WS Global CIO Office
26 September 2025

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Global Market Outlook

The equities melt-up

We expect the US economy to achieve a soft landing, supported by Fed rate cuts. This, together with policy easing in most major economies, supports our positive earnings growth outlook. We favour global equities and gold over bonds and cash.

We raise US equities to Overweight and remain Overweight Asia ex-Japan. We expect US equities to be supported by resilient earnings growth and Fed rate cuts, while Asia ex-Japan should benefit from earnings growth and a weak USD.

Overweight EM local currency bonds. Add to gold. We see value in adding non-USD bonds, especially in EMs where rate cuts offer additional support. We add to our gold allocation as diversification demand increases.

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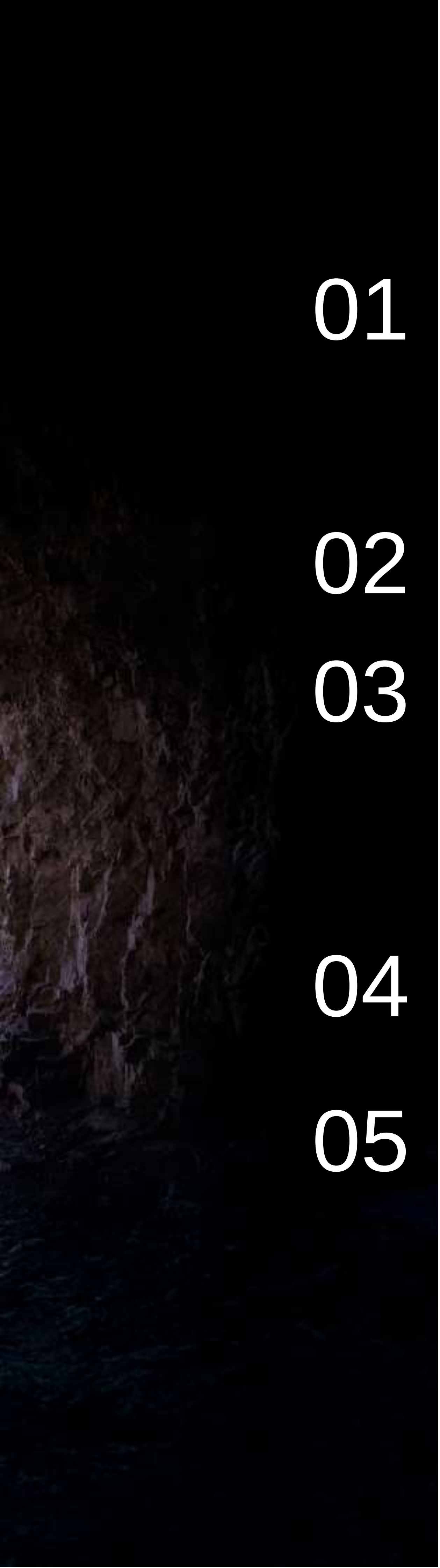
Irrational exuberance like it's 1996 or 2000?	What are the drivers of your soft-landing view?	Are your quant models still positive on risk assets?

Important disclosures can be found in the Disclosures Appendix.



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Investment strategy and key themes

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12m Foundation Overweights:

- Global equities, gold
- US, Asia ex-Japan equities
- Emerging Market (EM) local currency bonds

Opportunistic ideas – Equities:

- Global Gold Miners^
- US Technology sector^
- China non-financial high-dividend state-owned entities (SOEs) and Hang Seng Technology index
- Europe industrials

Sector Overweights:

- **US:** Technology, communication services, healthcare
- **Europe:** Industrials, financials, technology
- **China:** Communication, technology, discretionary

Opportunistic ideas – Bonds:

- UK gilts (FX-unhedged)
- US Treasury Inflation-Protected Securities (TIPS)
- US short-duration HY bonds

^On pullbacks – see page 15

The equities melt-up

- **We expect the Fed cuts to support a soft landing of the US economy**. This, together with policy easing in most major economies, supports our positive earnings growth outlook. We favour global equities and gold over bonds and cash.
- **We raise US equities to Overweight and remain Overweight Asia ex-Japan.** We expect US equities to be supported by resilient earnings growth and Fed rate cuts, while Asia ex-Japan should benefit from earnings growth and a weak USD.
- **Overweight EM local currency bonds. Add to gold.** We see value in adding non-USD bonds, especially in EMs where rate cuts offer additional support. We add to our gold allocation as diversification demand increases.

Fed rate cuts to support a soft landing

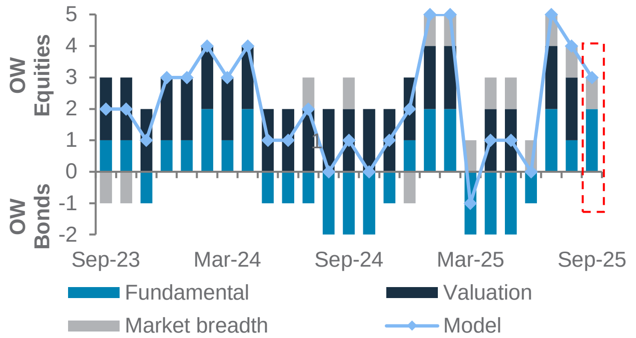
Major asset class performance in Q3 to date paints a picture of optimism laced with caution. Global equities have risen more than 6% even as global bonds struggled to generate positive returns. Gold, however, has delivered double-digit returns. Overall, our balanced allocation is up over 5%, with Asia ex-Japan equities starting to outperform again.

Thus far, the macro and market outcomes have turned out largely along expected lines as laid out in our H2 Outlook. There has been weakness in US economic growth, most so in the job markets, but the Fed has started to cut interest rates. Policy support, together with slow-but-not-recessionary data, strengthens our base case scenario of a soft landing. A recession remains our main risk scenario, but job markets would have to weaken considerably further in the coming months for this to become a greater concern. We expect **the Fed to cut rates twice more (25bps each policy meeting) in 2025 and twice further in 2026**, bringing policy rates closer to its own estimate of a more neutral level (3%). The continued reduction in US rates means downward pressure on the USD will likely continue.

Policy support remains a common theme in key non-US markets as well. In India, policymakers simplified (and effectively cut) goods and services tax (GST) rates, helping make fiscal policy more stimulatory. In China, the steady pace of targeted support measures continued.

Fig. 1 **Our long-term quantitative model is positive on equities over bonds, despite near-term challenges**

Our quantitative stock-bond model; currently OW equities



Source: Bloomberg, Standard Chartered

Fig. 2 **Gold expected to sustain gains amid central bank reserve diversification demand and a weak USD**

Gold price vs. USD index (DXY, inverted)

Source: Bloomberg, Standard Chartered

Fundamentals support equities melt-up

We believe recent macro data and policy efforts support staying Overweight global equities relative to bonds and cash.

A soft landing for the US economy and significant policy support outside the US remain key assumptions behind our expectations for continued corporate earnings growth. Pessimists argue that event risk from a looming potential US government shutdown, elevated equity market valuations, weak seasonality (historically in September-October) and increasingly stretched investor positioning are risks. However, while some short-term volatility or consolidation cannot be ruled out, the still-strong fundamental indicators balance out the negative case, in our view, as indicated by our quantitative stock-bond model, which still favours stocks over bonds.

We hold the view that, in this environment, growth equities will outperform high dividend equities.

The regional trade-offs

Within global equities, Asia ex-Japan remains a preferred region. We are Overweight based on our expectation of a weak USD and continued policy support, especially in the larger economies of China and India. Within Asia, we are Overweight China (with a preference for offshore equities), given growth-supportive policies. We have a core holding for Indian equities and expect recent policy stimulus to help corporate earnings growth to bottom out.

We upgrade US equities to Overweight. The market has witnessed resilient earnings momentum following the last earnings season, led by artificial intelligence-related sectors. This, together with a Fed rate cut supporting our soft-landing view, is why we expect the US to outperform global equities over the next 6-12 months, despite our weak USD view.

We balance these with Underweights in UK and Euro area equities. This is by no means a negative view – indeed we expect both regions can still deliver respectable absolute returns – but the bar to outperform Asia ex-Japan or the US appears more formidable. Indeed, this has been the experience since 2 April: European equities have gained more than 10%, but they have lagged US and Asian peers.

Adding to Gold allocations

We are adding to our gold allocation. The precious metal has continued to record strong gains since its break above a tight trading range in September. We expect gains to extend, led by a **resumption of central bank reserve diversification demand and a weak USD**. We expect the gold price to rise to USD 4,100/oz over the next 6-12 months.

Over a shorter horizon, gold also offers an attractive hedge against risks of a rebound in inflation worries, short-term equity volatility or unexpected policy events.

Prefer non-USD bonds

Our forecast for continued USD weakness means we remain Overweight EM local currency bonds. In an environment where downward pressure on the USD persists, we continue to see value in holding a tilt to non-USD bonds. Besides the currency exposure, **rate cuts also lend support**. As recently witnessed in several EMs, a rising need for policy measures to support growth, relatively muted inflation and reduced downside pressure on currencies in a weak-USD environment mean central banks are likely to continue cutting rates.

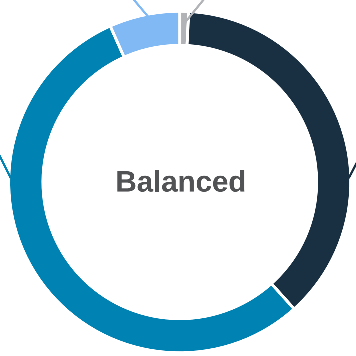
We balance this with an Underweight view on US/European High Yield (HY) bonds. While we acknowledge this asset class should remain well supported in our soft-landing scenario, we believe limited scope for further compression in yield premiums over government bonds makes them less attractive relative to equities in a pro-risk scenario.

In our multi-asset income portfolio, we maintain positive views on US Mortgage-Backed Securities (MBS) and subordinated financial bonds. The government bond-like credit quality and yield premium over government bonds are leading the performance of MBS bonds. Meanwhile, subordinated financial bond valuations continue to be expensive relative to history and other major bonds. However, we still see them as a pocket of relative value, given broadly elevated valuations across most types of corporate bonds.

