MONTHLY
MARKET INSIGHTS

THE MONTH'S BIG THEMES

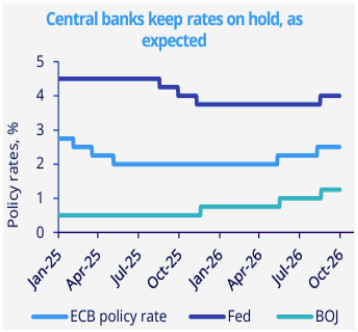
ECONOMY:

- **Global context – Resilioent growth, limited inflation spillovers:** Global activity remained firm, supported by business investment and resilient consumption. Higher energy costs pushed up headline inflation, but broader spillovers remained limited. Major central banks kept policy rates unchanged.
- **US – Growth accelerated:** GDP growth accelerated to 3.4% QoQ in Q3, accelerating from 2.2% in Q2, supported by resilient consumption and a sharp increase in investment. Inflationary pressures remain elevated, with headline CPI rising to 3.7% YoY, largely reflecting higher energy prices. The Fed held rates steady in October, as expected, despite two dissenting votes favouring tighter monetary policy, while signalling a potential further increase in December.
- **Eurozone – Growth slowed as inflation pressures persisted:** GDP grew by 0.4% QoQ in Q3, down from 0.6% in Q2, while France's economy unexpectedly contracted by 0.1%. Conditions weakened entering Q4, with activity slowing and unemployment rising, while elevated energy prices contributed to headline inflation of 3.8% YoY. The ECB held its policy rate at 2.5%. Christine Lagarde announced that she would step down as ECB president in February 2027.
- **UK – Activity strengthened, inflation remained elevated:** The Composite PMI rose to its highest level since February, supported by both services and manufacturing. Meanwhile, headline inflation increased to 3.5% YoY in September, up from 3.1%, while core CPI edged higher to 2.8%.
- **China – Growth remained uneven as inflation picked up**: GDP expanded by 4.5% YoY in Q3, bringing growth over the first nine months to 4.6%, although investment and consumption remained subdued. Producer price inflation accelerated to 5.0% YoY, while consumer price inflation rose to 0.9%.
- **Japan – Inflation strengthened, policy remained on hold**: Core CPI inflation accelerated to a nine-month high of 2.1% YoY in September, partly driven by higher energy prices. The BoJ left its policy rate unchanged at 1.25%, maintaining a cautious approach to further tightening. However, it raised its inflation outlook and retained a hawkish bias, signalling readiness to tighten further if price pressures persisted.
- **Emerging Markets – Diverging regional dynamics**: In Latin America, Lula's surprise runoff victory in Brazil weakened expectations of fiscal consolidation as inflation pressures re-emerged. Improving momentum in Mexico prompted the IMF to raise its 2026 growth forecast to 1.5%. Chile's central bank held rates steady amid weak activity and rising inflation concerns. In Asia, economies integrated into the AI supply chain remained resilient, supported by strong exports from Taiwan, South Korea, Malaysia and Singapore.

GEOPOLITICAL TENSION:

- **Middle East – Escalation increased energy and shipping risks:** Iran attacked several tankers transiting the Strait of Hormuz, while investors assessed the risk of further U.S. action following the November midterm elections.
- **Russia–Ukraine – No diplomatic breakthrough**: Both sides signalled willingness to resume U.S.-mediated negotiations, but disagreements over territory, ceasefire terms and security guarantees remained unresolved.

