I hope you had a great summer.

August once again demonstrated the financial markets' ability to withstand an environment that is far from certain. Despite persistent geopolitical tensions, renewed questions about interest rate trends and some somewhat generous valuations, the main equity markets have generally continued to rise.

In the US, the economy continues to show remarkable resilience. Activity remains strong and corporate earnings have, on the whole, confirmed the good health of the US private sector. Inflation, however, remains the main focus. The latest data suggests that the Federal Reserve's return to its 2% target could be longer and more complicated than expected.

This has led investors to revise their monetary policy expectations. At the traditional Jackson Hole meeting, Federal Reserve Chairman Kevin Warsh strongly reaffirmed the focus on fighting inflation. His speech somewhat dampened expectations of monetary easing and triggered a rise in bond yields at the end of the month. The markets therefore remain particularly sensitive to any new economic data likely to influence what the Fed decides to do next.

In Europe, the economic situation is more mixed. Activity remains relatively modest but continues to show some resilience. However, the rise in energy prices is a new source of concern for inflation and complicates the task of the European Central Bank. In addition, political and budgetary uncertainties in several countries also contributed to the rise in European bond yields.

Geopolitical tensions also returned to the forefront in the last days of the month. The renewed escalation between the US and Iran led to a significant rise in oil prices, reviving fears about its potential impact on inflation and global growth. As in previous months, however, the markets seem to believe that a lasting extension of the conflict remains avoidable, even if the situation obviously calls for vigilance.

On the corporate side, the earnings season was generally satisfactory. Artificial intelligence remains undeniably one of the main drivers of the US markets. The results and especially the outlook announced by Nvidia confirmed that investments in AI-related infrastructure continue to grow at an exceptional pace. At this stage, they provide a rather reassuring response to questions about the sustainability of this gigantic investment cycle. However, the question of the long-term profitability of the considerable sums committed by the entire technology sector remains central.

After several months of gains, the valuations reached by certain segments of the equity markets naturally encourage greater selectivity. However, corporate earnings growth and the resilience of the global economy continue to provide significant support to the markets.

We are therefore approaching the autumn with a constructive but cautious stance. Markets will have to deal with several potential sources of volatility: changes in inflation, central bank policy, the level of bond yields and geopolitical risks. In this environment, we continue to believe that portfolio diversification, the quality of selected companies and disciplined risk management are the best assets for navigating unavoidable periods of volatility without losing sight of longer-term opportunities.

Performance of the main markets in 2026

	August 2026	2026 YTD
EURO STOXX 50	0.98%	10.86%
STOXX Europe 600	0.29%	9.95%
BEL 20	2.61%	14.88%
S&P 500	2.62%	12.28%
S&P 500 Equal Weight	2.04%	14.53%
NASDAQ 100	4.18%	16.66%
NIKKEI 225	3.03%	31.73%
HANG SENG	-1.23%	-0.25%
MSCI EMERGING	3.21%	22.43%
MSCI WORLD	2.48%	12.13%

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