MARKET COMMENTARY

November 2026

SNAPSHOT

- Surging oil prices, driven by geopolitical tensions in the Middle East, stoked global inflation fears.
- Major central banks maintained restrictive policy stances amid persistent inflation pressures.
- Strong earnings growth supported equity markets despite elevated sovereign bond yields.

All percentages below are monthly returns for Oct-26

EQUITIES

US MARKETS
Volatile amid AI valuation concerns

-0.9%
US 500

UK MARKETS
Gained despite gilt yields surge

1.0%
UK ALL SHARE

EMERGING MARKETS
Fall on China's performance

-8.1%
EM

BOND MARKETS

BONDS
French bonds in the spotlight

UK GILTS	1.5%
US TREASURIES	2.4%
GLOBAL CORPORATE BONDS	0.3%
GLOBAL HIGH YIELD BONDS	-1.2%

*Values represent bond index returns

CURRENCIES

CURRENCIES
Pound fluctuated on inflation expectations

Pound vs Other Currencies

GBP vs USD	GBP vs JPY	GBP vs EUR	GBP vs CNY
1.0%	1.1%	2.6%	0.2%

KEY INDICATORS

GOLD – XAU/USD
-6.6%

OIL – BRENT CRUDE
13.6%

COMMODITIES
3.9%

INFLATION – UK CPI (YOY)
3.5%

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GLOBAL MARKETS

Global financial markets experienced heightened volatility during October as elevated energy prices, persistent inflation and high bond yields weighed on sentiment, although performance varied considerably across regions and asset classes.



US MARKETS

Technology and AI valuations contributed to volatility

US equities experienced significant volatility during October as investors reassessed technology and artificial intelligence valuations. Concerns over the scale and prospective returns from AI infrastructure investment, alongside disappointing results from several leading technology companies, weighed heavily on growth stocks. However, performance beneath the headline indices was more resilient, with a majority of S&P 500 constituents advancing over the month. Treasury yields remained elevated but eased towards month-end, while the Federal Reserve maintained a restrictive monetary policy stance.

-0.9%

US 500



UK MARKETS

Resilient despite fiscal concerns

UK equities were relatively resilient during October despite continued pressure from elevated government bond yields and ongoing fiscal concerns. The FTSE 100 remained above 10,700 towards the end of the month, supported by its exposure to internationally focused companies and more defensive sectors. In contrast, the UK government bond market remained under pressure, with gilt yields staying elevated as investors continued to assess the outlook for inflation, interest rates and the public finances.

1.0%

UK All Share



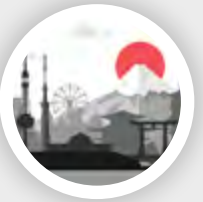
EUROPEAN MARKETS

Up despite elevated energy prices

European equities delivered mixed but generally resilient returns during October despite elevated energy prices and lingering political and fiscal uncertainty. The DAX advanced over the month, while other major European markets produced more subdued returns. Euro-area annual inflation rose to 3.8% in September, largely reflecting higher energy prices, reinforcing expectations that European Central Bank policy would remain restrictive. Government bond yields remained elevated, while mixed economic indicators continued to point to relatively subdued underlying growth across the region.

1.3%

Euro 600 Index ex UK



JAPAN MARKETS

Down on accelerated inflation concerns

Japanese equity markets experienced elevated volatility during October, with the Nikkei 225 rising above 70,000 early in the month before reversing course and ending October below its September closing level. Accelerating inflation increased expectations of further Bank of Japan policy tightening, while government bond yields remained elevated, particularly at longer maturities. The yen remained weak against the US dollar, trading close to 158 towards month-end as investors balanced domestic policy expectations against relatively high US interest rates.

