE

	2021	2022	2023	2024	2025	June 2026	Year To Date
UK CASH	0.0	1.4	4.7	5.2	4.3	0.3	1.9
US DOLLAR INDEX	6.4	8.2	-2.1	7.1	-9.4	2.3	2.9
UK GILTS	-5.2	-23.8	3.7	-3.3	5.0	0.6	0.1
US TREASURIES	-2.3	-12.5	4.1	0.6	6.3	0.3	0.3
GLOBAL CORPORATE BONDS	-1.9	-6.8	4.0	2.8	2.6	1.1	1.7
GLOBAL HIGH YIELD BONDS	2.0	-2.3	8.2	11.0	4.3	1.8	3.7
US 500	26.9	-19.4	24.2	23.3	16.4	-1.1	9.6
UK ALL SHARE INDEX	14.5	-3.2	3.8	5.6	19.8	0.6	5.3
EURO 600 INDEX EX UK	22.5	-15.0	14.9	4.5	17.4	2.9	8.8
JAPAN INDEX	10.4	-5.1	25.1	17.7	22.4	0.9	17.2
ASIA EX JAPAN	-3.1	-15.4	6.4	16.2	31.6	0.0	30.1
EMERGING MARKETS	-4.6	-22.4	7.0	5.1	30.6	-1.7	22.7
COMMODITIES	41.6	41.9	-9.7	11.2	-0.3	-8.5	25.8
GOLD	-4.3	-0.7	12.8	26.6	62.5	-11.8	-7.4
HEDGE FUNDS	3.7	-4.4	3.1	5.3	7.1	0.2	4.4

Source: Bloomberg

Total Return – Local Currency

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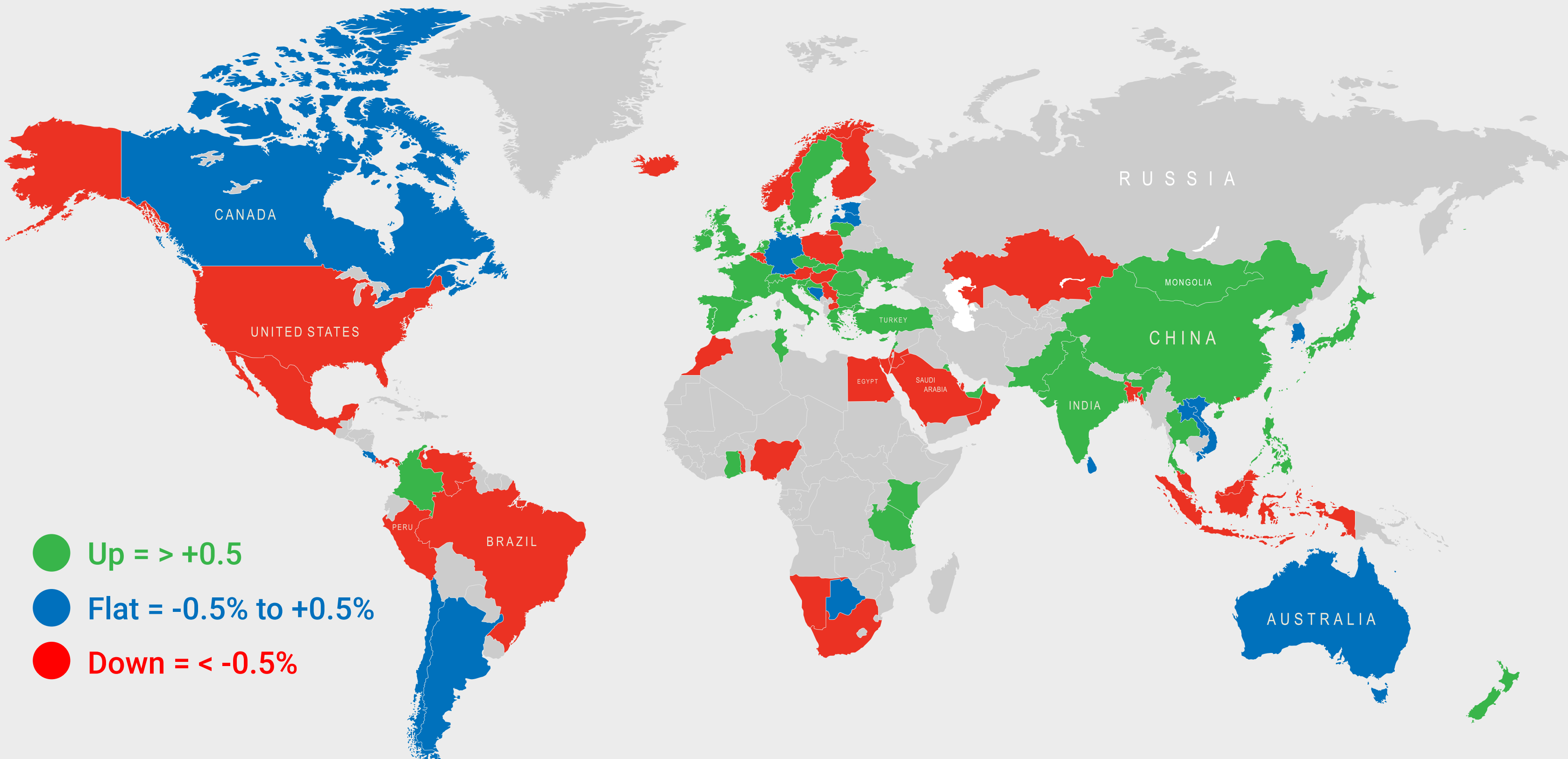
WORLD EQUITY MARKETS



