



Weekly Market Update

Markets were dominated by a renewed inflation scare, with rising sovereign bond yields, tighter monetary policy expectations, and growing concerns over stretched AI related valuations driving volatility across global equity and fixed income markets.

US

September CPI came in hotter than expected, with headline inflation rising 3.7% year-on-year and core inflation reaching 2.6%, reinforcing concerns that inflationary pressures remain persistent.

US Treasury yields remained near multi-decade highs as investors priced in a higher-for-longer interest rate environment amid inflation concerns, heavy government borrowing and AI related capital spending.

Markets reassessed expectations for further Federal Reserve tightening after policymakers signalled a cautious approach despite stronger inflation data.

President Trump signed an executive order waiving large portions of the newly enacted Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, reducing the immediate impact of planned tariffs and sanctions on Russia and major importers of Russian energy.

UK

The Institute for Fiscal Studies published its Green Budget 2026, warning that higher inflation, elevated borrowing costs and public-spending pressures would complicate Chancellor John Healey's first Budget.

Fiscal sustainability became a major market theme as analysts highlighted the challenge of funding public services, energy support measures and defence commitments simultaneously.

The IMF upgraded its 2026 UK growth forecast to 1.3%, citing stronger-than-expected economic activity and investment linked to AI-related industries.

Policymakers faced growing pressure to address rising household energy costs ahead of the Autumn Budget as geopolitical tensions continued to lift energy prices.

Europe

EU leaders met at the European Council Summit on 15-16 October, focusing on competitiveness, Ukraine, migration, defence and the next long-term EU budget.

Leaders advanced the "One Europe, One Market" agenda, pushing for regulatory simplification, market integration and reduced administrative burdens on businesses.

Soaring energy prices emerged as a major concern, prompting discussions on temporary support measures and reforms to reduce price volatility.

The EU reinforced support for Ukraine, including discussions around winter resilience, defence funding and further sanctions against Russia.

Global

China proposed new export controls covering 23 advanced AI technologies, including large language models and semiconductor related technologies.

China expanded its technology security framework by proposing restrictions on 40 sensitive technologies spanning AI, biotechnology and solar manufacturing, with tighter oversight of overseas technology transfers.

Japan and the United States announced a major semiconductor initiative, with investment of up to US\$21bn in two chip fabrication plants, strengthening supply chain resilience and economic security cooperation.

The International Monetary Fund released its World Economic Outlook, forecasting global growth of 3.1% in 2026 while warning that higher inflation, geopolitical tensions and fiscal vulnerabilities are increasing risks to the outlook.

Performance

Asset Class/Region	Currency				
		Week ending 16 Oct 2026	Month to date	YTD 2026	12 Months
Developed Market Equities					
United States	USD	-1.9%	0.1%	12.6%	16.5%
United Kingdom	GBP	3.3%	2.9%	12.8%	19.5%
Continental Europe	EUR	1.6%	0.9%	10.0%	13.4%
Japan	JPY	-0.9%	-1.0%	21.8%	29.8%
Asia Pacific (ex Japan)	USD	-4.9%	-5.4%	17.1%	18.7%
Australia	AUD	1.0%	0.2%	4.0%	0.4%
Global	USD	-1.1%	0.1%	11.9%	15.7%
Emerging Markets Equities					
Emerging Europe	USD	2.1%	-2.0%	22.9%	33.1%
Emerging Asia	USD	-6.2%	-6.5%	18.6%	20.4%
Emerging Latin America	USD	-1.5%	9.4%	25.5%	39.7%
BRICs	USD	-0.2%	1.0%	-9.2%	-10.4%
China	USD	-1.6%	-2.2%	-13.8%	-17.2%
MENA countries	USD	-1.3%	-3.1%	-4.4%	-9.9%
South Africa	USD	3.2%	2.2%	-2.1%	5.5%
India	USD	4.8%	3.5%	-15.3%	-15.2%
Global emerging markets	USD	-5.1%	-4.9%	17.3%	19.9%
Bonds					
US Treasuries	USD	0.9%	1.3%	-1.5%	-1.9%
US Treasuries (inflation protected)	USD	1.2%	1.5%	-0.8%	-1.5%
US Corporate (investment grade)	USD	0.8%	1.3%	-1.5%	-1.8%
US High Yield	USD	-0.2%	0.0%	0.0%	1.4%
UK Gilts	GBP	0.9%	0.8%	-1.6%	-0.2%
UK Corporate (investment grade)	GBP	0.6%	0.5%	-0.8%	0.7%
Euro Government Bonds	EUR	0.6%	0.9%	-2.4%	-3.3%
Euro Corporate (investment grade)	EUR	0.4%	0.7%	-0.5%	-0.9%
Euro High Yield	EUR	-0.1%	-0.5%	-0.5%	0.3%
Global Government Bonds	USD	0.9%	0.8%	-1.9%	-2.6%
Global Bonds	USD	0.9%	0.8%	-2.3%	-2.5%
Global Convertible Bonds	USD	-5.0%	-5.2%	6.4%	5.9%
Emerging Market Bonds	USD	0.7%	1.2%	-1.3%	0.8%

▲ Performance

Asset Class/Region	Currency				
		Week ending 16 Oct 2026	Month to date	YTD 2026	12 Months
Property					
US Property Securities	USD	1.0%	0.8%	10.4%	8.9%
Australian Property Securities	AUD	-1.7%	-2.2%	-17.0%	-21.5%
Global Property Securities	USD	1.2%	0.2%	2.6%	2.4%
Currencies					
Euro	USD	0.3%	-1.0%	-4.4%	-3.9%
UK Pound Sterling	USD	0.7%	0.4%	-1.0%	-0.8%
Japanese Yen	USD	0.0%	-0.6%	-0.9%	-5.0%
Australian Dollar	USD	-0.5%	-0.1%	4.1%	7.0%
South African Rand	USD	0.3%	-0.4%	0.5%	5.2%
Swiss Franc	USD	0.6%	1.2%	-3.9%	-3.8%
Chinese Yuan	USD	0.1%	0.3%	4.5%	6.5%
Commodities & Alternatives					
Commodities	USD	1.1%	3.4%	47.0%	52.8%
Agricultural Commodities	USD	-0.8%	-1.2%	15.1%	14.2%
Oil	USD	4.9%	6.1%	80.5%	79.9%
Gold	USD	-0.7%	0.1%	-3.7%	-2.8%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.



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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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