-3.5%

Japan Index

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THE WORLD AT A GLANCE

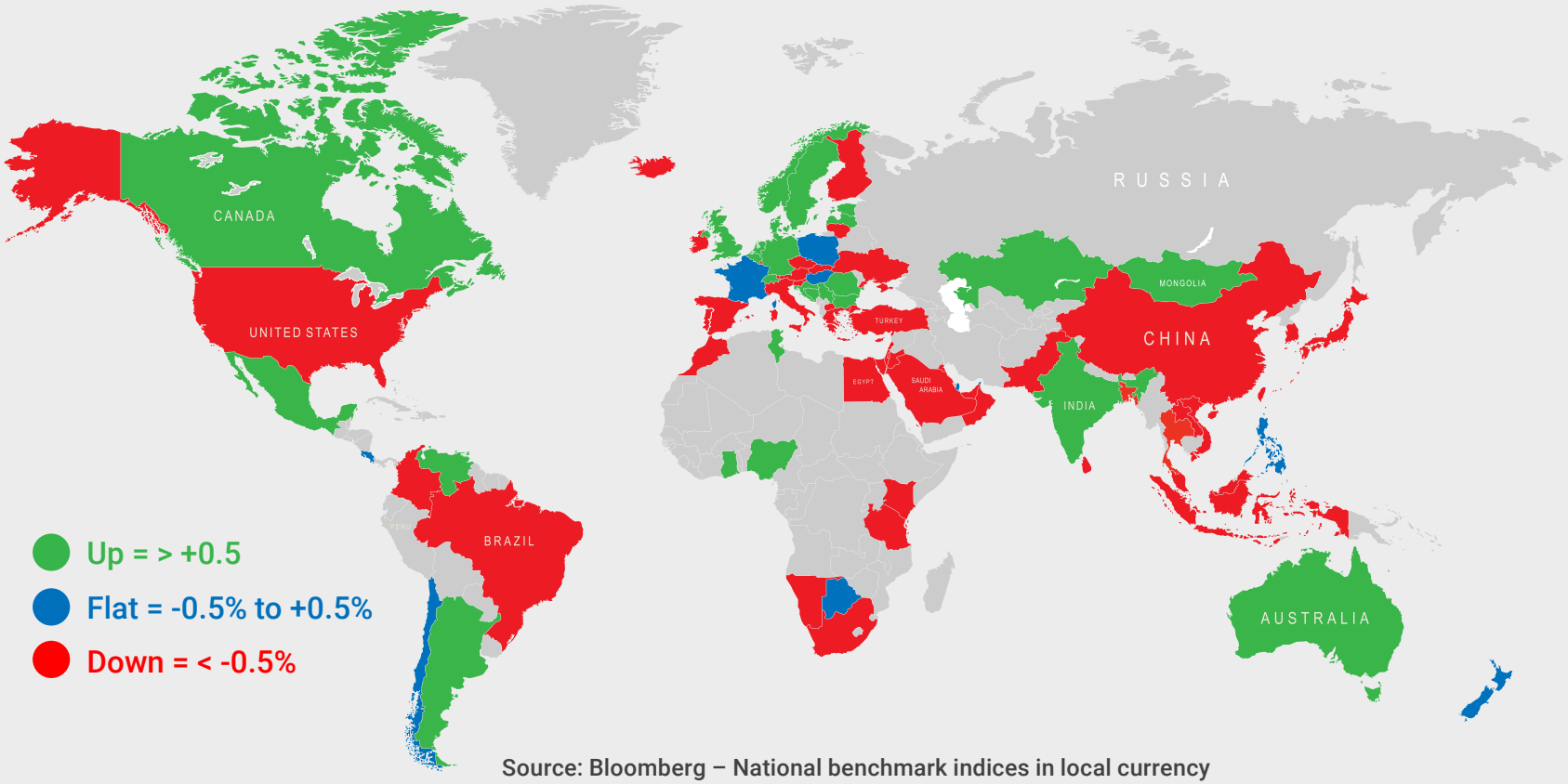
	2021	2022	2023	2024	2025	Oct 2026	Year To Date
UK CASH	0.0	1.4	4.7	5.2	4.3	0.3	3.1
US DOLLAR INDEX	6.4	8.2	-2.1	7.1	-9.4	0.4	3.6
UK GILTS	-5.2	-23.8	3.7	-3.3	5.0	1.5	-0.9
US TREASURIES	-2.3	-12.5	4.1	0.6	6.3	2.4	-0.5
GLOBAL CORPORATE BONDS	-1.9	-6.8	4.0	2.8	2.6	0.3	-1.5
GLOBAL HIGH YIELD BONDS	2.0	-2.3	8.2	11.0	4.3	-1.2	0.1
US 500	26.9	-19.4	24.2	23.3	16.4	-0.9	10.7
UK ALL SHARE INDEX	14.5	-3.2	3.8	5.6	19.8	1.0	8.1
EURO 600 INDEX EX UK	22.5	-15.0	14.9	4.5	17.4	1.3	8.1
JAPAN INDEX	10.4	-5.1	25.1	17.7	22.4	-3.5	16.3
ASIA EX JAPAN	-3.1	-15.4	6.4	16.2	31.6	-7.9	15.8
EMERGING MARKETS	-4.6	-22.4	7.0	5.1	30.6	-8.1	11.6
COMMODITIES	41.6	41.9	-9.7	11.2	-0.3	3.9	63.3
GOLD	-4.3	-0.7	12.8	26.6	62.5	-6.6	-10.7
HEDGE FUNDS	3.7	-4.4	3.1	5.3	7.1	-0.9	3.0

