



INVESTMENT INSIGHTS

Mackay Private Wealth

JULY 2025

OVERVIEW

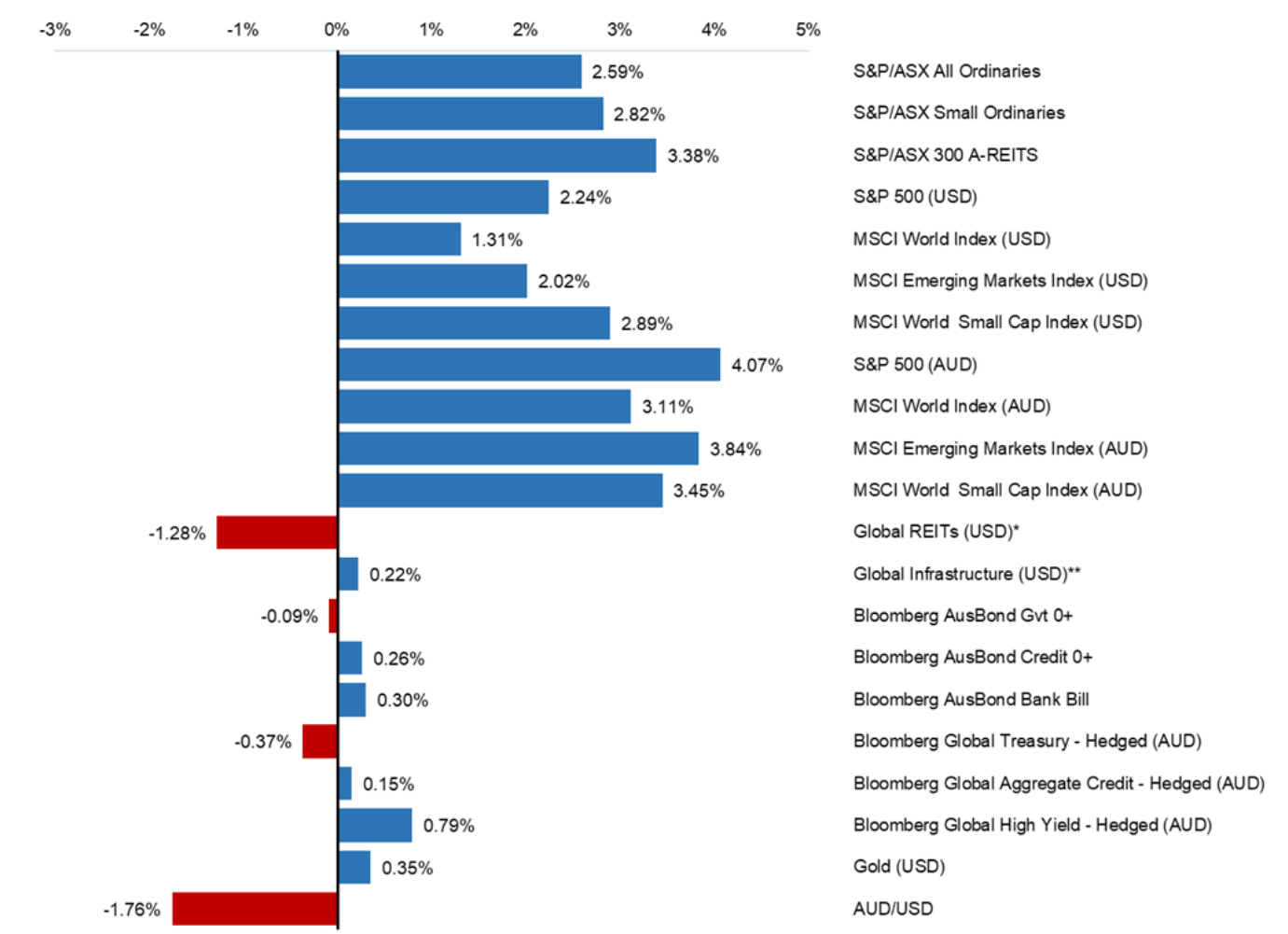
JULY 2025

COMMODITY PRICES RALLIED OVER THE MONTH IN RESPONSE TO NEWLY ANNOUNCED TARIFF MEASURES.

Global and domestic equity markets delivered strong performance in July, supported by resilient company fundamentals and improved investor sentiment amid greater clarity on US trade tariffs.

Commodity prices rallied in response to newly announced tariff measures, while bond markets remained stable as central banks adopted a more cautious stance, awaiting clearer evidence on how tariffs may influence inflation before adjusting policy.

Market Returns (%), July 2025



KEY MARKET DEVELOPMENTS

JULY 2025

Global Equities

Global shares advanced, with the MSCI World (USD) up 1.3% as improved tariff clarity and solid earnings lifted sentiment. US markets posted broad gains, led by Technology. Europe lagged at +1.0% on tariff concerns, while Japan's Nikkei rose 1.4% after a US–Japan trade deal. China's Hang Seng added 3.1% on stimulative policy and trade progress.

Australian Equities

The ASX 200 rose 2.9%, bringing YTD returns to 6.6%. Health Care (+6.9%), Materials (+9.2%), and Utilities (+5.7%) outperformed, while Consumer Staples (-1.9%) and Financials (-3.4%) weakened following the RBA's unexpected rate hold.

