

MONTHLY MARKET OUTLOOK

October 2026

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Cognit Capital (DIFC) Ltd · For Professional Investors Only



- Earnings growth and resilient economy still supporting equities as an asset class
- Stickier inflation and strong growth keeps benchmark yields higher and volatile
- Equity market volatility to increase going forward making a case for more active management of equities
- Higher real yields and range bound USD to keep Gold prices in check. Gold has strong support at USD 4,000
- Alternative strategies to add value with equity market volatility and earnings/return dispersions
- US 30Y–10Y spread has narrowed to 0.35pp from 0.70pp a year ago as 10Y yields rose to 5.27%, keeping a case for shorter duration in bonds
- Higher yields to attract more capital flows into bonds. Avoid bonds above 10 years to maturity.
- The Fed hiked interest rates to 4.00% (upper bound) in September and next hike possible in December.

Equities	Overweight
Asia ex-Japan Equities	Overweight
Emerging Market Equities (Non-Asia)	Neutral
Europe ex-UK Equities	Neutral
Japan Equities	Neutral
North America Equities	Overweight
UK Equities	Neutral

Fixed Income	Neutral
Asia USD Bonds	Neutral
DM IG Government Bonds	Neutral
DM HY Corporate Bonds	Neutral
DM IG Corporate Bonds	Neutral
EM Local Ccy Government Bonds	Neutral
EM USD Government Bonds	Overweight

Commodities	Neutral
Gold	Overweight
Other Commodities	Neutral

Alternatives	Neutral
Digital Assets	Neutral
Hedge Fund Strategies	Overweight
Private Debt	Neutral
Private Equity	Neutral
Private Real Assets	Neutral

Cash	Underweight
Cash	Underweight

Notes:

- **Overweight** – Higher allocation compared to Strategic (Long-term) Asset Allocation
- **Neutral** – Same allocation as Strategic (Long-term) Asset Allocation
- **Underweight** – Lower allocation compared to Strategic (Long-term) Asset Allocation

*DM – Developed Market; IG – Investment Grade; HY – High Yield (below investment grade); EM – Emerging Markets; Local Ccy – Local Currency

Sub-Asset Class & Preferred Equity Sectors



Asset Class	Sub-Asset Class	Tactical Views	Rationale
Cash	USD Cash	Underweight	Inflation can be a drag on real returns; Underperforms other asset classes over time; High opportunity cost versus equities and credit given strong 2026 earnings and EM credit performance
Fixed Income	EM USD Government Bonds	Overweight	Attractive yields, Improving EM fundamentals and credit ratings; High starting all-in yields provide an attractive carry cushion amid tight spreads; 79% of 2026 EM sovereign rating actions are upgrades, with a 0% default rate over the last 3 years
Equities	North America Equities	Overweight	Earnings growth potential; AI Capex and growth story; Resilient economy, Q2 real GDP +2.2% and ISM manufacturing PMI of 54.5 (Sep) support earnings; Strong buybacks and healthy corporate balance sheets; earnings upgrades outpace price; Hyperscalers capex ~\$800bn in 2026 (+94% y/y); Q2 2026 S&P 500 EPS growth ~50% y/y against 32.4% for the full year
Equities	Asia ex-Japan Equities	Overweight	MSCI Asia ex-Japan trades at ~10.5x forward P/E, with 2026 EPS growth expected at +50–55%; Earnings growth and Wider AI adoption; Semiconductor and tech hardware upcycle; Resilient export and semiconductor-cycle momentum
Alternatives	Hedge Fund Strategies	Overweight	Good portfolio diversifier; Low correlation to traditional assets; Downside protection in drawdowns; High dispersion and expected volatility create alpha opportunities;
Commodities	Gold	Overweight	Structural central-bank demand; Diversification away from USD assets amid record government debt; Hedge against geopolitical/energy-shock risks and stretched equity valuations; Sticky inflation (US CPI 3.4%, core PCE above 3%) supports gold as an inflation hedge

Preferred Equity Sectors

US	Europe ex-UK	Asia ex-Japan
Technology	Technology	Technology
Financials	Financials	Communication Services
Communication Services	Industrials	
Industrials		
Materials		

Highlights:

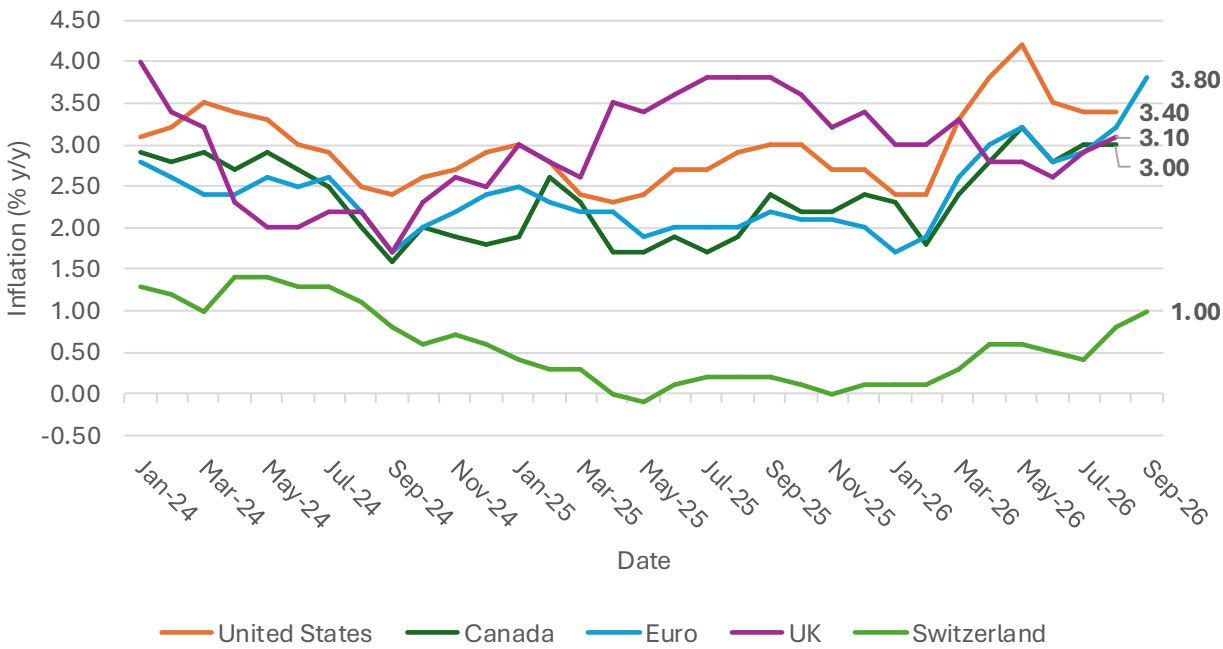
- Prefer Investment Grade bonds with less than 10 years bond to maturity
- Bond exposures and risk can be better managed using broader and global bond funds
- Broader exposure to US equities preferred with broader adoption of AI by corporates across different sectors
- Benefits of AI Capex to benefit sectors like Industrials and Materials
- Asia Ex-Japan Equities have attractive valuations compared to US equities
- Long-Short equities and Market Neutral Hedge Funds are preferred due to expected dispersion in equity market returns
- Increase in equity market and bond market volatility expected going forward
- EM USD Government Bonds Overweight: 79% of 2026 EM sovereign rating actions are upgrades, with a 0% default rate over the last 3 years and starting yields a good indicator for future positive returns.