Foundation asset allocation models

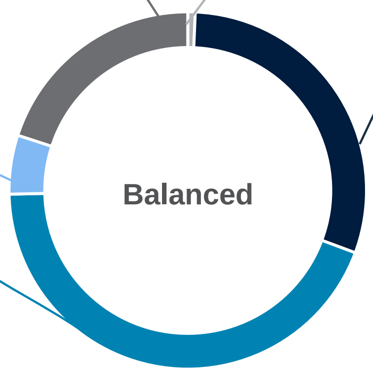
The Foundation and Foundation+ models are allocations that you can use as the starting point for building a diversified investment portfolio. The Foundation model showcases a set of allocations focusing on traditional asset classes that are accessible to most investors, while the Foundation+ model includes 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



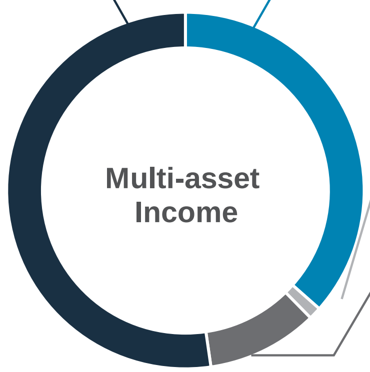
Gold	**7%**
Gold	7%
Equity	**55%**
North America	37%
Europe ex-UK	5%
UK	1%
Japan	3%
Asia ex-Japan	9%
Cash	**1%**
USD Cash	1%
Bond	**38%**
DM IG Government	15%
DM IG Corporate	10%
DM HY Corporate	1%
EM USD Government	3%
EM Local Ccy Government	4%
Asia USD	5%

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



Alternatives	**20%**
Alternatives	4%
Private Equity	5%
Private Real Assets	4%
Private Debt	7%
Gold	**5%**
Gold	5%
Equity	**44%**
North America	30%
Europe ex-UK	4%
UK	1%
Japan	2%
Asia ex-Japan	7%
Cash	**1%**
USD Cash	1%
Bond	**30%**
DM IG Government	12%
DM IG Corporate	8%
DM HY Corporate	1%
EM USD Government	2%
EM Local Ccy Government	3%
Asia USD	4%

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



Bonds	**52%**
DM IG Government	5%
DM IG Corporate	5%
US Mortgage-backed Securities	4%
DM HY Corporate	20%
EM HC Government	6%
EM LC Government	6%
Asia USD	6%
Equity	**37%**
Global High Dividend	26%
Global Equity	6%
Global Infrastructure	2%
Global REITs	3%
Cash	**1%**
USD Cash	1%
Hybrids	**10%**
Covered calls	6%
Sub financials	4%

Source: Standard Chartered

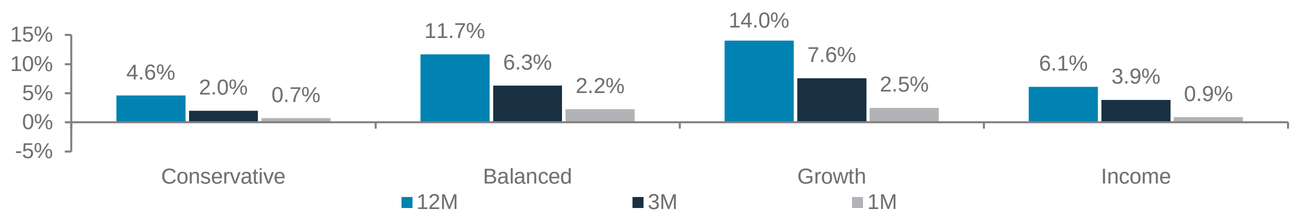
Foundation: Our tactical asset allocation

	View	Detail
USD cash	▼	+ Short term safety || - Falling yields, 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, sensitive to falling yields || - Elevated valuations
DM HY Corporate	▼	+ Attractive yield, low rate sensitivity || - Elevated valuations, sensitive to growth
EM USD Govt	◆	+ Attractive yield, sensitive to US rates || - EM credit quality, US trade policy risks
EM Local Ccy Govt	▲	+ Attractive yield, central bank rate cuts, benefit from USD weakness || - US trade policy risks
Asia USD	◆	+ Moderate yield, low volatility || - Sensitive to China growth
Equities	▲	
North America	▲	+ Earnings growth, AI uptrend || - Valuations, US policy uncertainty
Europe ex-UK	▼	+ Inexpensive valuations, German fiscal spending || - US trade policy risks
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; India, China policy support || - China growth concerns, US trade policy
Gold	▲	+ Portfolio hedge, central bank demand, falling real yields || - Resilient USD

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

Legends: ▲ Overweight | ▼ Underweight | ◆ Core

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



Source: Bloomberg, Standard Chartered; *12-month performance data from 24 September 2024 to 24 September 2025, 3-month performance from 24 June 2025 to 24 September 2025, 1-month performance from 22 August 2025 to 24 September 2025

Fig. 7 **Opportunistic ideas performance**

Key call		Inception/open date	Close date	Absolute return
Bond – open	1-10yr TIPS bonds	10-Apr-25		4.2%
	UK Gilts	22-May-25		1.6%
	US short duration (0-5yr) HY bonds	24-Jul-25		1.6%
Bond – closed	EM Asia LCY bonds (unhedged)	19-Jun-25	21-Aug-25	0.0%
Equity – open	China non-financial high Div SOE - A Share	27-Mar-24		13.7%
	China non-financial high Div SOE - H Share	27-Mar-24		40.4%
	Hang Seng Tech	31-Oct-24		43.3%
	Europe Industrials	27-Mar-25		8.8%
Equity – closed	US Major Banks	1-Aug-24	25-Sep-25	61.9%
	US Software	20-Feb-25	3-Jul-25	7.1%
	Europe Banks	27-Mar-25	24-Jul-25	10.1%
	Korea Large Cap	19-Jun-25	11-Sep-25	15.6%

Source: Bloomberg, Standard Chartered. Performance as of 25 September 2025

Perspectives on key client questions

Steve Brice
Global Chief Investment Officer

Tay Qi Xiu
Portfolio Strategist

Irrational exuberance like it's 1996 or 2000?

Questions over whether markets are in a state of "irrational exuberance" have resurfaced of late. The phrase, first used by then Fed Chair Alan Greenspan in 1996, is remembered as a warning of the dot-com bubble. Back then, it was the power of the internet and its revolutionary impact on businesses that drove valuations to dizzying heights, making people circumspect of chasing the rally. Today, it is artificial intelligence (AI) that is dominating conversations, allowing the S&P500 to stage an impressive 37% rally since the April lows.

Yet, history shows that after Greenspan's speech, US equities more than doubled, peaking in 2000, before suffering a sharp correction. The lesson is clear: markets can remain buoyant for far longer than expected and attempts to time peaks and troughs can prove costly.

Why markets run too far, then fall too hard

One way to understand why markets can overshoot fundamental anchors is through the lens of **"fat tails"**. Traditional finance is based on the idea that returns are based on a normal distribution – a neat bell curve where returns are clustered and symmetric around the mean. In practice, however, market returns are more skewed, with a higher probability of extreme moves in both directions. For instance, there have been four occasions since 1900 where monthly losses exceeded 15%. In theory, the probability of this occurring should be close to zero. Yet, outsized losses do occur, highlighting the tendency for markets to confound theory. Equally so, extended rallies, like that in the late 1990s, can go beyond what valuations suggest as returns deviate in terms of scale and how long they last, from what is expected.

Policy, geopolitics and AI reinforce fat-tailed dynamics

We believe the environment today reinforces this fat-tailed dynamic, and the reasons for this are multiple.

First, **policy uncertainty** is a key factor. In the US, decision-making appears increasingly concentrated and conducted absent of public discourse, resulting in a higher risk of policy surprises. The impact of new policy decisions is

Fig. 8 US stocks currently trade at valuations rivalled only by dot-com era highs

S&P Composite index cyclically adjusted P/E ratio*

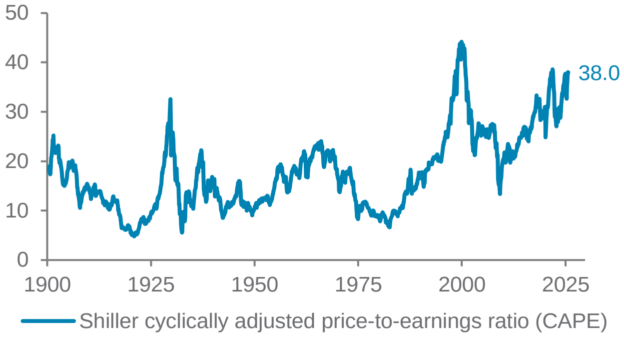
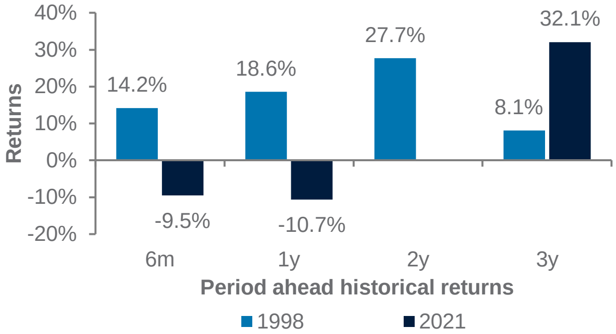


Fig. 9 However, valuations are often a poor indicator of future equity returns

Period-ahead returns when valuations were previously at current levels

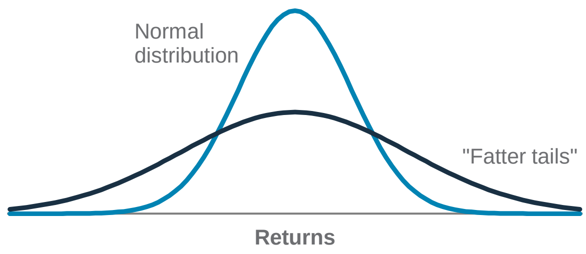


*A measure of S&P Composite index stock valuation defined as price divided by the average of 10 years of earnings, adjusted for inflation.
Source: Shiller dataset, Bloomberg, Standard Chartered

also difficult to quantify, due in part to a lack of precedence. For instance, we expect import duties to be inflationary in the US and disinflationary in the rest of the world, but the quantum and length of impact is unclear. This comes at a time when government finances are stretched in much of the western world, adding another level of complexity.

Fig. 10 A fat-tailed distribution shows the tendency for big market swings to occur more often than expected

Illustrative example of a fat-tailed distribution

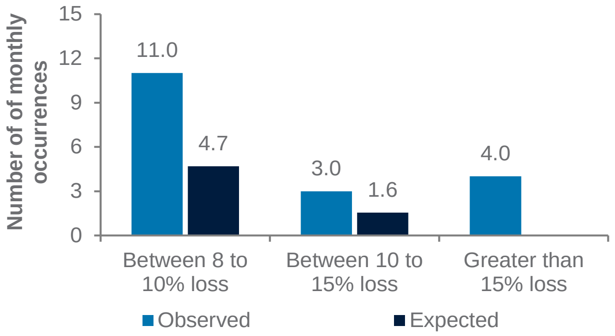


Source: Standard Chartered

At the same time, **the global geopolitical order is being rewired**. The US's assertive stance risks a gradual erosion of its influence as countries diversify their alliances, with recent engagement between China and India serving as an example of shifting dynamics.

