

MONTHLY MARKET UPDATE

February 2026

MONTHLY HIGHLIGHTS

- **Global markets advanced through February despite ongoing macroeconomic and geopolitical headlines.** Cooling inflation data, resilient economic growth and continued earnings strength supported risk assets. The US Supreme Court ruled that existing trade tariffs were illegal, though uncertainty remains as the US Administration considers its next steps. Geopolitical tensions also escalated late in the month after the US and Israel launched strikes on Iranian targets, raising the risk of broader regional conflict.
- **Australian shares moved higher,** led by financials and materials, as the reporting season highlighted resilient bank earnings and improving conditions across the mining sector. Consumer staples and utilities also performed well given their defensive earnings profiles, while healthcare and IT lagged following weaker reporting-season reactions and pressure on growth valuations. Consumer discretionary also declined as cost-of-living pressures weighed on household spending.
- **International shares were mixed in February.** The US market declined as technology shares fell amid ongoing concerns about AI-related disruption. European markets rose as investors favoured relatively cheaper markets outside the US, while Japan gained after the incumbent government secured a landslide election victory. Chinese markets fell amid ongoing concerns about the property sector. Global listed property and infrastructure also performed well as bond yields declined.
- **Global fixed interest markets edged higher** as government bond yields drifted lower. Softer US inflation data and more measured central bank commentary supported government bond prices, while returns from corporate bonds were modest as credit spreads widened modestly, indicating investors demanded more compensation relative to government bonds to hold credit risk.

Key Market Performance — Trailing Total Returns (%)

As at 28 February 2026	1 mth	3 mths	12 mths	3 yrs p.a.	5 yrs p.a.	10 yrs p.a.
Australian Shares						
Australian shares	4.1	7.3	16.2	12.2	10.8	10.8
Australian small-cap shares	-2.6	1.5	23.0	12.5	6.6	9.1
International Shares						
International shares (hedged)	1.4	4.7	21.4	19.6	11.5	-
International shares	-0.4	-3.0	8.4	18.5	13.6	13.0
International small-cap shares	2.3	2.0	14.5	13.4	9.5	11.3
Fixed Interest & Cash						
Australian fixed interest	0.9	0.5	3.1	3.6	0.6	1.9
International fixed interest (hedged)	1.4	1.4	4.5	4.4	0.2	1.8
Cash - bank bills	0.3	0.9	3.8	4.1	2.8	2.1

MARKET OBSERVATIONS

AUSTRALIAN HALF-YEAR REPORTING SEASON

The half-year reporting season showed the economy remains resilient, supported by lower interest rates and stronger commodity prices. Earnings expectations improved, led by financials and resources, while healthcare and consumer discretionary were weaker.

Artificial intelligence (AI) was a major theme, contributing to a broad sell-off in technology and media shares as investors reassessed how AI could disrupt traditional software and digital business models.

Overall, earnings growth is recovering after several softer years and is beginning to broaden beyond the resources sector, supporting a more balanced outlook for the ASX.

MIDDLE EAST CONFLICT AND GLOBAL MARKETS

The recent escalation in tensions involving the US, Israel and Iran has introduced a new source of uncertainty for global markets. While the situation remains fluid, investor attention has focused primarily on the potential impact on global energy supply.

A key concern is the Strait of Hormuz, a narrow shipping corridor in the Middle East through which a significant share of the world's oil exports pass each day. Disruption to shipping through this route has raised concerns about

the reliability of global energy supply and pushed oil prices higher.

Energy markets are the main channel through which geopolitical events such as this affect the broader economy. Higher oil prices can feed through to transportation costs, manufacturing and food production, potentially placing upward pressure on inflation and slowing economic growth if sustained for an extended period.

Importantly, markets are also assessing whether the current disruption is likely to be temporary or more prolonged. Oil prices often react quickly to geopolitical shocks, but longer-term economic consequences typically depend on how long supply issues persist.

History provides some perspective. Financial markets have experienced numerous geopolitical events in the past several decades, from conflicts in the Middle East to the invasion of Ukraine. While these events can cause short-term volatility, they have generally had limited long-term impact on investment returns unless they fundamentally change global economic conditions.

For investors, the key variables to watch in the coming weeks will be developments in the conflict itself, the extent of any disruption to energy supply, and the trajectory of oil prices. As always, maintaining a long-term perspective remains important during periods of heightened uncertainty.



This update has been prepared by Arrive Wealth Management (SEQ) Pty Ltd, trading as Arrive Wealth Management. Arrive Wealth Management is a Corporate Authorised Representative of Arrive Capital Pty Ltd ABN 24 641 636 535, AFSL 525758.

This document contains information that is general in nature. It does not take into account the objectives, financial situation or needs of any particular person. You need to consider your financial situation and needs before making any decisions based on this information.

This report is confidential and is for the intended recipient only. It is not to be distributed or reproduced without the prior consent of Arrive Wealth Management (SEQ) Pty Ltd.