



# Weekly Market Update

Markets balanced persistent inflation and geopolitical energy risk against resilient activity and lower bond yields. Technology volatility exposed concentration concerns, while regional policy and fiscal differences produced increasingly varied market outcomes.

## US

Artificial-intelligence shares experienced renewed volatility as investors questioned the scale, funding and near-term returns of data centre spending. The move was concentrated rather than a broad market retreat, with smaller companies and several defensive sectors proving more resilient.

Treasury yields fell sharply late in the week as weakness in highly valued technology shares increased demand for government bonds. The move eased financial conditions at the margin, even though inflation remained above the Federal Reserve's target.

The housing market weakened further: housing starts declined for a third consecutive month, while builder confidence and pending sales remained subdued. High mortgage rates and construction costs continued to constrain activity.

Third quarter company results presented a mixed but broadly stable economic picture. Consumer demand and industrial activity remained resilient, while higher energy, freight and other input costs placed pressure on some profit margins.

## UK

Consumer-price inflation rose to 3.5% in September, with higher fuel and services prices reinforcing concerns about domestic price pressures. Markets consequently placed greater weight on the possibility of a BOE rate increase in November.

Labour market data were mixed: the unemployment rate improved, but the claimant count increased and pay growth remained firm. This combination complicated the Bank of England's assessment of how much demand had cooled.

Government borrowing was higher than expected ahead of the 28 October Budget, keeping fiscal credibility and future gilt issuance in focus. Investors remained sensitive to any measures that could increase medium-term funding needs.

Business surveys suggested manufacturing output may be stabilising, but weak orders, high costs and limited investment intentions continued to signal a fragile recovery. Sterling was supported by the comparatively firm interest-rate outlook.

## Europe

French fiscal stress stayed central to European bond markets. Higher sovereign yields tightened financial conditions and raised questions about how far the European Central Bank might need to respond if market pressure intensified.

ECB communication remained cautious. Policymakers acknowledged above target inflation, but also noted that higher bond yields could slow growth and reduce the need for a more forceful interest-rate response.

Corporate results were uneven. Energy, healthcare and selected industrial companies benefited from pricing power or strong orders, while technology, banks, travel and consumer facing companies faced pressure from higher costs and demanding expectations.

Higher oil prices and renewed Middle East tensions lifted energy shares but created a less comfortable backdrop for transport, manufacturing and household spending. This reinforced Europe's difficult trade off between weak growth and inflation risk.

## Global

Chinese equities remained under pressure as investors weighed softer domestic confidence against strong export growth. Evidence that some shipments had been brought forward raised questions about the durability of the external growth contribution.

In Japan, expectations for further monetary policy normalisation strengthened. Bank of Japan communication suggested underlying inflation was approaching its target, increasing attention on the possibility of a rate rise later in the year.

Across Asia, technology shares remained volatile as concerns about artificial intelligence financing and elevated expectations spread from the United States. Semiconductor demand stayed robust, but valuation and funding risks drove sharp market dispersion.

Brazil Lula has narrowly defeated Flávio Bolsonaro, taking 51.8% of the vote vs 48.2%. The tight result and Bolsonaro's challenge could keep political uncertainty elevated, with the initial market reaction potentially negative as polls had suggested a narrow victory for the more market-friendly Bolsonaro.