Major Currency Pairs

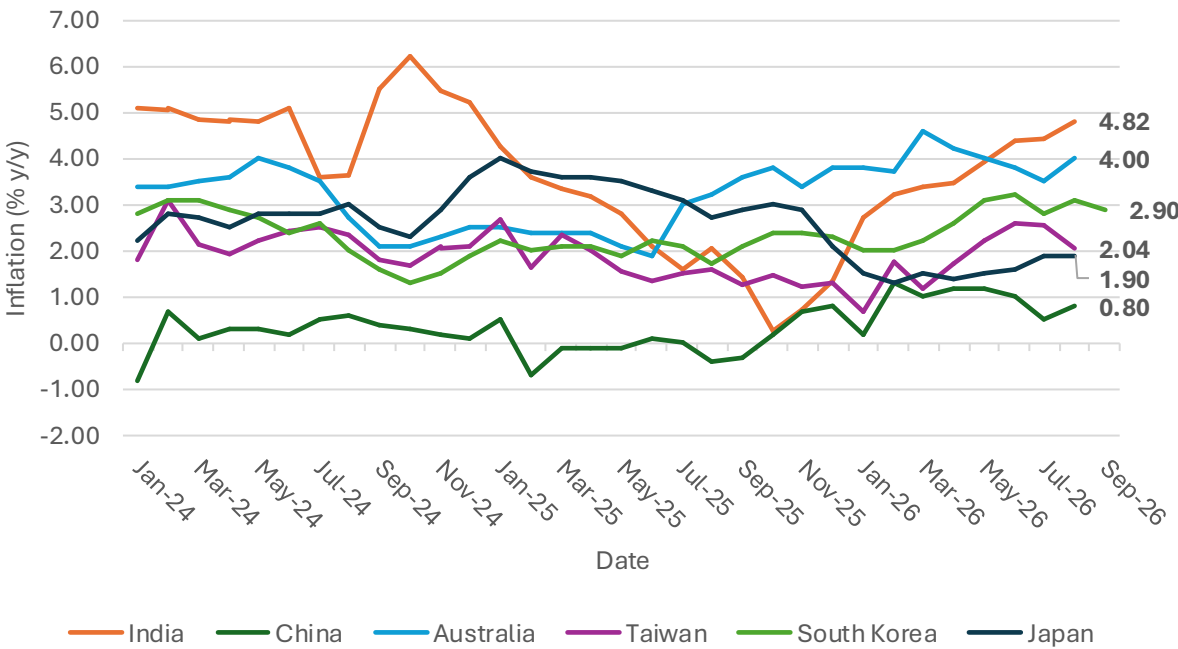
Currency	Biasness	Current Levels	3-6 months	6-12 months	Highlights:
DXI Index	Range bound	101.80	101.50	99.00	• USD to remain range bound due to higher benchmark yields, real yields and risk off scenario and if energy driven inflation becomes stickier • EUR to be range bound if energy shock materializes for Europe due to Iran war & further escalation of Ukraine-Russia war and support from ECB rate hikes. • AUD expected to appreciate in next 12 months and is a high conviction idea • BOJ hawkishness to support JPY • CHF to remain range bound but eventually expected to appreciate against USD • Trade deficit and higher crude import bills may put pressure on INR though RBI has enough ammunition in terms of USD reserves to defend INR • CAD to remain range bound, but may appreciate slightly if oil prices remain higher • MAS policy support to keep SGD stronger against USD (1.27 to 1.26 in 6–12 months), while CNY stays range bound near 6.70 • GBP to stay range bound at 1.32 over 3–6 months, with upside to 1.35 in 6–12 months
GBP/USD	Range bound GBP	1.32	1.32	1.35	
EUR/USD	Range bound EUR	1.13	1.13	1.17	
USD/JPY	Stronger JPY	158.19	156.00	153.00	
AUD/USD	Stronger AUD	0.69	0.70	0.73	
USD/CHF	Modestly stronger CHF	0.84	0.83	0.80	
USD/SGD	Stronger SGD	1.28	1.27	1.26	
USD/CNY	Range bound CNY	6.70	6.70	6.65	
USD/INR	Range bound INR	96.32	97.00	96.00	
USD/CAD	Range bound CAD	1.42	1.41	1.40	

Tailwinds (+)		Headwinds (-)	
US			
- Q2 GDP +2.2% annualised (BEA third estimate, revised up from 1.5%); Fed sees +2.3% in 2026 - Sep unemployment 4.2% which is close to full employment - ISM mfg PMI 54.5 (Sep), 9th month of expansion; new orders 55.3 - FOMC: activity expanding at a solid pace; Q2 real GDI +2.6% (BEA, 30-Sep) - EIA sees US crude output 13.8 mb/d (2026), 14.3 mb/d (2027), cushioning oil shock - Hyperscaler capex~\$800bn in 2026 (+94% y/y); AI drives ~half of S&P 500 EPS growth	- Fed hiked 25bp to 3.75–4.00% (16-Sep), first hike in three years - Aug CPI +3.4% y/y (core +2.4%); core PCE above 3% all year in 2026 - ISM prices paid 77.9 (Aug 71.1), cost-push pressure building 10Y UST 5.29% (30-Sep) vs 5.11% (23-Sep), raising financing costs - Brent ~\$105/bbl, 45% above pre-war; US–Iran talks at impasse - Real hourly earnings –0.3% y/y (Aug), squeezing consumers - Sep payrolls +29k (consensus 84k), Aug revised to +133k		
Europe & UK			
- Eurozone composite PMI 53.1 (Sep) vs 52.0, fastest growth in ~3½ years - ECB sees GDP +0.9% (2026), +1.4% (2027); both revised up - Eurozone unemployment 6.4% (Aug, released 1-Oct), stable; Q2 wages +3.3% y/y - BoE held Bank Rate at 3.75% (16-Sep), 6–3 vote - UK regular pay +3.5% y/y (3m to Jul); real +0.7%	- Eurozone HICP 3.8% y/y (Sep flash) vs 3.2%, highest since Sep 2023; energy +18.8% - ECB hiked 25bp to 2.5% deposit rate (10-Sep), second hike of 2026 - Lagarde: growth risks down, inflation risks up; energy keeps ECB in hike mode - UK CPI 3.1% y/y (Aug); 3 of 9 MPC members voted to hike - UK unemployment 4.9% (May–Jul), +0.2pp y/y; vacancies 702k - Higher energy prices and borrowing costs to weigh on H2 activity - UK 10Y gilt 5.40% (1-Oct); 20–30Y yields near 6%, highest in G7		
Asia Ex-Japan			
- China Aug industrial output +5.2% y/y (Jul +4.5%) - China NBS mfg PMI 50.1 (Sep) vs 49.8; non-mfg 50.2 - India mfg PMI 55.1 (Sep) vs 52.8, seven-month high; new orders and output up - India flash composite PMI 56.5 (Sep) vs 54.3; services PMI 55.8 vs 54.1 - India mfg hiring fastest since May; business confidence at four-month high - India Sep gross GST +14.7% y/y to ₹2.04 lakh crore, third month above ₹2 lakh crore	- China Aug retail sales +0.4% y/y; fixed-asset investment –7.2% (Jan–Aug) - China CPI +0.8% y/y (Aug), core +1.0%; inflation still low - Higher US yields tighten financial conditions, pressure Asian currencies - India CPI 4.82% y/y (Aug) vs 4.45%, highest since Dec 2024; food 5.95% - India WPI inflation 9.92% (Aug), fourth month above 9%; fuel and power +22.9% - India Apr–Aug trade deficit widened to \$147.1bn from \$123.9bn; crude imports \$95.6bn - RBI meets 5–7 Oct (repo 5.25%); hike risk of +25bp expected		
Japan			
- Japan mfg PMI 54.9 (Aug), 8th month of expansion - TOPIX FY2026 EPS growth expected at +19.2%	- BoJ hiked 25bp to 1.25% (18-Sep), highest since 1995, 7–2 vote - Japan CPI +1.9% y/y (Aug); core +1.7%, below 2% for 8th month 10Y JGB yield ~3.03%; liquidity squeeze risk if yields rise sharply - Japan–US yen intervention has had little impact - Energy importer facing higher input costs; shrinking labour force lifting wages		

