Quarterly Market Review

SEPTEMBER 2026

Financial markets delivered divergent returns over the September quarter. Rising bond yields weighed on sentiment as sharply higher oil prices and persistent inflation concerns reinforced expectations that interest rates would remain higher for longer. Hawkish commentary from Federal Reserve Chair Kevin Warsh at the Jackson Hole symposium in August was followed by broad monetary policy tightening in September. The U.S. Federal Reserve raised rates for the first time since July 2023, while the European Central Bank, Bank of Japan and Reserve Bank of Australia also raised rates.

U.S. equities delivered positive returns, supported by continued strength in large-cap technology companies, while performance across other international equity markets varied, reflecting different conditions across regions. The S&P 500 Index returned 2.0%, while the Euro Stoxx 600 Index declined 1.1%. In Asia, expectations of further monetary policy tightening in Japan weighed on sentiment, contributing to a 4.7% decline in the Nikkei 225 Index. South Korea's KOSPI Index fell 19.3%, with weakness in semiconductor companies weighing on performance. Australian equities were comparatively resilient, with the S&P/ASX 200 Accumulation Index rising 1.3%.

Fixed income markets weakened as bond yields moved higher over the quarter, with the U.S. 10-year Treasury yield rising by 82 basis points to 5.29%. The Bloomberg AusBond Composite Index (AUD) declined 1.5% while the Bloomberg Global Aggregate Total Return Index Hedged (AUD) fell 2.4%.

Commodity markets were a notable feature, driven by a sharp rise in oil prices amid escalating geopolitical tensions and supply concerns. Brent crude and West Texas Intermediate gained 42.0% and 30.1%, respectively. Precious metals delivered more modest returns, with gold and silver rising 3.7% and 3.1% in USD terms.

Australia

- The Australian equity market, as measured by the S&P/ASX 200 Accumulation Index, rose 1.3% over the quarter. Healthcare (+25.6%) and Energy (+14.7%) were the strongest-performing sectors, while Consumer Discretionary (-11.0%) and Real Estate (-9.3%) were among the weakest.
- Australian GDP grew by 0.4% in the June 2026 quarter (+2.1% year-on-year), with business investment supporting growth while household spending remained subdued. Seasonally adjusted unemployment increased marginally to 4.6% in August, while employment rose by 39,500 during the month.
- Australian CPI increased to 4.0% over the 12 months to August (up from 3.5% in July). Housing (+5.7%), Transport (+5.6%) and Food and non-alcoholic beverages (+3.0%) recorded significant price increases. Trimmed mean inflation remained at 3.6% in August, suggesting underlying inflationary pressures persisted.
- The RBA increased the cash rate by 25 basis points to 4.60% in September, having left rates unchanged in August. The Board cited elevated inflation, higher global energy prices and ongoing domestic capacity pressures as key risks to the outlook.
- The Westpac-Melbourne Institute Consumer Sentiment Index declined 5.2% in September to 84.4 from 88.9 in August. Ongoing cost-of-living pressures, concerns about further interest rate increases, and weaker household financial sentiment continued to weigh on consumer confidence.
- Nationally, residential property prices fell 0.2% in September, as measured by the PropTrack Home Price Index, the sixth consecutive monthly decline. Adelaide declined 0.6%, followed by Sydney and Perth (-0.3%) and Melbourne and Brisbane (-0.2%).

International

- U.S. equities advanced over the September quarter, with the S&P 500 Index rising 2.0% and the Nasdaq Composite Index advancing 2.5%. Energy (+16.5%), Information Technology (+7.1%) and Health Care (+6.0%) led sector returns, while Utilities (-13.0%) and Industrials (-9.9%) lagged.

