Global equities' earnings growth is still outrunning macro headwinds

By Gustavo Medeiros and Ben Underhill

- US 10-yr yields and oil still climbing in lockstep.
- Earnings momentum continues to offset significant valuation compression in equities.
- US and China released a product list for a USD 30bn tariff deal.
- Bank Indonesia held its policy rate at 5.75%.
- Argentina's Senate passed central bank charter reform 46-22.
- S&P revised Czechia's outlook on 'AA-' rating to positive.
- Egypt held the overnight deposit rate at 19.0%.
- Nigeria's central bank surprised with a 350bps cut, taking its policy rate to 23.0%.
- Kenya's President Ruto and US Secretary of State Rubio discussed critical minerals cooperation.
- Qatar raised USD 3bn in its first public international bond since November 2025.

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EM Debt	Yield	Change (bp)	Spread	5 day Change
GBI-EM GD	6.48%	4	–	-0.9%
GBI-EM FX Spot	–	–	–	-0.8%
ELMI+	5.93%	11	–	-0.3%
EMBI GD	7.05%	27	225 bps	-1.3%
EMBI GD IG	6.27%	23	147 bps	-1.2%
EMBI GD HY	7.95%	32	316 bps	-1.5%
CEMBI BD	6.73%	21	197 bps	-0.6%
CEMBI BD IG	6.16%	19	139 bps	-0.6%
CEMBI BD HY	7.88%	22	314 bps	-0.6%

EM Equity*	PE 1yr BF	5 day Change
MSCI EM	9.8	1.3%
MSCI EM ex-China	9.8	1.8%
MSCI EMEA	10.3	-1.0%
MSCI Latam	9.6	-1.1%
MSCI EM Asia	10.0	1.6%
MSCI China	10.1	-0.6%
MSCI India	18.9	-1.0%
MSCI EM Small Cap	13.7	0.0%
MSCI Frontier	10.5	-1.0%

Comments

- EM local currency bonds fell 0.9%, driven by wider rates and weaker FX.
- EM USD sovereign bonds fell 1.3%, driven by wider US rates.
- EM equities rose 1.3%, driven by Asia ex-China.

Global Debt	Yield	Change (bp)	Spread	5 day Change
2yr UST	4.91%	16	–	0.0%
5yr UST	5.04%	21	–	-0.3%
10yr UST	5.21%	26	–	-0.9%
30yr UST	5.52%	23	–	-2.1%
10yr Germany	3.60%	15	–	-1.1%
10yr Japan	3.09%	12	–	-1.1%
Global Agg.***	4.40%	9	31 bps	-0.8%
US Agg. IG***	5.93%	16	74 bps	-0.8%
EU Agg. IG***	4.32%	9	65 bps	-0.4%
US Corp HY***	8.10%	37	294 bps	-0.9%
EU Corp HY***	6.98%	18	300 bps	-0.5%

Global Backdrop*	PE 1yr BF	5 day Change
MSCI ACWI	16.5	1.0%
MSCI World (DM)	18.1	0.9%
S&P 500	19.2	1.2%
VIX Fut.**	17.65	-0.3%
DXY Index**	101.1	0.7%
EUR*	1.139	-0.7%
JPY*	157.7	-0.3%
CRY Index**	418.5	-0.9%
Brent**	107.5	7.1%
Gold**	4,185	-3.6%
Bitcoin**	82,918	-1.6%

Comments

- UST curve bear-steepened with 10-yr yields moving up to 5.2%.
- US stocks rose 1.2%, with Mag-7 outperforming.
- Brent prices rose 7% to around USD 108 per barrel.

Source & Notations: See end of document.

Global Macro

Over the last month, yields on 10-year US Treasuries (USTs) and oil prices have traded in lockstep. The twin rise in oil and yields has worked as a macro-overhang, depressing equity valuations despite earnings momentum amid ongoing improvement in the AI ecosystem. After OpenAI's 'Astra' model broke boundaries with its 'AGI-like' abilities, Anthropic's new Opus 5.5 model has impressed with its leading combination of both performance and cost efficiency per token. The launch and fast adoption of Meta's agentic AI app Muse led to a downward repricing of popular travel and insurance platforms as well as a rally in Meta's stock, signalling that investors are beginning to look beyond pure hardware to adoption plays.

