Crystal Wealth Partners Market Commentary – August 2026

We're trying something a little different this month. Rather than our usual region-by-region wrap, we've answered the most asked questions about what happened in August and what it means for portfolios.

In short, August was calmer for equity markets after the turbulence of June and July.

- The Middle East moved from active conflict to a tense diplomatic standoff;
- US interest rate expectations swung on a run of new data; and
- Gold delivered its strongest month since January.

Closer to home, the RBA held rates steady for a second month, and the collapse of Sydney developer Bathla Group put private credit back in the headlines. Here's what it all means.

Global Markets

How did equity markets perform in August?

Equity markets recovered broadly after two difficult months. In the US, the S&P 500 rose 2.62%, the Dow Jones gained 1.34%, and the Nasdaq 100 led the way with a 4.18% advance as technology stocks rebounded from July's sell-off. Note the Nasdaq remains down 2.89% over three months, a reminder that the correction which began in June has only partly reversed. Encouragingly, the rally broadened beyond the largest technology names, with gains more evenly spread across companies rather than concentrated in a handful of mega-caps. Offshore, Germany's DAX (up 2.45%) and Japan's Nikkei 225 (up 3.03%) also advanced, while the UK's FTSE 100 slipped 0.40% after a strong July. Chinese markets were mixed: the mainland Shanghai Composite rose 4.02%, while Hong Kong's Hang Seng eased 1.23% after its extraordinary July surge.

What's driving the outlook for US interest rates?

A run of softer jobs, consumer price, and producer price data through the middle of the month reduced the odds of a September rate rise and supported the rebound in technology stocks. Unfortunately that relief faded late in the month, when Federal Reserve Chair Kevin Warsh used his first Jackson Hole address to reaffirm his commitment to the 2% inflation target. He declined to give guidance on the path of rates, but signalled that inflation, not the labour market, is now his main concern. Markets read this as firmer guidance than expected, and the odds of a September rate rise jumped from around one in three to better than 50% within a day. The Fed's preferred inflation measure, the PCE Index, was confirmed at 3.3% year-on-year, still well above target. The Fed next meets on 15 and 16 September, and the rates decision now is considered finely balanced.

What happened with the Japanese yen?

In late July the yen slid to almost 164 against the US dollar, its weakest level since 1986, driven by a widening gap between Japanese and American interest rates and concerns over Japan's fiscal position. Japan intervened alone on 30 July, then conducted a coordinated yen-buying operation with the US Treasury the following day, the first joint intervention between the two countries since 1998. The yen rebounded to around 157 to 158 against the USD and held those gains through August. For Australian investors with unhedged Japanese exposure, the stronger yen was a welcome offset to a modest local market gain.

What about the US government's finances, and why does it matter?

United States government debt crossed USD$40 trillion during the month, and long-dated Treasury yields approached two-decade highs as a result. The Treasury responded by expanding its bond buyback programme to help stabilise long-term borrowing costs, a move markets read as a sign of official concern about the sustainability of US debt. This fiscal backdrop, sitting alongside high government debt, elevated bond yields, and a central bank in no hurry to cut short term rates, has become a structural theme we expect to influence asset prices well beyond this month. Ultimately markets can withstand higher rates (within reason) provided the pace of any yield moves is orderly and this is now a key watch point for global bond markets. The dominant force is higher asking yields rather than inflation expectations, as investors demand a higher premium for taking on board more long term (i.e. duration) rate risk.

Australia

What's happening with the RBA and interest rates here?

The RBA held the cash rate at 4.35% for a second consecutive meeting, a unanimous decision, while keeping the door open to further tightening if needed. Views among the major banks are now divided about what comes next: several economists now expect one more rate rise before year end, while others still see 4.35% as the peak, with the next move a cut sometime in 2027. The RBA itself has been careful not to endorse either view. Domestic inflation continued to ease, with the monthly CPI indicator down to 3.5% in July from 3.8% in June, although structurally still too high. The RBA next meets on 29 September.

How did the Australian equity market and economy perform?

The ASX 200 rose 1.10% for the month and traded near its record high of just under 9,300 points, supported by a broadly solid August reporting season. Major banks reported resilient margins, the large miners held up despite softer iron ore prices, and the energy sector benefited from elevated oil prices. However, consumer-facing companies were more mixed as the cumulative effect of three earlier rate rises weighed on discretionary spending amid concerns over a weakening property market. The dispersion across sectors this year has been striking: energy is up around 33% and materials around 27%, while information technology is down around 12% and consumer discretionary around 5%.

Private Credit: The Bathla Group Collapse

What happened with Bathla Group?

