MORNINGSTAR®

MARKET COMMENTARY – September 2026

Quarter-End Commentary

Overview

- Australian and global share markets delivered modest positive returns over the September quarter, with the Morningstar Australia Index rising 1.44% and the Morningstar Global ex-AU Index returning 0.77% unhedged and 0.97% hedged.
- Resource stocks were the standout performers in Australia, with the S&P/ASX 300 Resources Index gaining 6.86% over the quarter and 32.97% over the year, while industrials and smaller companies lagged.
- Global market performance was mixed, with positive returns from the US and Japan offset by weaker European and emerging market results. Energy and technology were the strongest-performing developed market sectors.
- Fixed income and listed property struggled as bond yields rose. The Morningstar AU Core Bond Index fell 1.72%, while the Morningstar Australian Real Estate Index declined 8.22% over the quarter.

Asset class recap to end of September 2026

Australian shares

The Australian equity market delivered modest positive returns over the September quarter, with the Morningstar Australia index returning 1.44%, with the one-year return coming in at 4.00%.

Performance across market segments was varied. Resource stocks were the strongest performers, with the S&P/ASX 300 Resources Index rising 6.86% and the S&P/ASX Small Resources Index gaining 8.20%. In contrast, industrial-focused indices declined, with the S&P/ASX 300 Industrials Index falling 0.94% and the S&P/ASX Small Industrials Index declining 3.98%.

Over the one-year period, resources significantly outperformed other segments of the market. The S&P/ASX 300 Resources Index returned 32.97%, while the S&P/ASX Small Resources Index gained 12.60%. Broad market returns were more modest, with the Morningstar Australia index delivering a 4.00% return. Smaller companies lagged, with the S&P/ASX Small Ordinaries Index declining 6.74% and the S&P/ASX Small Industrials Index falling 14.39%.

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Global shares

Global equity markets also delivered modest returns over the September quarter. The Morningstar Global ex-AU Index returned 0.77% in unhedged Australian dollar terms and 0.97% in hedged terms, bringing one-year returns to 11.06% and 17.55% respectively.

Performance across regions was mixed. The US market remained resilient, with the MSCI USA Index rising 2.24%, while Japan gained 2.44%. Europe was weaker, with the MSCI Europe ex UK Index declining 1.40% and the broader MSCI Europe Index falling 0.88%.

Emerging markets underperformed developed markets during the quarter. The MSCI Emerging Markets Index declined 0.79% in Australian dollar terms and 2.90% in local currency terms, while the MSCI Asia ex Japan Index fell 3.32%. Despite the weaker quarterly result, emerging markets delivered strong one-year returns, with the MSCI Emerging Markets Index gaining 23.10% in Australian dollar terms and 30.00% in local currency terms.

Sector performance was highly varied across developed markets. Energy was the strongest-performing sector, rising 15.11%, followed by Information Technology (+6.15%), Health Care (+3.57%) and Communication Services (+3.55%). In contrast, Utilities declined 9.48%, Industrials fell 5.74%, and Consumer Discretionary lost 4.44%.

Within emerging markets, Health Care (+11.73%), Energy (+10.71%) and Materials (+6.37%) led gains during the quarter. Information Technology (-9.01%), Industrials (-10.65%) and Communication Services (-2.89%) were among the weaker-performing sectors. Over the one-year period, Emerging Markets Information Technology was the standout performer, returning 116.40%.

Bonds

Fixed income markets were weaker over the September quarter as rising yields weighed on returns. The Morningstar AU Core Bond Index declined 1.72%, while the Morningstar Global Core Bond Index (Hedged AUD) fell 2.49%.

Government and investment-grade bond markets generally delivered negative returns, although Australian credit proved relatively resilient, with the Bloomberg AusBond Credit Index falling 0.68% and remaining up 1.12% over the year.

Cash continued to generate positive returns, with the Morningstar AUD 1-Month Cash Index returning 1.07% over the quarter and 3.94% over the year.

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Global property & infrastructure

Listed property and infrastructure markets were also weaker over the September quarter, with all major indices producing negative returns. The Morningstar Australian Real Estate Index declined 8.22%, while the Morningstar Global ex-Australia REIT Index (Hedged AUD) fell 6.00%.

Infrastructure was similarly affected, with the Morningstar Global Equity Infrastructure Index (Hedged AUD) declining 5.48% and the Morningstar Developed Markets Infrastructure Select 50 Index (Hedged AUD) falling 7.93%.

Despite the weaker quarterly results, global listed property and infrastructure delivered positive one-year returns. The Morningstar Global Equity Infrastructure Index (Hedged AUD) returned 9.03% over the year, while the Morningstar Global ex-Australia REIT Index (Hedged AUD) gained 2.56%.

Australian listed property remained the weakest segment, declining 14.83% over the year.

Commodities

Commodity markets made strong gains over the September quarter, driven by a sharp rise in energy prices. Brent crude oil was the standout performer, gaining 41.98% over the quarter and 54.48% over the year.

Broad commodity exposure also generated strong returns, with the S&P GSCI Index rising 25.10% during the quarter and 56.74% over the year.

Gold produced more modest gains, rising 3.73% over the quarter and 9.18% over the year.

Currencies

The Australian dollar was mixed across the quarter. It ended modestly higher against the US dollar and euro, but weaker against the Japanese yen. The strengthening of the US dollar late in the quarter put pressure on the risk-sensitive Australian dollar despite support from the RBA's rate hike and commodity demand.

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Outlook

Rising bond yields, ongoing market volatility and geopolitical uncertainty continue to shape investor sentiment and create short term challenges across global markets. While these conditions can be unsettling, periods of heightened uncertainty are a normal part of investing and often test investors' discipline.

Maintaining a calm, long term perspective remains critical. History has shown that market dislocations can create attractive opportunities for patient investors, particularly when quality assets become temporarily mispriced. Rather than reacting to short term market noise, investors are often best served by staying focused on their objectives, remaining diversified and looking for opportunities that emerge as markets adjust to changing conditions.

While volatility may persist in the near term, it can also provide a fertile environment for identifying value and positioning portfolios for future growth.

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