Fig. 11 There have been four occasions since 1900 when US equities saw monthly losses exceeding 15%

Observed vs theoretical outsized monthly market losses



Source: Shiller dataset, Standard Chartered

Finally, **AI is both a source of optimism and potential disruption**. Current narratives emphasise productivity gains, stronger growth and disinflationary benefits. Yet, longer-term risks remain, given the potential for AI to displace jobs. In our view, as long as corporate earnings remain robust, the impact of AI on employment conditions is not expected to be overly damaging. However, **should a recession occur, AI could accelerate job losses and amplify the severity of downturns.**

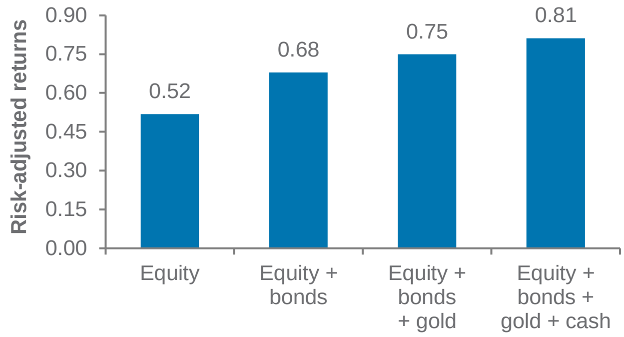
Staying invested matters more than timing the market

Against this backdrop, investors should resist the instinct to retreat from markets. Historical precedent shows that **even in periods of elevated valuations, markets can continue to rise for an extended period**. Sitting on the sideline risks missing these gains, particularly if the rally extends substantially from current levels.

Instead, the recommended course of action is to **remain invested while using diversification** across asset classes and geographies as the first line of defence. In addition, selective use of option strategies to provide downside protection can also be considered.

Fig. 12 Adding lowly correlated streams of returns to the portfolio will improve risk-adjusted returns

Risk-adjusted returns of various portfolios*



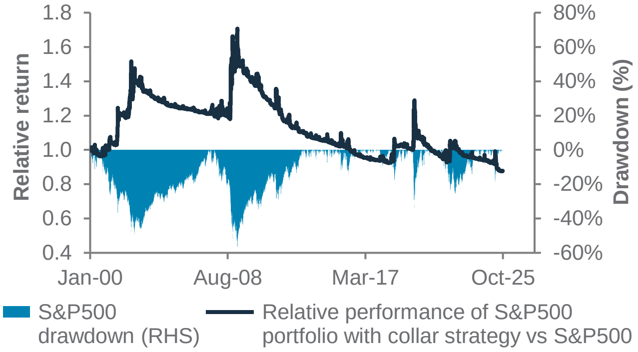
*Based on 20 years of historical data. Equal weighed portfolios.
Source: Bloomberg, Standard Chartered

Balancing protection and participation

Downside protection is, however, costly. A premium in implied volatility relative to realised volatility, along with elevated skew, point to expensive put protection that can drag on performance if mistimed. One way to reduce costs and mitigate timing risks is through collar strategies, where call options are sold to help fund put purchases. This cushions portfolios against sharp losses while reducing the costs of outright puts, though it does cap upside potential. In our view, a partial collar overlay of 20-30% offers a sensible balance between cost, protection and equity participation.

Fig. 13 A S&P500 portfolio overlaid with a Collar strategy offers protection while reducing hedging costs

S&P500 with collar strategy and S&P500 drawdowns*



*S&P500 portfolio with collar strategy is represented by the CBOE Collar 95-110 index. Source: Bloomberg, Standard Chartered

Macro overview – at a glance

Rajat Bhattacharya
Senior Investment Strategist

Our view

Core scenario (soft landing, 55% probability): The resumption of Fed rate cuts, fiscal easing in the US, Germany and China and monetary easing across EMs sustain the case for an economic soft landing over the next 6-12 months. We expect **the Fed to cut rates by another 50bps in 2025 and a total 100bps over the next 12 months** to support jobs, as the inflation impact of tariffs appears limited. Trade tensions have eased significantly after the US reached tentative agreements with key partners.

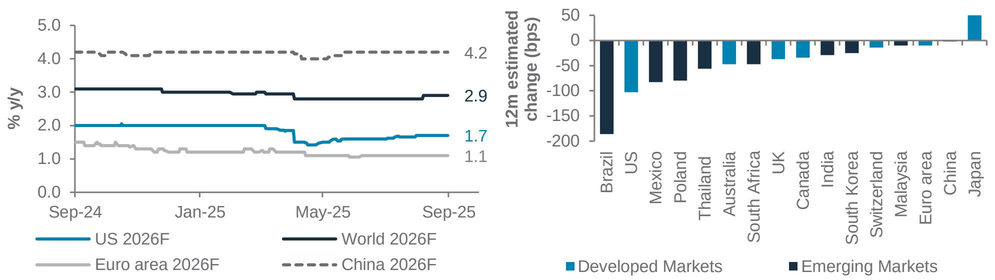
Downside risk (hard landing, 30% probability): We see a 30% chance of a US hard landing/recession in the next 12 months if policy uncertainty worsens consumer and business confidence, causing job losses. A brief US government shutdown is a near-term risk, while a US bond and USD sell-off on concerns about the fiscal deficit or Fed independence are medium-term risks.

Upside risk (no landing, 15% probability): We reduce the probability of a no-landing scenario from 20%, in favour of a hard landing, given residual trade and policy risks. As trade tensions ease, policy stimulus worldwide could revive consumer and business sentiment, leading to a more balanced global economy. A US-China grand bargain could provide further upside.

Key chart

As global trade tensions ease, we expect central bank rate cuts in the US and key EMs and fiscal easing in the US, Germany and China to help the global economy achieve a soft landing.

Fig. 14 **Monetary and fiscal policy easing likely to lead to an economic soft landing**
Consensus 2026 growth estimates; money market estimates of rate changes over 12 months



Source: Bloomberg, Standard Chartered

Monetary policy*	Macro factors positive for risk assets	Macro factors negative for risk assets
US ▼ ◇ △	+ Tax/rate cuts to lift consumption, investment + Trade truce, deregulation to revive capex + AI, automation boosting productivity, capex + Stable corporate, household balance sheets	– Cracks in job/housing markets, rising defaults – Policy uncertainty hurting confidence, capex – Fed independence, fiscal policy risks – Inflation impact from tariffs still to play out
Euro area ▼ ◇ △	+ German infrastructure, defence spending lift + Resilient jobs, disinflation to lift real income + Neutral ECB policy aiding credit cycle recovery	– Trade, political uncertainty; limited fiscal space – Demographics, productivity, Middle East risk – ECB policy hold amid fiscal boost; Russia risk
China ▼ ◇ △	+ Fiscal, monetary stimulus to support growth + Exports to non-US offsetting US weakness + New growth drivers: AI, hi-tech manufacturing	– Still-high US tariffs; weak property market – Sluggish job market, consumer sentiment – Deflationary pressure hurting profit margins
Japan ▽ ◇ ▲	+ Reduced trade uncertainty, likely fiscal easing + Wage growth due to tight labour market + Loose financial conditions; still-weak JPY	– Export headwinds from residual US tariffs – Weak coalition government; elevated inflation – BoJ policy rate hike, balance sheet unwinding
UK ▼ ◇ △	+ Real income growth sustaining consumption + Robust savings to sustain demand + Potential BoE rate cuts as jobless rate rises	– Elevated policy rates, rising unemployment – Fiscal consolidation, tax hikes to curb hiring – Services inflation; Brexit-linked disruptions

Source: Standard Chartered Global Investment Committee; *Next move **Legends:** ▲ Tighter policy | ▼ Easier policy | ◆ Neutral policy

Top macro questions

What are the drivers of your US soft-landing view?

Our base case: We expect US economic growth to slow below its 1.8% y/y long-term trend in the coming year, as the highest import tariffs in almost a century and policy uncertainty hurt consumer and business confidence, job creation and real wages. However, **the economy is likely to avoid a recession as the impact of tax cuts and corporate investment incentives (from the One Big Beautiful Bill) and the resumption of Fed rate cuts kick in from late-2025.** With trade tensions largely contained, the focus will turn to deregulation of banking, energy and other sectors, which, along with fiscal stimulus, a weak USD and lower borrowing costs, should lift consumer and business spending.

Easing trade tensions: After a turbulent H1, the world (except for China, India and Brazil) is coming to terms with a more aggressive US trade policy. Trade tensions have eased significantly after the US reached preliminary deals with major allies, with the EU, Japan and Korea facing 15% tariffs, the UK 10% and key ASEAN partners facing 19-20% tariffs. A US-China deal, after their earlier agreements on semiconductor chips and rare-earths trade, would ease a significant overhang, potentially reviving business investments.

Tax and rate cuts: The budget for the fiscal year starting in October (OBBBA) provides significant tax incentives for business investments, expanded personal tax deductions (besides permanent extension of Trump 1.0 personal tax cuts) and higher estate and gift tax exemptions. We expect these to revive private investment next year once businesses have more clarity on tariffs. We also expect the Fed to cut rates by another 100bps over the next 12 months to 3.25% (just above the Fed's neutral rate of 3%). Lower borrowing costs should also help revive business and consumer confidence.

Productivity boost? The Atlanta Fed's GDPNow model shows **US growth is accelerating above a 3% annualised rate in Q3, even as job creation has decisively slowed**. This dichotomy can be explained either by an acceleration in productivity growth or that the job market is about to catch up with the growth acceleration. The former would be positive, as it would ease inflation concerns, allowing the Fed to keep cutting rates. The latter explanation, against the backdrop of immigration curbs, could be inflationary, slowing rate cuts.

Near-term risks: The immediate risks are a brief government shutdown and the impact of tariffs on growth and inflation. **US job creation has slowed to a near-stall speed**, with non-healthcare sector jobs contracting. Fed Chair Jerome Powell suggested the job creation rate to keep the overall jobless rate steady could be less than 50,000 (instead of 75,000-100,000 estimated earlier), given immigration curbs reducing labour supply. Nevertheless, the healthcare sector is set to shed jobs amid impending Medicare spending cuts, potentially worsening the outlook. A medium-term risk is the Fed's independence. President Trump is seeking to control a majority in the Fed's seven-member governing board and eventually the 12-member Federal Open Market Committee, with an aim to drastically cut rates even as inflation remains well above the Fed's 2% target. **A Trump control of the Fed could potentially upend bond markets and undermine the USD.**

Will the ECB cut rates further?

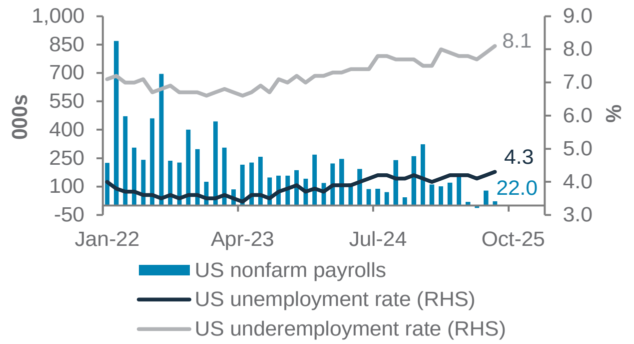
We expect the ECB to cut its deposit rate by 25bps to 1.75% by year-end. Euro area growth is slowing, with forward-looking surveys of growth and investor sentiment (ZEW and Sentix) reversing H1 gains as US tariffs start to bite. While Germany's fiscal spending plans are likely to lift Euro area growth by 0.3-0.5ppt, they will take effect mainly from next year. Additional defence spending by other Euro area members could provide further support to growth, although fiscal constraints facing major Euro area economies (eg France, Italy) limit the scope of such spending. Given this, we see the ECB delivering one more rate cut before pausing to assess the impact of German fiscal stimulus next year.