Despite a return year-to-date (YTD) of around 14%, the MSCI ACWI price/earnings (1 year forward) valuation has fallen from 19x in early January to 16.5x today. Had valuations not compressed, therefore, price YTD returns would have been over 30%. The index is still up 2.7% this quarter (to last Friday) even though the yields on 10-yr USTs rose c. 80 basis points (bps) (-4.0% returns) and Brent crude surged 48% to c. USD 108 per barrel (WTI at USD 95). The fact that the sharp increase in rates came with higher stock prices shows market participants are still expecting earnings growth to remain elevated. For the MSCI EM index, the valuation compression is starker still, with the same price/earnings metric down from 13x in January to under 10x today. In other words, the index is 25% cheaper than it was at the beginning of the year, but is still up more than 25% YTD, given soaring tech-led earnings growth.

Quarter-end rebalancing dynamics are likely to dominate activity this week. Risk assets may struggle in the near-term unless the geopolitical news flow materially improves. Over the next few weeks, however, investors are likely to shift focus from macro back to earnings again. The US memory producer Micron will post fiscal Q4 results this Wednesday. Results from the large US banks are expected on 13-14 October, followed by ASML and TSMC on 14 and 15 October, respectively.

As yields have risen this year, global investor allocation to bonds has continued to fall. It has trended lower since 2011 and is now below 20%, according to sources including Bank of America. This is the lowest level except for 1999, when allocations reached 17%. Against this backdrop of light positioning, the return profile for bonds is looking increasingly asymmetric. Investors would lose 1.6% on 10-yr USTs over the next year should yields rise 100bps, but they would gain 12.7% if yields decline by 100bps. Of course, the proper approach is to look at returns funded out of current repo rates, which yields -5.6% / +8.7% on a similar move in yields by +/- 100bps.

Heading into the final quarter of 2026, the bull case for both equities and bonds rests on an agreement to reopen the Strait of Hormuz and Bab el-Mandeb, which could allow WTI to fall to USD 80 or below. Our base case is a continued stalemate: indirect talks alongside the blockade of Iran and US naval escorts. That would leave the current macro setup intact, with risk assets grinding higher while the main growth driver of AI capex continues to deliver, with prices adjusting lower should growth expectations disappoint. The bear case is a breakdown of the fragile equilibrium in Hormuz, pushing rates higher from here and triggering a broader repricing of risk alongside concerns around AI funding. Bank of America notes that 10-yr yields have risen 127bps since February 2026. That is still short of the 200bps rise that broke the 'Nifty Fifty' bubble in 1973, the 230bps that ended Japan's bubble in 1989, and the 260bps that burst the dot-com bubble in 2000.

Another risk event is the US mid-term elections, where the Republican Party may struggle in some key battlegrounds. Two key voter concerns are the oil-driven deterioration in the cost of living and data centre expansion. In the Republican stronghold of Texas, the RealClearPolitics poll of polls last showed incumbent Governor Greg Abbott ahead by a surprisingly narrow 47.8% vs 46.0%. Early voting starts on 19 October. A Texas Politics Project poll found 57% of voters opposed a data centre in their community, including 43% of Republicans, 54% of independents and 60% of rural voters. Rural opposition matters disproportionately, as rural voters lean heavily Republican. Democratic Texas State Representative Gina Hinojosa – Abbott's opponent – spent the summer touring rural Texas communities, including Granbury, where residents unhappy with a nearby data centre described themselves as Republicans considering leaving the party over the issue. The same dynamic runs through the Senate race, where Texas Attorney General Ken Paxton is neck-and-neck in polls with Democratic Texas State Representative James Talarico.