- U.S. headline CPI increased 3.4% over the 12 months to August, while core CPI (which excludes volatile food and energy prices) rose 0.3% in August and 2.4% over the year.
- The FOMC increased the federal funds target range by 25 basis points to 3.75% - 4.00% at its September meeting, its first increase since 2023. Policymakers cited elevated inflation and a resilient economy, while updated Federal Reserve projections reflected a more hawkish policy outlook.
- Long-dated U.S. bond yields rose sharply over the quarter, with the 10-year Treasury yield increasing 82 basis points to 5.29%, contributing to a 2.42% decline in the Bloomberg Global Aggregate Total Return Index Hedged (AUD).
- Japanese equities declined, with the Nikkei 225 Index falling 4.7% as the Bank of Japan raised its policy rate by 25 basis points to 1.25% in September. European and UK equities were mixed, with the Euro Stoxx 600 Index falling 1.1%, while the FTSE 100 Index gained 1.00%, supported by its relatively high exposure to the energy sector amid rising oil prices.
- Emerging market equities weakened over the September quarter, with the MSCI Emerging Markets Index (USD) declining 1.0%. South Korea's KOSPI Index was a notable underperformer, falling 19.3%, driven by sharp declines in major semiconductor companies, Samsung Electronics and SK Hynix.
- The USD Index (the value of the U.S. dollar against a basket of widely recognised, publicly traded currencies) rose 0.3% during the quarter. The Australian dollar was volatile, reaching 72.18¢ before ending 0.4% higher against the U.S. dollar at 69.47¢.

Commodities

- Oil prices rose sharply amid escalating geopolitical tensions and supply concerns. Brent crude surged 42.0% to close at US$103.53/bbl, while WTI crude gained 30.1% to US$90.42/bbl. Copper rose 8.3% over the period, while iron ore declined 4.9%.
- Precious metals posted modest gains, with gold (USD/oz) rising 3.7% to US$4,157/oz and silver (USD/oz) gaining 3.1% to US$60.43/oz, despite the headwind from higher bond yields.

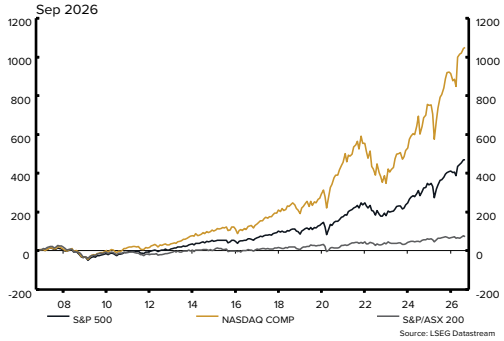
Global Markets – 30 September 2026

Equities	CYTD	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
S&P /ASX 200 Accumulation Index (AUD)	3.7%	-2.4%	1.3%	2.7%	11.4%	7.7%
S&P/ASX Small Ordinaries Index (AUD)	-10.6%	-3.0%	-1.6%	-9.3%	7.5%	-0.6%
S&P 500 Index (USD)	11.8%	-0.5%	2.0%	14.4%	21.3%	12.2%
Nasdaq Composite Index (USD)	15.6%	1.9%	2.5%	18.5%	26.7%	13.2%
Russell 3000 Index (USD)	11.5%	-0.9%	1.1%	13.8%	20.7%	11.1%
FTSE 100 Index (GBP)	6.8%	-2.0%	1.0%	13.4%	11.7%	8.4%
Euro Stoxx 600 (EUR)	7.2%	-2.5%	-1.1%	13.7%	12.1%	6.9%
Nikkei 225 (JPY)	32.6%	0.7%	-4.7%	48.6%	28.0%	17.8%
Hang Seng (HKD)	-4.0%	-3.7%	7.6%	-8.3%	11.4%	0.0%
MSCI Emerging Markets Index (USD)	21.4%	-0.8%	-1.0%	26.7%	21.4%	6.4%
MSCI World Ex Australia (AUD)	7.1%	1.9%	1.5%	9.9%	18.5%	12.8%
Bonds						
Bloomberg AusBond Composite Index (AUD)	0.8%	-0.9%	-1.5%	-0.4%	3.6%	0.0%
Bloomberg Global Agg Bond Index (AUD)	-1.3%	-1.7%	-2.4%	-0.6%	3.6%	-0.5%
Currency						
AUD/JPY	4.6%	-4.5%	-2.8%	11.8%	4.4%	6.3%
AUD/USD	4.1%	-3.1%	0.4%	5.1%	2.6%	-0.8%

Source: Bloomberg 30 September 2026 (All returns are in local currency terms.)

