Investment Roundup

18 August 2026

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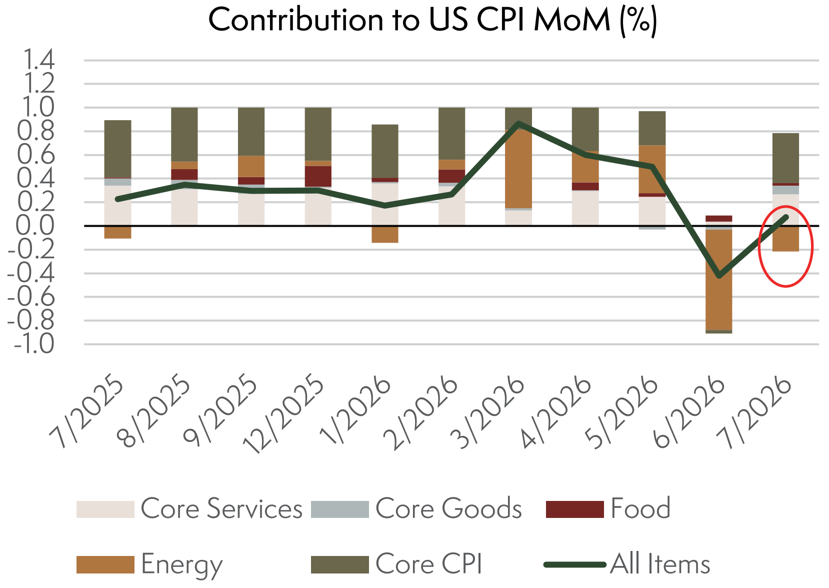
Barring any tail-risk events, the worst of the energy-driven inflation shock has likely peaked. As inflationary pressure eases, the Federal Reserve finally has the breathing room to hold rates steady, fundamentally shifting the macroeconomic landscape for the second half of 2026.

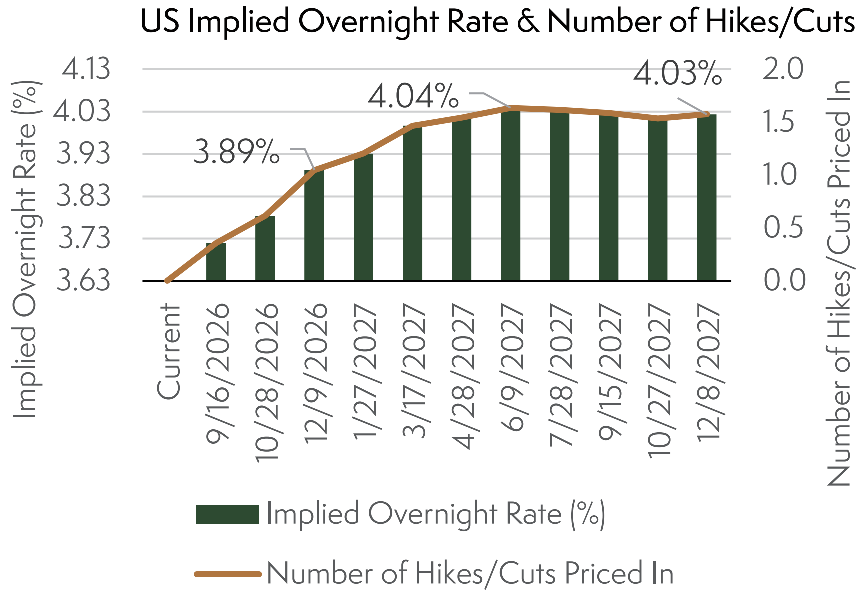
US Inflation in Line



Source: Bloomberg L.P., as of 13 August

Headline inflation slowed for a second consecutive month, settling at 3.4% year-over-year in July. The geopolitical supply shock triggered by the US-Iran conflict has begun to fade, evidenced by a 1.5% month-over-month drop in the energy index. While the year-over-year baseline remains structurally elevated (with gasoline still up 24.6% YoY), the upward momentum has definitively stalled. The final hurdle for normalised inflation now rests on 'sticky' core services and shelter.

