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RESEARCH INSIGHTS

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Market Commentary June 2025

Israel launched attacks on Iran mid-month with the US bombing Iran's nuclear capabilities. The uncertainty surrounding the conflict resulted in the price of oil spiking above US $80 a barrel as fears of a disruption to oil supply from the Middle East increased. However, a ceasefire announcement occurred after 12 days of conflict easing fears for investors.

There was no RBA meeting during June. The European Central Bank cut interest rates 0.25% to 2.0%, which was the eighth cut to European interest rates in just over a year. In the US, the US Federal Reserve held a meeting, but kept rates unchanged. Members of the US Federal Reserve Open Market Committee did revise their economic projections with US GDP Growth revised downwards in both 2025 and 2026 with core inflation expectations revised upwards for both 2025 and 2026.

Australian large cap equities gained 1.49% in June led by the Energy (9.01%), Financials (+4.28%) and Consumer Discretionary (+1.51%). On the other hand, Materials (-3.09%), Consumer Staples (-2.27%) and Health Care (-1.05%) were laggards. Australian Small Companies underperformed large cap equities gaining a modest 0.85% for the month.

Currency hedged global equities gained 3.77% for the month as the Australian dollar gained 2.33% versus the US dollar. At month's end the Australian dollar closed at US$0.6581, up from US$0.6431 a month earlier. Unhedged global equities gained 2.45% for the month. US equities gained 3.19% for the month in Australian dollars.

Bond yields in both Australia and the US moved lower during the month with the US 10-year bond yield falling 17bps to 4.23% and the US 2-year bond yield falling 18bps to 3.72%. In Australia, the Australian 2-year bond yield fell 7bps to 3.21% whilst the Australian 10-year bond yield fell 10bps to 4.16%.

Benchmark Returns

Period Ended: 30 June 2025	1 Month %	3 Months %	6 Months %	1 Year %	3 Years % (pa)	5 Years % (pa)	10 Years % (pa)
Australian Shares							
Large Caps	1.49	9.59	6.35	13.90	13.75	12.34	9.04
Broad Caps	1.42	9.48	6.36	13.74	13.35	11.77	8.85
Small Caps	0.85	8.62	6.45	12.26	10.00	7.37	7.64
International Shares							
World ex-Australia in AUD Hedged (Net)	3.77	9.45	6.58	13.46	16.72	13.56	10.41
World ex-Australia in AUD unhedged (Net)	2.45	5.94	3.39	18.58	20.35	15.75	12.52
Australian Cash and Bonds							
Bank Bill Index	0.32	1.02	2.10	4.39	3.88	2.34	2.04
Australian Bond Index	0.75	2.63	3.95	6.81	3.88	-0.10	2.31
Australian Property							
A-REIT – Accumulation	1.82	13.72	5.96	13.97	15.37	12.42	8.32

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