



Weekly Market Update

Markets balanced resilient activity and earnings expectations against high bond yields, fiscal strains and renewed energy risks, leaving central banks constrained as regional equity and bond markets diverged.

US

Federal Reserve minutes and official comments suggested that further tightening may be needed, but not necessarily at consecutive meetings. This supported expectations of an October pause while keeping the prospect of a later increase alive.

US activity remained resilient: services expanded and weekly jobless claims stayed subdued. The combination reinforced the view that the economy can absorb restrictive policy, even as weaker consumer sentiment signalled pressure on households.

Treasury yields reached fresh multi-year highs before easing, reflecting persistent inflation concerns and sensitivity to energy prices. Strong demand at government bond auctions later helped stabilise fixed-income markets.

US equities remained close to record levels, but leadership was uneven. Questions over artificial-intelligence revenues and financing briefly pressured semiconductors, while broader market participation improved into the end of the week.

UK

UK government bond yields rose sharply alongside the global sell-off, with longer-dated borrowing costs reaching levels not seen for decades. Higher yields increased scrutiny of fiscal credibility ahead of the Autumn Budget.

Bank of England officials stressed that monetary policy must remain focused on returning inflation to target, warning against relying on tighter market conditions alone to control price pressures.

Higher energy costs and borrowing rates weighed on the outlook for households and businesses. Mortgage availability and housing demand weakened, underlining the transmission of elevated gilt yields into the domestic economy.

UK equities proved relatively resilient, helped by the market's exposure to energy, mining and other internationally focused companies. This offset some pressure from rate-sensitive and domestically exposed sectors.

Europe

French fiscal and political concerns remained the central regional risk. Government bond spreads were volatile, although they narrowed over the week as the most acute market stress moderated.

The European Central Bank's September account showed policymakers viewed inflation risks as tilted to the upside. However, tighter financial conditions and sovereign-market volatility complicated the case for rapid further tightening.

Energy remained an important inflation channel as oil and European natural-gas prices rose. Higher imported energy costs weighed on regional equities and increased pressure on rate-sensitive sectors, including banks.

Germany's exports weakened, while political uncertainty broadened across several countries. These developments reinforced concerns that fiscal and political risks could constrain an already modest growth outlook.

Global

Chinese markets reopened after the Golden Week holiday but struggled to sustain early gains. Limited policy momentum and ongoing trade frictions left investors cautious about the strength of the domestic recovery.

Japan's wage data remained supportive of gradual monetary normalisation, while policymakers continued to emphasise inflation risks. The yen stayed under pressure as investors assessed the likely pace of further rate increases.

Asian technology shares were volatile after strong semiconductor updates were offset by questions about artificial-intelligence valuations and infrastructure financing. This produced a wide dispersion across regional markets.

Brazilian assets reacted positively after the first round of the presidential election, while India raised interest rates amid inflation pressures. The moves highlighted how domestic politics and policy increasingly shaped emerging-market outcomes.



Performance

Asset Class/Region	Currency				
		Week ending 09 Oct 2026	Month to date	YTD 2026	12 Months
Developed Market Equities					
United States	USD	1.2%	2.1%	14.8%	16.9%
United Kingdom	GBP	0.9%	-0.4%	9.2%	14.8%
Continental Europe	EUR	-0.3%	-0.6%	8.3%	12.1%
Japan	JPY	0.3%	-0.1%	22.9%	28.9%
Asia Pacific (ex Japan)	USD	-0.6%	-0.5%	23.2%	24.6%
Australia	AUD	0.4%	-0.8%	2.9%	0.5%
Global	USD	0.7%	1.2%	13.1%	15.8%
Emerging Markets Equities					
Emerging Europe	USD	-0.6%	-4.0%	20.4%	29.1%
Emerging Asia	USD	-0.7%	-0.3%	26.5%	28.5%
Emerging Latin America	USD	9.7%	11.0%	27.4%	42.2%
BRICs	USD	2.3%	1.1%	-9.1%	-11.8%
China	USD	1.2%	-0.6%	-12.4%	-19.0%
MENA countries	USD	-1.0%	-1.8%	-3.1%	-8.0%
South Africa	USD	0.4%	-1.0%	-5.1%	5.0%
India	USD	0.0%	-1.3%	-19.2%	-17.0%
Global emerging markets	USD	0.0%	0.3%	23.7%	26.7%
Bonds					
US Treasuries	USD	0.3%	0.3%	-2.4%	-1.8%
US Treasuries (inflation protected)	USD	0.3%	0.4%	-1.9%	-1.9%
US Corporate (investment grade)	USD	0.5%	0.4%	-2.4%	-1.7%
US High Yield	USD	0.2%	0.2%	0.3%	1.9%
UK Gilts	GBP	-0.5%	-0.1%	-2.5%	0.7%
UK Corporate (investment grade)	GBP	-0.3%	-0.2%	-1.4%	1.2%
Euro Government Bonds	EUR	0.0%	0.3%	-3.0%	-2.9%
Euro Corporate (investment grade)	EUR	0.2%	0.3%	-0.9%	-0.9%
Euro High Yield	EUR	0.1%	-0.4%	-0.4%	0.5%
Global Government Bonds	USD	0.0%	-0.1%	-2.8%	-2.3%
Global Bonds	USD	0.0%	-0.1%	-3.2%	-2.2%
Global Convertible Bonds	USD	-0.9%	-0.2%	12.0%	11.5%
Emerging Market Bonds	USD	0.8%	0.4%	-2.0%	0.5%

▲ Performance

Asset Class/Region	Currency				
		Week ending 09 Oct 2026	Month to date	YTD 2026	12 Months
Property					
US Property Securities	USD	-0.1%	-0.2%	9.3%	9.4%
Australian Property Securities	AUD	3.7%	-0.5%	-15.6%	-18.2%
Global Property Securities	USD	0.0%	-1.0%	1.4%	2.7%
Currencies					
Euro	USD	-0.6%	-1.3%	-4.7%	-3.2%
UK Pound Sterling	USD	0.0%	-0.3%	-1.7%	-0.5%
Japanese Yen	USD	-0.3%	-0.6%	-0.9%	-3.4%
Australian Dollar	USD	0.4%	0.4%	4.6%	6.5%
South African Rand	USD	0.9%	-0.7%	0.2%	4.1%
Swiss Franc	USD	-0.1%	0.6%	-4.4%	-2.8%
Chinese Yuan*	USD	0.2%	0.2%	4.4%	6.5%
Commodities & Alternatives					
Commodities	USD	1.5%	2.3%	45.5%	48.9%
Agricultural Commodities	USD	0.2%	-0.4%	16.1%	15.0%
Oil	USD	2.4%	1.1%	72.1%	60.6%
Gold	USD	1.3%	0.8%	-3.0%	5.6%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns. *Data as at 2 October 2026.





Global Matters Weekly

12 October 2026

For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited
研富投資服務有限公司
9th Floor, Centre Mark II
305-313 Queen's Road Central
Sheung Wan, Hong Kong

Tel +852 2827 1199
Fax +852 2827 0270
belvest@bis.hk
www.bis.hk

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