



INVESTMENT INSIGHTS

JUNE 2026

Mackay Private Wealth

OVERVIEW

GLOBAL MOMENTUM, LOCAL DIVERGENCE IN A COMPLEX MARKET CYCLE

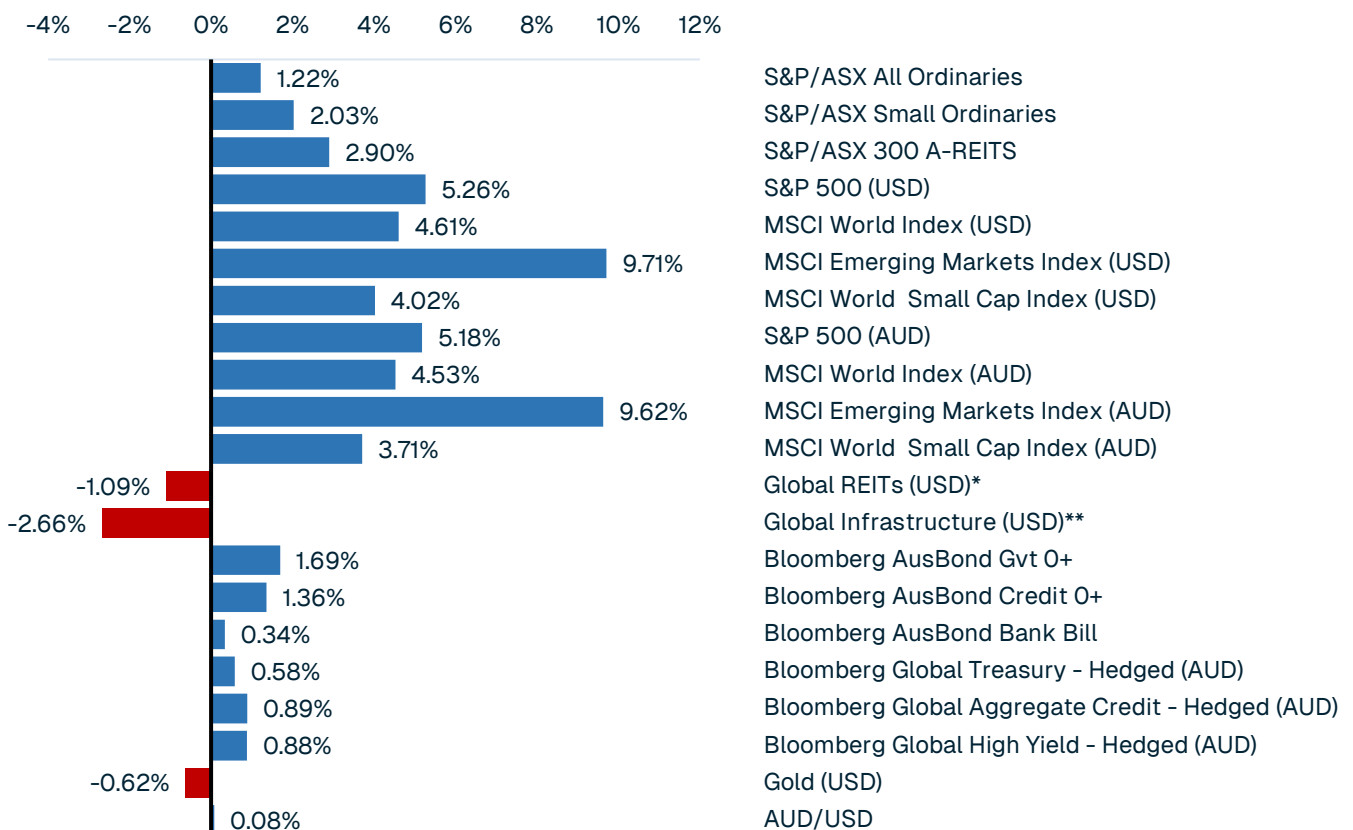
Global markets extended their rally through May, supported by resilient US earnings and continued investment in artificial intelligence and digital infrastructure. While oil prices moved higher, the economic impact from the Middle East conflict has so far remained contained.

The macro backdrop, however, remains complex. Ongoing geopolitical tension, coupled with elevated energy prices, is keeping inflation concerns in focus and reinforcing expectations that central banks will maintain restrictive policy settings for longer. At the same time, strong enthusiasm for AI is fuelling a pipeline of new listings, although early signs suggest markets may begin to question how much new issuance can be absorbed.

