Investment Strategy

# Weekly Macro & Markets

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## Key Takeaways

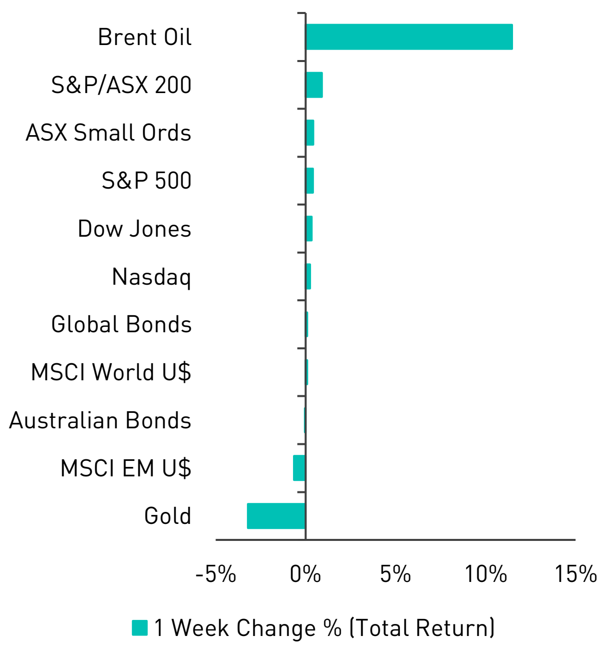
- **Taking Stock:** Global equities were broadly firmer on a soft US June CPI print. Oil surged, with Brent +11.5% on Middle East supply concerns; gold fell –3.2%. The ASX 200 added +0.9% on a wide sectoral split — Materials and Financials led, tech and defensives lagged.
- **Week Ahead:** Australian June labour force (Thursday) is the key macro release, with the RBA's next move in focus. Q2 US reporting season broadens, with Alphabet and Tesla the marquee reports (both Wednesday).
- **Positioning:**

  **OW US equities** – No change. Strong, AI-driven earnings growth is the key support; a more hawkish Fed the main risk.

  **OW Emerging Markets** – No change. Undemanding valuations and strong earnings upgrades, underpinned by the AI hardware cycle.

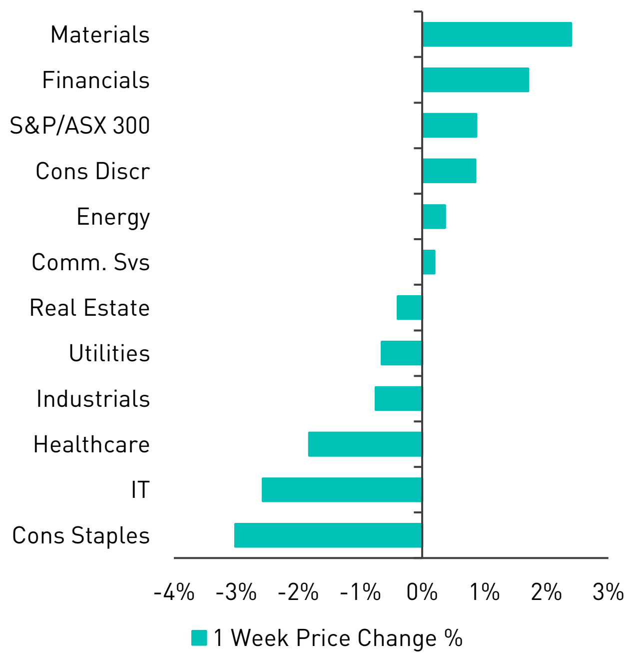
  **UW Australian equities** – No change. Sticky inflation, an RBA not finished hiking and a slowing economy, with earnings momentum lagging AI-exposed regions.

**Figure 1: Asset Class Returns**




Source: LSEG DataStream As at 16/07/2026

**Figure 2: ASX 300 Sector Performance**




Source: LSEG Refinitiv As at 16/07/2026

**Figure 3: ASX 100 – Top 5 Weekly Movers**

| Ticker | Company Name | 5D % Change |
|---|---|---|
| **AMP** | AMP | 14.5% |
| **GMD** | Genesis Minerals | 9.7% |
| **JHX** | James Hardie | 7.7% |
| **REA** | REA | 7.0% |
| **SEK** | Seek | 6.4% |

