# Quarterly Market Update
# 30 June 2026

## Hughes Price Walker Investment

Enquiries: investment@hughespricewalker.co.uk





**Hughes Price Walker Limited**
Pembroke House, 15 Pembroke Road, Clifton, Bristol, BS8 3BA
**www.hughespricewalker.co.uk**
0117 427 8900

# Connect with us

**Ray Hughes**
Director & Actuary
ray.hughes@hughespricewalker.co.uk

**Max Gilmore**
Investment Actuary, PhD
max.gilmore@hughespricewalker.co.uk

# Table of contents



# Global macroeconomic themes

- Geopolitics continued to dominate the headlines over the quarter and acted as the principal driver of market sentiment. Increasing tensions between the United States, Israel and Iran caused concerns over the global supply of energy and contributed to higher oil prices. Markets experienced periods of volatility, although sentiment improved later in the quarter as peace talks advanced.
- A ceasefire agreement known as a memorandum of understanding (MoU) was signed 17 June. One of the 14 points included in the MoU was a 60-day period for a ceasefire. However, the ceasefire was not to last as the US launched a series of strikes towards the end of June following attacks by Iran on vessels in the Strait of Hormuz. As at the time of writing this report, President Donald Trump has declared that the ceasefire agreement is over.
- In the UK, Keir Starmer announced his resignation as prime minister and leader of the Labour Party, paving the way for the nation's seventh prime minister in a decade. His decision came as the growing pressure from lawmakers and the public alike became too much to handle. The market reaction to Starmer's resignation was relatively muted, and Andy Burnham (the Member of Parliament for Makerfield) is set to lead the Labour Party.
- The Bank of England (BoE) held interest rates at 3.75%, keeping them at the lowest levels since February 2023. Interest rate cuts were expected for 2026, but inflationary pressures and increasing fuel prices from the US war with Iran supported the BoE's cautious approach.
- The Federal Reserve (Fed) also held interest rates between 3.5% and 3.75% in Kevin Warsh's first meeting in charge. This was despite President Trump calling for interest rate cuts.
- The European Central Bank (ECB) opted to increase its key rates to 2.25% in response to rising prices from the US war with Iran.

# Key market overviews

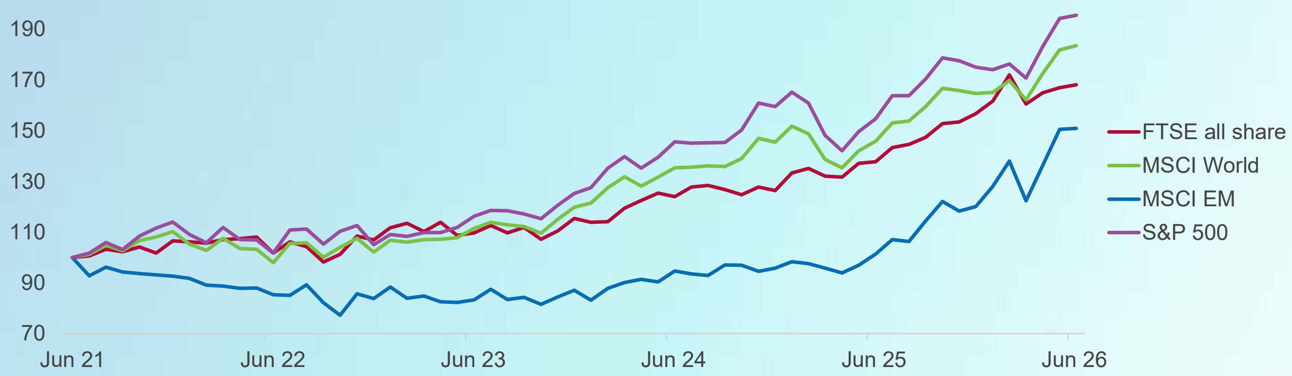
## Equity markets

The table below shows the returns for a selection of equity market indices that are representative of a cross section of geographic equity asset classes.  Figures for periods over one year are annualised.