Will China ease policy further as economy slows again?

China's economy is slowing again after a boost in H1 from the impact of a fiscal stimulus (equal to almost 2% of GDP), the front-loading of a consumer goods trade-in programme and an export boost before US tariffs kicked in from Q3. Nevertheless, exports are likely to be more resilient than initially expected, even after the US tariffs, thanks to a planned diversification of supply chains and export markets. The property market downturn continues, feeding deflationary pressures. Unlike previous years, we expect Beijing to fully implement this year's planned stimulus. The Communist Party's October plenum to discuss the next five-year plan will be closely watched for signs of further stimulus measures.

Fig. 15 **The US job market slowed sharply in Q3**

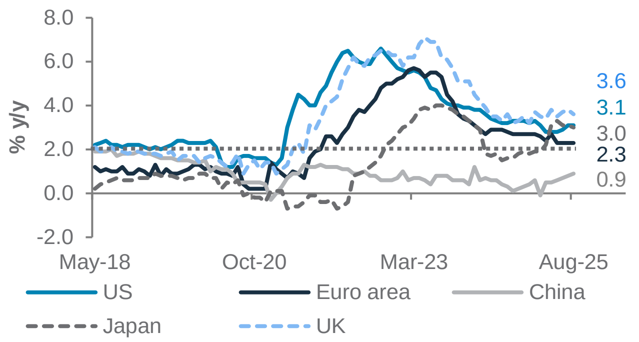
US payrolls, unemployment and underemployment rates



Source: Bloomberg, Standard Chartered

Fig. 16 **Above-target US, UK inflation remain key risks**

Core consumer inflation across major economies



Bonds – at a glance

Cedric Lam
Senior Investment Strategist

Ray Heung
Senior Investment Strategist

Anthony Naab
Investment Strategist

Our view

Global bonds remain a core allocation in our foundation portfolios. We expect short-term yields to decline more than long-term yields: our 12-month target for the Fed Funds rate is 3.25%, while we expect the US 10-year government bond yield to range between 3.75% and 4%. Concerns about US fiscal policy, tariffs and Fed independence will keep rates volatility high. However, we would view any jump in long-term yields as transitory and as an opportunity to lock in still-high absolute yields. Bonds with 5-7-year maturities offer the most attractive balance between attractive yields and fiscal and inflation risks.

We maintain an Overweight in EM local currency (LCY) government bonds, driven by a benign local inflation and rate cut outlook, improvement in fiscal positions and our expectation of a weak USD. **We raise Developed Market Investment Grade (DM IG) corporate bonds to Neutral, while downgrading DM HY bonds to Underweight**. Longer-maturity IG bonds should outperform HY peers in our base scenario of short-term yields falling more than long-term yields (a 'bull steepening' scenario).

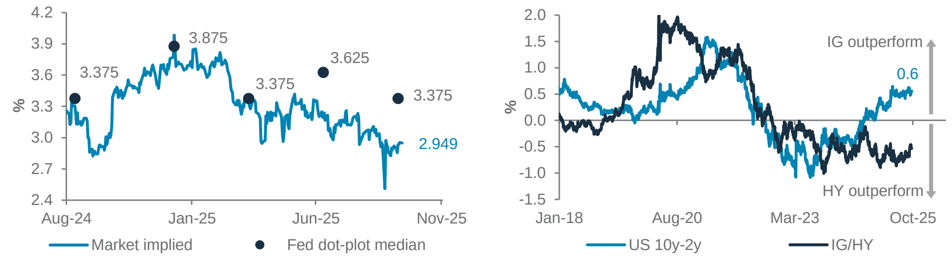
Opportunistic ideas: We remain bullish on UK government bonds (FX-unhedged), US Treasury Inflation-Protected Securities (TIPS) and short-duration US HY bonds.

Key chart

Fed's median rate cut projection for December 2026 likely too conservative. We expect Fed to cut by more.

Fig. 17 **IG bonds usually outperform HY peers when the yield curve bull steepens**

Fed funds rates – Dot-plot median projections vs market implied estimates. Yield differential between US 10-year and 2-year government bonds vs US IG and HY relative performance



Source: Bloomberg, Standard Chartered

Preference order	The bullish case	The bearish case
EM LCY Gov ▽ ◇ ▲	+ EM fiscal strength built up in recent years + Policy rate cuts, amid an easing US Fed + Higher overall yield and a weak USD	– Geopolitical and global trade uncertainties – Significant market risk-off mode causing outflow of funds
Asia USD ▽ ◆ △	+ Regional growth remains resilient + Asia-based investors have capacity to add to position, supporting market technicals	– Softer China economic growth outlook – Higher default or restructuring risks
DM IG Gov ▽ ◆ △	+ Attractive yield by historical standards + DM monetary policies are mildly dovish	– A shorter-than-expected rate cutting cycle – Fiscal and tariff policy uncertainties
EM USD Gov ▽ ◆ △	+ Reasonably supportive commodity prices + Weak USD reduces debt servicing costs and improves credit fundamentals	– A shorter-than-expected Fed cutting cycle – Policy uncertainties create volatility – Rich valuations
DM IG Corp ▽ ◆ △	+ Attractive yield by historical standards + Strong inflows to IG corporate bonds from fixed maturity plans	– Deterioration of fundamentals could reduce relative attractiveness – Relatively tight yield premium
DM HY Corp ▼ ◇ △	+ Deregulatory policies to support earnings + Current yield remains attractive	– Higher default or restructuring risks – Deterioration of fundamentals could reduce relative attractiveness

Source: Standard Chartered Global Investment Committee

Legends: ▲ Overweight ▼ Underweight ◆ Core

Steeper yield curve favours DM IG bonds

We expect the Fed to cut rates by an additional 50bps by the end of 2025 and a total of 100bps over the next 12 months, bringing the Fed funds rates to 3.25% by September 2026. Against this backdrop, we expect the US 10-year government bond to trade in the 4-4.25% range over the next 3 months and 3.75-4% over the next 12 months.

Overall, we expect a steeper yield curve and continued interest rate volatility. The market's expectation of nearly three Fed rate cuts in 2026 contrasts with the Fed's projection of just one, but we believe jobs data will allow the Fed to ultimately align closer to the market. IG bonds are more sensitive to rates than HY bonds. As interest rates fall, IG bonds should outperform HY. This prompts our upgrade of DM IG to Neutral and our downgrade of DM HY to Underweight. The Underweight in DM HY also aligns with our preference to take more risk exposure via equities rather than HY bonds, given equities offer more exposure to potential upside in a bullish scenario than bonds at current valuations.

We continue to favour the 5-7-year bond maturity bucket and believe it offers the best balance between exposure to attractive yields and potential price gains from falling yields, while avoiding excessive exposure to inflation or fiscal risks associated with very long maturities.

Overweight EM LCY government bonds

We stay Overweight EM LCY government bonds. In addition to providing high real (net-of-inflation) yields, we view the asset class as well-suited for a risk-on environment in bonds. The resumption of the Fed's rate cutting cycle provides more flexibility for EM central banks to ease their monetary policies. Our expectation of a weak USD is also supportive. EM LCY government bonds provide diversification benefits, with a low-to-moderate correlation with major DM bonds. However, we acknowledge that EMs remain susceptible to market volatility and geopolitical uncertainty, with weaker US demand and higher tariffs posing risks to these economies.

EM USD government bonds a core holding

Despite recent cheapening, bond yield premiums remain tight. This asset class is sensitive to market volatility and geopolitical uncertainty. However, a weak USD and easing US interest rates should reduce debt servicing costs for EM economies. Additionally, the improvement in fiscal and current account positions in major EM countries mitigates the need for offshore bond issuance.

DM IG government bonds a core holding

Major DM central banks are anticipated to deliver more policy rate cuts (more in the US, less in Europe, though Japan is expected to raise rates). This can support the sub-asset class and help lower short-end yields, while longer-end yields may stay elevated due to fiscal and inflation concerns. Government bonds remain very sensitive to interest rate volatility.

DM IG corporate bonds a core holding

We upgrade DM IG corporate bonds to Neutral (core holding) from an Underweight allocation. Inflows into IG bonds have been robust, particularly in the 5-7-year maturity bucket, as investors are keen to lock in relatively high yields as the Fed restarts rate cuts. The relatively high sensitivity to falling bond yields is expected to contribute positively to returns, but tight yield premiums compared to historical averages will cap performance. This leads us to assign a Neutral allocation to the sub-asset class.

Asia USD bonds a core holding

EM Asia remains vulnerable to US tariff risk. Like other markets, Asia bond valuations are currently high. However, strong external balances, flexible monetary policy and robust refinancing capabilities support rich valuations, in our view. Domestic demand for Asia USD bonds remains strong, as seen in strong allocations within Asia to new bond issuance.

Underweight DM HY corporate bonds

We are Underweight DM HY corporate bonds. Yield premiums are tight and there is wide dispersion within industry sectors, making it increasingly challenging for the sub-asset class to outperform other major bond asset classes.

Opportunistically bullish: Short-duration US HY bonds

We prefer positioning in HY bonds through our opportunistic bullish idea on short-duration US HY bonds. These offer attractive absolute yields with relatively low expected default rates given their short maturities. Historical performance also argues for more attractive risk-adjusted returns than the broader asset class.

Opportunistically bullish: US TIPS

With market inflation expectations still rangebound, we find it attractive to add to inflation-protected bonds (TIPS). TIPS provide protection against upside risks to longer-term inflation amid fiscal concerns, tariff-driven inflation and commodity-driven inflation due to any flare up in geopolitical risks.

Opportunistically bullish: UK government bonds (Gilts, FX-unhedged)

We favour the nominal yield pick-up offered by Gilts over other DM government bonds. UK labour market data continues to weaken, likely leading to weaker wage growth and contributing to disinflationary pressures.

While inflation expectations may remain elevated in the near term, tight financial conditions should keep growth subdued and inflation in check. These factors would likely enable the BoE to cut rates further over the next 6-12 months, especially if the upcoming budget leads to a tighter fiscal policy.

Equity – at a glance

Daniel Lam, CFA
Head, Equity Strategy

Fook Hien Yap
Senior Investment Strategist

Michelle Kam, CFA
Investment Strategist

Jason Wong
Equity Analyst

Our view

We remain **Overweight global equities. We upgrade US equities to Overweight** on sustained earnings momentum from AI-related investments and accommodative monetary policy, which can help the US economy glide to a soft landing. Any near-term consolidation, driven by elevated valuations and seasonality, would present attractive opportunities.

We retain an **Overweight allocation on Asia ex-Japan (AxJ) equities,** given US tariff risk is in the price. We are Overweight **China equities within the region**, with key catalysts being fiscal support and domestic AI development. **Indian equities are a core holding**, with the recent simplification in regulations – effectively a goods and services tax cut – lending tailwind to growth.

We have a **Neutral allocation to Japan equities**, underpinned by continual improvements in corporate governance, though uncertainties arising from the upcoming Liberal Democratic Party leadership election is a near-term risk.