CPI Inflation (Y/Y): Key Developed Markets



CPI Inflation (Y/Y): Asia-Pacific Markets

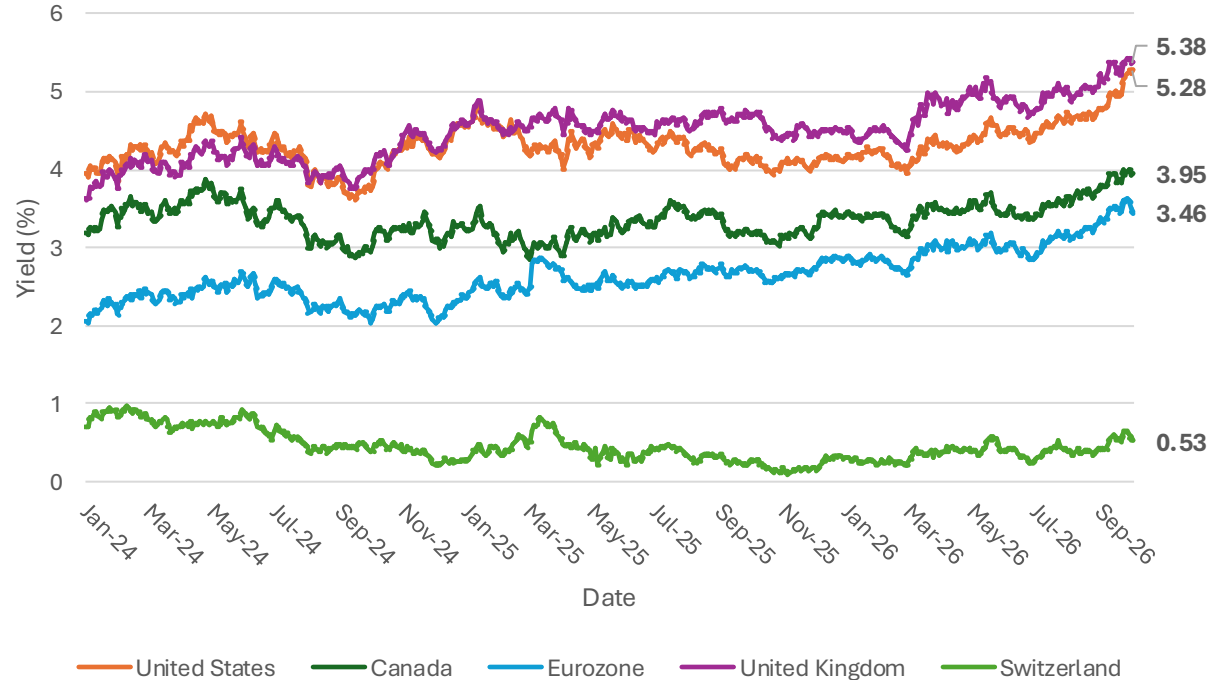


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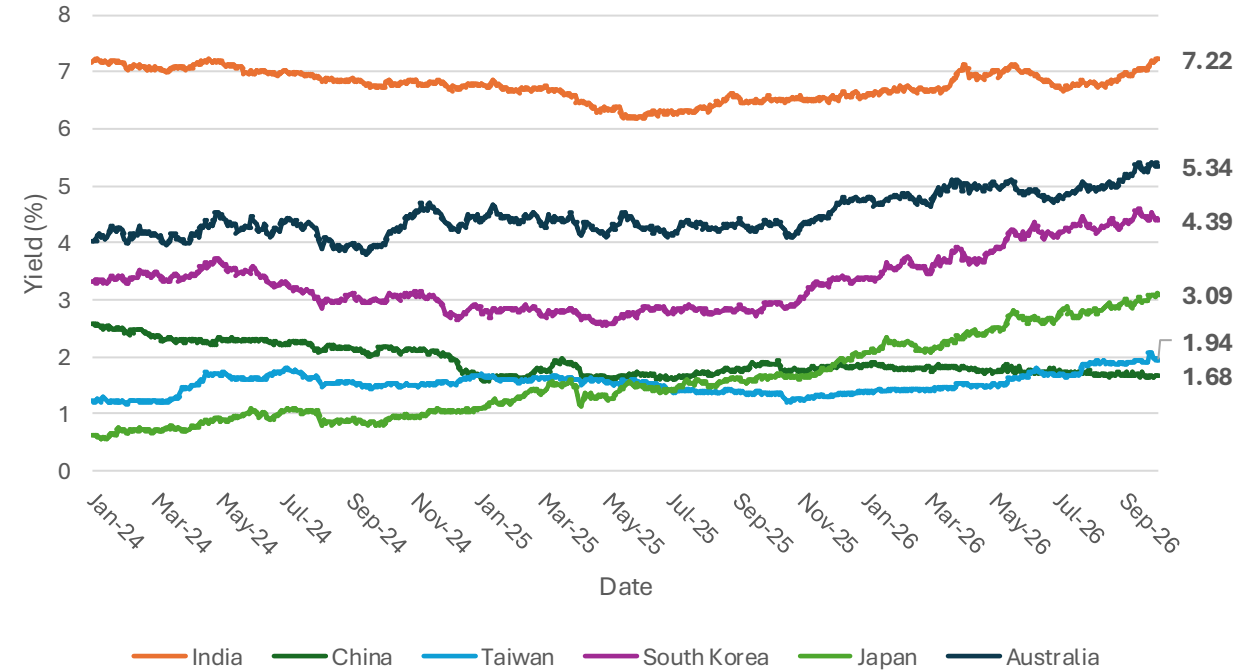
- US headline CPI held at 3.4% YoY, still above the Fed's 2% target and keeping the disinflation path bumpy. PCE at 3.7% and Core PCE still at 3.0% YoY
- India's inflation is the highest in the group at 4.82%, up from 3.4% in April, while China rose to 0.8%
- Euro Area inflation jumped to 3.8%, the highest among developed markets, while South Korea eased to 2.9%