Source: LSEG Refinitiv As at 16/07/2026

**Figure 4: ASX 100 – Bottom 5 Weekly Movers**

| Ticker | Company Name | 5D % Change |
|---|---|---|
| **PME** | Pro Medicus | -7.9% |
| **TLX** | Telix Pharmaceuticals | -7.9% |
| **XRO** | Xero | -7.1% |
| **RMD** | Resmed | -6.5% |
| **LTR** | Liontown | -5.4% |

Source: LSEG Refinitiv As at 16/07/2026

## Taking stock

Global equities were broadly firmer on the week, with a softer-than-expected US June CPI print (covered below) the main macro driver. The standout move was oil, with Brent up +11.5% as Middle East supply concerns flared. Gold fell –3.2% and the US dollar weakened, with AUD/USD +1.0%.

**Global Equities**. US equities were modestly higher, with the S&P 500 +0.4%, the Nasdaq +0.2% and the Dow +0.3%; European markets gained, the Stoxx Europe 600 +0.5% and FTSE 100 +1.0%. Asia and emerging markets lagged, with the Nikkei 225 –1.3% and MSCI EM –0.7% on the week. Over 12 months the Nikkei remains the runaway leader at +71%, ahead of EM (+37%) and the Nasdaq (+28%).

**At home,** the ASX 200 added +0.9% on the week, with a wide sectoral split. Materials led at +2.5%, supported by firmer iron ore (+1.4%) and copper (+0.7%). Financials (+1.5%) also gained, with Macquarie hitting an all-time high in the week. Defensives and tech lagged: Consumer Staples –3.5, IT –3.0% and Healthcare –2.0%, with Xero (–7.1%), Pro Medicus (–7.9%), Telix (–7.9%) and Resmed (–6.5%) all in the ASX 100 bottom five.

## Soft US CPI gives the Fed time

The United States has seen a break in inflation woes in the last month with softer-than-expected headline annual CPI of 3.5%, a fall of 0.4% for the month. This is the largest drop in headline CPI since April 2020. Wall Street expectations sat around a 0.1% monthly decline and a 3.8% annual level. The retreat in CPI was largely driven by a strong decline in energy/fuel costs.

Core inflation, which excludes food and energy, was 2.6% YoY. Although rounding to 0.0% MoM, this was technically the first negative print in core CPI since May 2020. Abating housing pressures pushed the core measure down, with month-over-month shelter price growth weakest since January 2021.

Softer CPI will be good news for the US Fed, but this reprieve raises questions over whether it will prove to be short-lived, as the conflict in the Middle East reignites. Regardless, the surprise print in headline and core CPI sets the stage for the Fed to likely remain on hold in the next few months.

## Story of the week – US banks

US banks kicked off earnings season with record results. Five of the largest US banks have logged a combined profit of more than US$49bn in Q2 – a 39% PCP increase. Investment banking led the charge, with strong M&A, equity and debt capital markets, and equity trading revenue supporting bank profits across the board. Wall Street equity traders hit record trading revenues, as market volatility heightened trading volumes. The blockbuster IPO of SpaceX generated more than US$500mn in fees across Wall Street.

JP Morgan posted its largest quarterly profit in history, with US$21.1bn, also the largest profit in history for a US bank. Goldman also reported bumper profits, its highest in 5 years, with net income up 80% from last year to US$6.6bn. Profits at Citi and BofA were up 45% and 27% respectively.

Outsized Wall Street earnings underscore the impact that AI infrastructure capex has had on bank results, particularly with AI hyperscalers now turning to equity and debt capital markets to raise new capital.

## US reporting season ramping up

The US earnings season broadens next week beyond the banks to the first of the mega cap tech companies, with Alphabet and Tesla the most significant releases. Both report after the close on Wednesday 23 July. Alphabet's result will be assessed on cloud revenue growth, the durability of search, and whether elevated capital expenditure on AI is beginning to be monetised. The market will focus on Tesla's progress in autonomous driving, robotics and the energy division. Industrials, defence, healthcare and telecoms round out the week, offering a broader read on the domestic US economy than the bank results. Earnings growth is expected to be strong this quarter at ~20%, which sets a high bar, but if it can be achieved will continue to support the market in the short term.

## Key macro driver – Domestic labour market

Thursday's domestic June labour force release is next week's key macro event for Australia. May printed at +40.3k jobs, with the unemployment rate at 4.4%. With domestic CPI still sticky and the RBA yet to signal it is finished hiking, this print is a key input into whether another hike is still on the table.