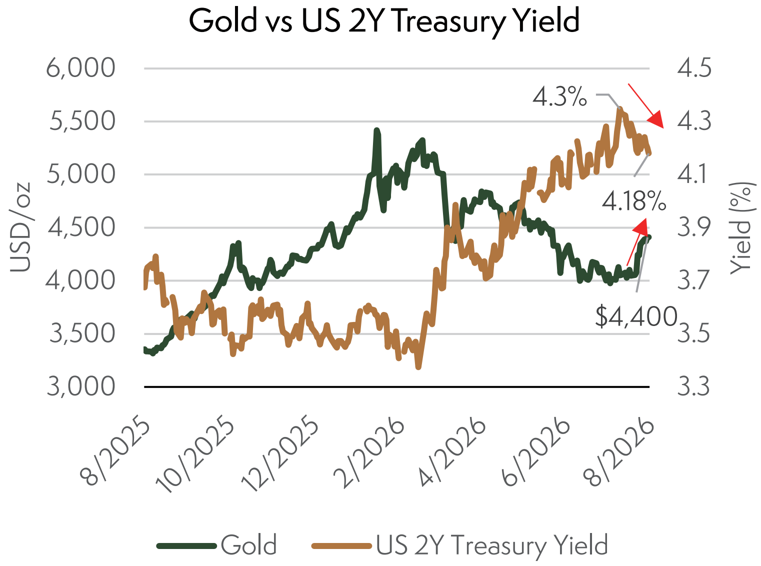
Fed Likely to Hold



Source: Bloomberg L.P., as of 13 August

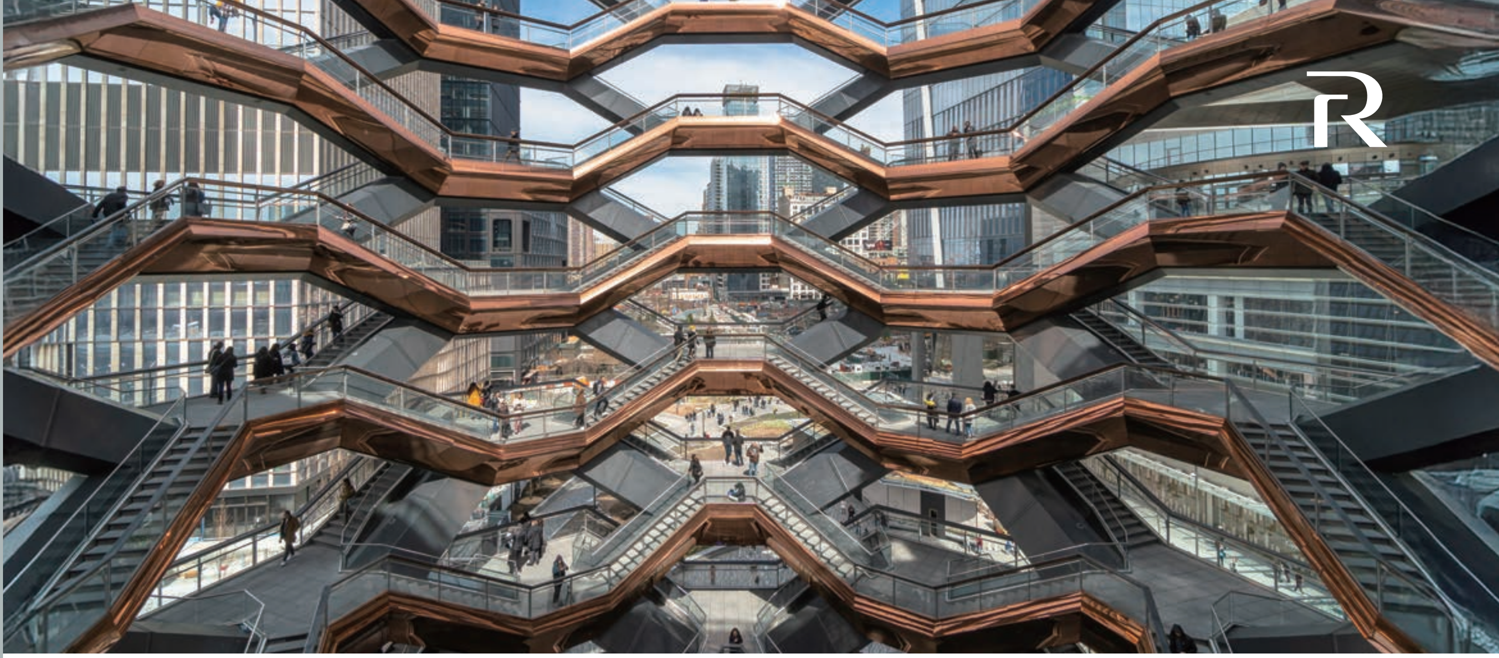
The bond market has turned notably less hawkish, currently pricing in a terminal rate of just 3.89% by December. The Fed's mandate is currently paralysed by conflicting data. On one hand, emerging weakness in the labour market, highlighted by an unexpected loss of 23,000 jobs in July, removes any justification to aggressively hike and risk breaking the economy. Conversely, with inflation still sitting above the 2% target, they cannot confidently pivot to cuts. We expect a strict holding pattern through year-end.

Gold Momentum



Source: Bloomberg L.P., as of 13 August

As the market digests this pause, the US 2-Year Treasury yield has rolled over, dropping toward 4.18%. Consequently, gold has immediately caught a bid, climbing back to $4,400/oz. This increasingly positions gold not just as a geopolitical hedge, but also as a momentum play against declining real yields.



With the Fed on hold rather than cutting, the setup rewards discipline over broad exposure. Selectivity within equities, timing within fixed income, and sizing within gold all matter more than being simply long or short any single asset class. The opportunity is real, but it favours those who stay deliberate across the portfolio rather than chasing the macro narrative broadly.