Global benchmark 10Y Yields Move higher

10Y Government Bond Yields: Key Developed Markets



10Y Government Bond Yields: Asia-Pacific Markets

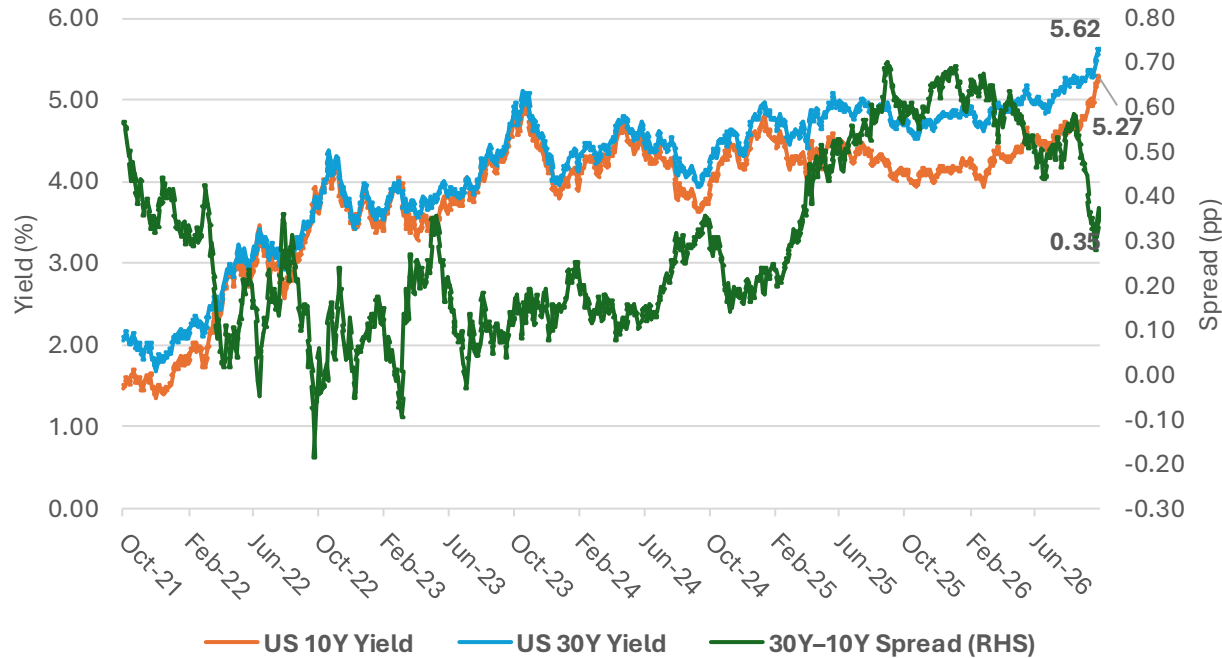


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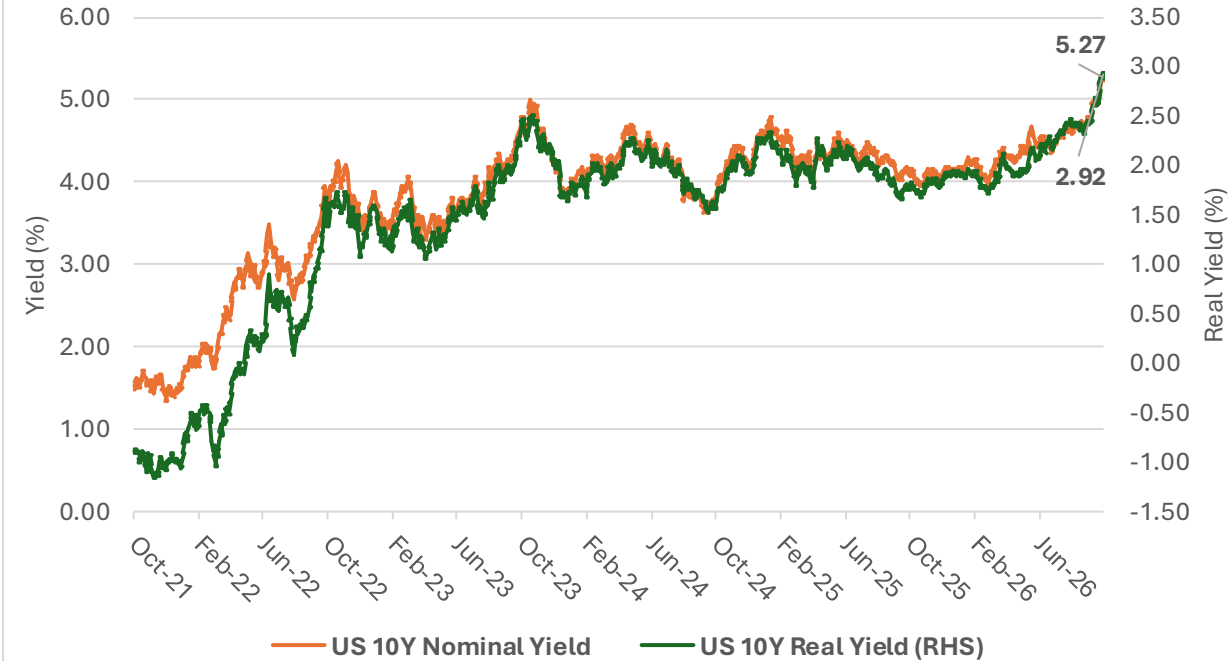
- Developed-market 10-year yields extended their climb as sticky inflation and heavy government bond issuances pressure term premia
- Rising fiscal deficits and hawkish central bank rhetoric are keeping long-end yields elevated and volatile
- Higher benchmark yields are raising the relative appeal of fixed income versus duration-sensitive equity sectors, but may also add higher volatility to bond portfolios
- UK (5.38%) and US (5.28%) 10Y yields are at their highest since Jan 2024, while Japan's 10Y rose to 3.09% from 0.62%.
- China (1.68%) and Switzerland (0.53%) are the exceptions, with 10Y yields below their Jan 2024 levels

US Yields continues higher

US 10Y vs 30Y Treasury Yields and 30Y-10Y Spread



US 10Y Nominal vs Real Treasury Yield

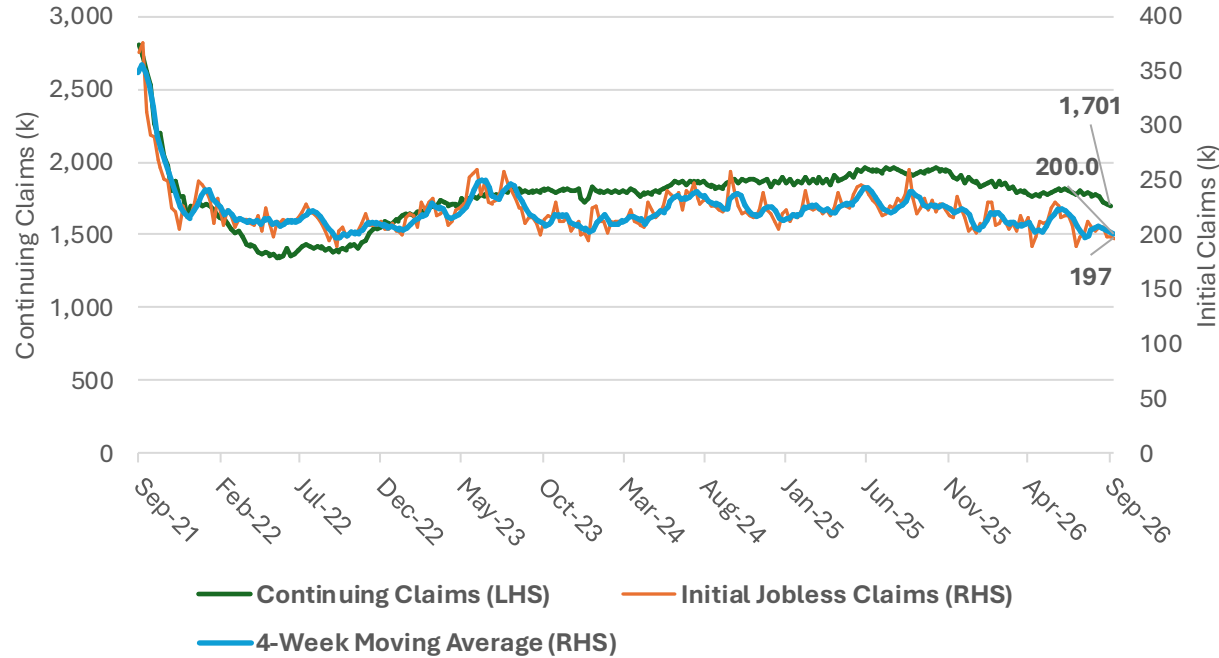


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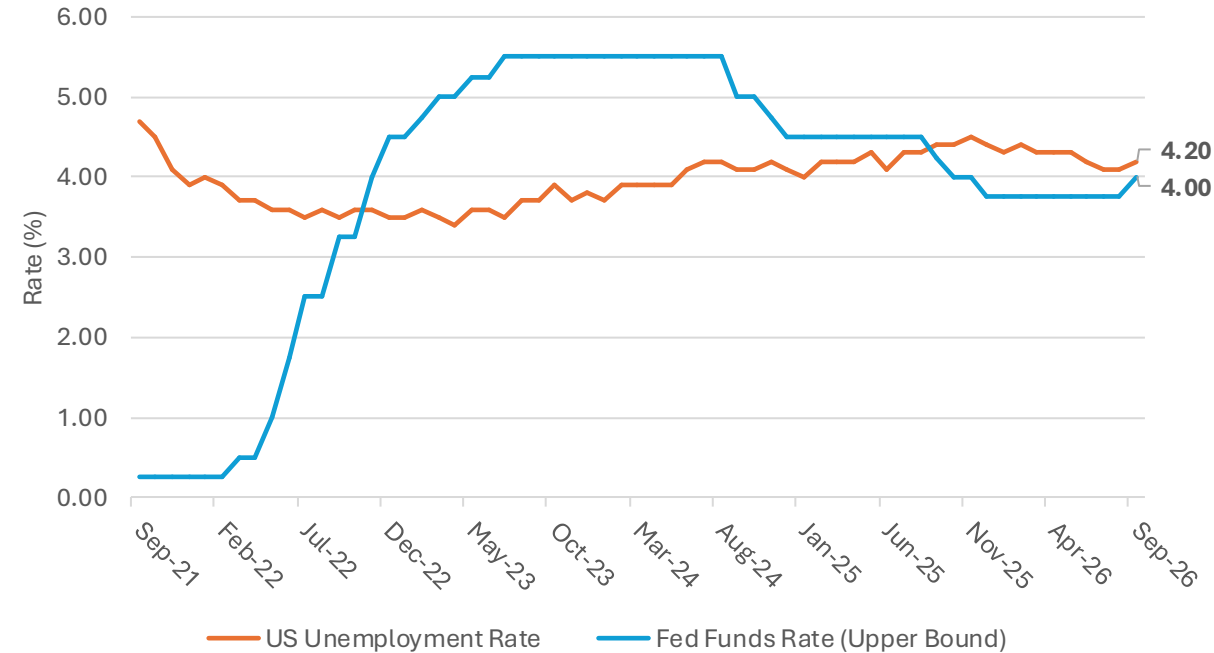
- US 10Y (5.27%) and 30Y (5.62%) yields are at their highest levels in five years
- The 30Y-10Y spread narrowed to 0.35pp from 0.70pp in Sep 2025 as the 10Y rose faster than the 30Y
- US 10Y real yield climbed to 2.92%, up from -0.89% in Oct 2021
- In US, rising yields with resilient economic growth can be a reflection of strong nominal GDP, which grew 6.3% y/y in Q2. If higher yields rise above nominal GDP growth, then it may hurt the economy