Australia remains a notable outlier. Domestic equities underperformed global markets as higher interest rates and a tightening policy backdrop weighed on sentiment. The RBA increased the cash rate to 4.35%, maintaining pressure on rate-sensitive sectors and the housing market.

In this environment, diversification remains critical. Global equities, particularly technology and emerging markets, continue to offer growth opportunities, while commodities and real assets provide resilience against inflation and geopolitical risks. We maintain a healthy allocation to cash across client portfolios, allowing us to act if prices dislocate from fundamentals, as they did in March.

Market Returns (%), May 2026



KEY MARKET DEVELOPMENTS

Global Equities

Global equities delivered strong gains in May, led by US technology and emerging markets. The MSCI World Index rose 4.6% (USD) as strong earnings and continued AI-related investment supported market sentiment and drove performance.

Australian Equities

Australian equities lagged, rising 1.2% amid volatility following the RBA rate hike and Federal Budget changes. Financials weakened on housing concerns, while resources and small caps outperformed, supported by stronger commodity prices.

Bond Markets

Bond yields remained elevated due to persistent inflation concerns. Markets continue to price a higher-for-longer rate environment, limiting fixed income returns and maintaining upward pressure on government bond yields globally.

Commodities

Commodity markets were volatile. Oil briefly exceeded US\$100 per barrel before easing, while gold remained supported by geopolitical uncertainty but faced headwinds from higher real yields and expectations of prolonged restrictive monetary policy.

Monetary Policy

The RBA increased the cash rate to 4.35%, reinforcing its inflation focus. Globally, central banks remain cautious, with markets expecting policy to stay restrictive through 2026 despite softer growth signals.



WHAT'S CAUGHT OUR EYE

The great dash for IPO cash

A growing pipeline of large equity offerings to fund AI capex, including Alphabet (Google) and SpaceX, is testing how much new supply equity markets can absorb.

The opportunity is real, but timing and scale matter. Similar periods, such as the 1960s space race, saw strong demand absorb new issuance before supply eventually caught up and returns faded.

The risk today is not the story, but expectations. When optimism peaks, forward returns often compress, reinforcing the need for discipline.

AI Slop and the Battle for Attention

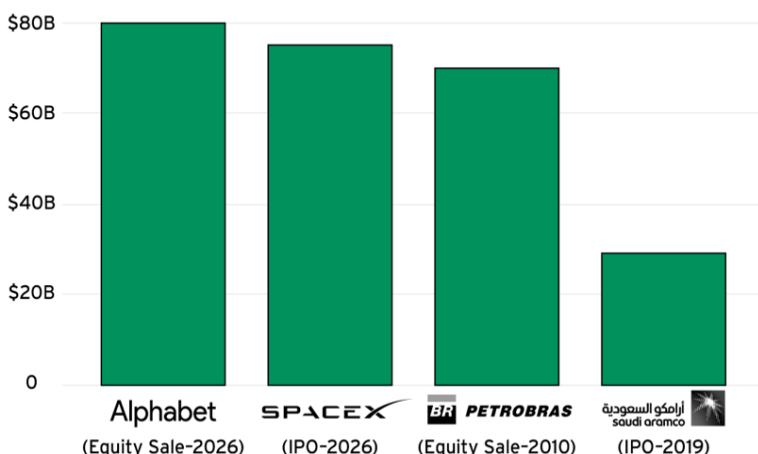
Artificial intelligence (AI) is making it easier than ever to create new products and content, rapidly increasing supply.

This has led to a rise in “AI Slop,” with a growing share of output becoming low-quality or commoditised, particularly across areas such as media, art, and software applications.

The key challenge is no longer creation, but distribution and retention.

In this increasingly crowded landscape, human traits such as originality, judgement and critical thinking continue to differentiate.

Largest Equity Sales and IPOs on Record



Source: Bloomberg

Agentic AI spurred a boom in mobile app releases, but there is no sign of these apps gaining traction

Relative change in monthly volumes of iOS app releases and reviews (2024 average = 100)



Source: Writing Code vs. Shipping Code: Productivity Effects Across Generations of AI Coding Tools (Demirer et al, 2026)
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