Source: Bloomberg – National benchmark indices in local currency

-1.1% USA

2.9% EUROPE

0.9% JAPAN

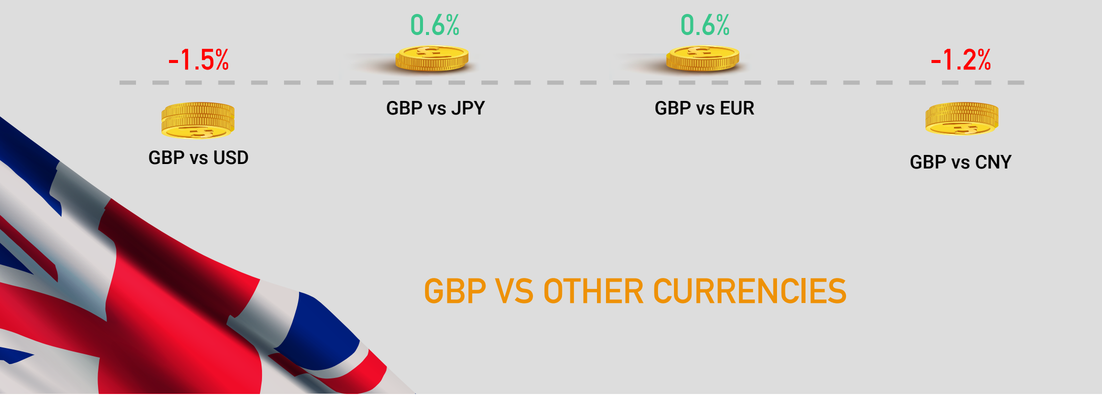
0.6% UK

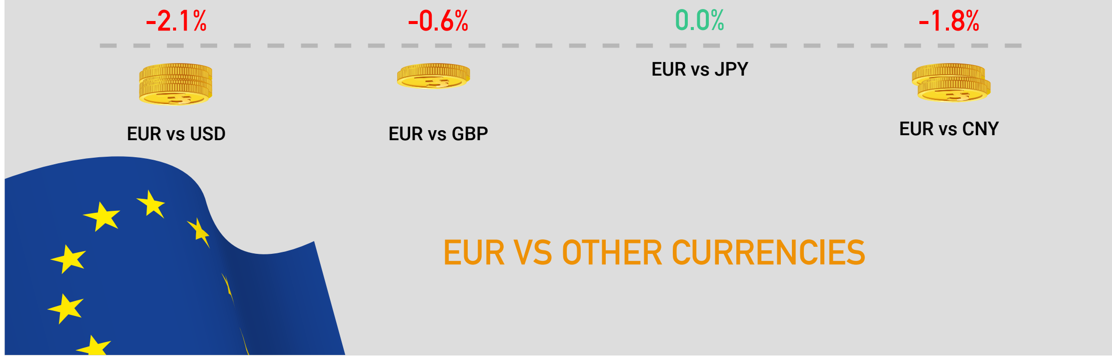
-1.7% EMERGING MARKETS

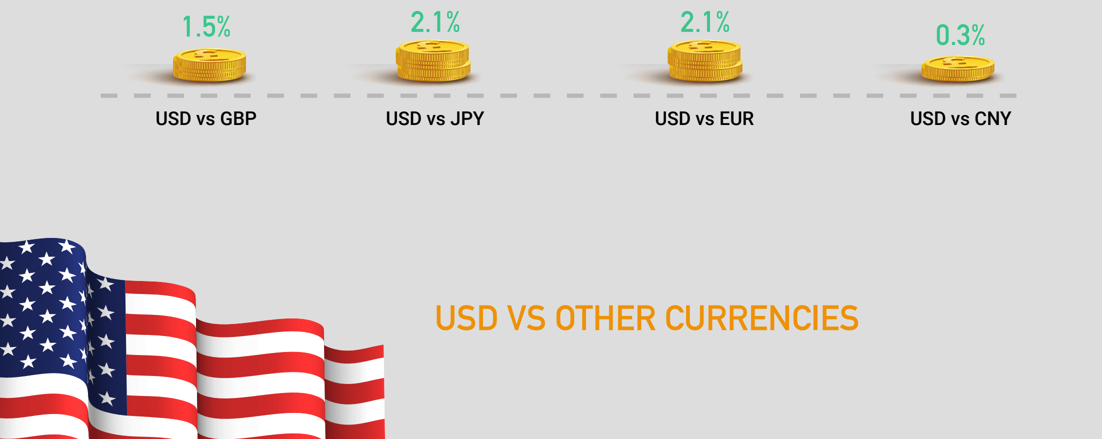
Key Points

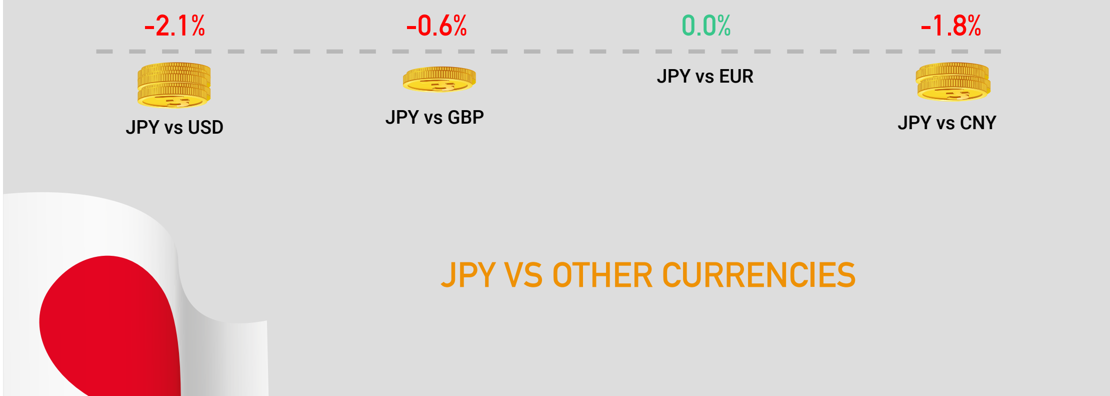
- AI capex dominated sentiment, particularly as Gulf tensions eased. While sentiment remains broadly optimistic, questions over the cycle's longevity and the willingness of hyperscalers to maintain elevated spending levels have added uncertainty around who the ultimate winners will be.
- Despite ongoing Persian Gulf ceasefire breaches, oil prices eased substantially. Optimism grew that tankers stuck in the Gulf would soon be free to deliver their cargoes to global markets.
- South Korea and Taiwan experienced significant profit taking early in the month. The KOSPI was 15% below its early-month peak by 8th June, yet by the 22nd it had recovered to set new all-time highs. Hong Kong struggled, losing nearly 10%.
- The strongest performing global sector was healthcare, with the MSCI World Health Care Index closing with gains of approximately 5%, led by positive news from Eli Lilly. The Materials sector lagged, closing 5.6% lower.