US close to Full Employment

US Weekly Jobless Claims (thousands)



US Unemployment Rate vs Fed Policy Rate

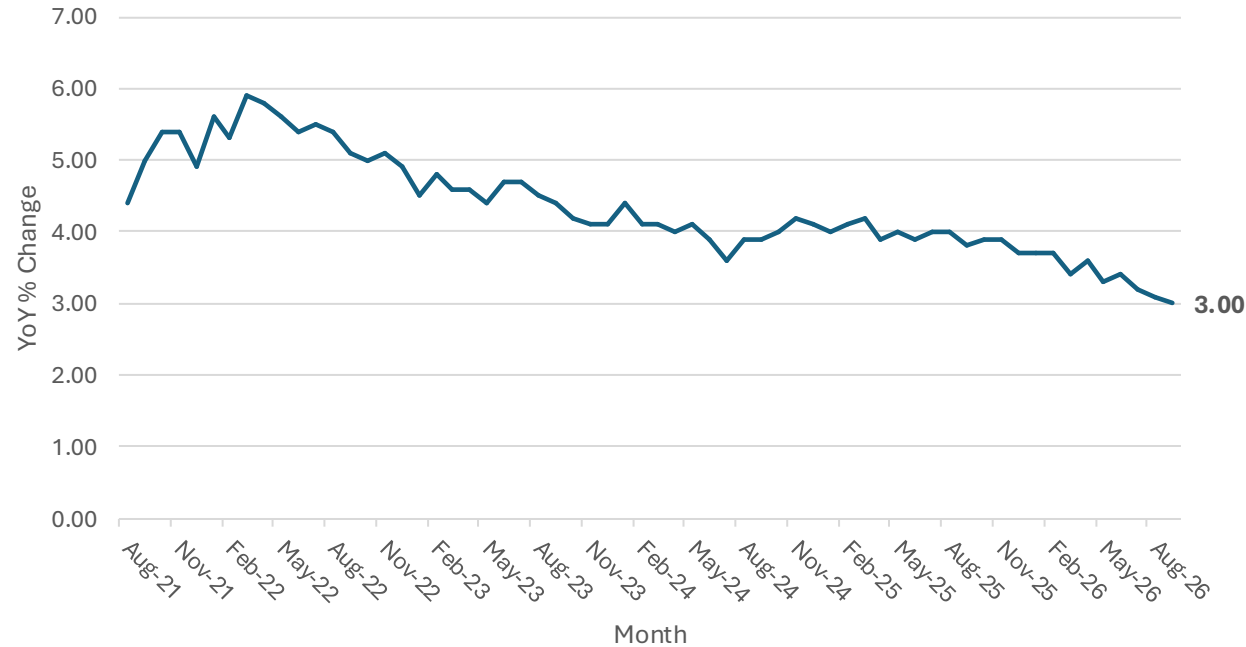


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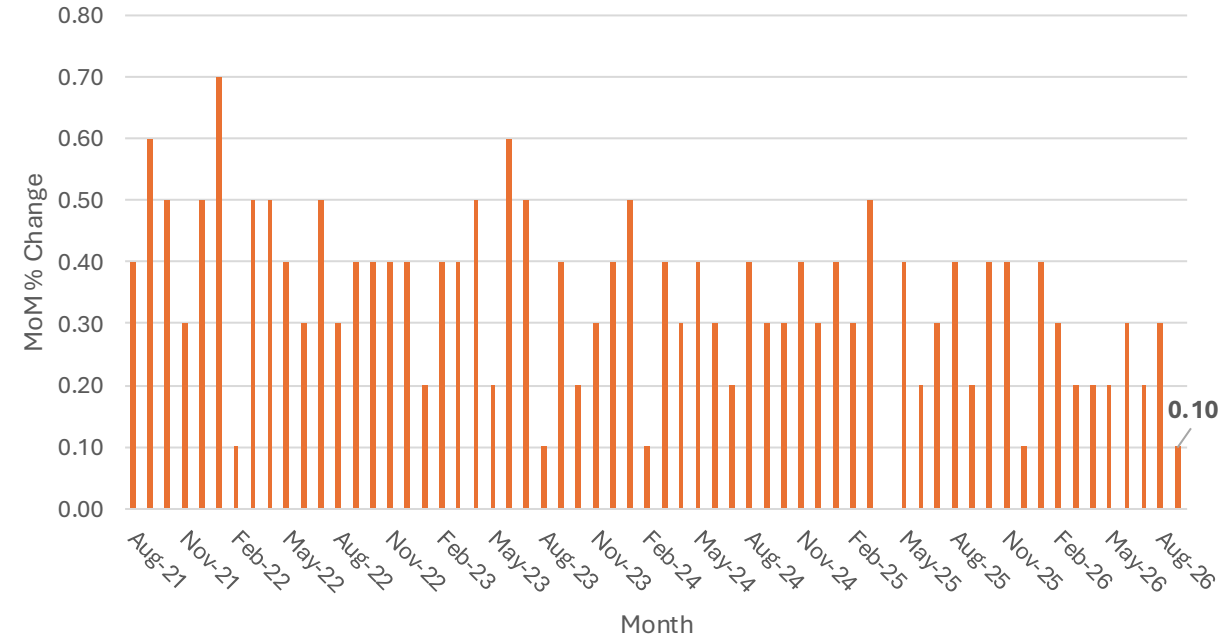
- US unemployment edged up to 4.2% in Sep from 4.1%, while initial claims (197k) and the 4-week average (200k) remain near cycle lows
- Initial jobless claims fell to 197,000, the lowest since July 18 and close to a 57-year low (apart from 2022) and weekly claims have been under 200,000 seven times this year
- Continuing claims fell to 1.701M, the lowest since April 2023.
- Challenger job-cut announcements were 43,281 in September (down 18% m/m and 20% y/y), the lowest September total since 2022.
- Private payroll gains are picking up: ADP +90,000 and Revelio +56,900.
- Fed is close to achieving the mandate on full employment and now the focus is mainly on price stability (taking core PCE inflation to 2%)