Bond Markets

US 10-year yields held at 4.36% as Fed policy steadied expectations. Australian 10-year yields edged up to 4.32% after the RBA resisted calls for a rate cut.

Commodities

Gold was subdued (+0.4%), while WTI crude climbed 6.1% on Russia–Ukraine tensions. Steel rose 6.5% on new US tariffs; copper fell 12.9% after tariff plans were scaled back.



WHAT'S CAUGHT OUR EYE

JULY 2025

AI takes centre stage

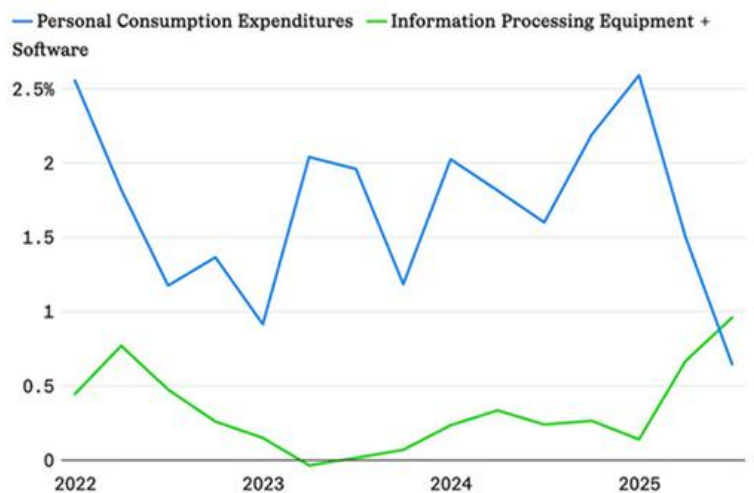
Artificial Intelligence (AI) spending is now adding more to US GDP growth than household consumption, despite being only a small slice of the economy.

Consumer spending has long been the engine of growth, making up about 70% of GDP.

Yet investment in software and information processing equipment, only 6% of GDP, has become the standout driver this year.

AI spending is eating the US economy

Two-quarter average contribution to quarterly GDP growth



Source: Bloomberg, Renaissance Macro

Sherwood

AUS Productivity Slowdown

Australia's productivity slowdown looks structural, with more than half the workforce reliant on government income and limited incentive for reform.

Without change, long-term growth will likely lag other developed economies.

For investors, a global perspective is critical, as diversification beyond the domestic market helps manage these risks and capture stronger growth opportunities abroad.

Average annual labour productivity growth over the prior decade (%)



Chart: Michael Read, AFR • Source: Australian Bureau of Statistics

MAJOR MARKETS

PERIODIC DATA

	31-Jul-25	30-Jun-25	31-May-25	Qtr change	1 year change
Interest Rates (at close of period)					
Aus 90 day Bank Bills	3.68%	3.69%	3.78%	-34.0	-78.0
Aus 10yr Bond	4.32%	4.21%	4.35%	+5.1	-0.8
US 90 day T Bill	4.24%	4.24%	4.25%	+4.0	-91.0
US 10 yr Bond	4.36%	4.23%	4.39%	+20.4	+30.5
Currency (against the AUD)					
US Dollar	0.644	0.655	0.644	0.63%	-1.40%
British Pound	0.488	0.477	0.478	1.86%	-3.48%
Euro	0.566	0.559	0.567	0.34%	-5.67%
Japanese Yen	96.85	94.73	92.70	5.69%	-1.44%
Trade-Weighted Index	60.30	60.10	59.60	0.67%	-1.79%
Equity Markets					
Australian All Ordinaries	2.6%	1.4%	4.2%	8.4%	11.9%
MSCI Australia Value (AUD)	2.9%	1.5%	3.0%	7.5%	10.8%
MSCI Australia Growth (AUD)	1.0%	1.6%	4.9%	7.5%	13.1%
S&P 500 (USD)	2.2%	5.1%	6.3%	14.2%	16.3%
MSCI US Value (USD)	0.5%	4.5%	2.7%	7.8%	8.6%
MSCI US Growth (USD)	3.9%	5.8%	10.0%	20.9%	25.1%
MSCI World (USD)	1.3%	4.3%	6.0%	12.0%	16.2%
Nikkei (YEN)	1.4%	6.8%	5.3%	14.1%	7.1%
CSI 300 (CNY)	4.3%	3.3%	2.0%	9.9%	21.7%
FTSE 100 (GBP)	4.3%	0.0%	3.8%	8.4%	13.2%
DAX (EUR)	0.7%	-0.4%	6.7%	7.0%	30.0%
Euro 100 (EUR)	1.0%	-0.5%	5.8%	6.3%	9.9%
MSCI Emerging Markets (USD)	2.0%	6.1%	4.3%	12.9%	17.9%
Commodities					
Iron Ore (USD)	6.5%	-2.1%	-1.6%	4.3%	-3.4%
Crude Oil WTI U\$/BBL	6.1%	7.9%	3.2%	14.5%	-11.3%
Gold Bullion \$/t oz	0.4%	0.0%	-0.7%	0.3%	36.1%

Sources: Quilla, Refinitiv Datastream

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1300 388 568

info@mackayprivate.com

QLD Office

Level 10, 167 Eagle St, Brisbane QLD 4000

NSW Office

Level 10, 167 Eagle St, Brisbane QLD 4000

mackayprivate.com