CURRENCIES







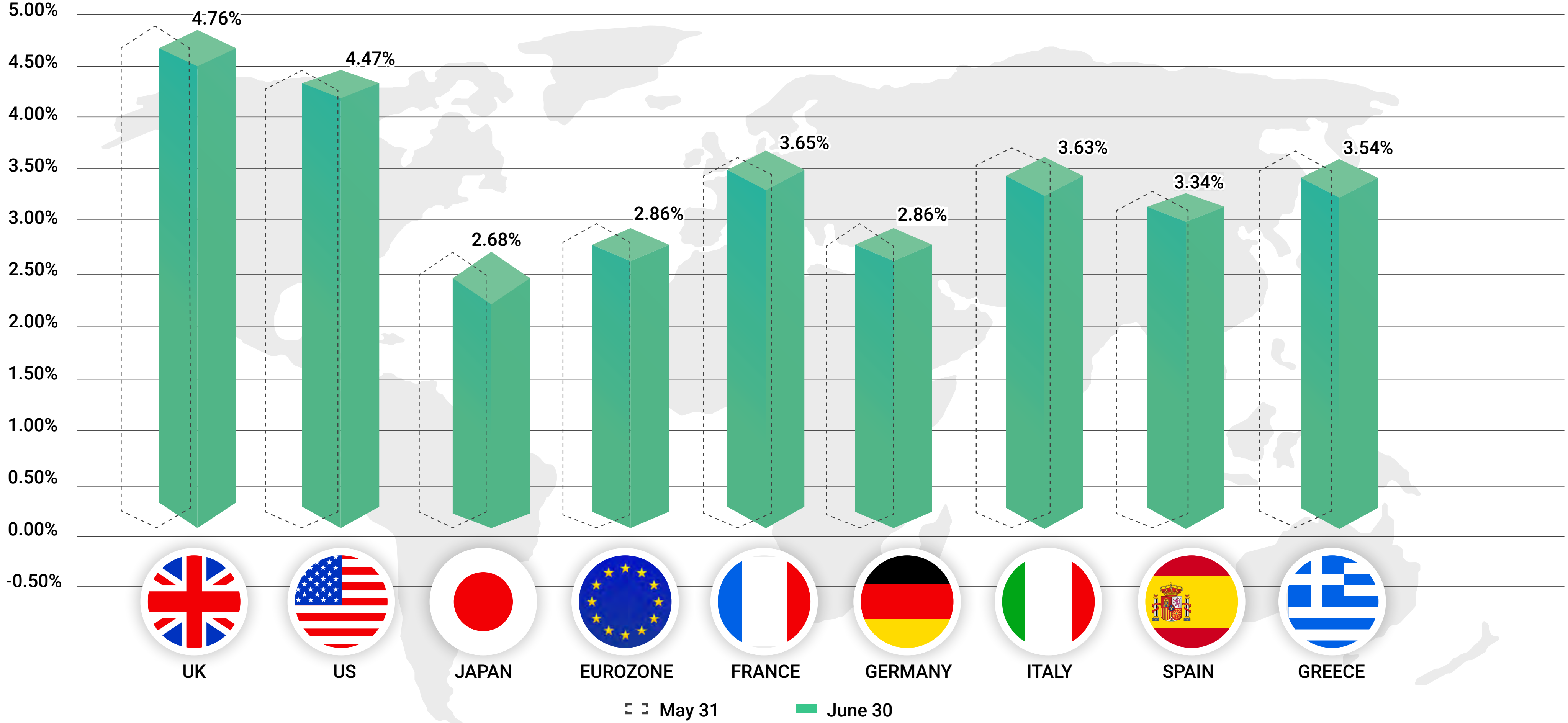


Key Points

- The US dollar index gained around 2% over the month, closing slightly below its best levels, despite the more positive sentiment emerging from the Middle East. The newly appointed Fed Chairman was perceived as more hawkish than markets had anticipated.
- The euro softened, losing more than 2% against the dollar, despite the ECB standing as an outlier among major central banks by opting to raise interest rates.
- Sterling lost more ground to the dollar, but gained against the euro, Swiss franc and commodity-exporting currencies such as the Australian and Canadian dollars.
- The Japanese yen continued to soften, boosting the country’s competitiveness and aiding its exporters, despite the BoJ raising rates by 0.25% to 1%, its highest level in 31 years.

GENERIC 10-YEAR YIELDS*

*A Generic bond is a theoretical bond that always has the specified tenor, unlike a Benchmark bond, which is a physical bond, with a decreasing tenor.



Key Points

- Global bonds made modest gains, supported by the declining oil price.
- Gilts were volatile, struggling in the early part of the month but closing with solid gains despite the more uncertain political backdrop, thanks to the declining oil price.
- High yield performed well, as softer interest rates supported credit, while duration exposure supported longer dated investment grade and government bonds.
- Unhedged global bond exposures were supported by the dollar's gains.

GLOSSARY OF TERMS

BoE	Bank of England – central bank of the United Kingdom
BoJ	Bank of Japan – central bank of Japan
Capex	Capital Expenditure is money a business spends to acquire, upgrade, or maintain long-term physical assets—such as property, buildings, equipment, or technology—that provide value for more than one year. It is considered an investment in the productive capacity and future growth of the company.
Correlation	The degree to which the returns of financial assets or instruments move in relation to each other
CNY	Chinese renminbi (yuan) – currency of the People's Republic of China