US Employment Wage growth Stable but slowing

US Average Hourly Earnings - YoY% Growth



US Average Hourly Earnings - MoM% Growth

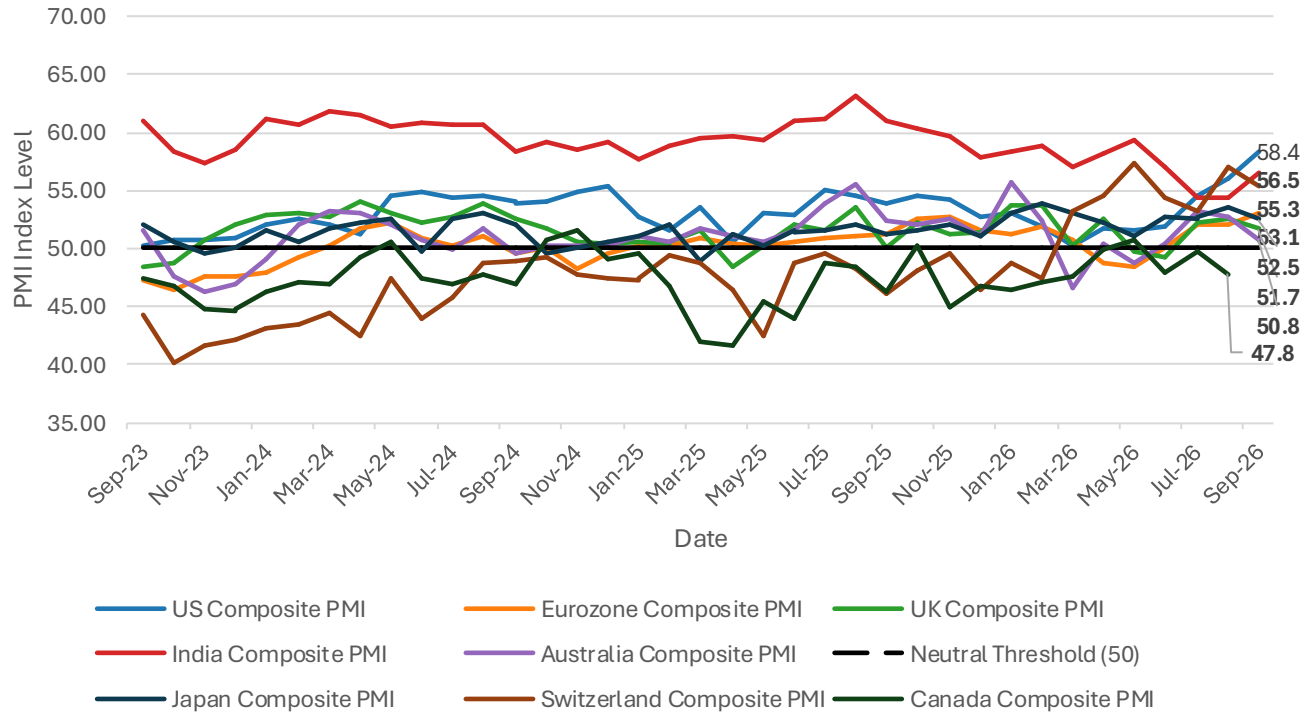


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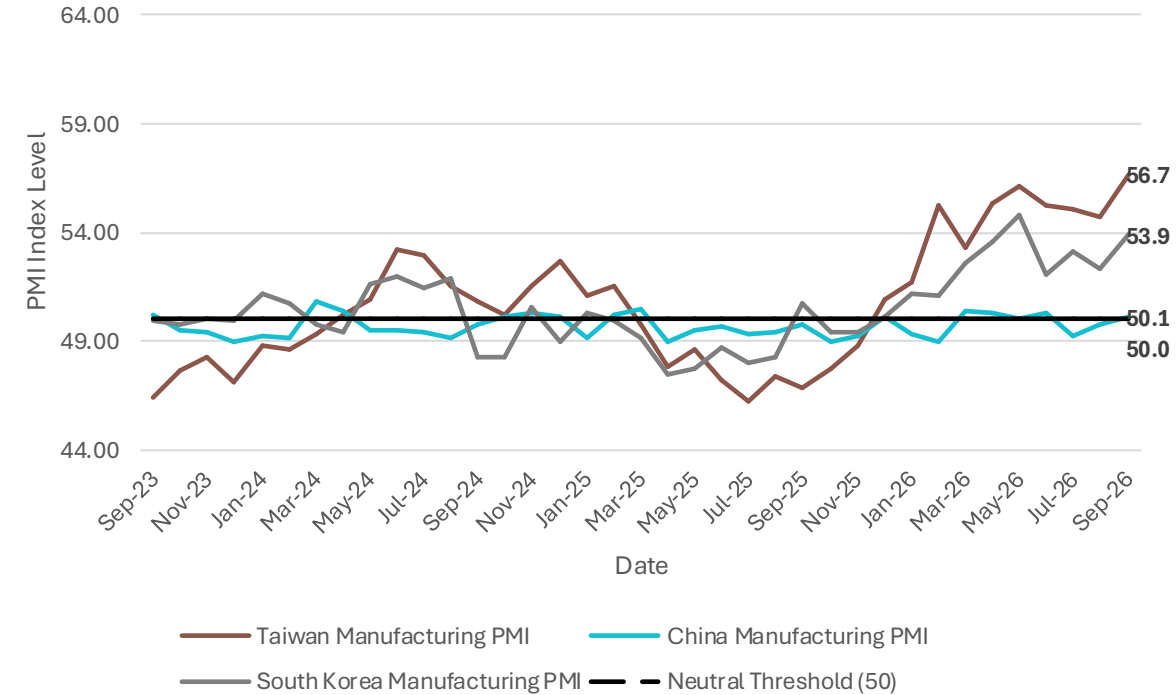
- Average hourly earnings growth fell slowly on a YoY, signalling no fresh wage-driven inflation pressures
- Wage growth remains comfortably close to pre-pandemic levels, continuing to support household consumption
- Slowing but steady wage growth alongside a resilient labour market keeps the Fed's "higher-for-longer" stance intact
- Average hourly earnings growth slowed to 3.0% YoY in Sep, the lowest in five years, with MoM growth at 0.1% vs 0.3% in Aug

Strong PMI Signals

Global Composite PMI Trends



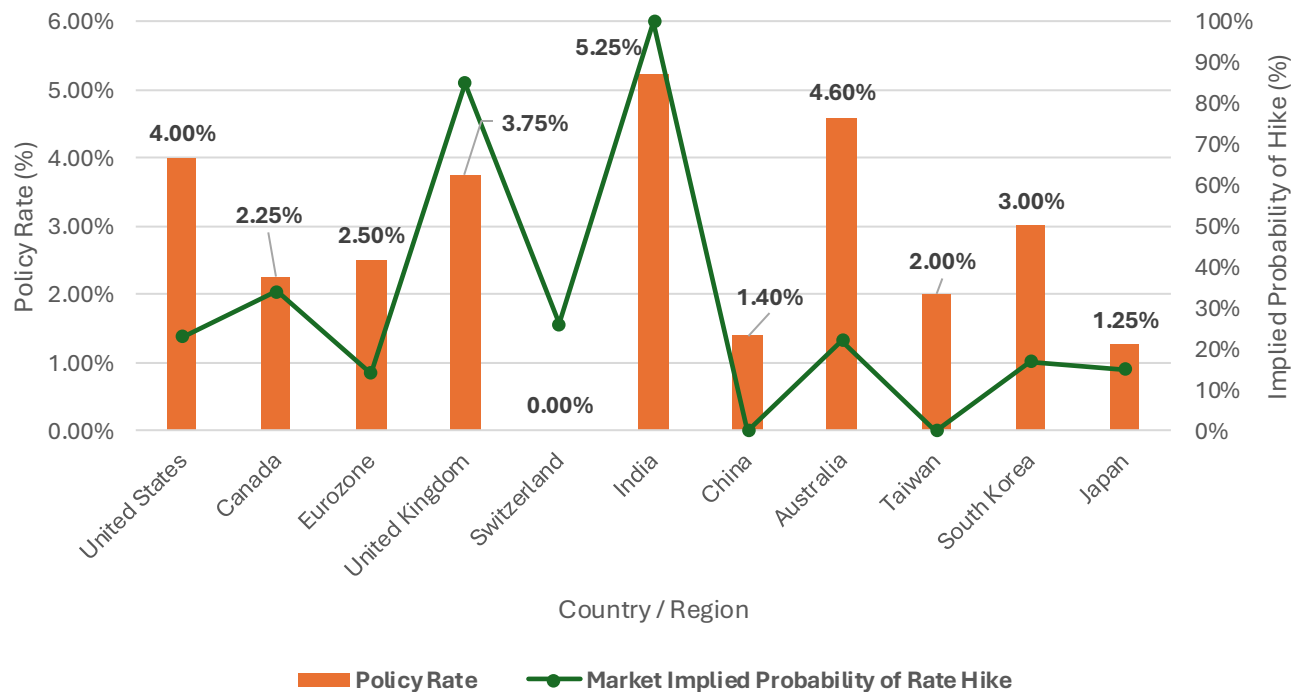
Global Manufacturing PMI Trends



Highlights:

- India's Composite PMI was amongst the highest like Switzerland and US, signalling robust expansion across services and manufacturing
- The US and Japan held in expansionary territory, while Canada stayed in contraction (47.8)
- Asian manufacturing PMIs are all in expansion: Taiwan 56.7, South Korea 53.9 and China back above 50 at 50.1
- US Composite PMI rose to 58.4 in Sep, its highest in three years; Eurozone (53.1) also hit a three-year high
- The ISM manufacturing PMI was 54.5 in September. It has been above 50 for nine straight months, the longest run since 2022 and new orders, production and employment are all expanding.
- Drivers: AI capex, reshoring, and tax incentives such as immediate expensing under the OBBBA.

