WS Global CIO Office
25 September 2026

October 2026

Global Market Outlook

Earnings above all

Higher oil prices are in a tussle with stronger growth. We expect strong growth to help the global economy weather inflation risks, allowing equities to focus on the strength of earnings growth. Oil prices remain the key risk to monitor.

Maintain a preference for equities over bonds and cash. Strong earnings growth is why we would use the recent pause to add exposure to our preferred markets and themes. The US and Asia ex-Japan remain preferred regions.

Take advantage of higher bond yields via credit risk but cap duration. The risk of higher bond yields looks most pressing in ultra-long maturities, but credit quality remains strong. We are Overweight EM USD bonds.

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Where are the tactical opportunities?

Do you expect more central bank rate hikes?

Are quantitative models still bullish on equities?

Contents

Investment strategy and key themes

Steve Brice
Global Chief Investment Officer

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Chief Investment Officer, North Asia

12m Foundation Overweights:

- Global equities, gold
- US, Asia ex-Japan equities
- Emerging Market USD bonds

Opportunistic Ideas – Equities:

- **Global:** Semiconductors^, High dividend, power & electrification
- **US:** Communication services
- **Euro area (EA):** Banks
- **Asia:** Japan banks, MSCI Taiwan

Top Global Sectors:

- **US:** Technology, communication services, financials, materials^
- **EA:** Financials, industrials
- **Asia:** Japan financials

Opportunistic Ideas – Bonds:

- **US:** Treasury Inflation-protected Securities (TIPS), AAA-rated collateralised loan obligations (CLOs), utilities sector hybrids, US High-yield (HY)
- **EA:** Bank AT1s FX-hedged
- **Others:** AUD corporates

^New

Earnings above all

- **Higher oil prices are in a tussle with stronger growth.** We expect strong growth to help the global economy weather inflation risks, allowing equities to focus on the strength of earnings growth. Oil prices remain the key risk to monitor
- **Maintain a preference for equities over bonds and cash.** Strong earnings growth means we would use the recent pause to add exposure to our preferred markets and themes. The US and Asia ex-Japan remain our preferred regions
- **Take advantage of higher bond yields via credit risk but cap duration.** The risk of higher bond yields looks most pressing in ultra-long maturities, but credit quality remains strong. We are Overweight EM USD bonds

Hits from the 1990s

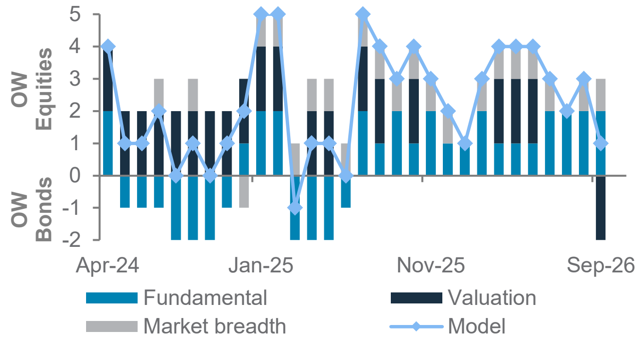
Rising bond yields have been a key market theme. Since mid-year, 10-year government bond yields have risen approximately 40-80bps across the US, Japan and Euro area. Against this backdrop, gold has delivered high single-digit returns, while global equities have delivered low single-digit returns.

Higher oil prices are in a tussle with robust growth data. The lack of progress towards a negotiated settlement in the US-Iran conflict and rising fears of shipping restrictions extending to the Bab al-Mandab Strait have meant that oil prices are once again testing the USD 100/bbl level. These worries have been exacerbated by increasing worries about refined product (eg. diesel, jet fuel, etc) supply. Despite these concerns, US growth data has held up remarkably well, as illustrated by the latest PMI and retail sales data. This is underpinned by AI investment growth.

Real, rather than nominal, energy prices are key. A chart of inflation-adjusted energy prices, though, illustrates why the global economy has managed to hold up despite these risks. Oil prices in real (inflation-adjusted) terms are closer to long term averages rather than at true 'oil shock' levels. This, together with the global economy's lower oil intensity relative to history, is why we expect growth and inflation to avoid worst-case scenarios as long as nominal oil prices avoid an excursion into the USD 120-150/bbl range.

Fig. 1 **Our quant model score for equities has softened, but fundamentals remain a key positive**

Our quantitative stock-bond model



Source: Bloomberg, Standard Chartered

Fig. 2 **After accounting for inflation, oil prices are high but not at 'oil price shock' levels**

Brent oil price adjusted for inflation*

Source: Bloomberg, Standard Chartered; using US CPI inflation

The Fed is likely to hike twice more by mid-2027. The acceleration in AI-driven investment growth means we believe the chances of a shift from our core soft-landing to no-landing economic scenario have gone up. This, combined with still-high inflation readings mean we now expect the Fed to hike rates twice more by mid-2027. In contrast, the BoJ and ECB are expected to hike thrice and once more respectively.

Buy-the-dip in equities

1990s rate hikes a better parallel then 2022. There is understandably some concern about whether rising central bank policy rates, and rising bond yields across maturities, will present a challenge to equity markets. However, we believe rate hikes in the 1990s are a better historical parallel, when central banks were hiking rates into strong economic and earnings growth, resulting in equity markets maintaining their pace of gains. The 2022 hiking cycle, in contrast, represented an inflation surprise, which we believe is not the case today.

Strong earnings growth overwhelms other factors today. Still-strong economic and earnings growth means that we remain constructive on the outlook for equities and other risky assets going into year-end and beyond. The pause over the last couple of months was likely driven by a combination or rising bond yields, September seasonality and excessive investor optimism around mid-year.

However, earnings expectations for global equities remain very strong (especially in our preferred US and Asia ex-Japan regional markets). We believe these earnings remain sufficiently robust to outweigh the drag from higher bond yields. Therefore, we remain Overweight equities relative to bonds and cash, though we believe it is prudent to ensure the size of the equities Overweight is not excessive. Within Asia, we also trim China equities to a core holding, leaving Taiwan as our only regional Overweight, given the ongoing focus on AI investment-driven markets for now.

Bumps remain part of the journey. As we laid out in our mid-year outlook, the second half of this year is expected to be characterised by positive, but bumpy returns as a result of the factors laid out in the previous section, but also US mid-term election risks. The second half has thus far played out as expected given sufficient bumps, but still robust earnings growth. We would not be surprised by some volatility around US mid-term elections, but any further pullbacks or pauses would be opportunities to raise exposure given strong earnings growth is expected to ultimately dominate.

Prefer credit over duration

Corporate credit quality remains strong. Aggregate indicators of credit quality suggest credit quality remains strong across both Investment Grade and High Yield bonds across most regions. US IG bond yields face some upward pressure from significant hyperscaler supply, but supply-driven spread widening tends to be relatively short-lived in nature and should not signal significant credit quality worries.

Longer-maturity bonds remain at risk of further volatility. In contrast, we continue to be concerned that the volatility in very long maturity bonds could extend. Continued inflation and debt worries mean it is possible investors continue to demand a greater 'term premium' (ie. a premium for holding bonds with very long maturities). We continue to believe limiting bond duration to 3-7 years remains appropriate.

We continue to prefer corporate and EM over government bonds. This implies earning a higher yield by taking on more credit risk (via corporate or EM bonds) rather than adding more duration risk. Within bonds, we remain Overweight EM USD bonds and view IG and HY bonds as core holdings.

Modest USD weakness; gold to grind higher

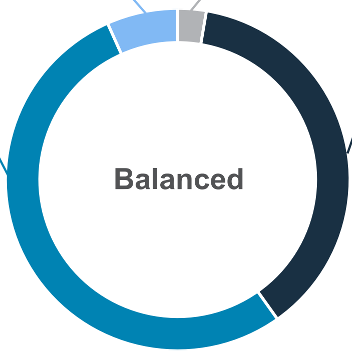
USD bounce led by pricing of Fed hikes. However, we believe Fed hikes are now excessively priced. At the same time, we see room for non-US rates to rise further, especially in Japan where the undervalued JPY is likely to strengthen. This is why modest USD weakness is likely to resume.

Gold to continue grinding higher. While the move higher is likely to be characterised by two-steps-forward-one-step-back, we believe an ultimately softer USD and continued EM central bank demand should result in continued gains in the precious metal over both the next 3- and 12-month periods.

Foundation asset allocation models

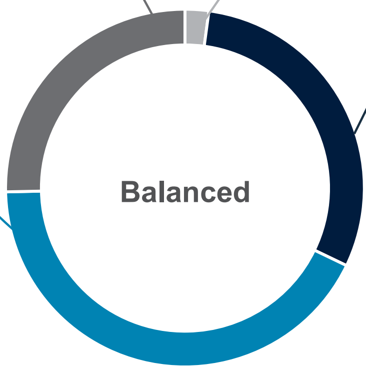
The **Foundation** and **Foundation+** models are allocations that you can use as the starting point for building a diversified investment portfolio. The Foundation model showcases a set of allocations focusing on traditional asset classes that are accessible to most investors, while the Foundation+ model includes allocations to private assets that may be accessible to investors in some jurisdictions, but not others.

Fig. 3 **Foundation asset allocation for a balanced risk profile**



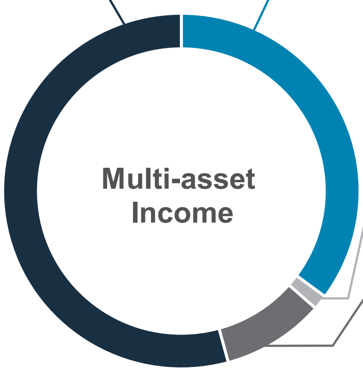
Gold		**7%**
Gold		7%
Equity		**53%**
North America		36%
Europe ex-UK		7%
UK		1%
Japan		3%
Asia ex-Japan		7%
Cash		**3%**
USD Cash		3%
Bond		**38%**
DM IG Bonds		**22%**
DM IG Government	12%	
DM IG Corporate	10%	
DM HY Corporate		2%
EM Bonds		**9%**
EM USD Government	7%	
EM Local Ccy Government	2%	
Asia USD		5%

Fig. 4 **Foundation+ asset allocation for a balanced risk profile**



Alternatives		**25%**
Gold		5%
Hedge Fund Strategies		3%
Private Equity		5%
Private Real Assets		4%
Private Debt		6%
Digital Assets		2%
Equity		**43%**
North America		29%
Europe ex-UK		5%
UK		1%
Japan		2%
Asia ex-Japan		5%
Cash		**2%**
USD Cash		2%
Bond		**30%**
DM IG Bonds		**17%**
DM IG Government	10%	
DM IG Corporate	8%	
DM HY Corporate		2%
EM Bonds		**7%**
EM USD Government	5%	
EM Local Ccy Government	2%	
Asia USD		4%

Fig. 5 **Multi-asset income allocation for a moderate risk profile**



Bonds		**54%**
DM IG Bonds		**12%**
DM IG Government	8%	
DM IG Corporate	4%	
US Mortgage-backed Securities		4%
DM HY Corporate		20%
EM Bonds		**12%**
EM HC Government	6%	
EM LC Government	6%	
Asia USD		6%
Equity		**35%**
Global High Dividend		24%
Global Equity		8%
Global Infrastructure		2%
Global REITs		1%
Cash		**1%**
USD Cash		1%
Hybrids		**9%**
Covered calls		6%
Sub financials		3%

Source: Standard Chartered

Notes: (i) Developed Market (DM) IG Bonds is an aggregate of DM IG Government and DM IG Corporate Bonds; (ii) EM Bonds is an aggregate of EM USD and EM Local Ccy Government Bonds