CHARTS OF THE MONTH

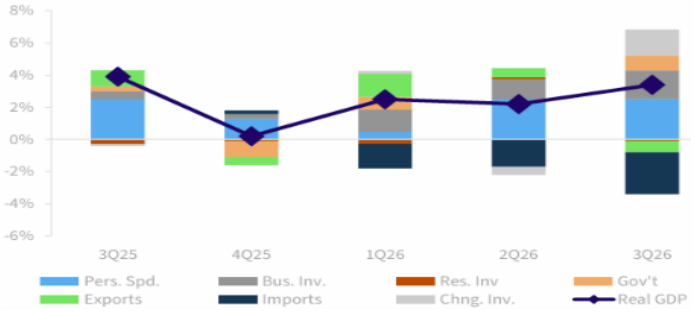




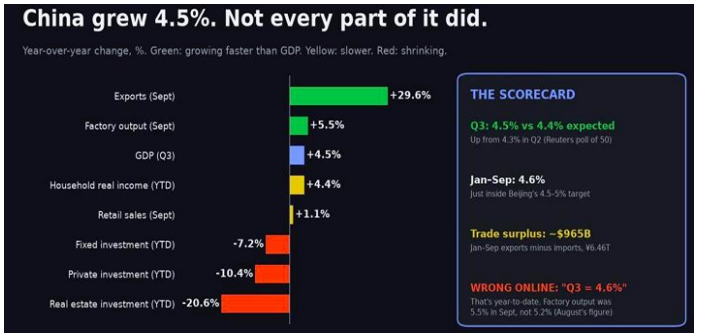
Source: Amundi

Figure 1: US Economic Growth Remains Robust

US GDP expanded at the fastest pace since 3Q25 driven by a resilient consumer and private investments tied to the AI buildout.



Source raymondjames.com



Source Lusignan, Linkedin

October 2026

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MARKET'S REACTION

EQUITY

- **Global equities – Arotation out of AI-linked stocks:** Global equities experienced renewed volatility as investors rotated away from AI-linked technology stocks. The MSCI World Index declined by 1.3%, while emerging-market equities fell 8.7%.
- **US equities – Diverging performances:** The Nasdaq fell by 6.7%, with semiconductor stocks particularly hard hit, while the S&P 500 declined by 0.9%. Small-cap stocks proved more resilient, with the Russell 2000 gaining 0.5%. Corporate earnings remained supportive: with approximately three-quarters of S&P 500 companies having reported, most exceeded revenue expectations and a majority delivered positive earnings surprises. However, investors scrutinised AI-related capital expenditure and free cash flow more closely. Microsoft's cloud growth and AI monetisation were well received, while results from Alphabet, Amazon and Meta disappointed. The technology sell-off appeared to reflect concerns about returns on investment rather than a broad weakening in demand.
- **European equities – Trelative resilience**. The Stoxx 600 gained 1,9%, while the export-oriented German Dax and the French CAC 40 gained 2,5% and 0,1%, respectively, as concerns over France's fiscal position remained a headwind for French stocks. The UK Footsie 100 gained 1,2%, with energy and defensive-sector exposure providing support.
- **Asian equities – Technology exposure amplified losses:** High technology weightings in several Asian benchmarks left markets exposed to the sector rotation. Japan's Nikkei 225 fell by 5.2%, while the Shanghai Composite and Hong Kong equities declined by 6.3% and 5.4%, respectively. South Korea and Taiwan were particularly hard hit, losing 15.6% and 8.4%. Earnings from Samsung Electronics and SK Hynix pointed to continued strength in the semiconductor cycle, although Samsung shares came under pressure following a modest earnings miss and delayed shareholder distributions
- **Brazil – Politically driven sell-off:** Brazilian equities lost 9,9% after Pst Lula secured re-election against right-wing challenger F. Bolsonaro, reversing gains recorded after the first-round results.

FIXED INCOME

- **Sovereign bond – Yields declined sharply.** Government bond yields fell from September's highs, with real yields also declining despite rising oil prices. The U.S. 10-year yield ended the month at 4,94%, with yields in other developed markets also moving lower. France's fiscal challenges, political uncertainty ahead of next year's election and social unrest weighed on investor confidence, pushing the 10-year spread over German Bunds to 170 basis points. In the UK, the Autumn Budget took centre stage: despite reduced fiscal headroom, the Chancellor reaffirmed the government's commitment to its fiscal rules.
- **Credit – Quality outperformed as riskier spreads widened**: Investment-grade credit outperformed high yield, as falling sovereign yields supported higher-quality bonds, particularly at longer durations. Spreads widened in riskier segments amid pockets of stress among more leveraged, lower-quality issuers, including those exposed to the AI infrastructure buildout. Emerging-market hard-currency debt delivered positive returns.

COMMODITIES

- **Energy – Oil surged as geopolitical risks intensified**: WTI and Brent rose by 15.2% and 13.6%, respectively, as the Middle East conflict heightened supply concerns. Natural gas declined by 4.2%, despite trading above EUR 100/MWh during the period.
- **Precious metals – Sharp losses:** Gold and silver declined by 6,9% and 18,3%, respectively.

CURRENCIES & CRYPTO

- **Currencies – Dollar strengthened:** The US dollar gained 0,4% over the month. The euro fell by 1,4%, weighed down by concerns over European sovereign risk.
- **Cryptocurrencie – Broad-based reversal:** Bitcoin declined 7,6%, Ethereum lost 16,5%, and the Ripple edged down 15,7%.

