INVESTMENT INSIGHTS

SEPTEMBER 2026

Mackay Private Wealth

OVERVIEW

EARNINGS AND AI MOMENTUM DRIVE GAINS, BUT INTEREST RATE RISKS RESURFACE

Global markets were broadly risk-on through August, supported by resilient corporate earnings and renewed enthusiasm for artificial intelligence. The MSCI World Index rose 2.6% in US dollar terms, led by strong gains in US technology stocks. Emerging markets also performed well, supported by strength across Asian technology and AI-related companies.

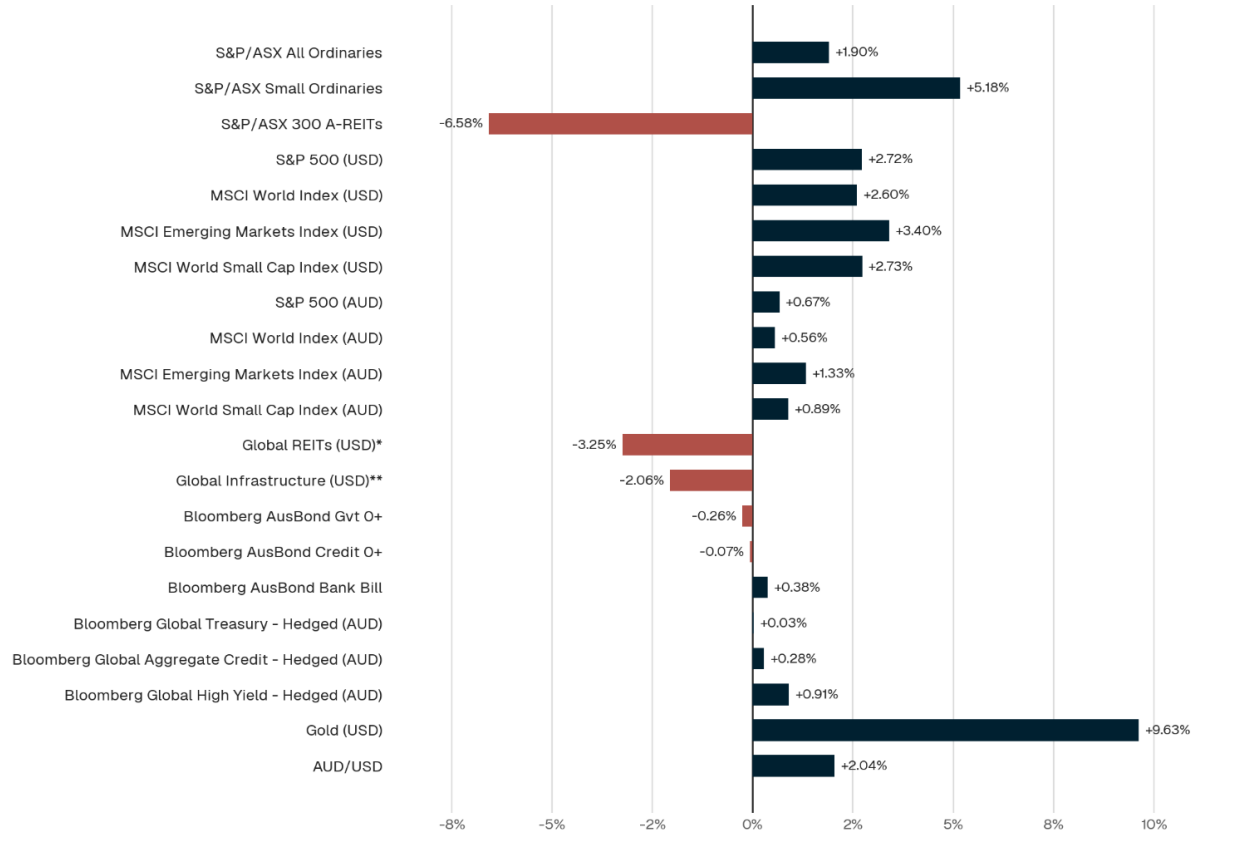
Australian equities advanced 1.9%, with reporting season pointing to a return to earnings growth. FY2026 corporate profits rose 11.6% after three years of contraction, although the recovery remained concentrated in resources. Smaller companies were another standout, with the Small Ordinaries gaining 5.2%. But perhaps the clearest takeaway from reporting season was that the outlook mattered more than the result itself, with even strong earnings often punished when guidance turned cautious.

Sentiment across equity markets softened later in the month as geopolitical tensions escalated, pushing oil prices higher and reinforcing expectations for tighter monetary policy. Gold surged 9.6% on renewed US dollar debasement fears, while bond markets came under renewed pressure, with US 10-year yields rising and Australia's 10-year yield ending the month at 5.08%, close to a 15-year high.

The backdrop remains finely balanced. Healthy corporate earnings and the growing productivity benefits of AI continue to support equities, while persistent inflation, elevated yields and geopolitical uncertainty remain key headwinds to consider as we approach the final quarter of the year.

Market Returns

Total returns by asset class, August 2026 (%)



Source: Bloomberg, Mackay Private Wealth. Returns in local currency unless AUD noted. *FTSE EPRA/NAREIT Developed. **FTSE Global Core Infrastructure 50/50 Index.