On the geopolitics side, US President Donald Trump reportedly rejected Iranian conditions for re-opening the Strait of Hormuz. Trump said the deal Iran wants is something the US might have agreed to about a year ago, adding that Iran has overplayed its hand. In our view, Trump may feel like he has the 'cards' to play now, given the success of the US blockade of Iran and US military convoys allowing energy to flow from other Gulf countries via Oman. Trump said he expects talks with Iran to resume this week, Axios reported, citing a phone interview. A regional source said Qatari mediators gave both sides a compromise version of the Iranian proposal, spent the weekend shuttling edits, and were expected to meet Iran's Foreign Minister Abbas Araghchi and US Special Envoy Steve Witkoff separately as early as Monday (today). Iran has reportedly offered to dilute its 60% enriched stockpile and transfer it to a third party. Tehran is also under intense economic pressure as the blockade strangles the economy, with President Masoud Pezeshkian saying Tehran wants a deal concluded before the midterms.

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EM Asia

Economic data

Bank Indonesia holds rates steady, Taiwan export order growth hits new heights.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
India	Industrial Production (YOY)	Aug	–	7.0%	6.7%	
Indonesia	BI-Rate	23-Sep	5.75%	5.75%	5.75%	New swap and NDF premium cuts aim to lure FX inflows.
Malaysia	Foreign Reserves (USD)	15-Sep	131.7bn	–	132.0bn	
South Korea	Exports 20 Days (YOY)	Sep	78.3%	–	56.0%	Chips up 259% to USD 34bn, nearly half of all exports, with shipments to the US up 118%.
	Consumer Confidence	Sep	106.6	–	104.5	
	Department Store Sales (YOY)	Aug	11.9%	–	17.9%	
	Industrial Production (YOY)	Aug	–	4.3%	3.6%	
	Industrial Production SA (MoM)	Aug	–	0.4%	0.2%	
Taiwan	Export Orders (YOY)	Aug	71.4%	63.0%	61.9%	Record USD 103bn of orders on AI server demand, with US orders up 89% and ICT orders doubling.
	Unemployment Rate	Aug	3.3%	3.3%	3.3%	
	Industrial Production (YOY)	Aug	23.5%	26.7%	24.0%	
Thailand	Customs Trade Balance (USD)	Aug	-2,483m	-3,600m	-3,611m	
	Customs Exports (YOY)	Aug	24.3%	24.8%	21.6%	
	Gross International Reserves (USD)	18-Sep	280.1bn	–	281.0bn	
	BoP Current Account Balance (USD)	Aug	–	–	-1,559m	
	Exports (YOY)	Aug	–	–	22.3%	

Source information is at the end of the document.

Commentary

China: The US and China released a product list for a USD 30bn tariff deal. The lists include 77 Chinese products and 1,619 from the US. China's Ministry of Commerce separately said about 90% of the products covered by the reciprocal arrangement would have their tariffs reduced to most-favoured nation rates. US Trade Representative Jamieson Greer described the products as non-sensitive goods that could qualify for more favourable tariff treatment. He said the recommendations would improve access for US agricultural products and medical devices while lowering barriers on Chinese household goods and toys.

India: S&P raised its FY27 growth forecast for India from 6.6% to 7.0% after a strong April-June quarter, led by industry, consumption, exports and public investment, though it expects momentum to ease in H2. It now sees consumer price index (CPI) inflation averaging 5.1% and a 25bps Reserve Bank of India rate hike this fiscal year, citing oil prices, the West Asia conflict and the Rupee down more than 5% YTD.

Separately, refiners are reviewing November purchases of Russian crude after the US enacted a law allowing tariffs of up to 100% on major buyers of Russian energy. Russian barrels currently make up over 35% of imports, around 1.9 million barrels per day (mbpd), and replacing them would be costly with Gulf supply constrained.

Indonesia: Bank Indonesia (BI) held its policy rate at 5.75%, as expected, but tightened macroprudential measures to attract FX inflows and support the Rupiah, which is down about 8% against the dollar this year. BI kept its 2026 growth forecast at 4.9-5.7%, and markets broadly expect a 25bps hike in Q4.

South Korea: The government plans to cut reliance on Middle Eastern crude to below 50% of imports by 2035, from 70% last year, by diversifying suppliers and contracts, subsidising freight on other grades, upgrading refineries for lighter US crude and adding 20 million barrels of storage by 2030. Separately, Seoul reportedly agreed to build at least eight large

EM Asia (continued)

reactors in the US, including two Korean-designed APR1400s, and to take a 5-10% stake in Westinghouse. It has also reportedly agreed to include the Alaska liquefied natural gas (LNG) project in its investment package, though without a binding financial commitment, in return for keeping all projects pooled in a single special purpose vehicle (SPV).

