June 2026 quarter end review update

The table details the quarterly data for the FTSE All-Share Index.

Quarter	Open	Close	High	Low	Return year to date
January – March	5350	5430	5851	5298	1.50%
April - June	5430	5635	5720	5477	5.33%

Looking back on the first six months of the year, geopolitical issues have dominated the world stage with the war in Ukraine and the conflict in the Middle East yet to be resolved. The global economic outlook and consequence of these conflicts include the impact on inflation and interest rates, which are translating into higher costs for consumers and businesses alike.

Petrol prices, the cost of utilities and food prices, which are interlinked, have all seen a sharp rise. This inevitably filters through to higher inflation (inflation in the USA in March was 3.3%, and 3.8% in April), where most central banks have a 2% inflation target. The primary lever that central banks use to address inflation is interest rates, with future expectations moving from cuts to rate increases although currently central banks are holding rates.

The difficulty that central banks face is assessing whether the rise in inflation is temporary or if it is set to remain above the target benchmark. At present their assessment appears to be that this is temporary, but if the conflict continues to disrupt the flow of oil and other goods, then this will change and the likelihood of future interest rate increases will start to be priced in by the markets. Clearly interest rate increases affect all participants, from governments servicing debt to businesses and consumers.

Irrespective of all these real issues, markets have continued to look through the "noise" and in many regions add value albeit based on the efficiencies and future opportunities of AI (artificial intelligence). AI is developing apace and investors are now looking at the applications for AI and how businesses can benefit from increased efficiency in respect of manufacturing and productivity. Underlying all of this has been good corporate earnings which are helping to justify higher valuations.

The longer the uncertainty persists over areas of conflict there will continue to be volatility in terms of market valuations, which is why we continue to ensure that client portfolios are diversified.

1st July 2026