| Equity Market Region | Market Index | 3 Months | 1 Year | 3 Years (p.a.) | 5 Years (p.a.) |
|---|---|---|---|---|---|
| UK | FTSE All Share | 4.7% | 21.9% | 15.3% | 10.9% |
| US | S&P 500 | 14.5% | 26.3% | 18.9% | 14.3% |
| Global | MSCI World | 13.2% | 25.8% | 18.1% | 12.9% |
| Emerging Markets | MSCI Emerging Markets | 23.4% | 48.9% | 21.9% | 8.6% |

Source: Morningstar. All returns are rebased to sterling and in total return.

**Equity market indices net performance**




Source: Morningstar

# Key market overviews

## Bond markets

The table below shows the yields of UK government bonds at a relevant duration.  We also include the change in the yields over different time periods.

| | | Change in the yields | | |
|---|---|---|---|---|
| **Market Index** | **Yield** | **1 Month** | **3 Months** | **1 Year** |
| 10-year nominal gilt | 4.95% | -0.04% | -0.12% | +0.33% |
| 10-year index linked gilt (real yield) | 1.74% | +0.18% | +0.31% | +0.29% |

Source: Bank of England, HPW

**10-year nominal gilt yields**


Source: Bank of England, HPW

# Key market overviews

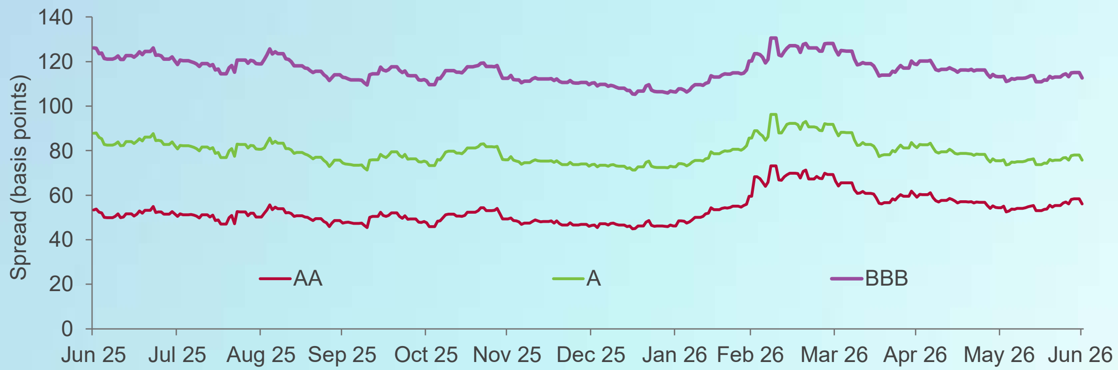
## Bond markets

The table below shows the spreads of UK corporate bonds.  The spread is the difference in yield between sterling investment grade corporate bonds and equivalent UK gilts, representing the additional compensation investors require for taking corporate credit risk.

| | | Change in the spreads | | |
|---|---|---|---|---|
| **Credit rating** | **Spread** | **1 Month** | **3 Months** | **1 Year** |
| AA | 0.56% | +0.02% | -0.10% | 0.03% |
| A | 0.76% | - | -0.13% | -0.12% |
| BBB | 1.13% | -0.01% | -0.13% | -0.14% |

Source: iBoxx

**Sterling credit spreads at 30 June 2026**




Source: iBoxx

# Buyout outlook

The graph below shows the approximate change in UK, defined benefit, pension scheme liabilities over the past three years.  Please note that the graph is for illustration only and represents general movements in UK pension scheme buyout pricing.  It should therefore not be used as a guide for any one scheme.  The true cost of buyout can only be established by obtaining an insurance market quotation.

**The approximate change in liabilities under a buyout basis for UK pension schemes**


Source: HPW

# Appendix

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