Vietnam: US Trade Representative Jamieson Greer said talks on a reciprocal trade agreement are close to a final deal after meeting General Secretary and State President To Lam in New York, with broad agreement on market access, digital trade, investment and supply chains. Hanoi pledged to raise US imports to address the trade imbalance. Bilateral trade hit USD 172.5bn in 2025 and a record USD 137.4bn in January-August 2026.

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Latin America

Economic data

Argentinian economy slowing, Brazil energy costs higher.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Argentina	Economic Activity Index (YOY)	Jul	-1.4%	1.3%	3.1%	Steepest monthly fall since 2019 ex-pandemic, led by commerce and manufacturing, raising the risk of a Q3 technical recession.
	Economic Activity Index (MoM)	Jul	-2.9%	-0.8%	0.3%	
	Current Account Balance (USD)	2Q	–	2,800m	-1,651m	
Brazil	FGV CPI IPC-S	22-Sep	0.5%	–	0.5%	
	IBGE Inflation IPCA-15 (MoM)	Sep	0.7%	0.6%	-0.4%	Electricity up 7.4% as the Itaipu bonus lapsed, narrowing room for further Selic cuts.
	IBGE Inflation IPCA-15 (YOY)	Sep	4.5%	4.3%	4.2%	
Colombia	Trade Balance (USD)	Jul	-2,797.8m	-2,617.5m	-2,157.0m	
Mexico	Retail Sales (YOY)	Jul	1.8%	2.1%	2.9%	
	International Reserves Weekly (USD)	18-Sep	257,238m	–	257,554m	
	Economic Activity IGAE (YOY)	Jul	3.4%	2.5%	2.8%	Activity hit a record high in July, led by services and construction.
	Bi-Weekly CPI (YOY)	15-Sep	3.4%	3.4%	3.3%	
	Bi-Weekly CPI	15-Sep	0.3%	0.3%	0.1%	
	Bi-Weekly Core CPI	15-Sep	0.2%	0.2%	0.0%	
	Overnight Rate	24-Sep	6.5%	6.5%	6.5%	Unanimous hold for a third meeting, as core inflation remains sticky.
	Unemployment Rate NSA	Aug	3.0%	3.0%	2.9%	
	Trade Balance (USD)	Aug	–	1,520.7m	-847.5m	
	International Reserves Weekly (USD)	25-Sep	–	–	257,238m	

Source information is at the end of the document.

Commentary

Argentina: The Senate passed the Central Bank (BCRA) charter reform 46-22, but returned it to the Lower House after amending the rules on the board, with appointments and removals now requiring an absolute Senate majority. The core measures survive: a ban on financing the Treasury and a single mandate of preserving the currency's value. Separately, President Javier Milei told New York investors that 2028 would be the country's best economic year if he is re-elected, claiming a USD 75bn reserve "bazooka" against pre-election FX pressure. Economy Minister Luis Caputo ruled out global bond issuance before the 2027 vote, citing a near-400bps yield gap between bonds maturing either side of it. A US EXIM- and DFC-backed financing package of around USD 7bn is also expected, mostly for the Argentina LNG project.

Brazil: President Lula kept a 2-point lead over Senator Flávio Bolsonaro in a runoff scenario for a third week, at 47% versus 45% in the latest Datafolha poll. Lula also widened his first-round lead to 40% against 36%, with both candidates' rejection rates easing to 45%. Other pollsters show a tighter, more volatile race, with AtlasIntel putting Lula ahead by just 0.3 percentage points, while betting websites such as Polymarket and Kalshi see very different odds, putting the likelihood of Bolsonaro winning the election at 58%. This likely reflects expectations that right-wing candidates will outperform polls, as has been common in Latin America in recent years. Brazilian assets continue to show a strong positive correlation with swings in Flávio Bolsonaro's odds for winning or losing the election.