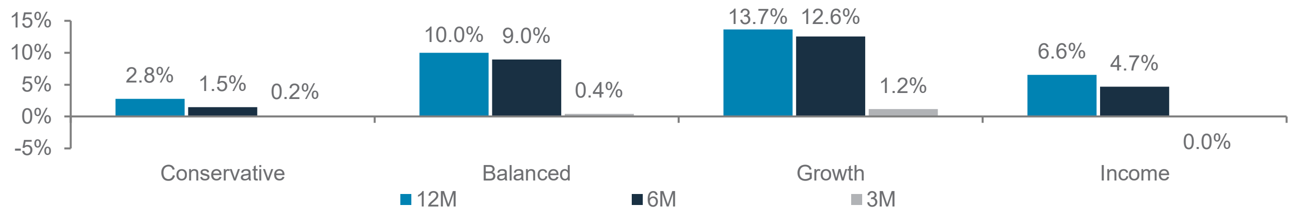
Foundation: Our tactical asset allocation

	View	Detail
USD cash	▼	+ Short-term safety || - Likely underperform vs. major asset classes
Bonds	◆	
DM IG Govt	▼	+ High credit quality, attractive yields || - High sensitivity to inflation, monetary policy
DM IG Corporate	◆	+ High credit quality, improving valuations || - Expected supply, especially in the US
DM HY Corporate	◆	+ Attractive yield, low rate sensitivity || - Sensitive to growth and credit quality risks
EM USD Govt	▲	+ Attractive yield, sensitive to US rates || - EM credit quality, US trade policy risks
EM Local Ccy Govt	◆	+ Attractive yield, benefit from USD weakness || - US trade policy risks, inflation and FX risks
Asia USD	◆	+ Moderate yield, low volatility || - Sensitive to China growth
Equities	▲	
North America	▲	+ Earnings growth, AI uptrend || - US policy uncertainty, rising bond yields, investor positioning
Europe ex-UK	◆	+ Undemanding valuations, German fiscal spending || - US trade policy risks, oil prices
UK	▼	+ Attractive valuations, dividend yield || - Stagflation risks, US trade policy risks
Japan	◆	+ Reasonable valuations, rising dividends/share buybacks || - JPY strength, US trade policy
Asia ex-Japan	▲	+ Earnings, policy support, Easing oil prices || - China growth concerns, US trade policy
Gold	▲	+ Portfolio hedge, central bank demand || - Resilient USD, elevated real yields

Legends: ▲ Overweight | ▼ Underweight | ◆ Core

Source: Standard Chartered Global Investment Committee; **Green** = Upgrade; **Red** = Downgrade

Fig. 6 **Performance of our Foundation Allocations***



Source: Bloomberg, Standard Chartered; *12-month performance data from 23 September 2025 to 23 September 2026, Six-month performance from 23 March 2026 to 23 September 2026, Three-month performance from 22 June 2026 to 23 September 2026

Fig. 7 **Opportunistic ideas performance**

Key call		Inception/open date	Close date	Absolute return
Bond – open	1-10Y TIPS Bonds	10-Apr-25		3.7%
	EU Bank AT1 FX-hedged	11-Dec-25		2.8%
	AAA-rated CLOs	11-Dec-25		3.9%
	AUD Corporate Credit	19-Mar-26		1.1%
	US Utilities Corporate Hybrids	19-Mar-26		0.3%
	US HY Bonds	18-Jun-26		-0.9%
Equity – open	Global High Dividend	18-Jun-26		4.1%
	US Communication Services	18-Jun-26		2.1%
	Japan Banks	18-Jun-26		5.3%
	MSCI Taiwan	9-Jul-26		10.1%
	Global Power & Electrification	30-Jul-26		-2.7%
	Euro Area Banks	27-Aug-26		0.1%
	Global Semiconductors	9-Sep-26		3.9%
Equity – closed	Hang Seng Tech	31-Oct-24	24-Sep-26	-1.2%
	MSCI World Equal Weight	21-May-26	9-Jul-26	2.2%

Source: Bloomberg, Standard Chartered. Performance as of 24 Sep 2026

Macro overview – at a glance

Rajat Bhattacharya
Senior Investment Strategist

Key themes

Core scenario (soft landing, 45% probability): We have slightly reduced the probability of a soft landing from 50% by raising the odds of a 'no-landing'. The global economy has picked up steam this summer, powered by AI investments in the US and Asia. This is reflected in robust upgrades to corporate earnings estimates and PMIs. Fiscal easing in Germany and Japan is supporting growth. Meanwhile, inflation has picked up amid higher energy prices due to a resurgent Middle East conflict. As a result, the Fed turned hawkish, hiking rates for the first time since 2023. It was joined by the ECB and BoJ – the first time all three major central banks hiked rates in the same month. We expect the Fed to hike twice more, the ECB once more and the BoJ thrice more by June 2027. Nevertheless, disinflation should return by next year as energy and tariff effects fade, enabling the Fed and the ECB to cut rates by Q3 2027. Meanwhile, China is likely to accelerate fiscal spending to revive domestic growth.

Upside risk (no landing, 30% probability): We raised the probability from 25% amid an acceleration in the AI-driven investment growth. If oil prices ease, US tax cuts, an AI-fuelled stock market boom and fiscal easing in Germany and Japan could boost "animal spirits" further. A global defence spending boom, led by the US and Europe, could also spur global growth.

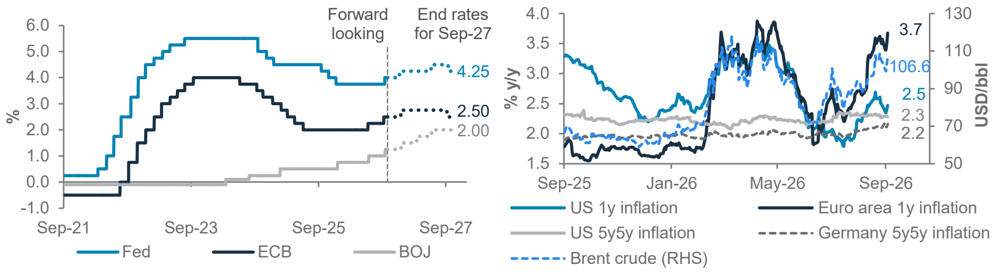
Downside risk (25% probability): This tail risk scenario includes 15% chance of a stagflation unfolding if geopolitical conflicts worsen and oil stays above USD 120/bbl. We also assign a 10% chance to a recession, potentially caused by a more rapid pace of rate hikes to quell inflation, a stock market downturn negating the wealth effect, or a bond selloff due to fiscal concerns.

Key chart

We expect the Fed to hike rates twice more, the ECB to deliver another insurance hike, and the BoJ to hike once a quarter until June 2027 to counter near-term inflation pressures.

Fig. 8 **More rate hikes until June 2027, before cuts in H2 2027 as inflation pressures fade**

Our policy rate outlook*; oil price and US, Euro area, German near-term, long-term inflation



Source: Bloomberg, Standard Chartered; *dotted lines reflect our expected rates path over the next 12m

Policy rates watch

Fed turns hawkish to build credibility as oil reignites inflation; likely to hike twice more by June 2027. The US economy appears resilient, with consensus estimates for 2026 GDP clustering around 2.1% for both 2026 and 2027. The main engine is the AI investment boom and hyperscaler datacentre buildout, reinforced by easy financial conditions and healthy private-sector balance sheets. The robust outlook was reflected in August's PMI data, with both manufacturing and service sector confidence beating expectations.

The labour market has picked up this year, with average monthly payrolls of 80,000 vs. 10,000 in 2025. The unemployment rate at 4.1% suggests full employment, and the workweek lengthened in August. Offsetting vulnerabilities include a low savings rate, fading fiscal support, soft real personal spending and oil prices close to USD 100/bbl.

Inflation remains a challenge. Core PCE inflation has run above 3% every month since March, and the hawkish case rests on supercore inflation remaining around 3%, raising concerns about energy cost pass-through. Nevertheless, August's firm inflation print came from airfares, hotels and a record jump in wireless plans (which is idiosyncratic), while shelter cooled and core goods rose just 0.7% y/y. Core consumer inflation at 2.4% y/y is the lowest since 2021, and BEA methodology changes in end-September should mechanically shave 0.2-0.3pp off historical core PCE inflation.

Following the unanimous Fed vote to hike in September, and still elevated inflation, we pencil in one more rate hike this year, followed by another 25bps hike to 4.5% by June 2027. This pace is slower than market pricing of another c. 90bps of hikes in the next 12 months. However, we expect disinflation to resume next year as the impact of oil prices and tariffs fade. This should create space for the Fed to cut rates by Q3 2027.

ECB to hike once more: Euro area activity has proved more resilient than expected. The consensus 2026 growth estimate has been revised up to 0.9%, from 0.5% as recently as July, with ECB staff projections upgraded to 1.4% for 2027 and 1.5% for 2028. Manufacturing PMIs have improved to 52.7 regionally and services PMI to 53.0, helped by German fiscal delivery and falling household savings rates. A softer Q3 looks weather-driven, due to heatwaves and low Rhine water levels, though higher energy prices and real yields still cap demand.

Headline inflation hit a near three-year high of 3.3% y/y in August and may peak around 3.4-3.6% in Q4 2026 before easing through 2027. Underlying pressures look calmer: core inflation drifted down to 2.4%, services eased, and negotiated wage growth slowed to 2.4% y/y in Q2, down from a peak of 5.6% in 2024. Long-term inflation expectations remain anchored with no evidence of second-round effects. Inflation risks are two-sided – oil above USD 100/bbl and gas above EUR 70/MWh are fuelling near-term inflation, which in turn should hurt demand, driving inflation below 2% by H2 2027.

The ECB raised its deposit rate to 2.50% in September, the top of neutral estimates. We see scope for one more rate hike to 2.75% by year-end before a pause in H1 2027. As such pricing of 95bps more tightening toward an above-3% terminal rate appears too hawkish. We expect easing of energy-driven price pressures to allow for ECB rate cuts by Q3 2027.

China to boost fiscal spending to support growth. China is entering a stabilisation phase in which production is firming, but the recovery remains narrow. The official manufacturing PMI rose to 49.8 in August from 49.2, with new orders, export orders and production back in expansionary territory, while export growth accelerated to 25.0% y/y. Momentum, however, is concentrated in high-tech and export manufacturing: retail sales, fixed-asset investment and credit growth remain soft, and the property downturn has yet to bottom. Full-year 2026 growth should land near 4.5–4.6%, broadly in line with the official 4.5–5% target, as domestic demand stays weak.

Reflation is under way, but shallow and cost-driven rather than demand-led. Headline consumer inflation edged up to 0.8% y/y in August and producer inflation to 3.8%, lifted by higher commodity and energy prices and by official efforts to curb excessive price-cutting. Full-year inflation is expected around 0.8–1.0%, against roughly zero in 2025, with producer inflation swinging from −2.6% to about +2.5%. The persistent supply-demand imbalance should cap the reflation impulse.

Policy settings remain supportive, but with no rush to stimulate. Fiscal policy takes the primary role via faster spending and utilisation of bond proceeds, with broad fiscal spending potentially accelerating in H2 versus a sharp contraction in H1, and the augmented fiscal deficit widening modestly. Monetary policy plays a complementary role: a 25bps cut in bank reserve requirements is likely, while the policy rate should stay unchanged. Slow public financing raises the likelihood of further policy fine-tuning this autumn.