We expect the employment data to be the biggest swing factor for Australian front-end bond yields and the A$. A softer print (jobs miss, unemployment rise) argues for the RBA to pause, weighs on the A$ and supports bonds. A firmer print reinforces the case for further tightening, lifts front-end yields and firms the A$.

## Our positioning – Global > Domestic

**OW US equities** – No change to our view. Earnings are the key support. US profit growth remains very strong and AI-driven, a structural tailwind we don't see fading any time soon. Q2 earnings season will be a key test to our thesis. The soft US CPI gives us some comfort that the US Fed will remain supportive in the short term, but we remain wary that it is only one print.

**OW Emerging Markets** – No change. We still see strong earnings upgrades and undemanding valuations (~11x PE) relative to other regions. AI hardware remains a key support for the region.

**UW Australian equities** – No change. CPI is sticky, the RBA isn't finished hiking, and the domestic economy is slowing. Earnings momentum is the key headwind. ASX 200 12-month forward EPS revisions are flat/negative, while other regions with higher AI exposure continue to be in an upgrade cycle.

**Figure 5: Index Moves (1W / 1M / 3M / 1Y total return; yields are ppt change)**

| Asset | Price Level | 1W % | 1M % | 3M % | 1Y % |
|---|---|---|---|---|---|
| **Australian Equities** | | | | | |
| S&P/ASX 200 | 8840.70 | 0.9% | -0.7% | -0.7% | 6.6% |
| S&P/ASX Small Ordinaries | 3381.90 | 0.4% | -4.6% | -4.1% | 5.4% |
| **US Equities** | | | | | |
| S&P 500 | 7533.77 | 0.4% | 0.9% | 6.8% | 22.3% |
| Nasdaq Composite | 26269.23 | 0.2% | -0.4% | 7.8% | 27.5% |
| Dow Jones Industrial Average | 52552.97 | 0.3% | 1.3% | 6.9% | 21.0% |
| **Global / DM Equities** | | | | | |
| Stoxx Europe 600 | 643.729 | 0.5% | 1.4% | 4.9% | 22.5% |
| Nikkei 225 | 66835.54 | -1.3% | -3.6% | 13.7% | 71.4% |
| FTSE 100 | 10572.24 | 1.0% | 0.9% | 0.4% | 22.3% |
| **Emerging Markets** | | | | | |
| MSCI Emerging Markets | 1664.01 | -0.7% | -6.0% | 4.8% | 37.3% |
| **Commodities** | | | | | |
| Brent Crude (US$/bbl) | 85.08 | 11.5% | 7.7% | -11.0% | 24.8% |
| Gold (US$/oz) | 3992.85 | -3.2% | -7.7% | -16.8% | 19.2% |
| Iron Ore 62% (US$/t) | 100.20 | 1.4% | -1.1% | -6.1% | 2.8% |
| Copper (US$/t) | 13534.07 | 0.7% | -1.2% | 2.5% | 41.4% |
| **FX & Rates (abs. change for yields, ppt)** | | | | | |
| AUD/USD | 0.700 | 1.0% | -1.0% | -2.2% | 7.6% |
| AU 3-Year Yield (%) | 4.48% | 0.00 | 0.05 | -0.11 | 0.99 |
| AU 10-Year Yield (%) | 4.90% | 0.01 | 0.06 | -0.05 | 0.49 |
| US 2-Year Yield (%) | 4.16% | -0.02 | 0.10 | 0.43 | 0.27 |
| US 10-Year Yield (%) | 4.56% | 0.01 | 0.13 | 0.31 | 0.11 |

Source: LSEG DataStream
As of Thursday 16/07/2026 close

**Figure 6: Index Fundamentals**

| Region | Price/Earnings (12M Fwd) | ROE (12M Fwd) | EPS Growth (12M Fwd) | EPS Growth CAGR (FY1-FY3) | 12M Fwd EPS Rev. (3M Change %) |
|---|---|---|---|---|---|
| **ASX 200** | 17.2x | 13.1% | 10.0% | 8.9% | -0.8% |
| **S&P 500** | 20.0x | 23.3% | 21.6% | 16.9% | 7.3% |
| **MSCI EM** | 11.2x | 18.9% | 35.2% | 17.0% | 19.8% |
| **MSCI EAFE** | 15.5x | 13.8% | 12.7% | 10.2% | 2.4% |