The Finance Ministry extended the diesel fuel subsidy totalling 2.12 Reals (USD 0.41) per litre, due to expire last Saturday, by at least another 30 days, after provisional measures that began on 30 May. The measure doesn't change the amount of the subsidy, according to a Ministry statement on Friday.

Latin America (continued)

Chile: S&P affirmed the sovereign at 'A' with a stable outlook, one notch above Fitch, citing strong institutions and commitment to consolidation, although fiscal correction will take longer than expected. S&P sees the deficit narrowing from 2.6% of GDP in 2025 to 1.4% by 2029, but net debt still rising to 40.7% of GDP from 35.9% as off-budget spending adds 1.0-1.5% of GDP a year. Growth is forecast at 0.7% in 2026 and 2.9% in 2027.

Ecuador: President Daniel Noboa said the recent bond sell-off, driven by a global rates rout that took 10-yr UST yields above 5%, offers an attractive entry point into Ecuador's debt, which had underperformed due to 'profit taking'. Noboa made no commitment to spending cuts, new multilateral financing or a further International Monetary Fund (IMF) programme, pointing instead to 1.1% inflation and record sales data. Most bonds recovered on 22 September, though the 2030s fell 1.7% on concerns over fuel subsidies and El Niño.

Mexico: Moody's expects the government to keep supporting state-owned Pemex with capital injections of around USD 50bn over the next five years, adding to federal debt and contradicting the earlier aim of ending support from 2027. Separately, President Claudia Sheinbaum blamed violence in Sinaloa on US involvement in the 2024 capture of cartel leader 'El Mayo' Zambada, insisting arrests should be led by local institutions.

Central and Eastern Europe

Economic data

Hungary holds rates as CPI inflation forecasts rise.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Czechia	GDP (QoQ)	2Q F	0.4%	0.4%	0.4%	
	GDP (YOY)	2Q F	1.9%	1.9%	1.9%	
Hungary	Central Bank Rate Decision	22-Sep	5.5%	5.5%	5.5%	Target to 2.5% from 2028, 2027 CPI forecast to 3.1%.
Poland	Retail Sales (YOY)	Aug	6.4%	7.0%	5.3%	
	Unemployment Rate	Aug	5.8%	5.8%	5.8%	

Source information is at the end of the document.

Commentary

Bulgaria: Ratings agency Fitch revised the 'BBB+' rating outlook to positive: *"...reflects the reduction in political uncertainty following the April general elections that led to the formation of a single-party majority government, likely ending a prolonged period of unstable coalition governments. This offers the opportunity for progress on structural reform that could support potential growth, higher levels of wealth and improve governance, building on Bulgaria's accession to the eurozone in January 2026. The ratings are supported by the benefits from euro accession and EU membership, strong public finance, and external balance sheets. These strengths are counterbalanced by overheating risks, partly derived from a pro-cyclical fiscal stance, high inflation and current account deficits and weaker levels of governance than rating category peers."*

Czechia: S&P revised the outlook on Czechia's 'AA-' rating to positive: *"... reflects that we see an increased likelihood that Czechia's economy is set to prove resilient to external headwinds, and that its external and public balance sheets will remain strong over the next 12-24 months. We could raise the ratings over the next one to two years if Czechia's economic growth proves resilient, sustainably boosting GDP per capita, despite geopolitical headwinds and trade tensions."*

Fiscal Council Chair Mojmír Hampl said promised consolidation in 2028–29 is unlikely, as presidential and general elections in those years will block spending cuts. He expects the 2027 budget compromise to include only a modest deficit reduction and pledges of future savings. Hampl warned that higher spending without revenue measures, at a time of high global rates, will lock in a heavier debt-service burden, while enforcement of fiscal rules has weakened further.

Kazakhstan: The National Bank (NBK) will begin gradually liberalising interest rates on FX deposits from October, with details still to come. The Tenge has gained 12% this year, taking USD/KZT below 450, as FX supply exceeds demand on the back of high oil and commodity prices, corporate borrowing, non-resident inflows into government bonds and falling dollarisation. The NBK said it is not targeting any exchange rate level.