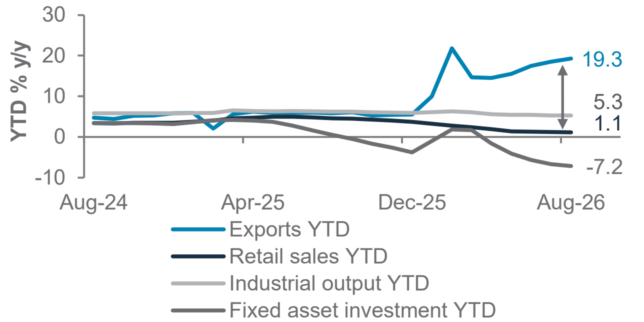
BoJ to hike once a quarter until Q2 2027. Japan's economy is proving more resilient than expected. The consensus 2026 growth estimate has been revised up over the past month to 0.8% from 0.6%. Exports rose 19% y/y in August, a twelfth consecutive y/y growth, while core machinery and machine tool orders indicate higher borrowing costs have yet to dent corporate investment appetite. Real wages climbed 2.4% y/y in July, the strongest since May 2021. The weak link is the household sector: spending continued to contract y/y, leaving an unusual two-speed economy in which external and corporate demand carry growth while domestic demand lags.

Underlying inflation sits close to the 2% target, with pressure building upstream rather than from demand. Energy and commodity prices have risen sharply and earlier yen weakness has amplified import costs, with producer inflation running well ahead of CPI. The 10-year breakeven inflation has risen close to May's record high of 2.3% amid growing risk of pass-through from producer to consumer prices.

Bank of Japan Governor Ueda, after raising rates by 25bps to 1.25% in September, alluded to rising inflation pressures, stating the policy environment has shifted to a "new phase". He added that the BoJ must now act to prevent inflation from overshooting, rather than simply trying to reach the 2% target. September's BoJ decision came in a 7-2 split vote, with two members nominated by Prime Minister Takaichi calling for a hold. However, Ueda's post-decision comments lead us to believe that the BoJ board will be comfortable with a 25bps rate hike every quarter until Q2 2027, taking the rate to 2%.

Fig. 9 **China exports boom, domestic demand weak**

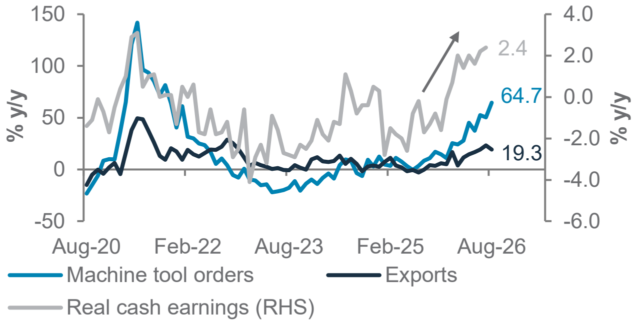
China's exports, retail sales, industrial output, fixed investment



Source: Bloomberg, Standard Chartered

Fig. 10 **Japan's wages accelerating, while exports surge**

Japan's real cash earnings, machine tool orders, exports



Fixed Income – at a glance

Jonathan Liang, CFA
CIO, Fixed Income & FX

Cedric Lam
Senior Investment Strategist

Ray Heung
Senior Investment Strategist

Anthony Naab, CFA
Investment Strategist

Our view

Foundation: Fixed income assets are a core holding (Neutral) in our portfolios. Within the asset class, we maintain an Overweight stance on EM USD government bonds and an Underweight stance on DM government bonds.

The Fed's decision to hike rates in the past week confirms our expectations of a central bank willing to establish its independence against political pressure. The Fed's moderately hawkish pivot is helping restore its inflation-fighting credentials. We expect Fed to hike twice, one by year-end and another hike in H1 2027 to bring the Fed funds rate to 4.5%. The price reaction in the US government bond yield curve leads us to believe the short-to-middle part of the curve has factored in most of the rate expectations. We now prefer to add positions in the 3-7-year bond maturity bucket. As oil price moderates in H2 2027, we see room for the Fed to contemplate rate cuts. That would also enable 10-year yields to come down, alongside the front end of the curve. Meanwhile, solid corporate fundamentals and supportive technicals should keep yield premiums tight, even if the scope for further compression is limited. In EM, we continue to favour EM USD over local currency (LCY) government bonds.

Opportunistic ideas: We are bullish on European bank additional tier-1 (AT1) bonds (contingent convertibles [CoCos[1]]; FX-hedged), US TIPS, AAA-rated CLOs, US utilities corporate hybrids, broad US HY and AUD corporate bonds.

Key charts

Fig. 11 **Rate forecasts and our view of bond classes**

Region	Horizon	2-year	10-year	30-year
US	Q4 2026	4.50 – 4.75%	5.00 – 5.25%	5.25 – 5.50%
	Q3 2027	4.00 – 4.25%	4.75 – 5.00%	5.50 – 5.75%
Euro area	Q4 2026	3.00 – 3.25%	3.25 – 3.50%	3.75 – 4.00%
	Q3 2027	2.75 – 3.00%	3.00 – 3.25%	3.50 – 3.75%
Japan	Q4 2026	1.75 – 2.00%	3.00 – 3.25%	4.00 – 4.25%
	Q3 2027	2.00 – 2.25%	3.00 – 3.25%	4.00 – 4.25%

Bond class	Our views
DM rates	▼
DM IG corps	◆
DM HY corps	◆
EM USD govt	▲
EM LCY govt	◆
Asia USD	◆

Legends: ▲ Most preferred/Overweight | ▼ Least preferred / Underweight | ◆ Core holding/Neutral allocation
Green / **Red** represents an upgrade / downgrade from the prior GMO
Source: Standard Chartered

DM rates – Underweight

We are Underweight DM government bonds. In the US, the Fed's policy pivot this month followed Chair Warsh's hawkish Jackson Hole speech and recent economic data prints, including a pick-up in job creation and inflation over the summer and a sharp rebound in oil prices due to the re-escalation of the Middle East conflict. Given the unanimous Fed decision to hike rates this week, we expect two more hikes by June 2027 on the back of robust growth amid strong AI investments and a balanced labour market, keeping inflation elevated.

Over the next few months, we expect the 2-, 10- and 30-year US government bond yields to remain rangebound, with the 10-year yield trading in the 5.00-5.25% range. The reasons for this include: 1) oil prices staying elevated and potentially rising further due to the fluid geopolitical situation in the Middle East; 2) AI capex plans showing no signs of slowing down, which continues to drive above-trend growth in the economy and AI-related heavy bond issuance. While short-covering trades could move bond yields lower temporarily as net-short positions in US government bond futures have reached extreme levels, we think such downshifts would be short-lived. By H2 2027, we expect oil prices to moderate and the inflationary effects from tariffs to fade, allowing the Fed to contemplate rate cuts. US 30-year yields, on the other hand, are expected to remain elevated as the US fiscal deficit remains substantial next year. In addition, we do not think the so-called 'Bessent put' - expanding purchases of long-dated bonds, while skewing new issuance towards shorter maturities - will be effective as this does not address the fundamental issues of rising debt levels. These factors are likely to keep the 'term premium' elevated.

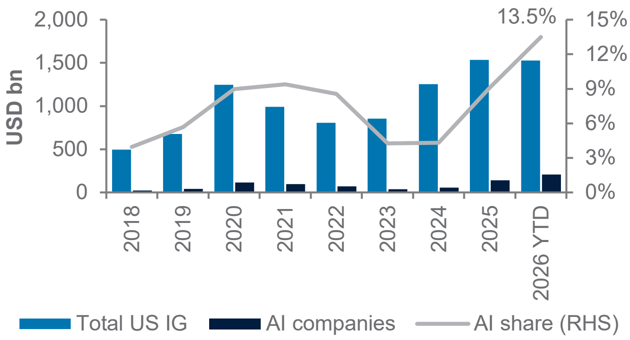
In the Euro area and Japan, the ECB and BoJ also hiked rates this month. It is the first time on record all three - Fed, ECB and BoJ - have hiked in the same month, as they respond primarily to a resurgence in energy-driven inflation amid tight job markets. BoJ is expected to continue hiking once every quarter till mid-2027 as we believe the bank is behind the curve and will need to speed up the pace of rate hikes.

DM corporates – Core holding

We maintain a Neutral allocation to both DM IG and DM HY corporate bonds, with a tactical bias to add exposure on episodic weakness, as carry continues to dominate total returns across developed market credit. Yield premiums have bounced but remain close to historical lows, while yields are still attractive, reinforcing a carry-led stance. This tight spread regime is anchored by robust issuer fundamentals, strong profitability, and resilient balance sheets, despite a visible moderation in rating upgrades over the past quarter.

Fig. 12 AI issuance challenges IG technical backdrop

AI issuance (total & share of total), US IG gross issuance



Source: Bloomberg, Standard Chartered

Technical supply dynamics are reshaping sector dispersion, particularly in the IG space, where heavy issuance related to AI continues to weigh on the long end of the curve. AI-driven supply is approaching USD 220bn for 2026 in US IG and accounting for an increasingly significant share of gross issuance and crowding out other long-dated maturity bonds. We maintain a preference for selectivity at the long end, favouring the front to belly of the curve (3-7 years maturity) where risk-adjusted carry remains most durable. Issuance-driven concessions in sectors with strong capital expenditure cycles (notably technology, capital goods, and basic industries) present opportunities for investors who can stomach near term volatility, especially when fund flows have remained robust: so far this year, high grade funds have seen cumulative inflows of ~8% of AUM.

Fig. 13 DM IG spreads have bounced lately, but remain near historical lows

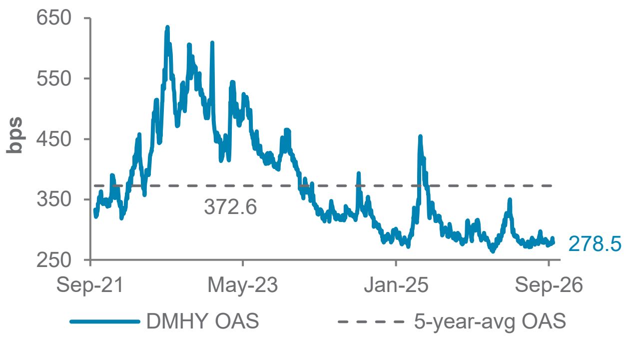
Bloomberg Global Aggregate Corp Index, option-adjusted spread (OAS)

Source: Bloomberg, Standard Chartered

As an income proposition, DM HY continues to be well supported, with all-in yields in the mid-7% range and default rate still below trend for US HY in 2026. The shorter duration profile of HY, combined with its lower sensitivity to term premium and rate volatility, makes it an attractive sleeve in the current phase of the cycle. Despite experiencing net outflow YTD, HY demand has recovered from a net outflow position in the past 1-2 months, underscoring broad investor appetite for carry strategies even as spreads remain tight. We remain attentive to evolving rating migration trends and sector-specific supply pressures, particularly as upgrades slow and new issuance clusters around key themes. However, we continue to see HY bonds as core holding allocations driven by healthy issuer fundamentals and stable credit metrics.

Fig. 14 DM HY spreads are near historical lows as well

Bloomberg Global HY Aggregate Corporate Index, OAS



Source: Bloomberg, Standard Chartered

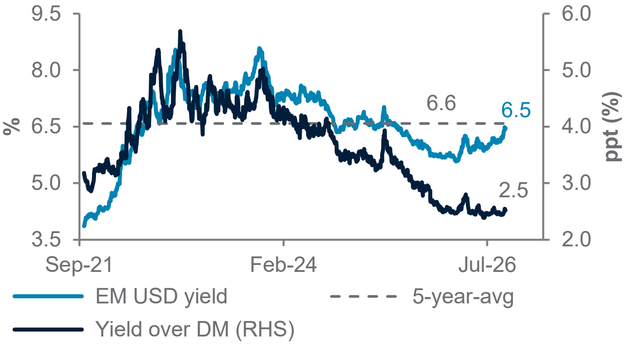
EM government bonds – Overweight USD, core holding for local currency (LCY) bonds

We retain an Overweight position in EM USD government bonds and retain EM LCY government bonds as a Core holding, reflecting a balanced perspective across both regional performance and currency dynamics. In EM USD sovereign debt, periods of spread widening have been brief and shallow, with attractive carry drawing sustained demand amid resilient global growth and stable external conditions. Issuance patterns remain front-loaded across many regions, reinforcing supportive technicals; relatively light investor positioning contributes to contained risk of unwinding and limits market impact during episodes of moderate outflow.