Source: Bloomberg

Total Return – Local Currency

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WORLD EQUITY MARKETS



-0.9% USA

1.3% EUROPE

-3.5% JAPAN

1.0% UK

-8.1% EMERGING MARKETS

Source: Bloomberg – National benchmark indices in local currency

Key Points

- Global equity performance diverged during October as elevated energy prices and bond yields weighed particularly heavily on technology shares and several Asian markets.
- Technology and artificial intelligence shares suffered heavy selling pressure as disappointing earnings prompted investors to reassess the sustainability of significant capital expenditure on AI infrastructure.
- China's Shanghai Composite declined during October despite third-quarter GDP growth improving to 4.5% year-on-year, as concerns over domestic demand outweighed stronger industrial and high-technology production.
- Emerging market equities were mixed, with Brazilian stocks selling off sharply following President Lula's re-election, while Indian equities advanced despite substantial foreign investor outflows and elevated oil prices.

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CURRENCIES



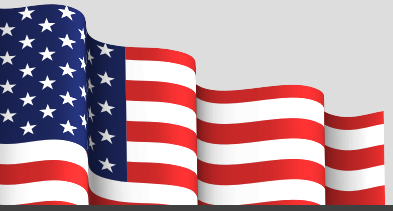
GBP VS OTHER CURRENCIES

GBP vs USD	GBP vs JPY	GBP vs EUR	GBP vs CNY
1.0%	1.1%	2.6%	0.2%



EUR VS OTHER CURRENCIES

EUR vs USD	EUR vs GBP	EUR vs JPY	EUR vs CNY
-1.6%	-2.5%	-1.4%	-2.2%



USD VS OTHER CURRENCIES

USD vs GBP	USD vs JPY	USD vs EUR	USD vs CNY
-0.9%	0.2%	1.6%	-0.8%



JPY VS OTHER CURRENCIES

JPY vs USD	JPY vs GBP	JPY vs EUR	JPY vs CNY
-0.2%	-1.1%	1.4%	-1.0%

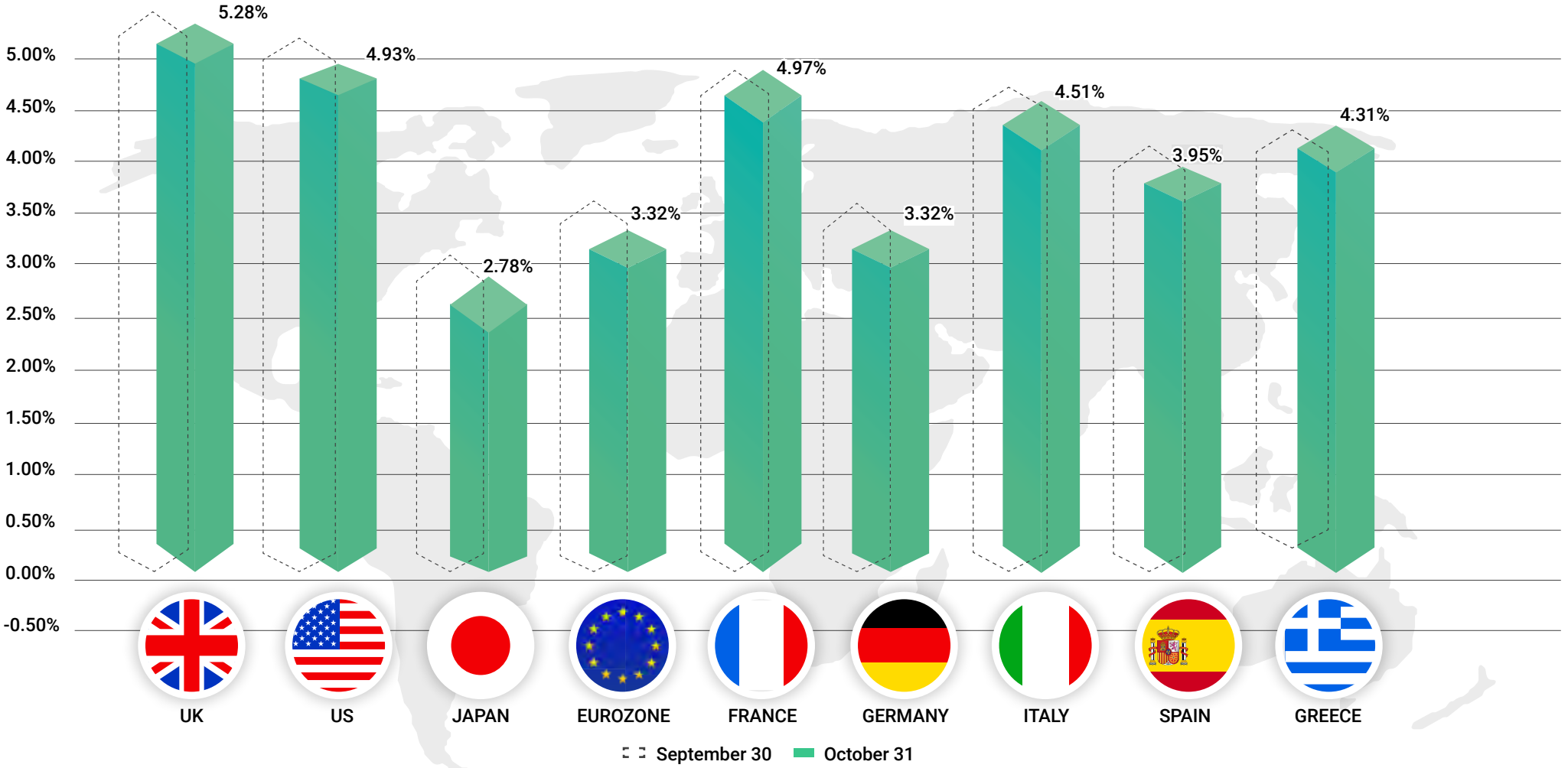
Key Points

- The US Dollar Index strengthened modestly as restrictive Federal Reserve policy and geopolitical safe-haven demand supported the currency.
- The euro remained subdued against the dollar as elevated energy prices, persistent inflation and a mixed growth outlook weighed on sentiment.
- Sterling fell below $1.33 early in October before recovering to around $1.34 by month-end, as markets assessed inflation, gilt yields and the outlook for Bank of England policy.
- The Japanese yen remained weak near ¥158 per dollar as relatively high US interest rates offset expectations of further Bank of Japan policy tightening.

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GENERIC 10-YEAR YIELDS*

*A Generic bond is a theoretical bond that always has the specified tenor, unlike a Benchmark bond, which is a physical bond, with a decreasing tenor.



Key Points

- Sovereign bond yields remained historically elevated during October, although several major benchmark yields eased from peaks reached around the beginning of the month.
- US 10-year Treasury yields remained above 5.2% early in October before declining to around 4.9% by month-end as earlier bond-market selling pressure eased.
- UK gilt yields remained elevated during October, with the benchmark 10-year yield around 5.3% towards month-end amid continued concerns over inflation, government borrowing and fiscal policy.