Montenegro: Moody's upgraded Montenegro's rating to 'Ba2' and maintained a positive outlook: *"The upgrade reflects our view that the substantial progress Montenegro has achieved in implementing reforms under the European Union (EU, Aaa stable) accession process is leading to a durable strengthening of the sovereign's institutional framework and credit profile. We expect the credit benefits of these reforms, which have improved Montenegro's regulatory and judicial frameworks, to continue as the passed legislation is put into effect and implementation deepens in the coming quarters and years. The upgrade also reflects our expectation that the prospect of EU accession will continue to drive private investment and foreign capital inflows, supporting the economy's medium-term growth prospects, while also incentivizing fiscal discipline to ensure that Montenegro is ready to meet the public finance criteria for eventually joining the monetary union following EU accession."*

Ukraine: President Volodymyr Zelenskyy told President Trump at the UN General Assembly that Kyiv would back a mutual energy ceasefire but would not stop striking Russian refineries unilaterally. Zelenskyy reiterated his readiness for a three-way meeting with Russian President Vladimir Putin and said he hopes to end the war before winter. Separately, the Ukraine government secured USD 841m from the World Bank, guaranteed by Canada.

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Central Asia, Middle East & Africa

Economic data

Nigeria delivers bumper rate cut.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Egypt	Lending Rate	24-Sep	20.0%	–	20.0%	Urban CPI eased to 14.5% in August, and guidance was recast to keep policy flexible.
	Deposit Rate	24-Sep	19.0%	19.0%	19.0%	
Nigeria	Central Bank Interest Rate	22-Sep	23.0%	26.5%	26.5%	Largest cut since 2007 as CPI slowed to 15.4%.
South Africa	CPI (MoM)	Aug	0.0%	0.1%	0.2%	Transport at 8.8% remains the main driver, and food quickened for the first time in 9 months.
	CPI (YOY)	Aug	4.4%	4.5%	4.3%	
	CPI Core (YOY)	Aug	4.1%	4.2%	4.2%	Hike aims to curb second-round fuel effects, with inflation expectations near 4% vs 3% target.
	SARB Announce Interest Rate	23-Sep	7.25%	7.25%	7.00%	
Türkiye	Real Sector Confidence NSA	Sep	102.0	–	102.8	
	Capacity Utilisation	Sep	74.2%	–	73.5%	
	Foreign Tourist Arrivals (YOY)	Aug	0.0%	–	-0.3%	
	Trade Balance (USD)	Aug	–	-5.20bn	-7.34bn	

Source information is at the end of the document.

Commentary

Angola: The African Development Bank (AfDB) estimates annual financing needs of around USD 14bn, including a USD 8.6bn infrastructure gap, with less than 40% currently mobilised and public investment efficiency at just 24.7%. External debt service absorbed 45.9% of revenue in 2023, the highest in Southern Africa, and debt distress risk remains high despite public debt falling to 51.3% of GDP. The AfDB projects growth of 2.9% in 2026 and 3.3% in 2027.

Egypt: The Monetary Policy Committee (MPC) held rates, keeping the overnight deposit rate at 19.0% and lending rate at 20.0%, as expected. It guided that inflation will return to its 5-9% target range in H2 2027, but flagged upside risks from regional hostilities and fiscal measures. Separately, UAE's Adnoc Distribution is weighing a USD 1bn plan to add up to 400 fuel stations, which would make it the largest private fuel retailer with 645 outlets, behind only state-run EGPC.

Kenya: President William Ruto and US Secretary of State Marco Rubio discussed critical minerals cooperation at the UN General Assembly, building on a US pledge to help develop local processing capacity. The government is assessing bids, including from two US consortia, for the Mrima Hill rare earths and niobium deposit, though no agreement or timeline was announced.

Nigeria: The Central Bank of Nigeria (CBN) cut its policy rate by 350bps to 23.0%, surprising a market that had expected a hold at 26.5%. It was the largest single cut since the policy rate was introduced. It follows holds in May and July and a 50bps cut in February and takes the rate to its lowest level since February 2024. The Monetary Policy Committee (MPC) cited moderating inflation, improved FX stability and the need to improve policy transmission, as market rates had diverged from the benchmark. Headline inflation eased for a third straight month to 15.4% yoy in August. The CBN narrowed the asymmetric corridor to +50/-300bps and left the cash reserve ratio unchanged at 45% for commercial banks. Even after the cut, real rates remain high at around 7.5%. However, the MPC flagged that recent fuel-price increases could soon reverse the decline in inflation, which limits room for further easing.