Regional nuances are increasingly notable. Latin America's sovereign debt has tended to outperform, supported by more proactive monetary policy responses and firmer external balances. In Asia, higher-rated issuers offer valuable buffer during bouts of global rate volatility, while select frontier exposures within Africa and EMEA remain more sensitive to liquidity shifts and changes in risk appetite. Index composition also shapes resilience: the EM USD benchmark is less exposed to oil price shocks as non-oil importers represent a large share of exposure compared to the LCY universe. These features are particularly important as spreads across EM USD sovereigns hover near historically tight levels, leaving limited room for error. We expect returns to be primarily driven by carry rather than further spread compression.

Fig. 15 **EM government bonds offer a pick-up of 2.5% in yields over DM peers**

Bloomberg EM USD Government Bond Index, yield to worst



Source: Bloomberg, Standard Chartered

EM LCY debt faces additional headwinds, especially as elevated US real yields and an appreciating USD dampen demand from foreign investors and reduce the comparative attractiveness of broad-duration strategies. However, real yields remain comparatively supportive in several markets, and current valuations signal ongoing selective opportunities, especially given the restrictive monetary policy stances prevalent across many EM economies. Accordingly, EM LCY bonds retain their Core holding status, with portfolio emphasis placed on country selection and measured duration exposure, reflecting the differentiated currency dynamics at play.

Key risks to both USD and LCY segments include the potential for Middle East conflict escalation and higher oil prices. Renewed hawkishness from the US Fed supporting further USD strength and weather-related disruptions - such as the effects of El Niño - could prolong inflation pressures and disrupt disinflation progress in vulnerable EM regions.

Asia USD bonds – Core holding

We retain a Neutral allocation to Asia USD bonds, an asset class that continues to reward investors with attractive nominal yields, favourable supply-demand technicals and robust credit fundamentals. Healthy corporate cash flows, low leverage and a high share of sovereign-linked issuers lend the segment a defensive quality relative to broader credit.

The resilience has been evident year to date. Asia USD bonds have outperformed, from a total return angle, both DM government and DM IG corporate bonds. We expect this relative strength to persist. The combination of carry and credit quality (more than 60% are sovereign and sovereign-related issues) anchors our conviction in the asset class even as we maintain a Neutral stance.

Bond opportunistic views

Bullish US HY bonds

We are opportunistically bullish on US HY bonds. We expect HY corporate earnings and cash flows to remain solid and leverage to remain stable. The asset's shorter-duration profile offers lower sensitivity to rate volatility, which is an attractive characteristic in an environment of elevated term premium.

Bullish US inflation-protected bonds (TIPS)

Real yields have surged to multi-decade highs, driven by elevated rate hike expectations. Inflation concerns remain as oil prices rebounded over the last month. We believe TIPS offer protection against near-term inflation uncertainties.

Bullish utility sector corporate hybrids

AI capex and related energy demand are likely to stay strong in the US, benefiting utilities. While utilities will also need to expand capex, we believe credit fundamentals will remain stable in 2026 as revenues grow. We prefer hybrids over senior bonds for yield enhancement and low non-call risk.

Bullish Australian dollar (AUD) corporate bonds

The threshold for further RBA rate hikes has risen, as higher energy prices weigh on the growth outlook and complicate the policy trade-off. The transmission channel matters too, where higher long-end yields would feed through to the property market, tightening financial conditions without the RBA having to act, casting further doubt on the case for additional hikes.

Technicals still look balanced. The market absorbed the recent hyperscaler supply comfortably, with solid bid-to-cover ratios pointing to genuine underlying demand. Supply nevertheless remains a tail risk as the AUD bond market is comparably smaller than its USD peer, particularly at the long end of the curve, where duration appetite is much thinner and the term premium is most sensitive.

Bullish EU bank CoCos[1] (FX-hedged)

Europe bank fundamentals remain solid, underpinned by ample liquidity coverage, strong capital buffers and still-supportive asset quality. We expect this asset class to remain supported from still-strong demand for carry.

Bullish AAA-rated CLOs

Private credit spillover concerns are mounting amid deteriorating covenant protections in parts of the leveraged credit market. However, we believe high-quality collateralised loan obligations (CLOs) backed by solid asset portfolios and substantial credit enhancements underneath senior tranches should help dampen credit risk and volatility. We see a compelling case for floating-rate and shorter-duration alternatives as portfolio diversifiers amid elevated term premia.

[1] Contingent convertibles (CoCos) are complex financial instruments. Please refer to important disclosures on page 27.

Equity – at a glance

Sundeep Gantori, CFA, CAIA
Chief Investment Officer, Equities

Fook Hien Yap
Senior Investment Strategist

Cindy Lam, CFA
Senior Investment Strategist

Our view

We are Overweight global equities as we expect solid earnings growth to drive the market higher. The wave of central bank rate hikes in September represent a near-term headwind to equity valuations, but these have been largely priced into markets by the rise in bond yields year-to-date. We expect earnings growth to offset valuation headwinds. We are **Overweight US and AxJ equities**, where AI adoption continues to drive growth in the technology and adjacent sectors.

Within AxJ, we remain Overweight Taiwan, with good visibility on AI-driven growth. We lower China to a Core holding, as the valuation re-rating potential appears delayed**.** Within AxJ, we maintain core allocations to South Korea and India, and we are Underweight on ASEAN equities.

We maintain a **Core allocation to Japan**, as nominal growth supports broad earnings revision, and a **Core allocation to Europe ex-UK**, which is enjoying an earnings inflexion. We remain **Underweight UK** equities, which lacks exposure to growth sectors.

Key chart

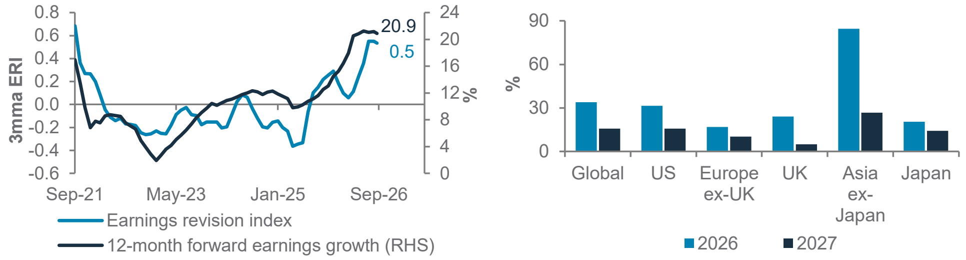
Earnings growth is driving gains in equities.

Index	12m forecast	Upside to target^
S&P500	8,400	9%
Nasdaq 100	34,000	12%
Euro Stoxx 50	6,650	6%
FTSE 100	11,100	4%
Hang Seng	26,600	7%
Nifty 50	24,600	7%
Nikkei 225	69,700	6%

^Based on 24-Sep closing levels

Fig. 16 **Broad-based earnings strength is supporting global equities. Our Overweight views on AxJ and US equities are supported by robust earnings growth.**

Earnings revision index (ERI*) and 12m forward earnings growth for MSCI AC World index. Consensus 2026 and 2027 earnings growth estimates for MSCI equity regional indices.



Source: FactSet, Bloomberg, Standard Chartered. *ERI=number of upgrades/number of downgrades-1

Preference order	The bullish case	The bearish case
US equities ▽ ◇ ▲	+ Earnings growth exceptional post Q2 + AI capex expanding beyond tech + Relatively safe from global energy shock	– Two-sided AI tail risk; AI winter/disruption – Valuation de-rating risk from Fed rate hikes – Rising yields signal rotation out of US assets
AxJ equities ▽ ◇ ▲	+ Strongest EPS growth from AI supercycle + PE valuation is lowest among key regions + Cleaner positioning as Korea deleverages	– Extreme concentration risks in index – Rising oil prices hurt Asian oil importers – Trade tensions and geopolitical risks
Within AxJ	Taiwan ▲ South Korea ◆	China ◆ India ◆ ASEAN ▼
Japan equities ▽ ◆ △	+ Investment boom in strategic industries + EPS growth boosted by nominal growth + Corporate reforms still delivering value	– Hawkish BoJ pivot with more hikes expected – Long-end yields at multi-decade highs – Sensitive to energy prices as net importer
Europe ex-UK equities ▽ ◆ △	+ Earnings inflexion after 3 stagnant years + Fiscal expansion lifts domestic demand + Higher rates favour banks and value	– Energy shocks are inflation headwinds – Risk of ECB rate hikes could tighten liquidity – Muted earnings growth trails major regions
UK equities ▼ ◇ △	+ Rotation into defensive as tensions climb + Deep valuation discount; attractive yield + Outperforms when oil rallies and rates rise	– Highest long-end yields in developed world – Defensive composition lags in a growth rally – Muted earnings growth with low AI exposure

Legends: ▲ Overweight | ▼ Underweight | ◆ Core **Green** = Upgrade; **Red** = Downgrade

Source: Standard Chartered Global Investment Committee

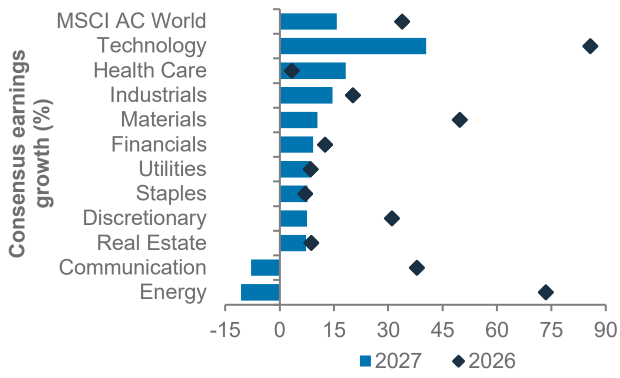
Expansion at a solid pace

With economic activity expanding at a solid pace, we expect earnings growth to fundamentally drive global equities higher. Heading into 2027, **rising AI adoption continues to drive strong growth** in the technology sector. Recent debates about regulating the pace of model developments could influence the mix of AI spending, with differing impacts on various parts of the AI value chain. However, rising adoption and growth in AI use cases should support massive growth in capex, benefitting the semiconductor industry, cloud service providers and internet platforms. The capex benefits also spillover to other industries providing the power infrastructure, materials and financing of the investments. The risks are a slowdown in AI capex or net job losses from AI disruption, but we do not see these having a significant impact yet.

Rate hikes from central banks represent a headwind for equity valuations, although this has been **largely priced in** by bond markets, given the rise in yields we have seen this year. Further rate hikes are being priced by the market. However, we expect these headwinds to be offset by solid earnings growth in global equities: at 34% in 2026 and 16% in 2027.

Fig. 17 **Global equities continue to be supported by strong earnings growth, led by the technology sector**

Earnings growth by sectors for MSCI AC World index



Source: Company reports, Standard Chartered

US equities – Overweight

US equity valuations have softened this year as strong earnings growth have outpaced the rise in the market. The 12m forward P/E of around 20x remains at a premium to other markets but justified, in our view, by the high returns on equity, differences in sector composition and superior growth outlook. In the run-up to US mid-term elections in November, we would not be surprised to see higher volatility, though we would use any undue corrections as opportunities to add exposure.