- European bond yields remained elevated, with French government bonds under particular pressure as fiscal and political concerns pushed borrowing costs sharply higher.
- CCC-rated high-yield bonds weakened as elevated borrowing costs and increased credit-risk concerns weighed most heavily on the lowest-quality segment of the corporate bond market.

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GLOSSARY OF TERMS

BoE	Bank of England – central bank of the United Kingdom
BoJ	Bank of Japan – central bank of Japan
Capex	Capital Expenditure is money a business spends to acquire, upgrade, or maintain long-term physical assets—such as property, buildings, equipment, or technology—that provide value for more than one year. It is considered an investment in the productive capacity and future growth of the company.
Correlation	The degree to which the returns of financial assets or instruments move in relation to each other
CNY	Chinese renminbi (yuan) – currency of the People's Republic of China
CPI	Consumer Price Index – a measure of inflation in which a basket of goods and services is calculated over different time periods
Dovish	The approach in which central banks are likely to keep monetary policy "loose" or accommodative
ECB	European Central Bank – the central bank of the European Union countries which have adopted the euro
EUR	Euro, the official currency of the European Union for the 20 of 27 member states that have adopted this currency
The 'Fed'	or the US Federal Reserve System – the central banking system of the United States of America, which includes the Federal Reserve Board and the twelve regional Federal Reserve Banks
GBP	British Pound – sometimes referred to as 'sterling'
GDP	Gross Domestic Product – a monetary measure of the market value of all goods and services produced in a specific time period by a country or countries
Growth Stocks	Stocks which display specific characteristics – high price-to-earnings (P/E), high price-to-book (P/B), low to no dividend yield – which typically demonstrate revenue growth and tend to reinvest earnings rather than distribute them as dividends
Hawkish	The approach in which central banks are likely to keep monetary policy "tight" or restrictive
JPY	Japanese Yen – currency of Japan
PMI	Purchasing Managers' Index – an economic indicator used to measure the activity of the manufacturing/service sectors of the economy
USD	US Dollar – currency of the United States of America
Value Stocks	Stocks which may trade at lower prices relative to their intrinsic value, as defined by traditional fundamental analysis, and typically include evaluation metrics such as lower price-to-earnings (P/E) and price-to-book (P/B) ratios, and higher dividend yields, compared to Growth stocks.
Yield Curve	a graph (line) which depicts how the yields on debt instruments – such as bonds – vary as a function of their years remaining to maturity
YoY	Year over year

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