Policy Rate vs. Market-Implied Probability of Rate Hike



Sr. No.	Country/ Region	Next Central Bank Decision Date	Policy Bias
1	United States	28-Oct-26	Hold, Tightening bias
2	Canada	28-Oct-26	Hold, Hike risk
3	Eurozone	29-Oct-26	Hold, Tightening bias
4	United Kingdom	05-Nov-26	Hike likely
5	Switzerland	10-Dec-26	Hold
6	India	07-Oct-26	Hike expected
7	China	20-Oct-26*	Hold, Easing bias
8	Australia	03-Nov-26	Hold, Tightening bias
9	Taiwan	17-Dec-26	Hold, Hike risk
10	South Korea	22-Oct-26	Hold, Tightening bias
11	Japan	30-Oct-26	Hold, Gradual hikes

Highlights:

- Divergent policy paths across regions are reinforcing FX and rate volatility into year-end
- Market pricing for rate hikes is highest in India (100%) and the UK (85%), followed by Canada (34%), Switzerland (26%) and the US (23%)
- The Fed hiked to 3.75–4.00% on 16-Sep; markets price a 23% probability of another hike at the 28-Oct meeting. Probability of December hike is above 75%.

*China next PBOC (China) decision date is LPR fixing date

Equity Valuations and Earnings Growth

Sr. No.	Index	Country	Region	Index Levels	30D Volatility %	Trailing P/E	Consensus 2026 Earnings Growth	Consensus 2027 Earnings Growth	Consensus 2028 Earnings Growth
1	S&P 500	United States	Americas	7,722.72	9.98	23.53	32.4%	14.4%	15.7%
2	S&P/TSX Comp	Canada	Americas	35,502.65	12.33	18.32	25.5%	10.1%	7.1%
3	Euro Stoxx 50	Euro Area	EMEA	6,238.50	12.65	16.80	17.7%	10.9%	10.9%
4	FTSE 100	United Kingdom	EMEA	10,461.95	10.28	13.63	22.2%	4.5%	5.5%
5	SMI Index	Switzerland	EMEA	13,660.92	11.81	19.05	8.7%	8.6%	9.1%
6	NIKKEI	Japan	Asia/Pacific	68,309.46	20.50	22.15	24.5%	5.2%	10.8%
7	HANG SENG	Hong Kong	Asia/Pacific	23,972.29	14.23	11.41	7.6%	11.9%	10.2%
8	CSI 300	China	Asia/Pacific	4,357.62	12.94	16.21	17.9%	18.1%	14.6%
9	NIFTY Index	India	Asia/Pacific	22,421.95	9.37	18.82	5.5%	9.1%	15.1%
10	Kospi Index	South Korea	Asia/Pacific	7,003.74	30.28	11.13	254.5%	34.3%	12.1%
11	TWSE Index	Taiwan	Asia/Pacific	48,475.74	16.08	27.05	60.0%	29.7%	21.0%
12	S&P/ASX 200	Australia	Asia/Pacific	8,682.10	10.90	18.71	14.9%	5.3%	6.9%

Highlights:

- South Korea (254.5%) and Taiwan (60.0%) lead 2026 consensus earnings growth; Korea's 30D volatility (30.3%) is the highest in the group
- The US trades at a premium 23.5x trailing P/E, backed by 32.4% 2026 earnings growth
- South Korea (11.1x), Hong Kong (11.4x) and the UK (13.6x) are the cheapest markets; UK growth slows from 22.2% in 2026 to 4.5% in 2027
- Taiwan (27.1x) and the US (23.5x) command the richest valuations in the group
- Japan shows elevated volatility (20.5%) alongside 24.5% 2026 earnings growth
- Growth moderates into 2027 for most markets; only China, Hong Kong and India are expected to accelerate

US Equity Sector Earnings Growth

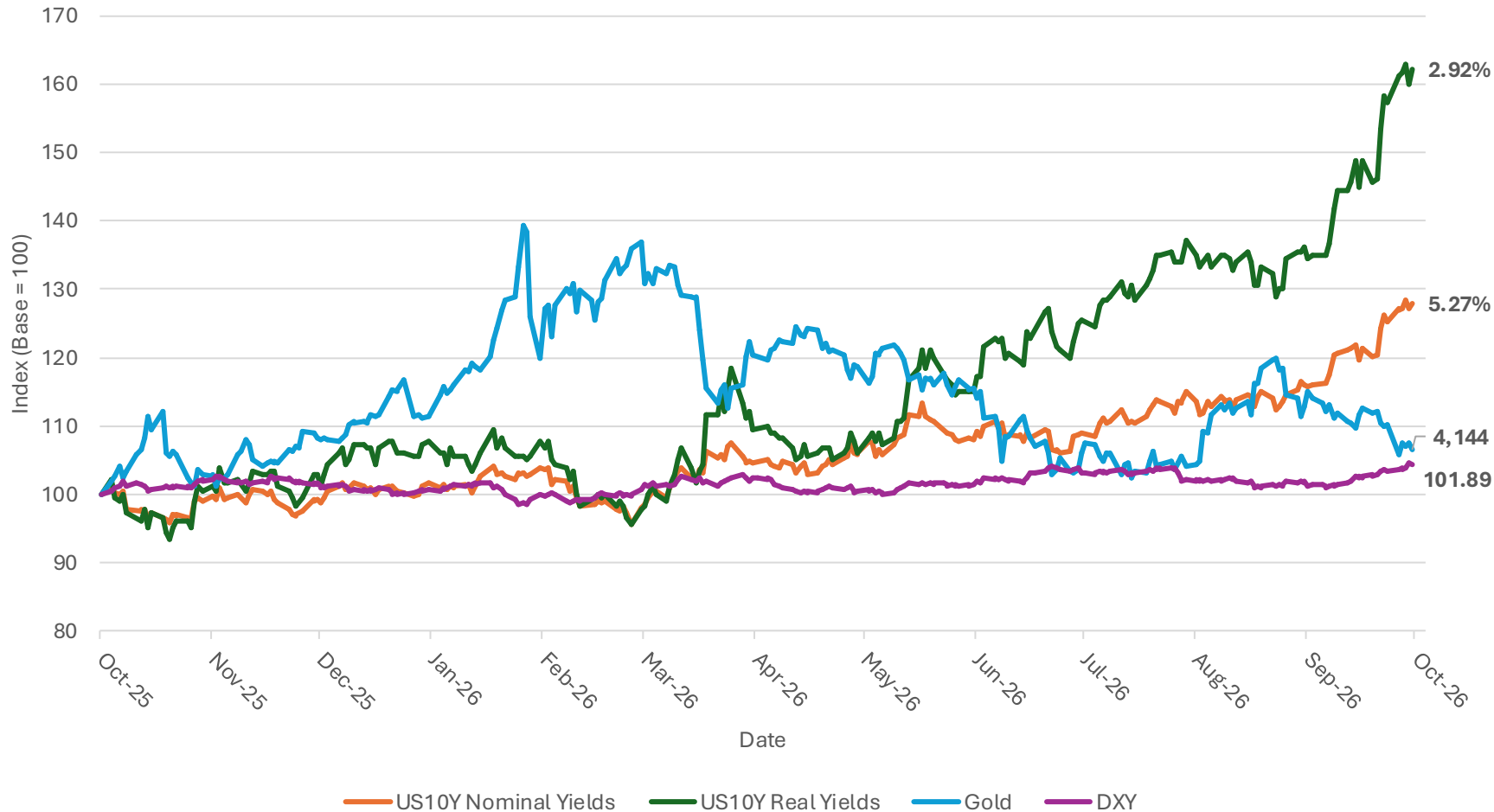
Sr. No.	Sectors/ Index	Consensus 2026 Earnings Growth	1 Year Forward P/E	Outlook	Consensus 2027 Earnings Growth	Consensus 2028 Earnings Growth
1	Consumer Discretionary	32.2%	22.43	Underweight	-2.5%	18.0%
2	Consumer Staples	4.8%	21.56	Underweight	6.4%	6.7%
3	Energy	94.0%	12.20	Neutral	-11.8%	-9.9%
4	Financials	14.4%	14.87	Overweight	4.7%	6.5%
5	Health Care	0.7%	21.07	Neutral	21.6%	9.0%
6	Industrials	9.0%	25.88	Overweight	16.6%	15.0%
7	Information Technology	60.1%	26.80	Overweight	38.4%	25.6%
8	Materials	43.6%	17.29	Overweight	9.4%	6.1%
9	Communication Services	50.9%	16.72	Overweight	-11.6%	16.1%
10	Utilities	10.1%	16.51	Neutral	10.3%	11.2%
11	Real Estate	5.0%	18.77	Underweight	6.4%	7.3%
12	S&P 500 Index	32.4%	21.04	Overweight	14.4%	15.7%