KEY MARKET DEVELOPMENTS

Global Equities

Global equities rose +2.6% (USD), led by Emerging Markets (+3.4%), Japan (+3.1%) and the US (+2.7%), while the Euro 100 fell -0.4%. However, a stronger AUD offset some of the offshore gains, with the MSCI World Index returning +0.6% in AUD terms.

Australian Equities

Australian equities gained +1.9%, with reporting season confirming a return to earnings growth. FY26 corporate profits increased +11.6% after three years of decline, although the recovery remained concentrated in resources. Small companies were a standout, rising +5.2%.

Bond Markets

Bond markets weakened as inflation concerns and hawkish central bank commentary pushed yields higher. Australia's 10-year bond yield finished the month at 5.08%, while the US 10-year yield rose to 4.75%.

Commodities

Gold was the standout asset, surging 9.6% (USD), while iron ore rose +4.8%. Oil remained volatile amid escalating US-Iran tensions, trading between US$74 and US$89 per barrel.

Monetary Policy

The RBA held rates at 4.35%, but stronger-than-expected inflation lifted expectations for further tightening. In the US, hawkish Fed commentary pushed yields higher, making a September hike increasingly likely in both countries.

WHAT'S CAUGHT OUR EYE

Gold's Recent Run

Gold had a remarkable August, surging to a three-month high US$4,700 before pulling back to close at US$4,442, still up 9.6%.

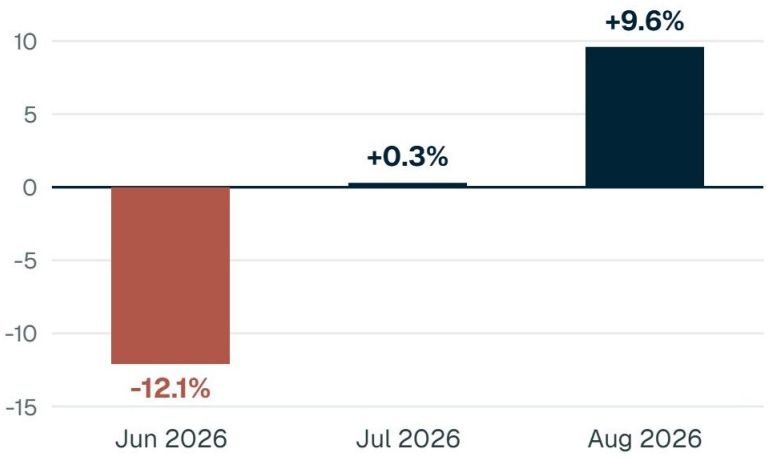
The rally was supported by expectations of rate cuts and renewed concerns over US government debt and US currency debasement.

However, hawkish comments from Fed Chair Kevin Warsh shifted expectations towards a possible September rate hike, triggering a sharp pullback.

With markets watching the Fed closely, gold is likely to remain sensitive to interest rate expectations.

Gold's Choppy Run

Gold (USD), monthly total return (%)



Source: Quilla, Refinitiv Datastream.

The Value of Time

If it feels like time is accelerating, you're not imagining it.

French philosopher Paul Janet proposed that each year is measured against all the years we've already lived. As that total grows, each year becomes a smaller fraction of our life.

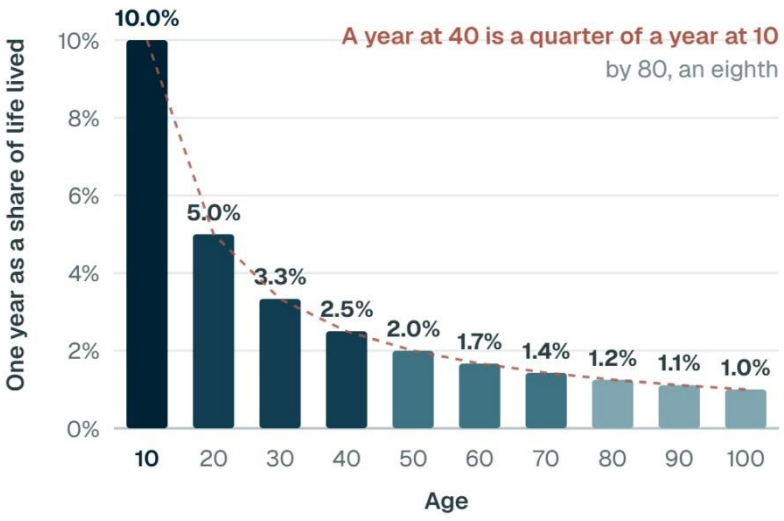
At age 10, one year represents 10% of a lifetime. At 50, it's just 2%. At 100, only 1%.

The year itself never gets shorter. But against a growing lifetime, it can feel increasingly brief.

We often measure the value of financial advice in dollars, but an overlooked purpose is to give clients more time. Time with family, meaningful experiences, and to focus on what matters most.

The Older We Get, the Faster Time Goes

One year of life as a share of the life already lived, by age



Source: ExhibitA, Ritholtz Wealth, August 2026. One year as 1 ÷ age.

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