Qatar: The government raised USD 3bn in its first public international bond since November 2025, with 5- and 10-yr tranches priced at 55bps and 65bps over USTs, around 30bps inside guidance. The deal comes as LNG export disruption hits the budget: the Q2 deficit more than doubled to QAR 21.2bn (USD 5.8bn) as hydrocarbon revenues collapsed to c. USD 0.2bn from c. USD 9bn in Q1.

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Central Asia, Middle East & Africa (continued)

Separately, the Qatar Investment Authority (QIA) signed a USD 20bn partnership with J.P. Morgan Asset Management, covering a USD 15bn global equities mandate and USD 5bn of US mid-market credit.

Saudi Arabia: The OECD now expects GDP to contract 1.8% in 2026, from 3.2% growth previously, after the Houthis entered the war in July with a naval blockade and strikes on oil infrastructure, though the non-oil economy remains resilient. The East-West pipeline, shut after drone attacks on 11 September until 22 September, has reportedly restarted along with exports from Yanbu, with full throughput of 4mbpd possibly weeks away. During the outage, Aramco declared force majeure on some European cargoes and sold around 60 million barrels of Gulf crude via ship-to-ship transfers off Oman.

South Africa: Dangote Industries plans a fuel pipeline of around 2,650km from Namibia through Botswana to South Africa, with a branch to Zimbabwe, Zambia and the DRC, budgeted at over USD 3.5bn. It would link to a planned storage hub at Walvis Bay and offer landlocked markets an alternative to road transport, as South Africa grows more reliant on imported fuel. The project remains at an early stage.

Developed Markets

Economic data

New home sales rise in US.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Eurozone	Consumer Confidence	Sep P	-16.5	-16.0	-15.5	
	M3 Money Supply (YOY)	Aug	3.5%	3.5%	3.4%	
United States	Richmond Fed Manufact. Index	Sep	-2.0	2.0	4.0	
	MBA Mortgage Applications	18-Sep	-1.5%	–	-4.1%	
	Building Permits	Aug F	1,403k	–	1,394k	
	Current Account Balance (USD)	2Q	-246.0bn	-257.4bn	-212.6bn	
	Continuing Claims	12-Sep	1,719k	1,740k	1,717k	
	New Home Sales	Aug	684k	616k	643k	Price cuts driving sales, supply at 8.5 months high.
	Durable Goods Orders	Aug P	0.0%	-0.3%	0.9%	Aircraft drag, but core capex orders up 1.6%, a sixth gain in seven months.
	Durables Ex Transportation	Aug P	0.3%	0.6%	0.7%	
	U. of Mich. Sentiment	Sep F	48.1	47.5	47.8	

Source information is at the end of the document.

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Benchmark Performance

Emerging Markets	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI EM	0.9%	1.1%	25.2%	31.4%	24.5%	9.1%
MSCI EM ex-China	2.3%	0.5%	39.4%	53.0%	29.6%	13.4%
MSCI EMEA	-2.8%	4.7%	7.1%	13.5%	17.3%	2.7%
MSCI Latam	-0.1%	4.1%	15.0%	26.0%	15.4%	12.3%
MSCI Asia	1.1%	1.1%	27.6%	33.0%	26.0%	9.5%
MSCI China	-4.4%	3.8%	-11.7%	-16.9%	10.0%	-1.9%
MSCI India	-4.7%	-3.3%	-12.9%	-10.0%	3.6%	1.5%
MSCI EM Growth	0.2%	-2.0%	22.2%	26.2%	24.7%	7.1%
MSCI EM Value	1.7%	4.4%	28.4%	37.2%	24.2%	11.1%
MSCI EM Small Cap	-1.6%	0.5%	13.5%	14.8%	15.4%	7.4%
MSCI Frontier	-3.2%	0.8%	11.1%	18.7%	23.1%	8.1%
GBI-EM-GD	-1.8%	-0.6%	0.9%	4.6%	8.1%	2.4%
GBI-EM China	0.5%	2.1%	7.0%	9.5%	7.0%	3.1%
EM FX spot	-1.5%	-0.4%	-1.3%	0.3%	0.7%	-1.4%
ELMI+ (1-3m NDF)	-0.8%	2.2%	3.4%	5.4%	6.8%	2.8%
EMBI GD	-2.3%	-2.9%	0.4%	3.6%	9.8%	2.0%
EMBI GD IG	-2.2%	-3.5%	-2.4%	-1.1%	5.1%	-1.5%
EMBI GD HY	-2.4%	-2.3%	3.0%	8.3%	14.5%	5.5%
CEMBI BD	-1.3%	-1.2%	1.0%	2.3%	7.6%	2.3%
CEMBI BD IG	-1.5%	-1.8%	-0.8%	0.4%	6.0%	0.7%
CEMBI BD HY	-1.0%	-0.2%	3.8%	5.1%	9.9%	4.5%