We **downgrade Europe ex-UK to an Underweight allocation** due to heightened political and fiscal uncertainties**. UK equities also remain an Underweight** allocation, given the market's low exposure to growth sectors.

Key chart

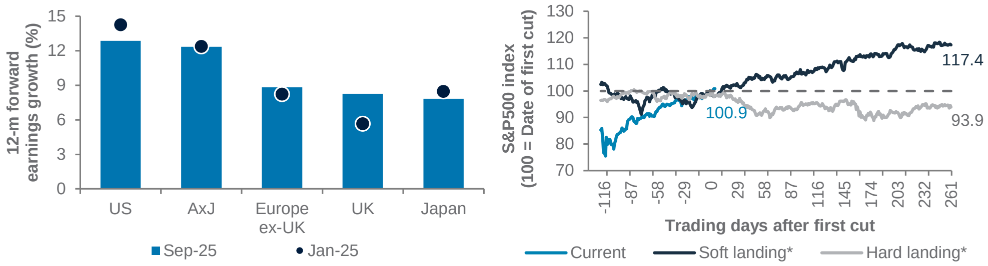
US and AxJ equities are buoyed by AI-driven earnings

Index	12m forecast	Upside to target^
S&P500	7,250	10%
Nasdaq 100	27,000	11%
Euro Stoxx 50	5,850	7%
FTSE 100	9,900	7%
Hang Seng	29,500	11%
Nifty 50	27,500	10%
Nikkei 225	50,000	9%

^Based on 25-Sep closing levels

Fig. 18 **US and Asia ex-Japan equities' 12-month forward earnings growth rates are leading other regions; US equities remain resilient amid a rate cut cycle**

Consensus 12m forward earnings growth estimates for MSCI equity indices; S&P500 performance around first Fed cut after rates being on hold for more than six months



Source: FactSet, Bloomberg, Standard Chartered

*Table below: Prefer China offshore over onshore; **Green** = Upgrade; **Red** = Downgrade

Preference order		The bullish case	The bearish case
	AxJ equities ▽ ◇ ▲	+ Fading tariff headwinds + China's fiscal and monetary stimulus + Robust earnings growth	– Structural issues, eg, deflation in China – Additional threats of tariffs – Soft economic activities and survey data
	Within AxJ	China* ▲ India ◆ Taiwan ◆	South Korea ◆ ASEAN ▼
	US equities ▽ ◇ ▲	+ Loosening Fed policies + Resilient earnings with AI tailwinds + Technology sector propelling performance	– Elevated positionings and valuations – Overconcentration on AI-related stocks – Intensification of geopolitical tensions
	Japan equities ▽ ◆ △	+ Rising foreign interest + Healthy share buybacks and dividends + Improving earnings outlook	– Unstable political landscape – EM competing for fund flows – Rebound in JPY to hurt company earnings
	Europe ex-UK equities ▼ ◇ △	+ Recovery in economic sentiment + Fiscal stimulus plans + Reasonable relative valuation vs. the US	– Political and fiscal uncertainties – Cyclical and structural headwinds – Deteriorating earnings outlook
	UK equities ▼ ◇ △	+ Relatively stable political environment + Improving earnings outlook + Defensive	– Challenging macroeconomic outlook – Restrictive monetary policies – Low exposure to growth sectors

Source: Standard Chartered Global Investment Committee

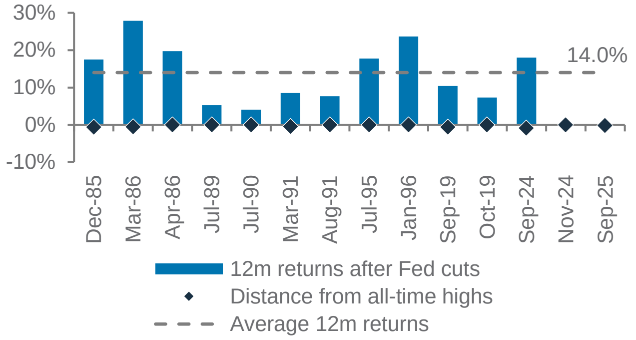
Legends: ▲ Overweight | ▼ Underweight | ◆ Core

US equities – Overweight

We upgrade US equities to Overweight. While there can be a short-term pullback amid elevated valuations and seasonality, the resilient earnings outlook across growth sector stocks will likely support a continued share price uptrend in the coming 6-12 months. Our expectation of a soft-landing scenario and contained inflation risks suggest room for further Fed cuts to support growth. Despite continued re-rating, we believe the Fed rate cuts lend new impetus for US equities to go higher. There are 12 instances in the last 40 years of the Fed cutting rates when equity markets were within 1% of their all-time high. In all instances, US equities rose over the subsequent 12 months.

Fig. 19 **Fed rate cuts near equity market all-time highs have historically resulted in further gains**

12-month return in S&P 500, when the Fed cut rates within 1% of stock markets' all-time high.



Source: Bloomberg, Standard Chartered

Overweight Asia ex-Japan equities

We are Overweight Asia ex-Japan equities. The region gains from strengthening Asian currencies against the USD, which is expected to reduce input costs and boost earnings for domestic corporations. **De-escalating trade tensions and still-reasonable valuations** are major tailwinds.

Within Asia, we retain our Overweight China allocation. Despite lacklustre economic figures in August, a potential fiscal stimulus from next month's Politburo meeting could support earnings growth expectations. The 12m forward EPS growth projection of 11% also outperforms major DMs. Within China, we are **Overweight offshore equities relative to onshore peers**. Offshore equities have higher weightings in growth sectors, where we see upside potential amid cheaper valuations versus US counterparts. Moreover, there is a possibility of Chinese policymakers adding cooling measures for onshore markets - though we note margin financing, adjusted for market cap, is still not at an alarming level.

We downgrade Korea equities to a core holding. While corporate reform initiatives remain tailwinds, the KOSPI index is up by over 40% year to date (YTD). Valuations are no longer compelling, with MSCI Korea's 12-month forward P/E trading at 11x, in line with its historical average. Taiwan warrants a core allocation, in our view. There is continued development on AI infrastructure, but overall earnings revisions are negative.

Fig. 20 **Outstanding balance of margin trades remains unalarming, after adjusting for listed market capitalisation**

Outstanding balance of margin trades on absolute level and as a % of listed market cap in China

Source: Bloomberg, Standard Chartered

We have a core allocation to India. The strong structural story remains, with **fiscal measures such as the income and GST tax cuts supportive of corporate profits.** The market is less expensive after the consolidation through 2025; in USD terms, the market is down 1% versus Asia ex-Japan's over 25% return YTD. That said, the 50% US tariff on Indian exports – significantly above Asian peers – illustrate that tariff risks remain in place. We favour mid-cap stocks given they offer robust growth potential at more reasonable valuations.

We are Underweight ASEAN on a weak EPS momentum and currency outlook. The price/earnings-to-growth ratio of 2.6x is also significantly higher than the broader AxJ region's 1.2x.

Japan equities – Core holding

Japan equities remain a core holding. Corporate governance reforms remain a catalyst, while economic resilience and a reflationary environment should continue to support growth across domestically exposed cyclical sectors. The election for leadership in Japan is a near-term risk. Further BoJ hikes resulting in a stronger JPY could also curtail earnings projections, given Japanese equities' exposure to foreign earnings.

Europe ex-UK equities – Underweight

We downgrade Europe ex-UK equities to Underweight. We believe it is difficult for the region's markets to outperform Asia ex-Japan and the US. Economic growth projections remain subdued while trade tariffs and geopolitical tensions continue to lurk in the background. Valuations are elevated, with the 12m forward P/E ratio for the MSCI Europe ex-UK index at around 1 standard deviation above its long-term average.

UK equities – Underweight

We are Underweight UK equities. Its defensive composition is likely to underperform the more growth-oriented regions, such as Asia ex-Japan and the US. Subdued fund inflows and a challenging macro backdrop will likely dampen investor sentiment on a 6-12 month horizon.

Equity opportunistic views

Fook Hien Yap
Senior Investment Strategist

Add US technology, gold miners on a pullback

- **We would initiate an opportunistic position in the US technology sector after a 5%* pullback**. Some indicators of equity market positioning are looking stretched, which could lead to consolidation and entry opportunities. We are positive on the sector as AI spending spurs earnings growth. Mega projects are supporting the semiconductor industry and cloud service providers.
- **Similarly, we would initiate an opportunistic position in gold miners after a 5%* pullback**. We are positive on gold prices with structural central bank purchases and ETF inflows. Meanwhile, gold miners are enjoying higher profit margins and surging free cash flows, which are being used to fund attractive share buybacks.
- **We take profit on US major banks** with a gain of 61.9% since 1 August 2024, ahead of potential market volatility as the Fed embarks on a rate cutting cycle, which could impact banks' interest income.

Fig. 21 **Opportunistic ideas**

Region	Idea
Global	Gold miners*
US	US technology*
Europe	Europe industrials
Asia	China non-financial high dividend SOEs
	Hang Seng technology

Source: Standard Chartered. *US technology idea to be initiated conditional on MSCI US technology index closing at 1,148 or lower. Gold miners idea to be initiated conditional on MarketVector Global Gold Miners Index closing at 2,438 or lower.

Open bullish ideas

Europe industrials: We continue to see gains with the **infrastructure and defence spending catalyst** as Europe makes up for years of underinvestment. Germany is leading the charge, while other countries may face more budget constraints. However, we see geopolitical pressures sustaining this multi-year fiscal tailwind that would support the aerospace and defence, electrical equipment, machinery and construction industries, which form the bulk of the industrials sector. A sharp slowdown in Europe's economy is a risk.

China non-financial high-dividend state-owned enterprises (SOEs): Their predominantly domestic exposure is more insulated from trade disruptions and benefits more directly from **government stimulus**. We believe the dividend income stability is attractive to investors, while non-financial SOEs are less exposed to the troubled property sector. Weaker-than-expected stimulus is a risk.

Hang Seng technology: We expect the valuation re-rating to continue as the earnings outlook and operating environment improve heading into next year. Policymakers continue drive **AI adoption and technology development,** while major technology platforms are investing heavily and seeing some fruits in monetisation and increased efficiency. Adverse regulatory changes are a risk.

Sector views: Staying constructive

We continue to prefer growth exposure, with an **Overweight on technology in the US, Europe and China**, supported by AI investments and software development. In the US, we downgrade financials to Neutral, while we upgrade healthcare to Overweight. Healthcare has been the worst-performing US sector this year, but we see signs of stabilisation as the valuation discount appears enticing. We upgrade real estate to Neutral, as lower rates are a tailwind, while we downgrade staples to Underweight as we expect higher costs and tariffs to weigh on profit margins. In Europe, we remain Overweight financials as a value play, and we upgrade energy to Neutral as value is emerging with rising dividend yields. In China, we maintain exposure to improving consumption and AI adoption, with preference for technology, communication and discretionary. Companies in these sectors have strong balance sheets, generate strong cash flows and are investing heavily in AI infrastructure amid strong demand.