On 25 August, Bathla Group, one of Sydney's largest residential developers and home builders, entered voluntary administration, with restructuring firm Teneo appointed to key group entities. The group reported liabilities of approximately $3.2 billion, with around 2,000 homes under construction and a further pipeline of more than 13,000 dwellings. Its founder attributed the collapse to a combination of softening sales, higher construction costs, and the impact of the May Federal Budget's changes to property investor tax settings. The overwhelming majority of Bathla's debt was funded through private credit rather than the banks, and the collapse has become the most significant test yet of Australia's rapidly growing private credit sector, prompting several fund managers to restrict investor withdrawals as a precaution.

Are the private credit funds we use exposed?

Only marginally, and on favourable terms. The La Trobe 12 Month Term Account has total exposure to Bathla Group of $5 million across two loans, just 0.04% of the Fund. Both are secured by first mortgages over completed properties, meaning the homes are ready for sale rather than still under construction, at a loan-to-value ratio of 62%, giving a substantial equity buffer. Both loans are currently performing, with no missed payments, and La Trobe expects to recover its Bathla lending in full. The Trilogy Monthly Income Fund's exposure is limited to 2.7% and is not expected to affect its fixed unit price, distribution rate, or investors' access to capital.

What are the key criteria for manager selection?

The quality of the security, the conservatism of lending ratios, loan book diversification, and a manager's track record through previous downturns matter far more than the headline yield on offer. First mortgage security over completed stock at moderate loan-to-value ratios, is a very different proposition from mezzanine or construction lending on unfinished projects. Private credit remains a legitimate and useful part of a diversified income portfolio, but Bathla's issues is a timely reminder that lender quality and liquidity terms deserve as much attention as total return.

Commodities & Currencies

Why did gold rally so strongly, and can it continue?

Gold rose 10.05% in its best month since January, reversing much of the fall that had taken it below US$4,000 an ounce in early August. The rally was driven less by geopolitics than by fiscal concerns: US government debt crossing USD$40 trillion, coupled with the Treasury bond market intervention given higher long-term yields, revived what markets call the 'USD debasement' trade where investors buy hard assets to protect against expanding deficits and a potentially weaker currency. Record central bank gold purchases added further support. Gold reached a three-month high near US$4,700 before Chair Warsh's firmer Jackson Hole remarks pulled it back toward US$4,500 within minutes, a reminder that gold's drivers are more complex than a simple geopolitical hedge, and its moves in both directions can be abrupt. Gold prices are particularly sensitive to real yields over the longer term.

What about oil and iron ore?

Oil finished August up a modest 1.29%, though the headline figure masks a volatile month, with WTI crude swinging between roughly USD$78 and USD$88 a barrel on shifting hopes for a resolution in the Middle East. Late in the month, US Central Command (CENTCOM) announced that all mines had been cleared from the Strait of Hormuz, and shipping volumes recovered to around 10 million barrels a day, suggesting the risk of a serious escalation had eased. Iron ore fell 1.99% for the month and is down 11.73% over three months, weighed down by soft Chinese steel demand and a property sector in structural decline, though our major miners remain highly profitable at current prices.

Our View

Taken together, August rewarded staying invested rather than reacting to headlines. Markets will remain highly sensitive to the US Federal Reserve's September rates decision, the RBA's next rate move and developments in the Middle East. But our approach doesn't change with the news cycle. We build portfolios around quality, diversification, and a long-term view and hence we encourage you to look through month-to-month price volatility.

Index*	1 Month	3 Months	1 Year
US – Dow Jones	1.34%	4.22%	16.78%
US – Nasdaq (100)	4.18%	-2.89%	22.91%
US – S&P 500	2.62%	1.40%	18.98%
Germany – DAX	2.45%	4.59%	9.86%
UK – FTSE 100	-0.40%	3.99%	17.82%
Shanghai Composite – SSE	4.02%	-2.02%	3.33%
Hong Kong – Hang Seng	-1.23%	1.53%	1.95%
Japan – Nikkei 225	3.03%	-0.03%	55.23%
S&P/ASX 200	1.10%	3.94%	1.15%
All Ordinaries Index	1.47%	3.42%	0.31%
Gold (USD)	10.05%	-2.06%	29.03%
Oil (USD) – WTI	1.29%	-1.83%	33.98%
Iron Ore (USD)	-1.99%	-11.73%	-5.66%
Δ 10 Year Aus Gov't Bonds (Yield)	3.40%	5.25%	18.16%
Δ 10 Year US Gov't Bonds (Yield)	0.27%	6.85%	12.30%
AUD/USD	2.11%	-0.18%	9.57%

** Percentage change in local currency unless stated otherwise*

If you have any questions in relation to the above, or require any additional portfolio or investment information, please do not hesitate to contact your Adviser to discuss your particular circumstances.