Highlights:

- Energy (94.0%), Information Technology (60.1%), Communication Services (50.9%) and Materials (43.6%) lead 2026 sector earnings growth, all rated Overweight except Energy sector.
- Energy earnings jump 94.0% in 2026 but are forecast to fall 11.8% in 2027 and 9.9% in 2028
- Information Technology (26.8x) and Industrials (25.9x) carry the highest forward P/Es; Energy (12.2x) and Financials (14.9x) the lowest
- Health Care earnings are flat in 2026 (0.7%) but expected to rebound 21.6% in 2027
- S&P 500 earnings growth of 32.4% in 2026 is expected to slow to 14.4% in 2027
- Industrials and Materials sectors to benefit from the AI Capex boom

Real Yields & USD challenge Gold

Normalized Performance: US10Y Yields, Gold & DXY (Base = 100)



Highlights:

- Rising real yields and a firmer US dollar are weighing on gold's safe-haven appeal
- Elevated policy rates and benchmark yields raise the opportunity cost of holding a non-yielding asset like gold
- Despite near-term headwinds, geopolitical risk, central bank buying and diversification away from USD continue to provide a floor for prices
- Gold is up 6.6% over 12 months but about 24% below its Jan-2026 peak, while US 10Y real yields rose 62% and DXY 4% over the same period
- Gold at USD 4,144 is now below the USD 4,200 level flagged for adding exposure. Gold has strong support at USD 4,000

Asset Allocation Guidelines

Sr. No.	Asset Class	Sub-Asset Class	Views	Conservative	Balanced	Aggressive
1	Cash	USD Cash	Underweight	2	1	0
2	Fixed Income	DM IG Government Bonds	Neutral	22	8	2
3	Fixed Income	DM IG Corporate Bonds	Neutral	15	8	4
4	Fixed Income	DM HY Corporate Bonds	Neutral	4	2	1
5	Fixed Income	EM USD Government Bonds	Overweight	8	5	3
6	Fixed Income	EM Local Ccy Government Bonds	Neutral	3	2	1
7	Fixed Income	Asia USD Bonds	Neutral	9	4	2
8	Equities	Emerging Market Equities (Non-Asia)	Neutral	0	0	1
9	Equities	North America Equities	Overweight	19	30	38
10	Equities	Europe ex-UK Equities	Neutral	4	5	7
11	Equities	UK Equities	Neutral	1	2	2
12	Equities	Japan Equities	Neutral	2	2	3
13	Equities	Asia ex-Japan Equities	Overweight	5	6	7
14	Commodities	Gold	Overweight	6	6	6
15	Commodities	Other Commodities	Neutral	0	0	1
16	Alternatives	Hedge Fund Strategies	Overweight	0	4	4
17	Alternatives	Private Equity	Neutral	0	4	6
18	Alternatives	Private Real Assets	Neutral	0	5	5
19	Alternatives	Private Debt	Neutral	0	6	6
20	Alternatives	Digital Assets	Neutral	0	0	1
TOTAL				100	100	100

Sr. No.	Asset Class	Views	Conservative	Balanced	Aggressive
1	Cash	Underweight	2	1	0
2	Fixed Income	Neutral	61	29	13
3	Equities	Overweight	31	45	58
4	Commodities	Neutral	6	6	7
5	Alternatives	Neutral	0	19	22
TOTAL			100	100	100

Notes:

- **Overweight** – Higher allocation compared to Strategic (Long-term) Asset Allocation
- **Neutral** – Same allocation as Strategic (Long-term) Asset Allocation
- **Underweight** – Lower allocation compared to Strategic (Long-term) Asset Allocation

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Key Takeaways

- Add Global Equity exposures for diversification
- Take advantage of Equity market volatility
- Take benefit of Bond market volatility and higher benchmark yields and avoid longer duration exposures in bonds
- Gold may face headwind with higher real yields and firmer USD
- Diversify allocation to outside Tech sector equities like Communication Services, Financials, Industrials and Materials
- Markets outside US are less crowded with attractive valuations and earnings growth potential
- Bond markets not agreeing with Fed narrative with long term yields to remain higher with US 10y real yields also moving higher
- Role of active investments increases due to wider dispersion across macros, asset classes, markets and sectors
- Industrials and Materials to benefit from AI spending, energy constraints and inflation linked cash flows
- Private markets to benefit from AI Capex boom through indirect exposures like infrastructure
- AUD is a high conviction currency expected to appreciate in next 12 months



Route to Market

- Global Equity Mutual Funds and Global Equity ETFs
- Fixed Coupon Notes (FCNs), Twin-win notes, Option strategies and Accumulator notes
- Auto-callable Range Accrual Notes and Investment grade bonds with less than 10 years to Maturity
- Gold prices below USD 4,200, is attractive for Accumulators and Premium Currency Investments (PCIs) linked to Gold
- High conviction stock ideas from sectors like Communication Services, Financials, Materials and Industrials directly or through FCNs and Accumulators
- Private Equity, Private Credit and Infrastructure funds through large asset managers
- Long-Short and Market Neutral Hedge Fund Strategies
- Listed Infrastructure companies using Mutual Funds/ETFs
- Investment Grade AUD bonds with less than 10 years to Maturity with target exit of 18 to 24 months

- Middle East escalation keeping Brent crude above USD 100 for longer, adding second-round inflation effects globally
- Higher US yields: 10Y (now 5.27%) pushed up further by fiscal deficits and Treasury supply, with US debt above USD 40 trillion, raising borrowing costs and weighing on valuations
- US tariff surprises and policy uncertainty around the Nov 2026 midterm elections
- Further central bank hikes as inflation stays elevated, including the ECB and BoE with Euro area inflation at 3.8% in Sep
- Faster US labour market weakening: Sep payrolls rose 29k vs 84k forecast, with 60k of downward revisions to Jul–Aug
- AI capex failing to deliver earnings, exposing stretched valuations in the US (23.5x) and Taiwan (27.1x)
- Credit spreads widening sharply from tight levels if economic stress builds
- Aggressive BoJ tightening triggering a global liquidity squeeze
- Record-strength El Niño peaking in late 2026, lifting food prices and Asian inflation into 2027

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- Data and Content Source: Bloomberg, US Bureau of Economic Analysis, Trading Economics, LSEG, World Gold Council, US Energy Information Administration (EIA) and Cognit Capital

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