Fig. 22 **Our sector views by region**

US	Europe	China
Technology	Industrials	Technology
Healthcare ▲	Technology	Communication
Communication	Financials	Discretionary
Financials ▼	Communication ▼	Financials
Utilities	Healthcare	Healthcare
Industrials	Utilities	Staples
Discretionary	Real Estate	Materials
Real Estate ▲	Staples	Energy
Materials	Discretionary	Industrials
Staples ▼	Materials	Utilities ▼
Energy	Energy ▲	Real estate

Source: Standard Chartered

Legends: Overweight | Core | Underweight

▲ Upgrade from last month | ▼ Downgrade from last month

FX – at a glance

Iris Yuen
Investment Strategist

USD view

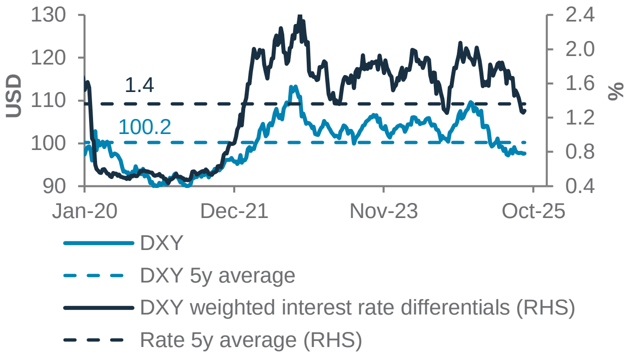
We expect the USD to remain weak, pushing the USD index (DXY) to 96.5, over the next three months amid growing evidence of a softening labour market. We expect the Fed to cut interest rates by 50bps by year-end, outpacing cuts by other major central banks and narrowing interest rate differentials vs. other major economies to the detriment of the USD. The weighted rate differential has fallen rapidly from the start of the year and is currently below its 5-year average. We also expect the USD to be particularly sensitive to negative US economic surprises.

We expect USD weakness to extend towards 95 over a 6-12-month horizon. US import prices, excluding tariffs, have declined modestly, indicating US importers have largely absorbed most of the additional costs of tariffs. We expect the Fed to deliver a cumulative 100bps cut over the next 12-months, supporting a US soft landing. Meanwhile, the structural drivers of USD strength over the past few years, including US exceptionalism, high real rates and safe-haven flows, are fading. Risks to our view include a renewed surge in inflation, hawkish Fed policy and geopolitical shocks that could reignite USD demand.

Key charts

Fig. 23 **USD index (DXY) falling in line with interest rate differentials; we expect this trend to continue**

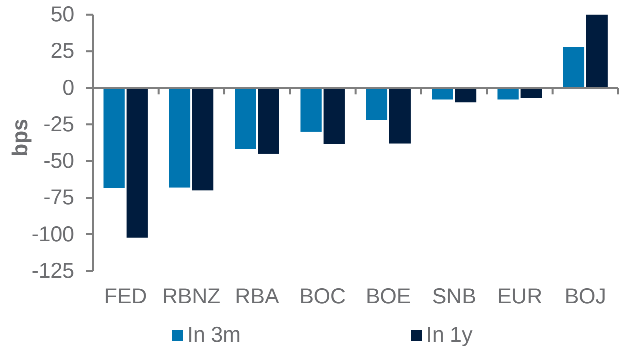
DXY, weighted interest rate differentials and 5y average



Source: Bloomberg, Standard Chartered

Fig. 24 **Fed likely to outpace other central bank in magnitude of rate cuts**

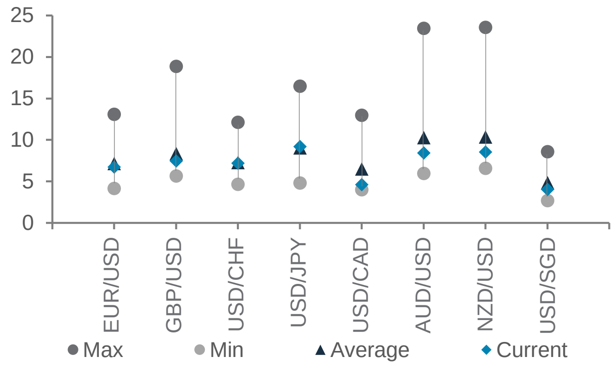
Market expectations of major central bank rate changes



Source: Bloomberg, Standard Chartered

Fig. 25 **Currency volatility largely below 5y average**

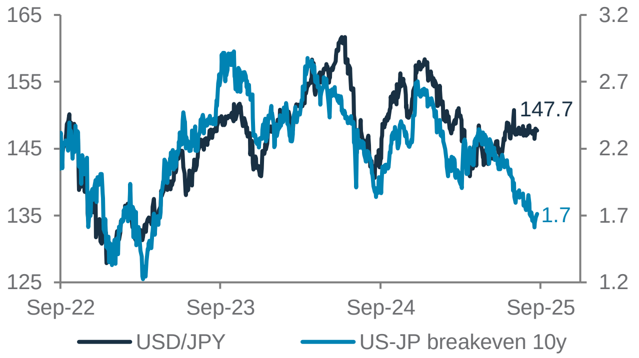
Major currency volatility



Source: Bloomberg, Standard Chartered

Fig. 26 **Rate differentials point to further downside for USD/JPY**

USD/JPY and US-Japan real rate differentials



Source: Bloomberg, Standard Chartered

Fig. 27 Summary of currency forecasts and drivers

Currency	3m	12m	Rationale
EUR/USD	1.19	1.22	• We are bullish EUR/USD. The ECB is likely to only deliver one more rate cut this year and pause in 2026 even as the Fed cuts by 100bps over next 12 months. This should continue shifting the relative interest rate differential in favour of the EUR. Germany's infrastructure and defence spending plans should provide growth support in 2026. USD strength is a risk.
GBP/USD	1.37	1.37	• We are moderately bullish on GBP/USD amid USD weakness. The BOE is likely to enter a protracted pause and the focus will shift to the UK's Autumn Budget (26 November). The UK's deficit remains sizable but is likely to improve, easing fears of a fiscal crisis. However, a reliance on tax hikes could weigh on growth and cap GBP gains. Fiscal stress is a risk.
USD/JPY	146	142	• We are bearish on USD/JPY. The two leading candidates for the LDP leader's election differ on policy – fiscal expansion/loose monetary policy versus structural reforms. We expect gradual monetary policy tightening to continue. US-Japan rate differential already supports JPY strength and this is likely to intensify. Political uncertainty is a risk.
AUD/USD	0.66	0.67	• We expect a rangebound AUD/USD. The RBA is held rates steady in September, as expected. We expect the Q3 CPI data to prompt the central bank to cut rates in November. Fed cuts and unwinding of leveraged shorts are upside risks.
NZD/USD	0.58	0.60	• We are moderately bullish NZD/USD over 12 months. US tariff headwinds are likely to be offset by booming dairy and meat exports. The RBNZ signalled rate cuts below neutral in 2026 to support growth, but that is likely to be offset by the soft USD. Rate cuts are a risk.
USD/CAD	1.38	1.37	• We expect a rangebound USD/CAD. Despite a weak labour market in Canada, we expect the pair to stabilise especially as oil prices remain stable around USD 65 per barrel. Slowly narrowing interest rate differentials add a bearish bias. More significant rate cuts are a risk.
USD/CNH	7.09	7.20	• We are bearish USD/CNH short term and bullish long term. US-China trade deal optimism is likely to support the CNH near-term. However, soft growth and ongoing deflation concerns, and the resulting policy stimulus, are expected to persist over 6-12 months. This can push the pair higher once short-term optimism fades. US trade policy is a risk.
USD/CHF	0.78	0.79	• We expect a rangebound USD/CHF. SNB President Schlegel noted the bar for negative interest rates is high due to the adverse impact on savers and pension funds. We expect consolidation for now amid safe-haven demand. Low Swiss inflation, weak USD are risks.
USD/SGD	1.27	1.32	• The MAS's less dovish stance has led SGD NEER to trade close to the upper end of the policy band, keeping USD/SGD rangebound near term. However, we expect NEER to fall to the mid-point once growth slowdown becomes clear, raising upside risk to USD/SGD.
USD/INR	-	88	• We expect a rangebound USD/INR. Ongoing US tariffs and recent restrictions on visa applications commonly used by the Indian tech sector poses risks to service exports to the US and to India's growth outlook. However, recent GST reforms are a positive. Some INR softness in the short term can help offset an export slowdown. US trade policy is a risk.
USD/MYR	-	4.2	• We expect a rangebound USD/MYR. A soft USD could prompt Malaysian exporters to convert offshore earnings. However, Malaysia's growth is set to decelerate this year following a sharp pick-up in 2024. Energy and commodity prices are a risk.
USD/KRW	-	1,405	• We expect a rangebound USD/KRW. South Korea's output gap remains negative, and global trade headwinds, driven by US tariff spillovers, will likely weigh on growth into 2026, exposing the pair to further upside risk near-term. Global growth is a risk.

Source: Bloomberg, Standard Chartered

Gold, crude oil – at a glance

Manpreet Gill
Chief Investment Officer, AMEE

Tay Qi Xiu
Portfolio Strategist

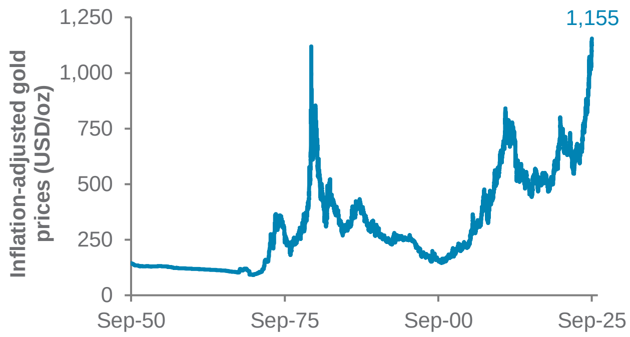
Our view

- We raise our 3- and 12-month gold price targets to USD 3,850/oz and USD 4,100/oz, respectively.
- We expect **West Texas Intermediate (WTI) oil to remain in a range around USD 65/bbl**. We continue to expect excess supply to be the dominant factor. This should cap temporary rebounds in prices due to potential geopolitical risks.

Key charts

Fig. 28 **Inflation-adjusted gold prices are now at the highest ever level in modern history**

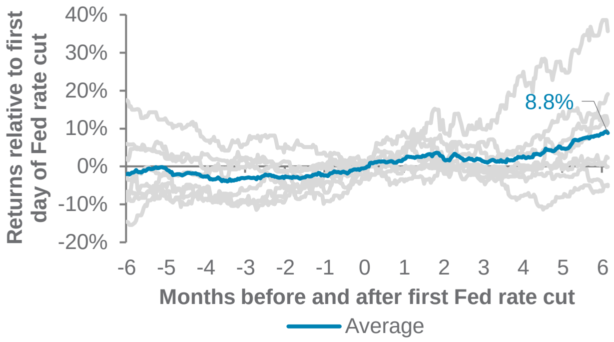
Real (inflation-adjusted) gold prices (USD/oz)



Source: Bloomberg, Standard Chartered

Fig. 29 **Historically, the start of the Fed easing cycle supports gold prices**

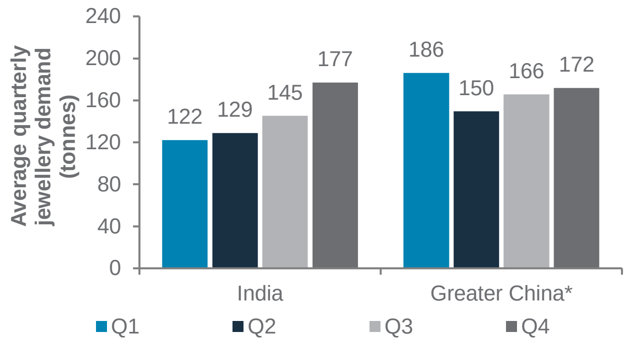
Gold returns six months before and after Fed rate cuts*



*Data since 1987. Source: Bloomberg, Standard Chartered.

