Investment report

Market overview

As at 31 May 2026

Market gains continue but inflation risks keep central banks cautious.

Share markets had a positive month

Global shares continued to advance in May as strong corporate earnings, optimism over AI and growing confidence in a de-escalation of the conflict in the Middle East supported risk sentiment. While shares rose across most economies, gains were particularly strong in growth-oriented and technology-related sectors and markets. Emerging market shares outperformed developed markets, driven by further large gains in South Korea and Taiwan, reflecting continued enthusiasm around semiconductor demand and the broader AI investment cycle.

Lower oil prices helped improve market confidence

In the Middle East, a ceasefire in the Iran conflict remained largely intact, underpinning continued optimism for a resolution and eventual reopening of the Strait of Hormuz. Oil prices trended lower over the month, with Brent crude falling below US$100 per barrel, adding to the positive market sentiment.

The economy has held up better than expected

The macroeconomic backdrop has also remained resilient, particularly given the extent of the energy shock. Although surveys of consumer and business sentiment had initially weakened, other leading indicators of activity such as manufacturing and services PMIs have shown limited impact from the shock so far. However, it is likely that the impact on growth will become more apparent over the coming months as more economic data becomes available.

Higher oil prices are still adding to inflation

One metric that is already showing the effect of higher oil prices is inflation, with headline inflation rates rising materially since February, and reaching the highest levels since 2023 in the US and euro area. So far, headline inflation remains well short of the peaks seen in 2022 in most economies, and encouragingly, the oil price spike does not yet appear to have fed through into core inflation rates. Nonetheless, the longer oil prices stay high, the more likely that underlying inflation will be affected by second-round impacts such as transport and food prices.

Inflation is making it harder to lower interest rates

In addition, core inflation rates were already above central bank targets in a number of countries before the energy price shock. A key example has been Australia, where the Reserve Bank of Australia (RBA) had already begun raising rates before the Iran conflict due to the reacceleration in core inflation that started in the second half of 2025. Core inflation in the US has also shown signs of strengthening before high oil prices have had an impact.

Central banks are staying cautious

This leaves little room for central banks to support growth, with upside risks to inflation a more pressing concern. With the recent inflationary episode of 2022 still fresh in memory, most central banks are particularly wary of inflation expectations becoming unanchored. For example, in early June the European Central Bank (ECB) raised its policy rate by 25 basis points in response to inflationary risks, despite euro area economic activity declining in the March quarter and the ECB noting that risks to the growth outlook were to the downside.

Oil prices may ease but risks remain

June also brought the promising news of the US and Iran agreeing to a Memorandum of Understanding that included a 60-day interim ceasefire and an expected reopening of the Strait of Hormuz. This development has put downward pressure on oil prices, but a complete return to pre-conflict energy prices is likely to be protracted, and any agreement between the US and Iran could be fragile. As a result, risks to inflation are expected to remain front of mind for central banks over the rest of the year.

Investment performance

Accumulation investment options as at 31 May 2026

	High Growth	Growth Plus	Growth (MySuper) - Default	Conservative Growth	Conservative	Cash	Australian Shares	Diversified Fixed Interest	Overseas Shares	Indexed Diversified	Property
1 month	2.47	2.44	2.26	1.62	1.10	0.33	2.33	0.62	3.94	2.34	0.08
FYTD	8.32	8.06	7.63	5.93	4.17	3.29	4.71	3.11	7.88	8.18	8.95
1 year	10.35	10.03	9.40	7.38	5.23	3.66	6.23	3.86	10.32	10.16	9.26
3 years p.a.	11.03	10.07	9.16	7.33	5.48	3.96	9.70	4.41	14.77	11.04	4.53
5 years p.a.	7.87	-	6.64	4.98	3.50	2.91	-	-	-	-	-
7 years p.a.	9.34	-	7.57	5.67	3.87	2.21	-	-	-	-	-
10 years p.a.	9.51	-	7.89	-	4.33	2.02	-	-	-	-	-

The crediting rate is based on investment returns minus investment fees and costs, transaction costs and investment-related taxes. Excludes fees and costs that are deducted directly from members' accounts. Past performance is not a reliable indicator of future performance. Media Super merged with Cbus on 9 April 2022 and as a result, pre-existing Media Super investment options were closed and Media Super members were transferred to equivalent Media Super branded investment options under United Super Pty Ltd. The historical performance displayed prior to this date relates to Cbus investment options and does not incorporate the performance of Media Super. Media Super members received a Successor Fund Transfer Exit Statement prior to merging with Cbus, detailing the performance of their Media Super investment options.