Q2 2025 in review: Market resilience amid the information flood

By Fordham

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In this video, we review key developments from Q2 — including an economic overview, the factors driving continued market strength, and our outlook on inflation, interest rates, and income. We also explore how these trends are impacting portfolios and what to watch for moving forward.

Please note: except where otherwise noted or quoted, the views in this article are those of Perpetual Private's Investment Research Team.

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A look back to Q2 2025: What happened?

Investment markets have spent much of the June quarter facing a tsunami of economic, geopolitical and technological developments. Add to the mix that the US can no longer be counted on to the extent it has been in the past, and it's fair to say it has been a challenging period. In spite of this, markets have largely taken much of the informational inundation in stride. Indeed, once President Trump had "chickened out" of his initial raft of 'Liberation Day' tariffs, markets appeared to become increasingly desensitised to his pronouncements. With

investors now being almost constantly saturated by material news-flow, risk, much like the political landscape, is becoming increasingly polarised. As such, there is great scope for sub-optimal investment actions, with the danger of missing out on upside, just as pertinent and present as the threat of enduring a drawdown.

The coming months are unlikely to be calmer. Donald Trump's bombastic leadership style will continue to be writ large, whilst the impact of his trade policies will start to be seen in the data. Meanwhile, the fight against inflation will continue, as will the hope of imminent rate cuts.

Investors who prepare themselves for the oncoming waves, may be best placed to weather any storms that arrive on the horizon. Furthermore, those who are able to hold their nerve, will also be best placed when fairer conditions arrive.

In our report, we delve into the major drivers of today's financial markets, whilst considering the different potential outcomes markets may trend towards in the second half of 2025. In addition, our Special Article this quarter reviews some of the main factors driving the lack of affordability in the Australian housing market.

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