Fig. 30 **Fed rate cuts will coincide with seasonal strength in Indian and Chinese jewellery demand**

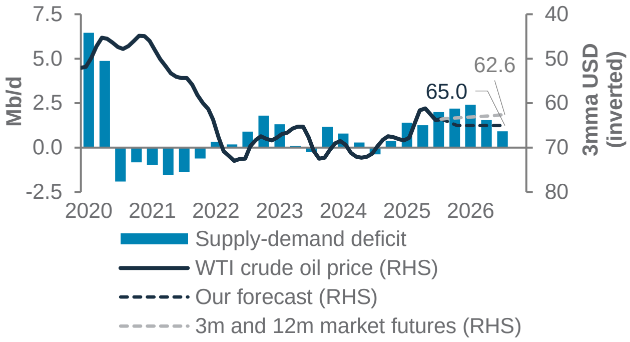
Average jewellery demand in India and China since 2010



Source: World Gold Council, Standard Chartered
*Includes Mainland China, Hong Kong, Taiwan Province of China

Fig. 31 **The oil market is likely to remain in surplus this year, keeping prices in check**

Oil supply-demand balance, price estimates



Source: EIA, Bloomberg, Standard Chartered

Gold outlook: We are optimistic on gold and expect prices to sustain a "higher-for-longer" trajectory. Supporting factors include: 1) the resumption of the Fed rate cuts, 2) seasonal jewellery demand from India and China and 3) a backdrop of US policy and geopolitical concerns. Stretched positioning raises near-term risks, but we expect pullbacks to be met with "buy-on-dip" demand, with prices ultimately surpassing USD 4,000/oz over the next 12 months.

Oil outlook: We continue to expect WTI oil prices to remain rangebound around USD 65/bbl over 6-12 months. Excess supply means short-term spikes (led by geopolitics, for example) are likely to be quickly capped. Sentiment is somewhat bearish, with the emergence of a rising number of forecasts below USD 60.

Quant perspective: Bullish equities short term and long term

Francis Lim
Senior Quantitative Strategist

Maggie, Au Yeung
Quantitative Analyst

Summary

Long-term and short-term indicators are bullish risk assets.

Long term: Our stock-bond model continues to prefer equities over bonds Since its OW view on equities in July outlook, the model has generated an absolute return of 6.4%, outperforming the 60/40 equity by 1.4%. In our latest update, **the model has adjusted its Overweight allocation to equities lower**, as Developed Market (DM) valuations are starting to look expensive. Fundamental factors remain strongly supportive of equities, with the latest ISM new orders signalling a recovery in economic sentiment. The market breadth factor is also healthy, as there is strong participation by global markets in the current equity rally.

Short term: Our new market model is bullish on S&P500 and MSCI AC World indices as momentum signals are bullish and risk indicators such as implied volatility from equity and EM currency options market remained low. The model, introduced in August, scans through 7,000+ factors to identify long-term drivers of equity-market regimes and forecast these regimes via machine learning algorithms. Since our publication of the model in August, the bullish view on the S&P500 has gained 3.7%, with the latest estimated probability of a bear market remaining low at only 1.1%. The MSCI AC World model is similar, as the estimated probability of a bear market is only 0.8%.

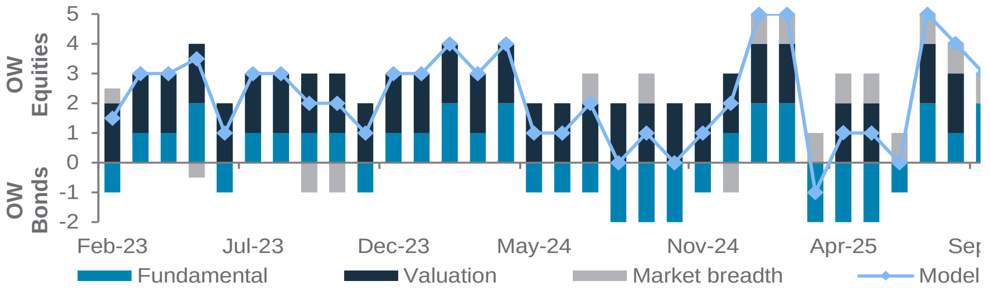
But risk of a short-term consolidation in equities is likely after recent strong gains. Our **market diversity indicator shows that investor positioning for global equities looks increasingly stretched.** However, **deep corrections are unlikely,** given the supportive signals from our short-term and long-term quantitative models. **US communication services and China materials and communication services** are also currently being flagged.

Key chart

Our stock-bond model is Overweight equities, as the model score sits at +3 (out of 5). Fundamental and technical factors are bullish equities.

Fig. 32 **Breakdown of our stock-bond rotation model's scores since inception in Feb-23**

Model scores are based on the total of fundamental, valuation and market breadth factors

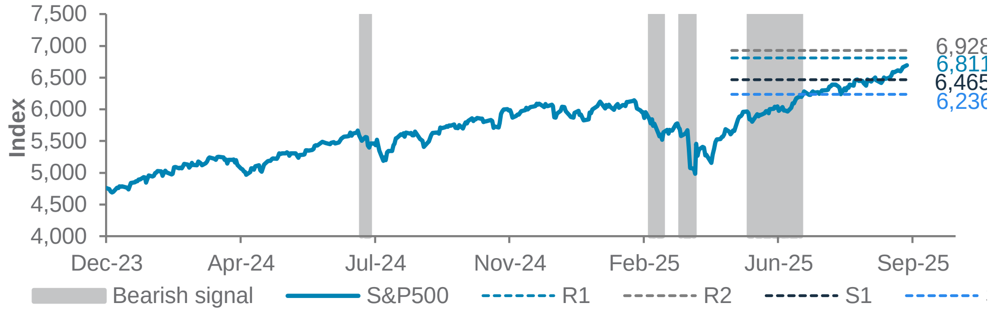


Source: Bloomberg, Standard Chartered

Our new market model for the S&P500 is bullish, as equity and EM currency volatilities are low, while momentum dynamics are positive.

Fig. 33 **Our technical model turned bullish on the S&P500**

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



Source: Bloomberg, Standard Chartered

Fig. 34 **Long- and short-term quantitative models are bullish risky 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	Equity and bond market risks	Global inflation-growth regime
Current view	**Bullish equities (3-6 months)**	**Low equity, but moderate govt. bond market risks**	**Steady inflation and growth rates**
What factors is this view based on?	• **Fundamental:** +2. ISM new orders indicated a recovery in economic sentiment, and upwards earnings revision continued to rise. • **Valuation:** 0. Valuation of DM equities starts to look expensive, but it is offset by still-attractive valuation of Asia equities. • **Market breadth:** +1. 94% of global equity markets are above their 200-day MA, indicating a strong participation in the current equity rally.	• **Equity risk: Low.** Positive equity market momentum, disinflationary trend, expansion of monetary base and decline in short-term commercial paper yield are positive factors. • **Government bond risk: Neutral to moderate.** Strong equity returns make bonds less attractive, but lower average US manufacturing PMI and housing starts signal a growth slowdown, which is supportive of safer assets such as US govt bonds.	• **Global inflation** fell to 1.8% from 2% previously. Consensus forecast remains at 2.1% for the next 12 months. Leading indicators suggest a slight increase to the 1.9% level. • **Global industrial production y/y growth** is at 2.4%. Consensus expects 2.1% growth over the next 12 months, slightly above the long-term average of 2%. Leading indicators are aligned with consensus expectations.
Key model factors	• Economic activity, macro risk and surprise indices, corporate earnings, forward price-to-earnings ratio and technical factors.	• Market factors include interest rates, commodity prices and equity market momentum. Macro factors include US housing, inflation, money in circulation, capacity utilisation and employment.	• Tracks current and consensus estimates of inflation, industrial production and leading economic indicators for the US, Europe, the UK, China, India and Korea.
How does it work?	• A monthly scorecard of -5 to 5 based on fundamental, valuation and market breadth factors to indicate relative preference for bonds and equities. A positive score favours equities and vice versa.	• Using risk barometers to gauge the likelihood of large sell-offs in US equities and government bonds. Each barometer ranges from 0 to 100, where a value below 50 indicates high downside risk and vice versa.	• A macro model of the global economic cycle (recession, recovery, late cycle and stagflation) and implications for long-term asset class returns.

Short-term	Technical analysis	Investor positioning
Current views	**Bullish (1-3 months)**	**Equities look crowded**
What factors is this view based on?	• **Bullish MSCI AC World and S&P500. Probability of** bear market is low as risk indicators such as implied volatility from equity and EM currency options market is benign. Momentum factors are also supportive of the current uptrend. For S&P500, the relatively high US interest rate is a negative, but that is more than offset by said factors.	• **Equities:** Risk of short-term consolidation in MSCI AC World, US and Asia ex-Japan. • **Equity sectors:** US communication services, China industrials, materials and communication services. • **Commodities:** Silver.
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 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	▼	1	1	1
Fixed Income	◆	58	38	18
Equity	▲	34	55	75
Gold	▲	7	7	6
Asset class				
USD Cash	▼	1	1	1
*DM IG Government Bonds**	◆	23	15	7
*DM IG Corporate Bonds**	◆	15	10	5
DM HY Corporate Bonds	▼	2	1	1
EM USD Government Bonds	◆	5	3	2
EM Local Ccy Government Bonds	▲	5	4	1
Asia USD Bonds	◆	8	5	3
North America Equities	▲	23	37	50
Europe ex-UK Equities	▼	3	5	8
UK Equities	▼	0	1	2
Japan Equities	◆	2	3	4
Asia ex-Japan Equities	▲	6	9	12
Gold	▲	7	7	6
		100	**100**	**100**

Summary	FOUNDATION Conservative
Cash	35
Fixed Income	65
Asset class	
USD Cash	35
DM IG Govt (Short duration)	16
DM IG Corp (Short duration)	17
DM HY (Short duration)	7
EM USD Govt (Short duration)	10
EM LCY Govt	5
Asia USD bonds	11
	100

Source: Standard Chartered
All figures in %
1. Allocation figures may not add up to 100 due to rounding. *FX-hedged
2. The Conservative TAA is based off the SAA and is not overlaid with any tactical views