Global Backdrop	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI ACWI	0.0%	2.7%	14.3%	19.5%	21.8%	11.2%
MSCI World (DM)	-0.1%	3.0%	13.0%	18.0%	21.5%	11.4%
S&P 500	0.8%	3.5%	14.1%	18.6%	22.9%	13.3%
DXY Index**	1.7%	-0.1%	2.8%	3.0%	-1.6%	1.5%
EUR*	-2.1%	-0.7%	-4.2%	-4.5%	0.7%	-2.2%
JPY*	1.1%	2.3%	-2.8%	-8.7%	-5.9%	-10.2%
CRY Index**	1.9%	18.4%	40.1%	37.2%	13.4%	12.9%
Brent**	18.8%	47.4%	76.7%	53.3%	4.1%	6.3%
Gold**	-5.7%	4.4%	-3.1%	9.2%	30.9%	19.3%
Bitcoin**	5.2%	41.4%	-5.4%	-25%	45.2%	14.7%
1-3yr UST	-0.6%	-0.2%	0.5%	1.7%	4.1%	1.9%
3-5yr UST	-1.5%	-1.8%	-1.8%	-0.5%	3.8%	0.4%
7-10yr UST	-2.6%	-3.9%	-4.0%	-2.7%	3.2%	-1.9%
10yr+ UST	-3.5%	-6.5%	-6.1%	-5.8%	1.3%	-7.3%
10yr+ Germany	-2.2%	-7.1%	-5.1%	-6.3%	-1.6%	-9.1%
10yr+ Japan	-0.7%	-3.6%	-10.6%	-14.8%	-9.9%	-8.5%
Global Agg.***	-2.0%	-2.1%	-2.3%	-1.5%	3.9%	-1.9%
US Agg. IG***	-2.0%	-2.9%	-2.3%	-1.0%	4.2%	-0.6%
EU Agg. IG***	-1.8%	-3.7%	-2.5%	-1.9%	2.5%	-2.3%
US Corp HY***	-1.8%	-1.1%	0.8%	2.3%	8.2%	3.7%
EU Corp HY***	-1.5%	-1.2%	0.6%	1.3%	6.7%	2.8%

Source and notations for all tables in this document: Source: Bloomberg, JP Morgan, Barclays, Merrill Lynch, Chicago Board Options Exchange, Thomson Reuters, MSCI. As at latest data available on publication date. *EMBI GD and EMBI GD HY Yield/Spread ex-default yields and spreads calculated by Ashmore. Defaulted EMBI securities includes: Ethiopia, Ghana, Lebanon, Sri Lanka, and Venezuela. **Price only. Does not include carry. ***Global Indices from Bloomberg. Price to Earnings: 12 months blended-forward. **Index Definitions:** VIX Index: Chicago Board Options Exchange SPX Volatility Index. DXY Index: The Dollar Index. CRY Index: Thomson Reuters/CoreCommodity CRM Commodity Index. Figures for more than one year are annualised other than in the case of currencies, commodities and the VIX, DXY and CRY which are shown as percentage change.

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4 September 2026
By Gustavo Medeiros, Ben Underhill and Simon Cooke

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