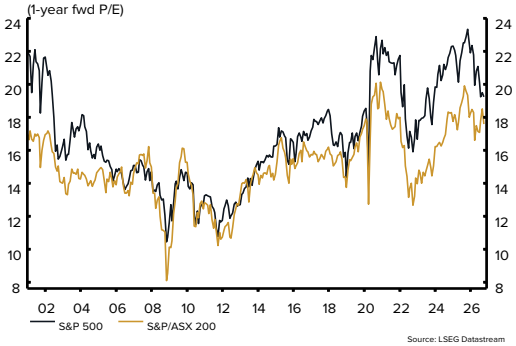
Global Equity Market Performance

Sep 2026



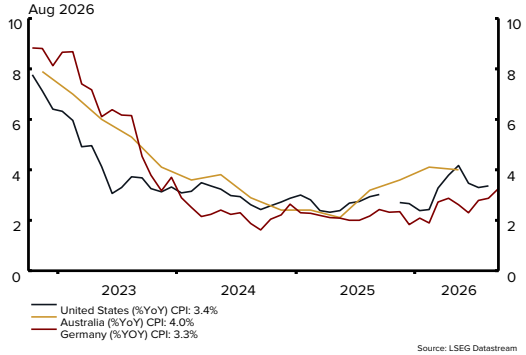
Global Equity Valuations

(1-year fwd P/E)



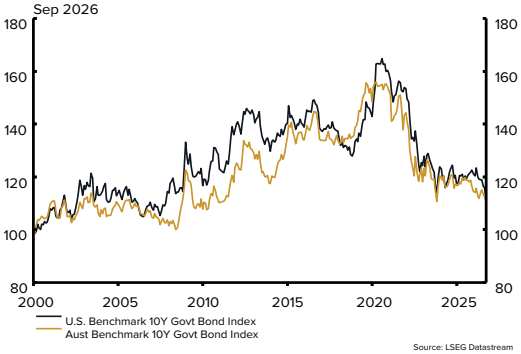
U.S., Aust & German Headline Inflation

Aug 2026



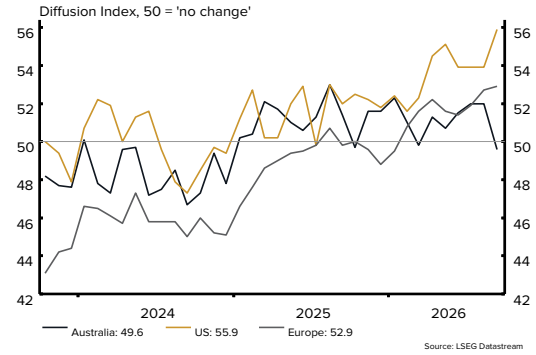
U.S. & Aust 10 Yr Government Bond Index

Sep 2026



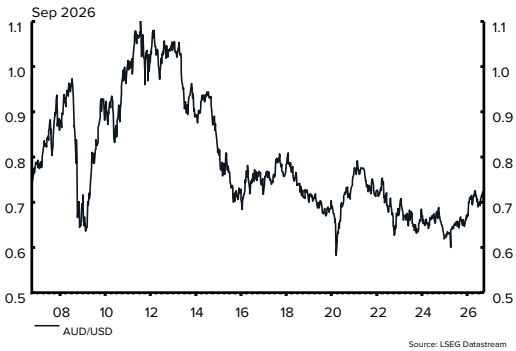
Manufacturing PMIs

Diffusion Index, 50 = 'no change'



AUD/USD FX Rates

Sep 2026



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