Source: LSEG DataStream
As of Thursday 16/07/2026 close

**Figure 7: Macro & Data: Week Gone**

| Local Date | Region | Event / Release | Period | Consensus | Actual | Prior | Revised |
|---|---|---|---|---|---|---|---|
| **14-Jul-26** | United States | CPI MM, SA | Jun | -0.1% | -0.4% | 0.5% | |
| **14-Jul-26** | United States | CPI YY, NSA | Jun | 3.8% | 3.5% | 4.2% | |
| **14-Jul-26** | United States | Core CPI MM, SA | Jun | 0.2% | 0.0% | 0.2% | |
| **14-Jul-26** | United States | Core CPI YY, NSA | Jun | 2.8% | 2.6% | 2.9% | |
| **15-Jul-26** | China | Urban Investment (YTD)YY | Jun | -4.9% | -5.7% | -4.1% | |
| **15-Jul-26** | China | Industrial Output YY | Jun | 4.7% | 5.3% | 4.5% | |
| **15-Jul-26** | China | Retail Sales YY | Jun | -0.1% | 1.0% | -0.6% | |
| **15-Jul-26** | China | GDP YY | Q2 | 4.5% | 4.3% | 5.0% | |
| **15-Jul-26** | China | GDP QQ SA | Q2 | 0.9% | 0.9% | 1.3% | |
| **15-Jul-26** | United States | NY Fed Manufacturing | Jul | 8.80 | 15.60 | 5.70 | |
| **15-Jul-26** | United States | PPI Final Demand YY | Jun | 6.2% | 5.5% | 6.5% | 6.0% |
| **15-Jul-26** | United States | PPI Final Demand MM | Jun | 0.0% | -0.3% | 1.1% | 0.6% |
| **15-Jul-26** | United States | PPI exFood/Energy YY | Jun | 5.2% | 4.7% | 4.9% | 4.6% |
| **15-Jul-26** | United States | PPI exFood/Energy MM | Jun | 0.4% | 0.2% | 0.4% | 0.1% |
| **16-Jul-26** | United States | Initial Jobless Clm | 11 Jul, w/e | 217k | 208k | 215k | 216k |
| **16-Jul-26** | United States | Philly Fed Business Indx | Jul | 13.0 | 41.4 | 10.3 | |
| **16-Jul-26** | United States | Retail Sales MM | Jun | 0.2% | 0.2% | 0.9% | 1.0% |

Source: LSEG

**Figure 8: Macro & Data: Week Ahead**

| Local Date | Region | Event / Release | Period | Consensus | Prior | Importance |
|---|---|---|---|---|---|---|
| **17-Jul-26** | Euro Zone | HICP Final MM | Jun | -0.1% | 0.1% | M |
| **17-Jul-26** | Euro Zone | HICP Final YY | Jun | 2.8% | 2.8% | M |
| **17-Jul-26** | United States | Housing Starts Number | Jun | 1.310M | 1.177M | M |
| **17-Jul-26** | United States | Industrial Production MM | Jun | 0.2% | 0.1% | M |
| **18-Jul-26** | United States | U Mich Sentiment Prelim | Jul | 51.0 | 49.5 | H |
| **23-Jul-26** | Australia | Employment | Jun | | 40.3k | H |
| **23-Jul-26** | Australia | Participation Rate | Jun | | 66.7% | H |
| **23-Jul-26** | Australia | Unemployment Rate | Jun | | 4.4% | H |
| **23-Jul-26** | Euro Zone | ECB Deposit Rate | Jul | 2.25% | 2.25% | H |
| **23-Jul-26** | United States | Initial Jobless Clm | 13 Jul, w/e | | 208k | M |
| **24-Jul-26** | Euro Zone | Consumer Confid. Flash | Jul | -16.9 | -17.7 | M |
| **24-Jul-26** | Australia | S&P Global Mfg PMI Flash | Jul | | 51.5 | M |
| **24-Jul-26** | Australia | S&P Global Svs PMI Flash | Jul | | 50.5 | M |
| **24-Jul-26** | Australia | S&P Global Comp PMI Flash | Jul | | 50.4 | M |
| **24-Jul-26** | United States | S&P Global Mfg PMI Flash | Jul | | 53.9 | M |
| **24-Jul-26** | United States | S&P Global Svcs PMI Flash | Jul | | 51.2 | M |
| **24-Jul-26** | United States | S&P Global Comp PMI Flash | Jul | | 51.9 | M |

Source: LSEG

(H = market-moving, M = notable, L = context)

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