CPI	Consumer Price Index – a measure of inflation in which a basket of goods and services is calculated over different time periods
Dovish	The approach in which central banks are likely to keep monetary policy "loose" or accommodative
ECB	European Central Bank – the central bank of the European Union countries which have adopted the euro
EUR	Euro, the official currency of the European Union for the 20 of 27 member states that have adopted this currency
The 'Fed'	or the US Federal Reserve System – the central banking system of the United States of America, which includes the Federal Reserve Board and the twelve regional Federal Reserve Banks

GBP	British Pound – sometimes referred to as 'sterling'
GDP	Gross Domestic Product – a monetary measure of the market value of all goods and services produced in a specific time period by a country or countries
Growth Stocks	Stocks which display specific characteristics – high price-to-earnings (P/E), high price-to-book (P/B), low to no dividend yield – which typically demonstrate revenue growth and tend to reinvest earnings rather than distribute them as dividends
Hawkish	The approach in which central banks are likely to keep monetary policy "tight" or restrictive
JPY	Japanese Yen – currency of Japan
PMI	Purchasing Managers' Index – an economic indicator used to measure the activity of the manufacturing/service sectors of the economy
USD	US Dollar – currency of the United States of America
Value Stocks	Stocks which may trade at lower prices relative to their intrinsic value, as defined by traditional fundamental analysis, and typically include evaluation metrics such as lower price-to-earnings (P/E) and price-to-book (P/B) ratios, and higher dividend yields, compared to Growth stocks.
Yield Curve	a graph (line) which depicts how the yields on debt instruments – such as bonds – vary as a function of their years remaining to maturity
YoY	Year over year

DISCLAIMER

Sources: Collidr, Bloomberg. Indices: Barclays, FTSE, Bloomberg, STOXX, Japan Exchange Group, MSCI, S&P, New York Mercantile Exchange, Chicago Mercantile Exchange, Bureau of Labour Statistics, US and Office for National Statistics, UK