# Performance

| Asset Class/Region                  | Currency |                            |                  |          |           |
|-------------------------------------|----------|----------------------------|------------------|----------|-----------|
|                                     |          | Week ending<br>23 Oct 2026 | Month<br>to date | YTD 2026 | 12 Months |
| Developed Market Equities           |          |                            |                  |          |           |
| United States                       | USD      | -0.5%                      | -0.3%            | 12.1%    | 14.1%     |
| United Kingdom                      | GBP      | -1.7%                      | 1.2%             | 10.9%    | 15.7%     |
| Continental Europe                  | EUR      | -1.3%                      | -0.4%            | 8.5%     | 11.7%     |
| Japan                               | JPY      | -2.5%                      | -3.5%            | 18.8%    | 24.6%     |
| Asia Pacific (ex Japan)             | USD      | -2.2%                      | -7.4%            | 14.6%    | 15.9%     |
| Australia                           | AUD      | -0.1%                      | 0.1%             | 3.8%     | 0.7%      |
| Global                              | USD      | -0.7%                      | -0.5%            | 11.2%    | 13.6%     |
| Emerging Markets Equities           |          |                            |                  |          |           |
| Emerging Europe                     | USD      | -4.1%                      | -6.0%            | 17.9%    | 25.4%     |
| Emerging Asia                       | USD      | -2.7%                      | -9.0%            | 15.4%    | 16.9%     |
| Emerging Latin America              | USD      | -0.3%                      | 9.1%             | 25.2%    | 37.1%     |
| BRICs                               | USD      | -3.4%                      | -2.5%            | -12.4%   | -14.3%    |
| China                               | USD      | -4.5%                      | -6.6%            | -17.7%   | -21.3%    |
| MENA countries                      | USD      | -3.5%                      | -6.5%            | -7.7%    | -12.8%    |
| South Africa                        | USD      | -4.3%                      | -2.2%            | -6.3%    | 4.6%      |
| India                               | USD      | -2.3%                      | 1.1%             | -17.2%   | -18.3%    |
| Global emerging markets             | USD      | -2.6%                      | -7.4%            | 14.3%    | 16.6%     |
| Bonds                               |          |                            |                  |          |           |
| US Treasuries                       | USD      | 0.6%                       | 1.9%             | -0.9%    | -1.3%     |
| US Treasuries (inflation protected) | USD      | 0.6%                       | 2.2%             | -0.1%    | -0.9%     |
| US Corporate (investment grade)     | USD      | 0.3%                       | 1.6%             | -1.3%    | -1.6%     |
| US High Yield                       | USD      | -0.2%                      | -0.2%            | -0.1%    | 1.1%      |
| UK Gilts                            | GBP      | 0.1%                       | 1.0%             | -1.5%    | -0.9%     |
| UK Corporate (investment grade)     | GBP      | -0.3%                      | 0.2%             | -1.0%    | -0.2%     |
| Euro Government Bonds               | EUR      | -0.3%                      | 0.6%             | -2.7%    | -3.6%     |
| Euro Corporate (investment grade)   | EUR      | -0.4%                      | 0.4%             | -0.9%    | -1.3%     |
| Euro High Yield                     | EUR      | -1.1%                      | -1.6%            | -1.6%    | -0.8%     |
| Global Government Bonds             | USD      | 0.4%                       | 1.1%             | -1.5%    | -2.0%     |
| Global Bonds                        | USD      | 0.2%                       | 1.1%             | -2.1%    | -2.1%     |
| Global Convertible Bonds            | USD      | -0.6%                      | -5.7%            | 5.8%     | 5.8%      |
| Emerging Market Bonds               | USD      | 0.0%                       | 1.2%             | -1.3%    | 0.4%      |

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|                                |          | Week ending<br>23 Oct 2026 | Month<br>to date | YTD 2026 | 12 Months |
| Property                       |          |                            |                  |          |           |
| US Property Securities         | USD      | 1.1%                       | 1.9%             | 11.6%    | 8.3%      |
| Australian Property Securities | AUD      | 0.2%                       | -2.0%            | -16.8%   | -21.9%    |
| Global Property Securities     | USD      | 0.8%                       | 1.0%             | 3.4%     | 1.9%      |
| Currencies                     |          |                            |                  |          |           |
| Euro                           | USD      | -0.2%                      | -1.3%            | -4.6%    | -3.6%     |
| UK Pound Sterling              | USD      | 0.4%                       | 0.8%             | -0.6%    | 0.4%      |
| Japanese Yen                   | USD      | 0.8%                       | 0.2%             | -0.1%    | -2.7%     |
| Australian Dollar              | USD      | 1.2%                       | 1.2%             | 5.4%     | 8.0%      |
| South African Rand             | USD      | -0.7%                      | -1.0%            | -0.2%    | 4.5%      |
| Swiss Franc                    | USD      | 0.0%                       | 1.2%             | -3.8%    | -3.6%     |
| Chinese Yuan                   | USD      | 0.2%                       | 0.5%             | 4.8%     | 6.8%      |
| Commodities & Alternatives     |          |                            |                  |          |           |
| Commodities                    | USD      | -0.2%                      | 3.2%             | 46.7%    | 48.2%     |
| Agricultural Commodities       | USD      | -2.2%                      | -3.4%            | 12.6%    | 10.8%     |
| Oil                            | USD      | 6.2%                       | 12.7%            | 91.8%    | 76.9%     |
| Gold                           | USD      | -3.9%                      | -3.8%            | -7.4%    | -3.2%     |

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





# Global Matters Weekly

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