Monthly Market Commentary - July 2026

Global equity markets fell 1.3% in July, shaped by two key narratives. Early in the month, escalating US-Iran tensions pushed Brent crude over $100 per barrel, propelling commodity and energy prices higher. Toward month-end, investor attention shifted to corporate earnings results from AI hyperscalers, cloud providers and mega-cap tech giants. Global bonds fell by 1.0%, with UK gilts down 1.5%, as the market reinforced a 'higher for longer' interest rate approach from major central banks, including the Bank of England, amidst ongoing uncertainty and sticky inflation.

UK large-cap equities led developed markets gaining 3.6% in Sterling terms. Minimal exposure to technology names combined with strong performance in energy stocks proved meaningful to offset weaker returns elsewhere.

US large-cap equities finished down 1.4%, whilst US technology large-cap equities lagged further with a 4.5% decline despite a strong earnings season. The stakes remained high for technology companies as beating earnings provided little reassurance to investors. Instead, market scrutiny centred on the scale of capex spending and the timeline for AI investments to deliver sustained earnings.

Emerging markets dropped 4.4% over the month, driven by mounting concerns around semiconductor manufacturing suppliers and AI hardware demand. Tech-heavy South Korea and Taiwan led the sell-off more than offsetting China's positive performance of 5.5%.

Commodities rallied 11.0% in July. Brent crude soared 18.9% as escalating geopolitical friction and supply concerns drove oil prices higher. Conversely, Gold declined 0.5% and silver fell 3.2% under a stronger dollar and elevated real yields.