AxJ equities – Overweight

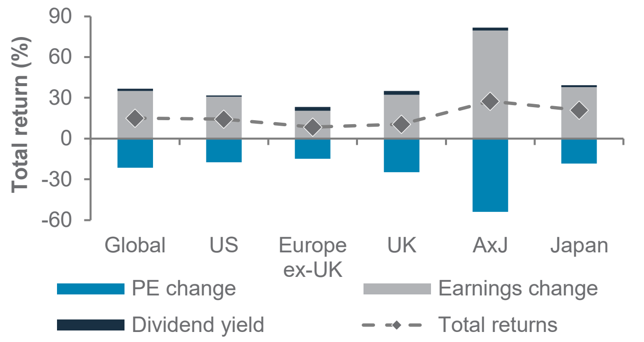
AxJ enjoys the strongest earnings growth among major markets, as its technology sector remains a key beneficiary of the AI capex cycle. AxJ also has the lowest P/E valuation, given the earnings surge has not yet been reflected in the market. Within AxJ, we are **Overweight Taiwan**, which benefits from clear visibility on AI-driven growth and dominance in manufacturing advanced AI chips.

We lower China to a Core holding as the valuation re-rating potential now appears delayed. Share placements for AI spending will likely continue, diluting earnings. Regulatory concerns still linger from US restrictions on AI chips and distillation accusations, even as the Trump-Xi summit signals a mutual desire for steady ties. Looming offshore trust taxes may lead to further sell down pressures, while domestic demand remains weak. However, valuations remain inexpensive with rapid tech innovation and AI-localisation investments. Policy stimulus could provide upside.

South Korea equities remain a Core holding. We are positive on the long-term agreements giving greater earnings visibility on memory chips. Positioning is also cleaner, with reduced foreign investor exposure and declining leveraged ETFs. **India remains a Core holding** amid positive earnings revision and strong domestic demand, alongside macro headwinds from RBI rate hikes. **We remain Underweight on ASEAN**, as oil shocks and a supported USD could weigh on the region, although Singapore offers defensive growth.

Fig. 18 **Global equity valuations have declined this year, with market gains led by earnings growth**

Composition of returns YTD for regional MSCI equity indices



Source: FactSet, Standard Chartered. Min-Max over last 10 years

Japan equities – Core allocation

Rising nominal economic growth is supporting solid broad-based earnings revisions, with rising rates supportive of bank earnings. The fiscal support for strategic industries is also pro-growth, offsetting energy shocks.

Europe ex-UK equities – Core allocation

Europe ex-UK is seeing an earnings inflection after three stagnant years, with rising rates supportive of banks' earnings. Fiscal expansion is benefitting domestic demand and the industrial sector, although earnings growth in the region still lags that of the US and AxJ.

UK equities – Underweight

The UK lacks exposure to growth sectors, with relatively muted earnings growth. We expect this to weigh on the UK, making it lag the performance of other markets.

Equity opportunistic views

Robin Xie, CFA
Senior Investment Strategist

Ryan Goh
Investment Strategist

Jason Wong
Senior Equity Analyst

Add Global Semiconductors, remove HSTECH

We initiated an Opportunistic Idea on Global Semiconductors on 9 Sept 2026. We expect sustained AI investments and rising AI adoption to support earnings growth, with demand widening beyond processors to memory, networking, and advanced manufacturing equipment. Valuations have also eased since the middle of the year.

We remove Hang Seng Technology (31 Oct 2024 to 24 Sep 2026: -1.2%) amid mixed earnings trends, while AI monetisation has yet to keep pace with rising investments. Widening US-China tech restrictions adds to the uncertainty, and we see better risk-adjusted opportunities elsewhere.

Fig. 19 **Opportunistic Ideas**

Region	Idea
Global	Global Semiconductors*
	Global Power & Electrification
	Global High Dividend
US	US Communication Services
Europe	Euro Area Banks
Asia	Japan Banks
	MSCI Taiwan

Source: Standard Chartered. * New idea

Ongoing Opportunistic Ideas

Euro area banks: A higher-for-longer rates backdrop should extend the earnings upcycle, with further ECB tightening expected. Corporate loan demand is showing recovery, while non-interest income is growing. Strong capital generation supports higher dividends and continued share buybacks.

Global Power & Electrification: Rising AI and data centre power demand should drive a multi-year grid and electrification investment cycle. Power availability and grid capacity are emerging bottlenecks to the AI infra buildout. Addressing these constraints requires capex and time, which supports strong earnings visibility for grid equipment makers.

Japan Banks: BoJ policy normalisation drives net interest margin upside, while Japan's reflation cycle supports nominal loan demand, corporate capex and wealth activity. Governance reform is a re-rating driver independent of the rate cycle. This includes recycling legacy holdings towards growth, buybacks and dividends.

MSCI Taiwan: Taiwan's foundry leadership makes it a critical supplier to global tech firms, while its broadening AI hardware supply chain is driving strong revenue growth.

Global High Dividend payers: Provides a higher-income equity allocation with historically lower volatility than the MSCI ACWI and modest downside cushioning on balance.

US Communication Services: We remain constructive and expect further upward earnings revisions, driven by improving digital ad-spending and AI monetisation.

Sector views: Continue to broaden & diversify

We upgrade US Materials to Overweight as robust capex drives demand for industrial metals and construction materials, while we remain bullish on gold. US Technology and Communication Services remain the primary growth engines, supported by structural AI tailwinds. We remain Overweight in Financials across the US, Europe ex-UK, and Japan, underpinned by earnings stability and elevated rates supporting interest income. This is further supported by a US capital markets recovery and European balance-sheet strength. We remain Overweight in Europe ex-UK Industrials, reflecting EU fiscal stimulus and Germany's infrastructure acceleration legislation.

In China, we broaden our Overweight exposure by upgrading three sectors: Materials (benefiting from structurally elevated commodity prices), Healthcare (biotech innovation and a robust pipeline sustaining growth), and Financials (easing margin pressure, fee recovery, and capital market reform). Our existing Overweight positions in Technology and Communication Services maintain exposure to China's AI build-out, with fiscal deployment into high-tech infrastructure serving as a near-term catalyst. On the other hand, we downgrade Utilities to Underweight on capped margins and retain our Underweight views on Real Estate and Consumer Staples.

Fig. 20 **Our sector views**

Top preferred Global sectors	China sectors
US technology	Technology
US communication services	Financials ▲
US financials	Communication services
US materials ▲	Materials ▲
Europe ex-UK financials	Healthcare ▲
Europe ex-UK industrials	Energy
Japan financials	Industrials
	Discretionary
	Utilities ▼
	Staples
	Real estate

Legends: Overweight | Core | Underweight

▲ Upgrade from last month | ▼ Downgrade from last month

Source: Standard Chartered

Gold, crude oil – at a glance

Anthony Naab, CFA
Investment Strategist

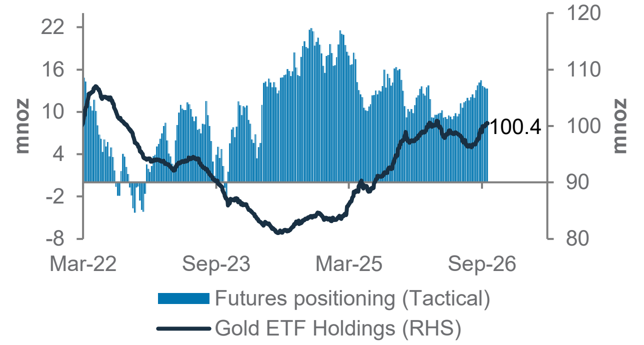
Our view

- We maintain our Overweight on gold, and our 3 - and 12-month price targets at **USD 4,750/oz** and **5,000/oz**, respectively.
- We raise our 3-month West Texas Intermediate (WTI) oil forecast to **USD 100/bbl** and 12-month target to **USD 80/bbl**.

Key charts

Fig. 21 **Futures positioning in gold eased on Fed repricing while longer-term ETF holders stayed put**

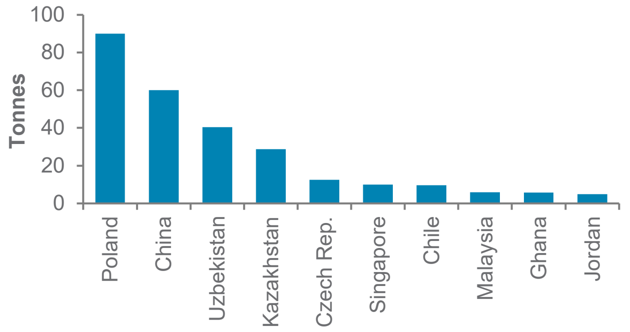
Gold net managed money positions vs ETF holdings



Source: Bloomberg, Standard Chartered

Fig. 22 **Central bank gold buying has slowed from recent years, but more countries are participating**

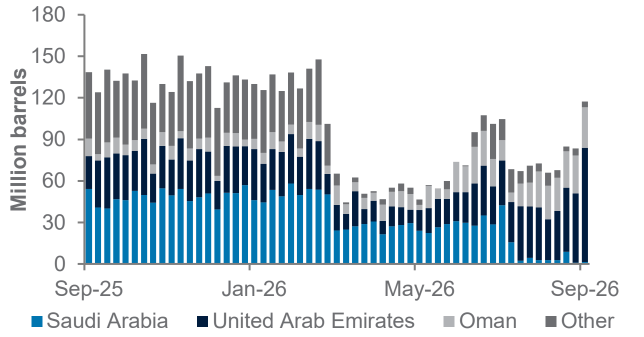
Top 10 central bank gold buyers, 2026 year-to-date



Source: World Gold Council, Standard Chartered

Fig. 23 **Other Gulf oil producers have offset the loss of Saudi exports**

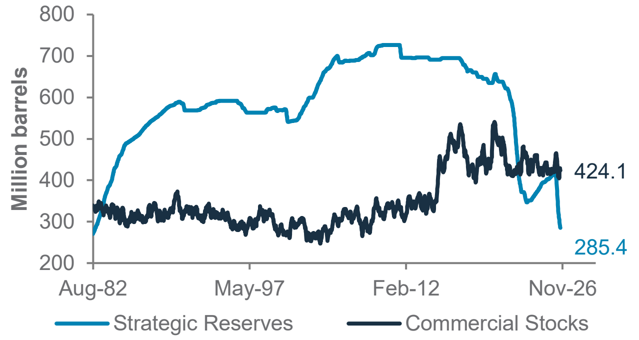
Middle East crude exports, million barrels per week



Source: Bloomberg, Standard Chartered

Fig. 24 **US strategic oil reserves remain near multi-decade lows while commercial stocks are healthy**

US commercial stocks vs Strategic Petroleum Reserve, mb



Source: EIA, Standard Chartered

Gold outlook: Gold has remained resilient despite a more hawkish Fed and higher real yields, suggesting much of the tightening is already reflected in prices. With markets discounting an aggressive Fed path, we see an increasingly asymmetric risk-reward: limited downside risk from further rate repricing, but meaningful upside should Fed rate expectations shift towards being less restrictive. Official-sector demand has slowed from recent years but has become broader based, while investor positioning remains well below levels seen at the start of the 2022 hiking cycle.

Oil outlook: Oil prices have risen sharply as recent attacks cast greater uncertainty over Saudi exports, even as Gulf crude flows overall remain resilient. Other regional producers have helped sustain exports, containing the immediate supply impact. However, adequate US commercial crude stocks mask thinner buffers elsewhere, with strategic reserves and fuel inventories low. This leaves the market more vulnerable to a prolonged disruption, supporting a higher geopolitical risk premium and an upward revision to our outlook.