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

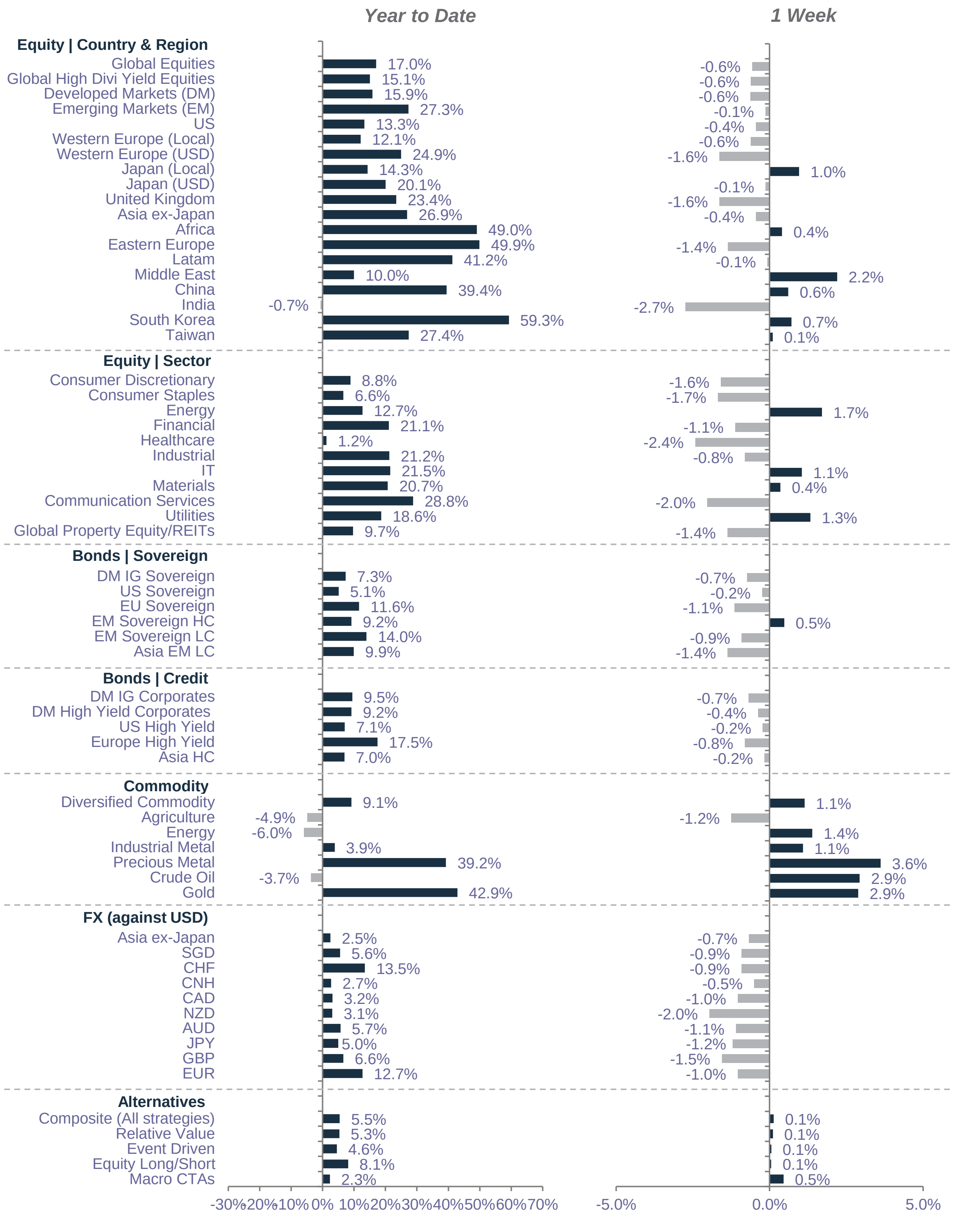
Foundation+: Asset allocation summary

Summary	View	FOUNDATION+ Moderate	FOUNDATION+ Balanced	FOUNDATION+ Aggressive
Cash	▼	1	1	0
Fixed Income	◆	49	30	13
Equity	▲	29	44	57
Gold	▲	6	5	5
Alternatives	◆	15	20	25
Asset class				
USD Cash	▼	1	1	0
*DM IG Government Bonds**	◆	20	12	5
*DM IG Corporate Bonds**	◆	12	8	4
DM HY Corporate Bonds	▼	2	1	0
EM USD Government Bonds	◆	4	2	1
EM Local Ccy Government Bonds	▲	4	3	1
Asia USD Bonds	◆	7	4	2
North America Equities	▲	20	30	38
Europe ex-UK Equities	▼	2	4	6
UK Equities	▼	0	1	1
Japan Equities	◆	2	2	3
Asia ex-Japan Equities	▲	5	7	9
Gold	▲	6	5	5
Alternatives	◆	3	4	5
Private Equity		2	5	9
Private Real Assets		5	4	4
Private Debt		5	7	7
		100	**100**	**100**

Source: Standard Chartered
All figures in %
1. Allocation figures may not add up to 100 due to rounding. *FX-hedged

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

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 2024 to 25 September 2025; 1-week performance from 18 September 2025 to 25 September 2025

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	96.5	1.19	1.37	146	0.66	0.58	1.38	7.09	0.78	65	3,850	3.75% (Dec-25)	4.00-4.25%	1.75% (Dec-25)
12m forecast	95	1.22	1.37	142	0.67	0.60	1.37	7.20	0.79	65	4,100	3.25% (Sep-26)	3.75-4.00%	1.75% (Sep-26)

Source: Standard Chartered

OCT

- 1 Oct > EU: CPI
- 1 Oct > US: PMI
- 3 Oct > US: Change in Nonfarm Payrolls
- 13 Oct > US: World Bank & IMF Annual Meeting
- 15 Oct > US: CPI
- 24 Oct > EU: PMI
- 28 Oct > Korea: APEC 2025 Summit
- 30 Oct > Japan: BoJ policy meeting
- 30 Oct > US: Fed policy meeting
- 30 Oct > EU: ECB policy meeting
- 31 Oct > EU: CPI

NOV

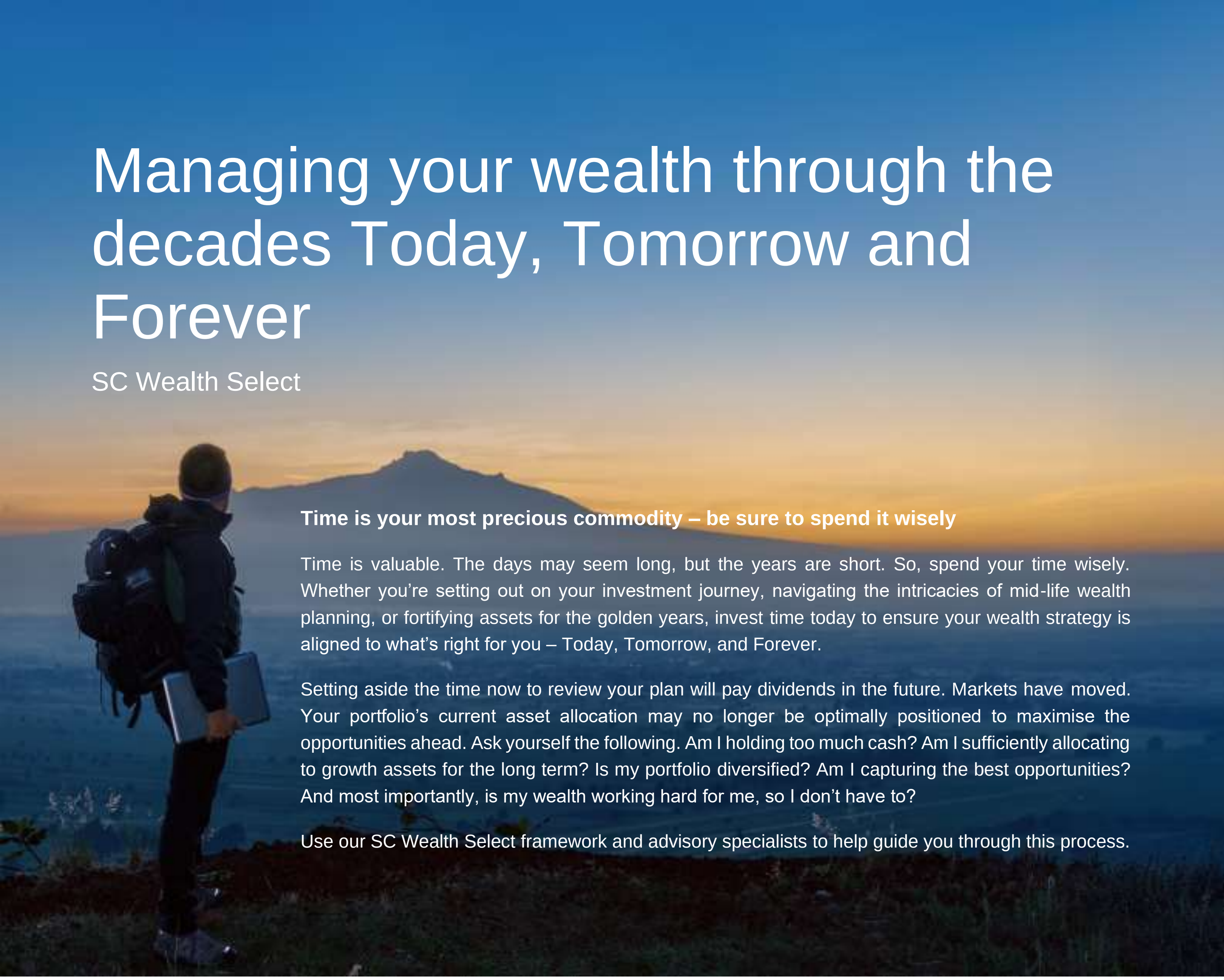
- 3 Nov > US: PMI
- 4 Nov > US: Off-year elections
- 7 Nov > US: Change in Nonfarm Payrolls
- 13 Nov > US: CPI
- 21 Nov > EU: PMI
- 22 Nov > South Africa: G20 Leaders' Summit

DEC

- 1 Dec > US: PMI
- 2 Dec > EU: CPI
- 5 Dec > US: Change in Nonfarm Payrolls
- 10 Dec > US: CPI
- 11 Dec > US: Fed policy meeting
- 16 Dec > EU: PMI
- 18 Dec > EU: ECB policy meeting
- 19 Dec > Japan: 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



Managing your wealth through the decades Today, Tomorrow and Forever

SC Wealth Select

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

Time is valuable. The days may seem long, but the years are short. So, 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 the 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 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 understanding your vision of Today, Tomorrow, and Forever for yourself, your family and beyond, and then design portfolios to meet these differing needs.

Using our 'Today, Tomorrow and Forever' approach, we ensure your wealth needs for the near term (Today) are met, whilst 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 specialist's partner with you to build well-diversified, long-term Foundation portfolios, aligned to your Today, Tomorrow, Forever needs. Opportunistic ideas are added to capture short term opportunities, as well as sufficient protection included to address you and your family's objectives.

Today, Tomorrow, 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 aligned and managed 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 tailored for you, with Opportunistic overlays

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.

Explanatory notes

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