

Monthly Market Snapshot

August 2025

The Monthly Market Snapshot publication provides commentary on the global economy and the performance of financial markets.

Market commentary

While volatility in markets was relatively contained in the month of August, geopolitical news dominated headlines. Most notably, the Russia – United States, Trump-Putin summit in Alaska, albeit with limited outcomes. Meanwhile, the Federal Reserve's Jackson Hole Economic Symposium, drew significant attention, with policymakers noting that their assessments remained data dependent.

Global equities experienced generally positive performance in August. US equities posted positive returns despite a late-month dip. Confidence around the resilience of the US consumer and lower-than-expected jobless claims provided support to overall returns. The performance of the mega-cap technology stocks diverged significantly due to a mix of company-specific developments, macroeconomic factors, and investor sentiment around AI. Apple and Alphabet posted strong returns, while Nvidia, Microsoft, Amazon, and Meta saw declines.

European shares eked out a small gain for the month, held back by persistently sluggish industrial activity and ongoing trade tensions. The UK market advanced moderately, balancing improved retail data against uncertainty over future Bank of England policy. Japanese equities delivered robust performance, buoyed by fiscal support measures and a generally positive corporate earnings season.

Australian equities registered solid performance, underpinned by a sharp rebound in the Resources sector, which benefited from a rise in key industrial commodity prices. Resource sector gains contrasted with the mild performance from the rest of the market. Commonwealth Bank (CBA), the largest stock in the index, underperformed. CBA full year earnings reported during the month were largely as expected but, after very strong returns over the previous 12 months, it appears there was some buyer fatigue, and the stock price fell.

Emerging market equities delivered moderate gains during the month, with general positive sentiment supported by stabilising capital flows. Chinese equities outperformed, rising on the back of positive sentiment on policy stimulus.

Bond markets experienced mixed movements in August, with aggregate bond indices producing moderate positive returns for the month. US 10-year Treasury yields drifted lower following comments alluding to the future direction of policy from the Federal Reserve at Jackson Hole, which markets read as signalling that the Fed will lower rates in the near-term. European bond yields edged slightly higher, reflecting concerns that inflationary pressures have not fully abated and political instability in France. This was also the case in Japan, with Japanese bond yields moving higher. In Australia, yields were broadly flat, reflecting a cautious tone from the RBA and muted domestic inflation.

Currency markets are being buffeted by shifting rate expectations and evolving risk sentiment. The US dollar saw renewed strengthening, while the Euro and Pound fell amid economic uncertainty in Europe. The Yen continued its trend of mild depreciation. The Australian dollar weakened against the US dollar but appreciated against the other major currencies.

Listed property and infrastructure posted positive returns for the month, benefiting from lowering of concerns on the economic outlook and expectations of future interest rate cuts pushing down bond yields in the US. Australian listed property and infrastructure performed particularly well, benefiting from demand from investors with an appetite for income-yielding assets in an uncertain environment.

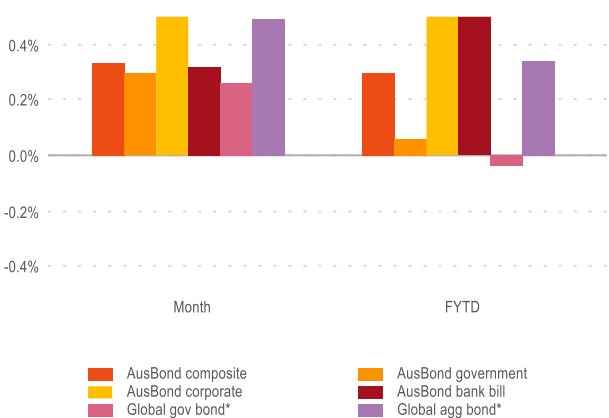
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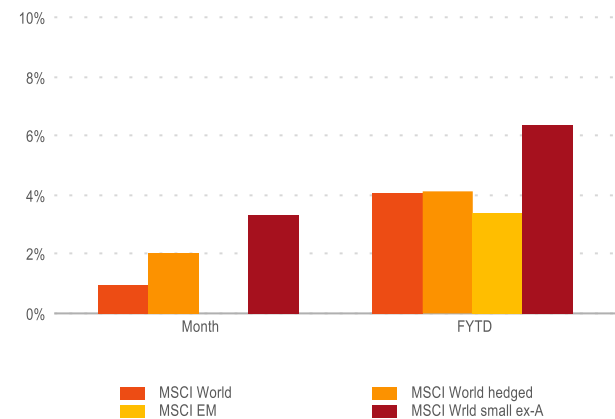
Australian equities



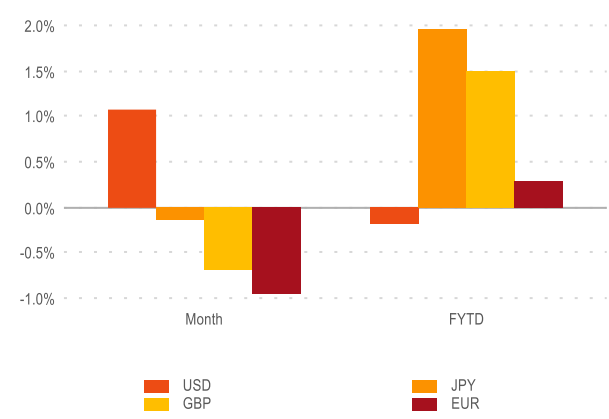
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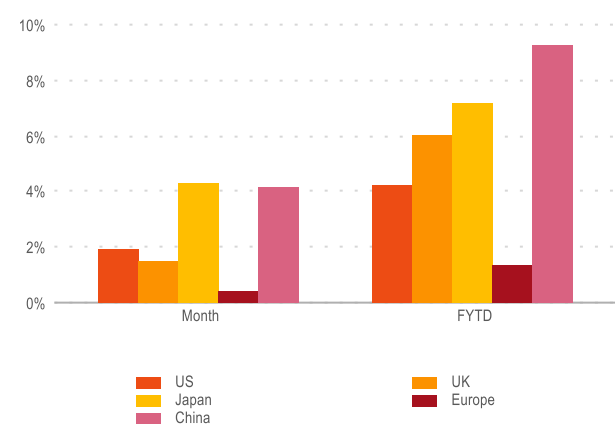
International equities (\$A)



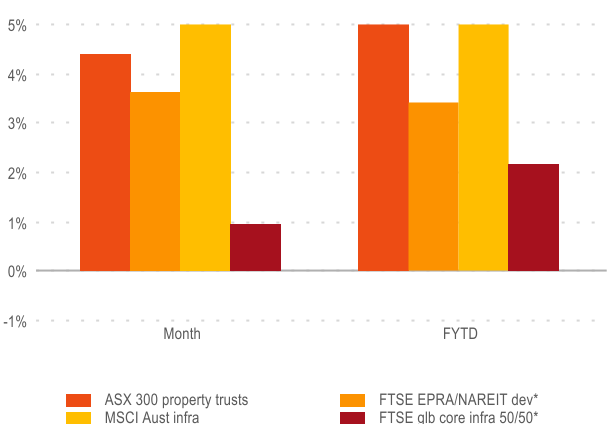
Australian dollar



International equities



Real assets





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