FX – at a glance

Jonathan Liang, CFA
CIO, Fixed Income & FX

Vincent Tan
Senior Investment Strategist

Iris Yuen
Investment Strategist

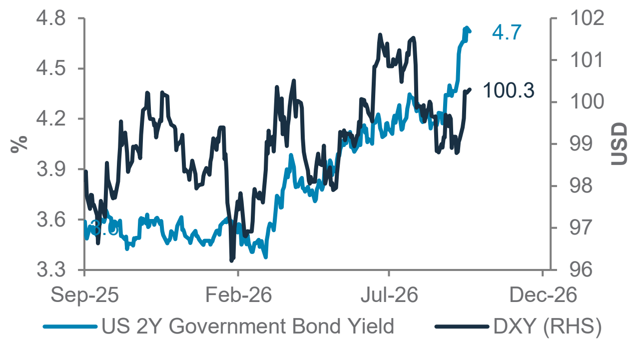
USD view

Further Fed tightening supports the USD near term. We expect the USD to remain supported, with our 3-month DXY forecast at 100.2. Resilient US payrolls for August alongside sticky energy and IT price-driven inflation reinforce the Fed's focus on containing inflation. Following its 25bp hike to 3.75–4.00%, we expect another hike by end-2026 and potentially another one in early H1 2027. Further tightening should keep US front-end yields elevated and support the USD. However, money markets already price a more aggressive Fed hiking path than our expectations, limiting the scope for further USD gains and leaving the USD vulnerable if incoming data weaken the case for additional hikes.

Fading inflation and narrowing rate advantage point to a softer USD in the medium term. We expect the USD index (DXY) to decline gradually towards 98 over 12 months. Inflation pressures are expected to moderate as the impact of oil prices and tariffs fade, reducing the need for continued Fed tightening. We forecast that the Fed funds rate may peak in H1 2027 in the current mini-rate hike cycle and then gradually decline thereafter as inflation moves closer towards target, supporting our DXY call. Further ECB and BoJ tightening should also progressively narrow the USD's relative rate advantage, supporting gradual USD moderation. Resilient US growth and elevated government bond yields should, however, limit the pace of depreciation.

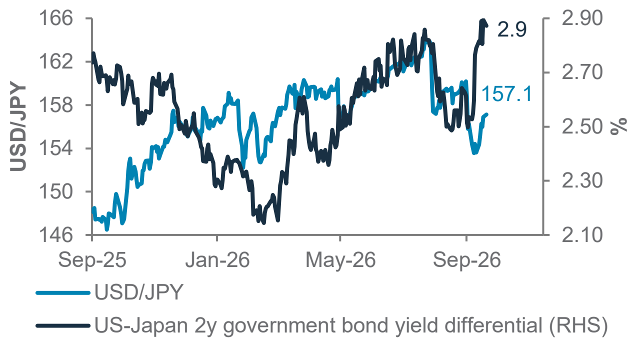
Key charts

Fig. 25 **Higher US front-end yields support near-term USD strength**
USD Index (DXY) and US 2-year government bond yield



Source: Bloomberg, Standard Chartered

Fig. 26 **Wide yield differentials support USD/JPY, but BOJ policy normalisation should narrow the gap**
USD/JPY and US-Japan 2-year government bond yield differentials

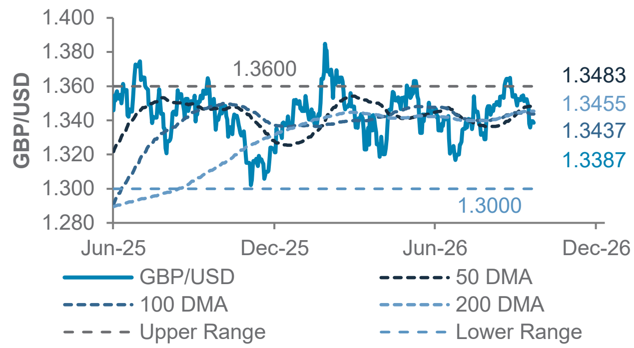


Source: Bloomberg, Standard Chartered

Fig. 27 **Wider US-German rate gap caps EUR upside**
EUR and US-German 2-year government bond yield differential

Source: Bloomberg, Standard Chartered

Fig. 28 **GBP/USD is expected to trade within the 1.30-1.36 range, with downside risk**
GBP/USD



Source: Bloomberg, Standard Chartered

Fig. 29 **Summary of G7 and select Asian FX forecasts and drivers**

Currency	Spot*	3m	12m	Rationale
EUR/USD	1.1380	1.15	1.18	**Near-term EUR weakness; constructive medium term.** The ECB raised its deposit rate 25bps to 2.50% in September. Potential ECB tightening should narrow the US-Euro area rate differential over time, supporting EUR over 12 months.
GBP/USD	1.3219	1.33	1.35	**Rangebound with near term downside risk:** UK inflation rose to 3.1% y/y, keeping BoE tightening risk alive, but softer labour conditions should limit the extent of tightening. Fed-BoE policy divergence may constrain GBP near term, while an expected peak in US rates by mid-2027 should allow a modest recovery over the medium term. The Autum Budget in October could increase volatility.
USD/JPY	158.86	157	153	**Constructive JPY.** The BoJ's September 25bp hike to 1.25% reinforces policy normalisation. The still wide US-Japan yield differential may limit near-term JPY gains, but further BoJ tightening should gradually narrow the gap and support JPY over the medium term towards our target of 153.
AUD/USD	0.7012	0.73	0.74	**Near-term AUD weakness; constructive medium term:** Australia's Q2 GDP grew 0.4% q/q, reinforcing domestic resilience. A relatively restrictive RBA stance supports AUD, while eventual narrowing in relative rate differentials should improve the medium-term outlook.
NZD/USD	0.5662	0.56	0.57	**Rangebound:** The RBNZ raised rates 25bps to 2.75%, while New Zealand's Q2 GDP grew 0.2% q/q. Improving growth provides support, but an uneven recovery and near-term USD strength should limit NZD gains.
USD/CAD	1.4138	1.39	1.37	**Near-term CAD weakness; modest medium-term recovery:** Canada employment fell 41,700 in August vs. a 15,000 expected rise, while the BoC held rates at 2.25%. Softer labour conditions and Fed-BoC divergence may constrain CAD near term.
USD/CHF	0.8278	0.82	0.79	**Near-term CHF weakness; medium-term CHF recovery:** Swiss inflation surprised higher at 0.8% y/y, but the wide Fed-SNB rate differential should continue to favour USD near term. As Fed tightening peaks and the US rate advantage narrows, CHF should gradually recover over 12 months.
USD/CNH	6.7159	6.70	6.67	**Gradual CNH appreciation:** China's industrial output in August rose 5.2% y/y, beating estimates, but retail sales growth slowed to 0.4% on weak domestic demand. Production resilience and PBoC currency support favour modest CNH appreciation, while soft consumption and an easing policy bias should limit the pace of gains.
USD/SGD	1.2794	1.28	1.26	**Rangebound near term; constructive SGD medium term:** Further Fed tightening and elevated US yields may limit SGD appreciation near term. Resilient fundamentals and MAS's exchange-rate policy should support gradual SGD appreciation as US rate support fades.
USD/INR	95.96	–	98	**Modestly bearish INR:** India's crude oil imports rose 26% y/y in August, and a USD 77bn AI import deficit are both adding to structural import pressures. Higher-for-longer US rates remain a headwind, while capital inflows and RBI intervention should smooth out near-term volatility and support a gradual INR depreciation towards 98.
USD/MYR	4.0865	–	4.00	**Modestly bullish MYR:** Resilient domestic demand, strong exports and corporate FX conversion support MYR; external uncertainty should keep appreciation gradual.
USD/KRW	1,368.9	–	1,540	**Bearish KRW:** Recent KRW-supportive corporate USD selling is fading, while reduced National Pension Service's FX hedging and prospect of USD 350bn US investment package by the South Korean national investment committee could increase USD demand. Higher US rates add a headwind, supporting KRW depreciation over 12 months.

Source: Bloomberg, Standard Chartered
*As of 24 September 2026 SGT close price

Quant perspective: Reducing Equity Overweight as Valuation Weakened

Francis Lim
Senior Quantitative Strategist

Maggie, Au Yeung
Quantitative Analyst

Summary

Our stock-bond model (3-6 months) reduced its Overweight allocation to global equities to +1 from +3 (maximum +5) in September. The downgrade was driven primarily by a weaker valuation signal as valuation score fell to -2 for both Developed Market and Asian equities. Despite some moderation, fundamentals remain strongly supportive of equities. Positive factors include resilient net earnings upgrades, a positive economic surprise index, and PMI new orders remaining above 50, signalling continued expansion in industrial activity. Market technicals weakened but continued to support equities overall. Our market breadth indicator shows that 72% of equity markets remain above their 200-day moving averages. Stock net advances are positive and not at levels that would typically signal an imminent market reversal. The stock-bond model continues to outperform strongly, generating 4.2% alpha YTD relative to the 60/40 equity-bond benchmark.

Our 1–3 month equity market regime models continue to signal low bear market risk, with probabilities of just 0.7% for S&P 500 and 5.0% for MSCI AC World indices. The low readings continued to be driven by subdued option-market implied volatility. At 14 – 15%, the VIX and market cap-weighted one-month implied volatility measures for Europe and US remain comfortably below the 20% threshold at which bear market risk tends to rise sharply. While momentum indicators have softened, they point to a typical market consolidation rather than signs of meaningful market stress.

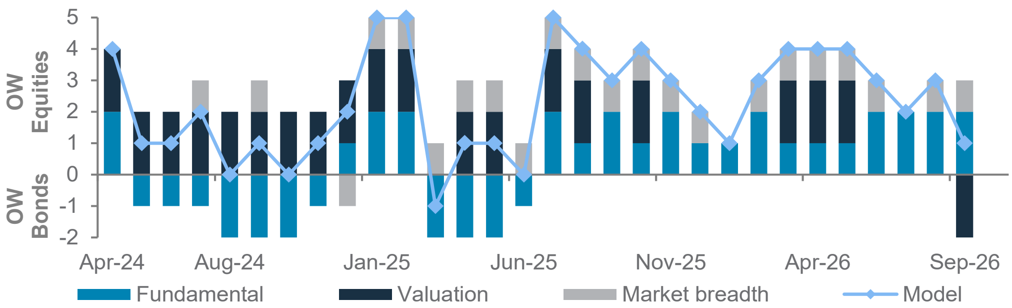
Our positioning indicators are not signalling any reversal risk. Previous long positioning in DXY has fully unwound and our market diversity indicator for MSCI Singapore has also normalized after the index corrected from its September peak.

Key chart

Our stock-bond model reduced its Overweight equity position as valuation weakened.

Fig. 30 **Breakdown of our stock-bond rotation model's scores**

Our model reduced equity Overweight to 8% from 24% as the model score fell to +1

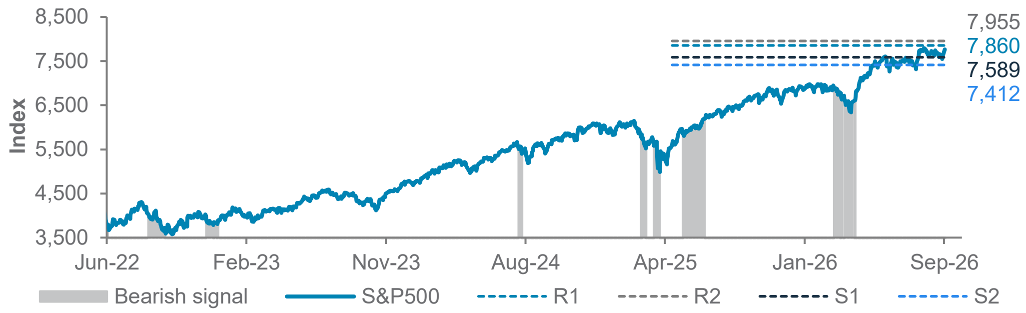


Source: Bloomberg, Standard Chartered; 25-September-2026

VIX has fallen to 15.6%, comfortably below the 20% threshold at which bear market risk tends to rise sharply. Softer market momentum remains consistent with consolidation rather than meaningful market stress.