CHARTS OF THE MONTH

Total returns (net) % – to end October 2026

	1 month			12 months		
Equities	USD	EUR	GBP	USD	EUR	GBP
MSCI World	-0.8	1.0	-1.6	12.1	15.9	9.9
MSCI World Value	2.7	4.5	1.8	22.3	26.5	20.0
MSCI World Growth	-4.2	-2.5	-5.0	2.8	6.3	0.8
MSCI World Smaller Companies	0.4	2.1	-0.5	15.7	19.6	13.5
MSCI Emerging Markets	-8.0	-6.4	-8.8	14.1	17.9	11.9
MSCI AC Asia ex-Japan	-8.2	-6.6	-9.0	15.2	19.1	13.0
S&P500	-0.9	0.9	-1.7	12.1	15.9	10.0
MSCI EMU	-3.3	-1.6	-4.1	8.3	12.0	6.2
FTSE Europe ex UK	-0.4	1.3	-1.3	11.9	15.7	9.7
FTSE All-Share	2.0	3.8	1.1	16.2	20.1	13.9
TOPIX*	-3.7	-2.0	-4.5	19.1	23.1	16.8

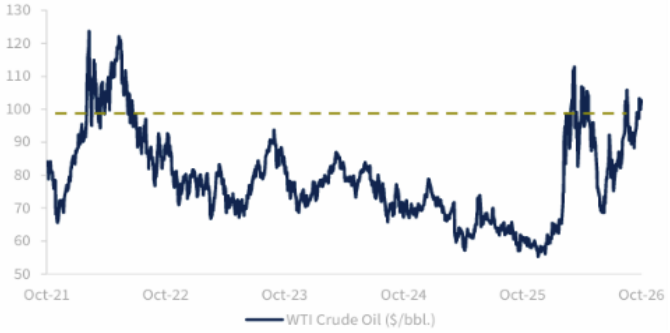
Source: Schroders

The 10-year Treasury yield decreased ~35bps in October after climbing to its highest level since May 2002.



Source: raymondjames.com

WTI crude oil ended the month above $100/bbl for the first time since April as global supply constraints and geopolitical risks drove prices higher.



Source: raymondjames.com

MONTHLY MARKET INSIGHTS

October 2026

MONTHLY MARKETS REVIEW (As of October 2026, 31st)

EQUITY MARKETS

	MTD	YTD
MSCI World (USD)	-1.3%	+10.4%
MSCI Emerging (USD)	-8.7%	+12.0%
S&P 500 (USD)	-0.9%	+10.7%
NASDAQ 100 (USD)	-6.7%	+12.4%
RUSSELL 2000 (USD)	+0.5%	+13.3%
STOXX 600 (EUR)	+1.9%	+9.1%
DAX (EUR)	+2.5%	+5.4%
CAC 40 (EUR)	+0.1%	-2.2%
FTSE 100 (GBP)	+1.2%	+8.0%
NIKKEI (JPY)	-5.2%	+25.7%
SSE (CNY)	-6.3%	-9.3%
BOVESPA (BRL)	-9.9%	+4.2%
HANG SENG (HKD)	-5.4%	-9.1%

FIXED INCOME MARKETS

	MTD	YTD
Global Aggregate USD (Hedged)	+1.5%	-0.1%
Global Aggregate EUR (Hedged)	+1.6%	-1.4%
US Investment Grade	+2.5%	-2.0%
US High Yield	+0.7%	+0.4%
EU Investment Grade	+0.8%	-0.4%
EU High Yield	-0.8%	-0.5%
EM Local Ccy. Gov (Unhedged)	-0.4%	-0.7%
EM Hard Ccy. Aggregate (Unhedged)	+1.7%	-0.5%

CRYPTO CURRENCY MARKETS

	MTD	YTD
Bitcoin	-7.6%	-11.8%
Ethereum	-16.5%	-24.5%
Ripple	-15.7%	-31.8%

COMMODITY MARKETS

	MTD	YTD
Gold	-6.9%	-10.2%
WTI Crude	+15.2%	+81.3%
Brent Crude	+13.6%	+93.3%
Silver	-18.3%	-30.0%
Natural Gas	-4.2%	-21.4%
Copper	-1.5%	+14.7%

CURRENCY MARKETS

	MTD	YTD
US Dollar Index (DXY)	+0.4%	+3.7%
EURUSD	-1.4%	-4.8%
GBPUSD	+1.1%	-0.7%
AUDUSD	+0.5%	+4.9%
USDCHF	-1.3%	+4.0%
USDJPY	+0.3%	+0.9%

Source: Yahoofinance.com

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