Fig. 31 **Our technical model remains bullish on the S&P500**

S&P500 Index; model's bearish signal; technical support and resistance levels



Source: Bloomberg, Standard Chartered; 25-September-2026

Fig. 32 Long- and short-term quantitative models remain bullish on risk assets

Long-term models below have a typical time horizon of 3-6 months, while short-term models have a 1-3-month horizon

Long-term	Stock or bond	US recession model
Current view	Reduce equity Overweight	20% probability within the next 6 months
What factors is this view based on?	• **Fundamental:** +2. 3-month change in PMI new orders indicate a slower pace in the expansion of industrial activity. All other factors such as net earnings upgrades, economic surprise index and risk sentiment remain positive. • **Valuation:** -2. Both DM and Asian equities are expensive as their valuation scores exceeded 1 standard deviation of historical average. • **Technical:** +1. Net-advances in global stocks are positive but not extreme. Market breadth declined as equity markets above their 200-day moving averages fell from 85% to 72%, but it remains above the model's 60% threshold.	**Estimated probability hovers around 20 – 21%** • Conference Board consumer confidence remains weak at -8.6% y/y. • PMI new orders-to-inventory ratio is at 1.1x, below its historical average of 1.2x. • Conference Board leading indicators contracted by -1.1% y/y. • Fed funds rate-to-natural rate ratio is still high at 1.6x, reflecting a restrictive monetary policy compared to historical average of 1.3x.
Key model factors	• Economic activity, macro risk and surprise indices, corporate earnings, forward P/E ratio and technical factors.	• Conference Board leading indicator, Consumer Confidence Index, ISM New Orders and Fed funds rate.
How does it work?	• A monthly scorecard of -5 to 5 based on fundamentals, valuations and market breadth factors to indicate the relative preference for bonds and equities. A positive score favours equities and vice versa.	• A probability model based on regression. Long-term statistical tests are conducted to identify the four key economic factors above.

Short-term	Technical analysis	Investor positioning
Current views	Bullish S&P 500 & MSCI AC World indices	None flagged
What factors is this view based on?	• **Bullish S&P500 and MSCI AC World.** The probabilities of bear market sit at just 0.7% and 5.0%, respectively, driven by subdued options-market implied volatility. Momentum across both indices have weakened but they point to a typical market consolidation rather than signs of meaningful market stress.	• **Previous long positioning in the USD index (DXY) has fully unwound** after DXY fell steeply form its peak in late July. The renewed strength in DXY since the Fed's 16 Sept rate hike has started from neutral positioning. • **Market diversity indicator for MSCI Singapore** has normalised after the index corrected from its September peak.
Key model factors	• **Market factors:** Momentum, volatility, interest rate differentials, relative returns, inflation swap rates, economic surprises, etc.	• **Price action:** Overbought conditions occur when prices rise sharply; oversold conditions happen when prices fall rapidly in a short time.
How does it work?	• Scanning through 7,000+ factors, the framework uses Machine Learning to forecast market regimes or future trends based on identified market drivers.	• A market indicator based on fractal analysis that provides a timely indication of investor positioning based on price actions.

Source: Standard Chartered

Foundation: Asset allocation summary

Summary	View	FOUNDATION Moderate	FOUNDATION Balanced	FOUNDATION Aggressive
Cash	▼	3	3	3
Fixed Income	◆	57	38	18
Equity	▲	33	53	73
Gold	▲	7	7	7
Asset class				
USD Cash	▼	3	3	3
DM IG Bonds		35	22	9
*DM IG Government Bonds**	▼	21	12	4
*DM IG Corporate Bonds**	◆	15	10	5
DM HY Corporate Bonds	◆	3	2	1
EM Bonds		11	9	5
EM USD Government Bonds	▲	8	7	5
EM Local Ccy Government Bonds	◆	3	2	0
Asia USD Bonds	◆	8	5	3
North America Equities	▲	23	36	49
Europe ex-UK Equities	◆	4	7	9
UK Equities	▼	0	1	2
Japan Equities	◆	2	3	4
Asia ex-Japan Equities	▲	4	7	9
Gold	▲	7	7	7
		100	**100**	**100**

Summary	FOUNDATION Conservative
Cash	10
Fixed Income	90
Asset class	**Moderate**
Cash	10
Floating Rate Notes	45
DM IG Govt (Short duration)	10
DM IG Corp (Short duration)	15
DM HY (Short duration)	5
EM USD Govt (Short duration)	5
EM LCY Govt	5
Asia USD bonds	5
	100

Legends: ▲ Most preferred | ▼ Least preferred | ◆ Core holding

Source: Standard Chartered

Notes: All figures in %; (i) For small allocation we recommend investors to implement through global equity/global bond product; (ii) Allocation figures may not add up to 100 due to rounding. *FX-hedged; (iii) DM IG Bonds is an aggregate of DM IG Government and DM IG Corporate Bonds; (iv) EM Bonds is an aggregate of EM USD and EM Local Ccy Government Bonds

Foundation+: Asset allocation summary

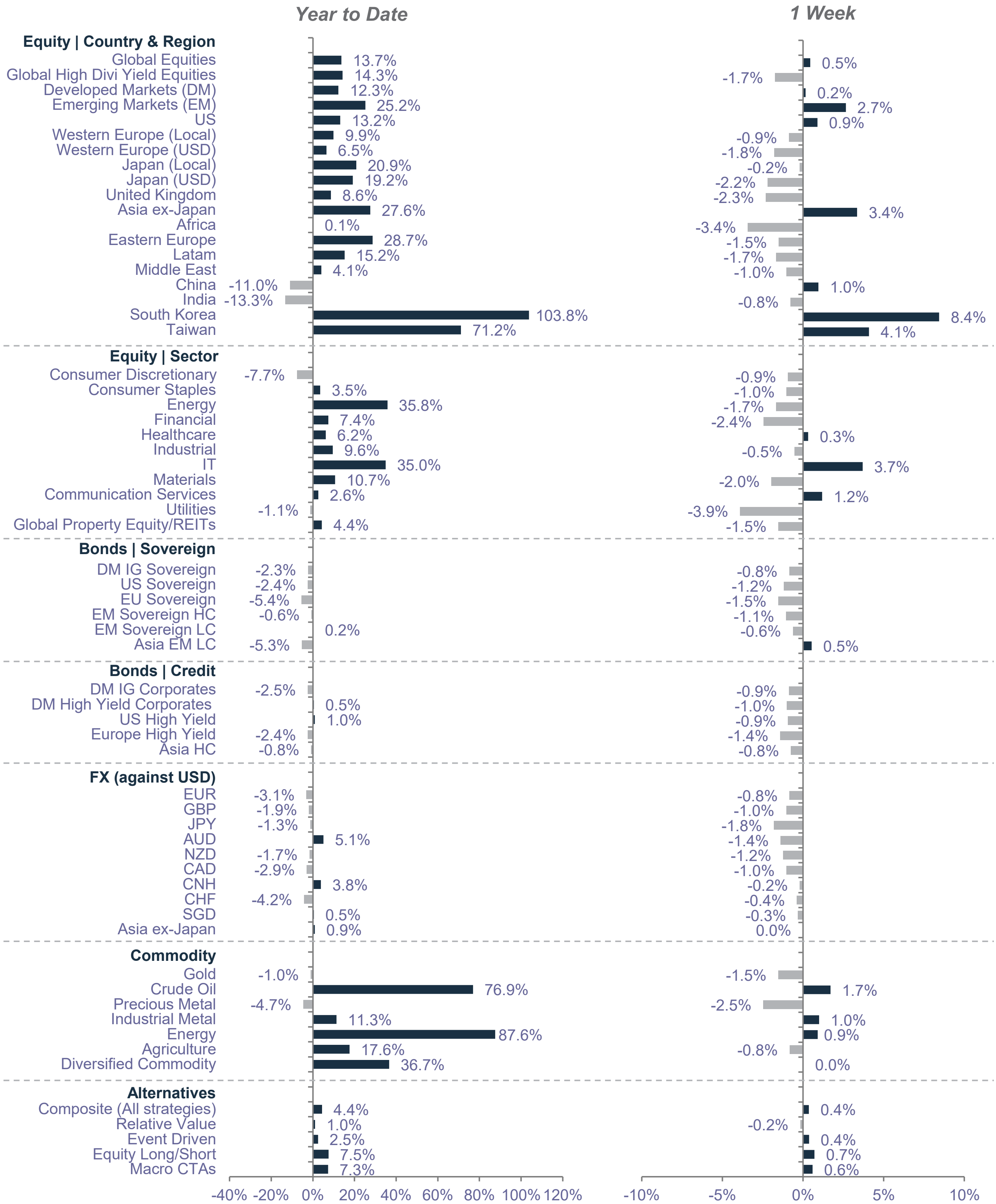
Summary	View	FOUNDATION+ Moderate	FOUNDATION+ Balanced	FOUNDATION+ Aggressive
Cash	▼	2	2	2
Fixed Income	◆	49	30	13
Equity	▲	28	43	55
Alternatives	◆	21	25	30
Asset class				
USD Cash	▼	2	2	2
DM IG Bonds		30	17	7
*DM IG Government Bonds**	▼	18	10	3
*DM IG Corporate Bonds**	◆	12	8	4
DM HY Corporate Bonds	◆	3	2	1
EM Bonds		9	7	4
EM USD Government Bonds	▲	7	5	4
EM Local Ccy Government Bonds	◆	3	2	0
Asia USD Bonds	◆	7	4	2
North America Equities	▲	19	29	37
Europe ex-UK Equities	◆	3	5	7
UK Equities	▼	0	1	1
Japan Equities	◆	2	2	3
Asia ex-Japan Equities	▲	3	5	7
Gold	▲	6	5	5
Hedge Fund Strategies	◆	2	3	4
Private Equity	◆	2	5	8
Private Real Assets	◆	4	4	4
Private Debt	◆	5	6	7
Digital Assets	◆	2	2	2
		100	**100**	**100**

Legends: ▲ Most preferred | ▼ Least preferred | ◆ Core holding

Source: Standard Chartered

Notes: All figures in %; (i) For small allocation we recommend investors to implement through global equity/global bond product; (ii) Allocation figures may not add up to 100 due to rounding. *FX-hedged; (iii) DM IG Bonds is an aggregate of DM IG Government and DM IG Corporate Bonds; (iv) EM Bonds is an aggregate of EM USD and EM Local Ccy Government Bonds

Market performance summary*



Source: MSCI, JPMorgan, Citigroup, Dow Jones, HFRX, FTSE, Bloomberg, Standard Chartered

*All performance shown in USD terms, unless otherwise stated

*YTD performance data from 31 December 2025 to 24 September 2026; 1-week performance from 17 September 2026 to 24 September 2026

Our key forecasts and calendar events

Currency	USD (DXY)	EUR/ USD	GBP/ USD	USD/ JPY	AUD/ USD	NZD/ USD	USD/ CAD	USD/ CNH	USD/ CHF	Oil (WTI, USD/ bbl)	Gold (USD/ oz)	Fed policy rate (upper bound)	US Treasury 10Y yield (%)	ECB policy rate
3m forecast	100.2	1.15	1.33	157	0.73	0.56	1.39	6.70	0.82	100	4,750	4.25%	5.00-5.25%	2.75%
12m forecast	98	1.18	1.35	153	0.74	0.57	1.37	6.67	0.79	80	5,000	4.25%	4.75-5.00%	2.50%

Source: Standard Chartered

OCT

- Oct > China: CCP Plenum
- 1 Oct > US: ISM PMI
- 2 Oct > EC: CPI
- 2 Oct > US: Nonfarm Payrolls
- 12-18 Oct > Thailand: IMF and World Bank Annual Meetings
- 14 Oct > US: CPI
- 23 Oct > EC: PMI
- 29 Oct > US: Fed policy meeting
- 29 Oct > EC: ECB policy meeting
- 30 Oct > JP: BoJ policy meeting

NOV

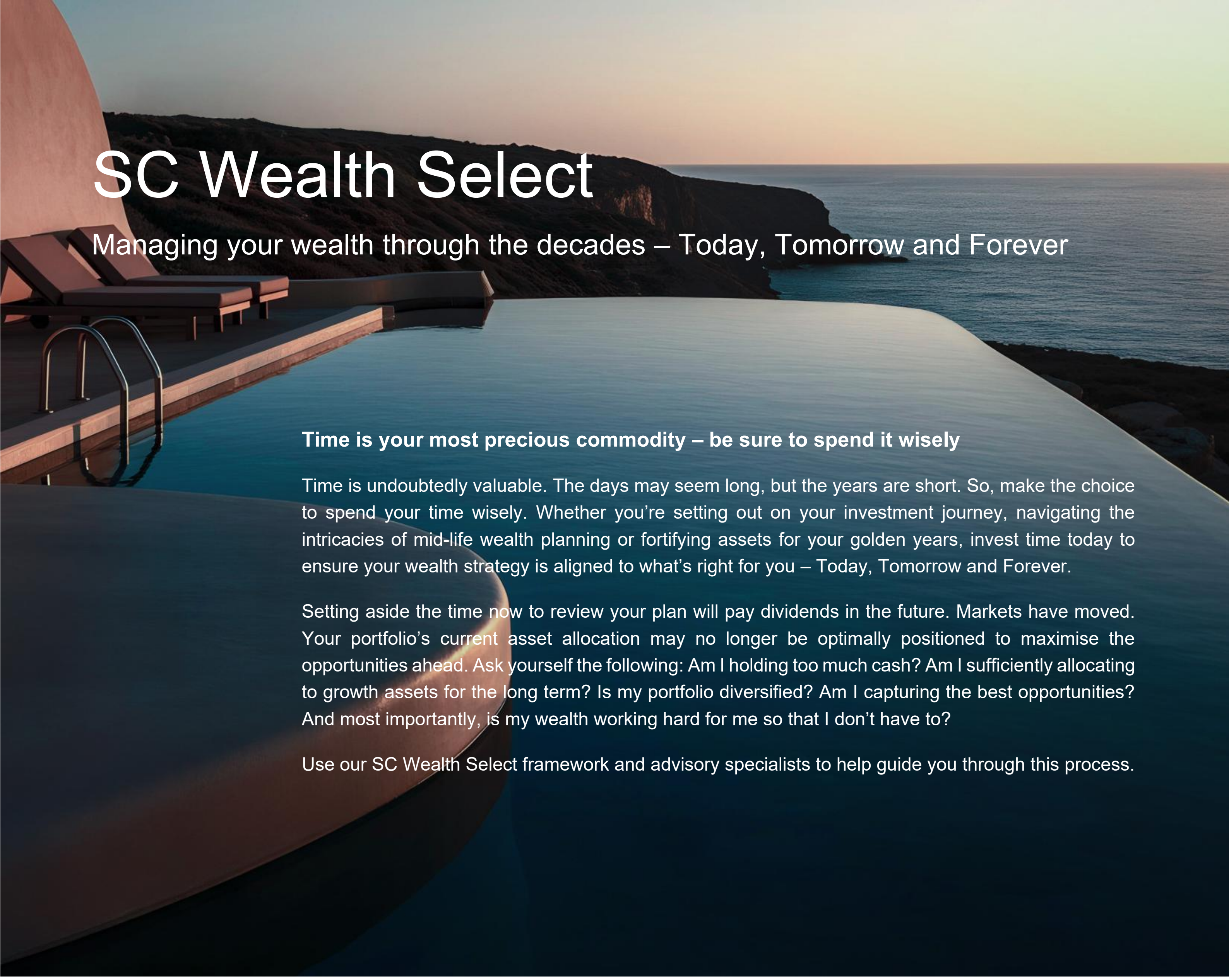
- 2 Nov > US: ISM PMI
- 3 Nov > US: US Mid-term Elections
- 4 Nov > EC: CPI
- 5 Nov > UK: BoE policy meeting
- 6 Nov > US: Nonfarm Payrolls
- 10 Nov > US: CPI
- 18-19 Nov > China: APEC Economic Leaders Summit
- 23 Nov > EC: PMI

DEC

- 1 Dec > EC: CPI
- 1 Dec > US: ISM PMI
- 4 Dec > US: Nonfarm Payrolls
- 10 Dec > US: Fed policy meeting
- 10 Dec > US: CPI
- 14-15 Dec > US: G20 Leaders' Summit
- 16 Dec > EC: PMI
- 17 Dec > UK: BoE policy meeting
- 17 Dec > EC: ECB policy meeting
- 18 Dec > JP: BoJ policy meeting

Legends: Central bank policy | Geopolitics | Economic data

X – Date not confirmed | ECB – European Central Bank | FOMC – Federal Open Market Committee (US) | BoJ – Bank of Japan | BoE – Bank of England



SC Wealth Select

Managing your wealth through the decades – Today, Tomorrow and Forever

Time is your most precious commodity – be sure to spend it wisely

Time is undoubtedly valuable. The days may seem long, but the years are short. So, make the choice to spend your time wisely. Whether you're setting out on your investment journey, navigating the intricacies of mid-life wealth planning or fortifying assets for your golden years, invest time today to ensure your wealth strategy is aligned to what's right for you – Today, Tomorrow and Forever.

Setting aside the time now to review your plan will pay dividends in the future. Markets have moved. Your portfolio's current asset allocation may no longer be optimally positioned to maximise the opportunities ahead. Ask yourself the following: Am I holding too much cash? Am I sufficiently allocating to growth assets for the long term? Is my portfolio diversified? Am I capturing the best opportunities? And most importantly, is my wealth working hard for me so that I don't have to?

Use our SC Wealth Select framework and advisory specialists to help guide you through this process.

Purpose

Today, Tomorrow, Forever

Our approach to helping you grow and manage your wealth starts with you. We use a goals-aware approach to understand your vision of Today, Tomorrow and Forever for yourself, your family and beyond, and then design portfolios to meet your various needs.

Using our 'Today, Tomorrow and Forever' approach, we ensure your wealth needs for the near term (Today) are met, while ensuring your wealth needs for the decades ahead (Tomorrow and Forever) are also planned for.

Your vision of 'Today, Tomorrow and Forever' is unique to you. Our specialists partner with you to build well-diversified, long-term Foundation portfolios, aligned to your Today, Tomorrow and Forever needs. Opportunistic ideas are added to capture short-term opportunities, and sufficient protection is included to address the objectives of you and your family.

Today, Tomorrow and Forever Approach

Planning for Today

Requires ensuring liquidity and income flows take centre stage

Securing Tomorrow

Entails a well-diversified investment and protection portfolio with a focus on growth, ensuring inflation is accounted for and risks are mitigated

Building for Forever

Involves greater focus on long-term returns given the time horizon of your portfolio can be measured in decades, and might also include business interests, real estate, collectibles or charitable funds

Principles

that stand the test of time

Adhering to time-tested principles, to ensure your investment decisions remain robust and consistently applied, is paramount to your success Today, Tomorrow and Forever. We use five Wealth Principles to guide and guardrail your wealth decisions.

Discipline – ensure consistency and prudence over your emotions

- Reacting to emotions, such as optimism and fear, can lead to poor investment decisions at the worst times
- Have a plan and stick to it – this helps you to stay focused on the bigger picture

Diversification – simply put, don't put all your eggs in one basket

- Reduce risk by holding a variety of financial assets. Multi-asset diversification in your Foundation portfolio is important
- As a guide, make sure your portfolio contains a variety of asset classes and investments that have low correlation with one another

Time in the Market – a more robust strategy than timing the market

- Predicting market selloffs is challenging, and timing your exit and re-entry is difficult
- Missing out on the best performing days of a market can have a significantly detrimental impact on your portfolio
- 'Time in the market' and buying the market with a longer-term view provide more consistent returns that can ride out bumps along the way

Risk and Return – make sure the risk is worth the return

- To achieve higher investment returns, you will likely have to accept a greater level of risk in your portfolio
- Therefore, it's important to understand the risks and manage these on an ongoing basis

Protection – don't let the unexpected catch you unprepared

- Even though you may feel healthy, or financially stable now, protection offers the ability to overcome times of financial uncertainty and mitigate the long-term impact of unforeseen events on your wealth
- A good protection plan not only safeguards your wealth today, but also considers the value of your future earnings over your lifetime, in today's terms

Advisory Process

Following a holistic approach to managing your wealth

We follow a rigorous process to ensure your needs and objectives are well-understood, and your portfolio is well-aligned and manages to deliver on these objectives.

However, markets constantly evolve and your needs change. Hence, we encourage you to undertake regular portfolio reviews to ensure your portfolio remains aligned to your Today, Tomorrow and Forever objectives. This proactive approach includes strategic rebalancing based on insights from our Chief Investment Office.

Learn more

Scan the QR code below to learn more about our approach to growing, managing and protecting your wealth.

The five-step process

Showcase
Learn how our advisory framework can help you

Discover
Let us understand your needs, preferences and goals better

Propose
We'll design a Foundation portfolio with Opportunistic overlays, which is tailored for you

Implement
Allow us to implement your portfolio seamlessly and efficiently

Monitor & Review
It's important to regularly review and rebalance your portfolio

Please be sure to reach out to your Relationship Manager today to arrange a portfolio review.

Access our views 24/7 on key platforms

Market views on-the-go

MVOG

SC Wealth Insights

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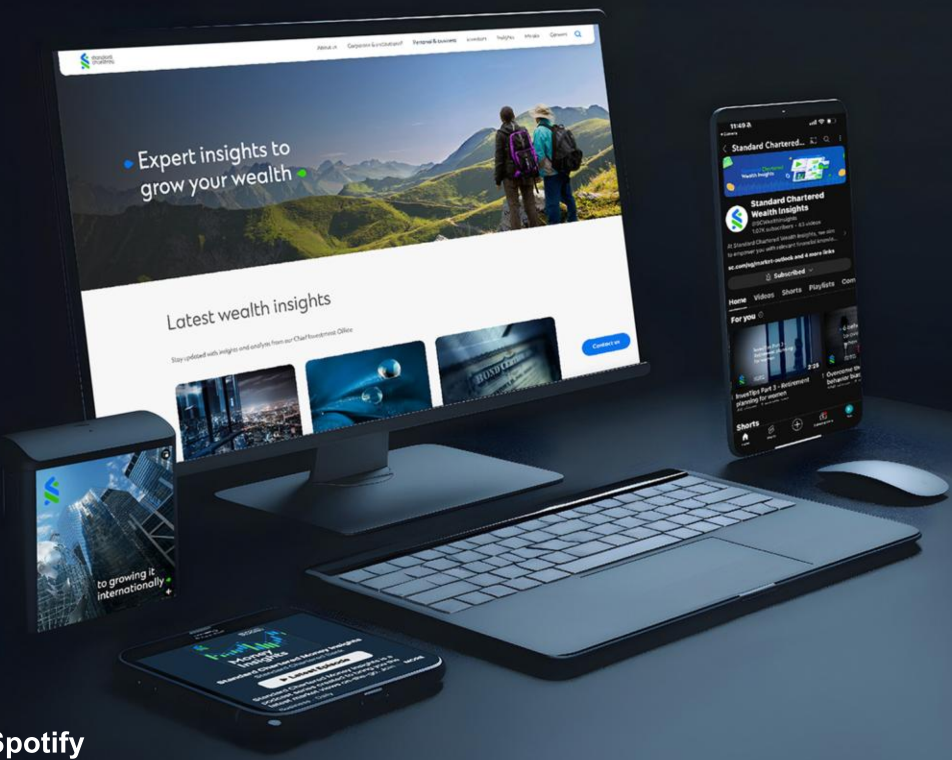

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