Dear clients, Dear readers,

After several months in which the financial markets showed considerable resilience in the face of economic and geopolitical uncertainties, **October proved to be a more complex month**.

Against a backdrop of ongoing tensions in the Middle East, persistent inflationary pressures and growing doubts about the profitability of investments in artificial intelligence, the markets experienced varying trends.

In the US, the major stock market indices ended the month with mixed results. The Nasdaq, which is particularly exposed to technology stocks, fell sharply, while the Dow Jones, which is more representative of industrial and traditional companies, rose. This **divergence** reflects an interesting shift in investor behaviour: without abandoning equities, investors now seem to be placing greater importance on valuations and companies' ability to generate a return on their investments.

Artificial intelligence remains one of the key drivers of transformation in the global economy. However, the substantial sums spent on data centres are now raising more questions. Investors are no longer satisfied with long-term growth prospects: they want to see the tangible impact of this spending on corporate earnings.

Quarterly results announcements by several US tech giants therefore sparked strong reactions on the stock markets. This pullback does not call into question the economic potential of artificial intelligence, but it serves as a reminder that a technological revolution, however promising it may be, does not guarantee that all the companies involved in it will prove to be sound investments.

On the monetary front, October confirmed that the battle against inflation has not yet been definitively won. The **US Federal Reserve** kept its key interest rates unchanged in an environment where rising energy prices are complicating the prospects for financial easing.

In Europe, the **European Central Bank** faces a similar dilemma. Relatively moderate economic growth would argue for more favourable financial conditions, but persistent price pressures are limiting the Bank's room for manoeuvre. This means that investors should consider the possibility that interest rates may remain high for longer than they initially anticipated.

In the **bond markets**, however, US long-term yields eased during the month, reflecting concerns about growth prospects. This development illustrates the complex trade-offs between inflationary risks and an economic slowdown.

European shares have, on the whole, held up much better than US technology shares. A number of sectors, including financials, industrials and defence, have seen a resurgence of interest. The Swiss market has also performed well, confirming the appeal that certain high-quality companies can hold in an uncertain environment.

However, the situation in China remains more difficult. Despite the authorities' efforts to support economic activity, the economic slowdown, persistent difficulties in the property sector and concerns about domestic consumption continue to weigh on investor confidence. Technological competition with the US is also an additional source of uncertainty.

Tensions in the Middle East remain a key factor in market trends. **Disruptions to energy supplies** have helped to keep oil prices high, reigniting concerns about inflation and complicating decisions by central banks.

Beyond their immediate impact on oil markets, these tensions serve as a reminder of the vulnerability of global supply chains. They also reinforce the tendency amongst major economic powers to prioritise energy security, industrial self-sufficiency and control over strategic technologies.

As the end of the year approaches, the financial markets are operating in an environment that calls for a degree of caution, without, however, justifying excessive pessimism. On the whole, companies continue to demonstrate a strong ability to adapt, while major technological and industrial transformations offer prospects for long-term growth.

The recent downturn in certain technology stocks may even help restore more reasonable valuations and broaden **investment opportunities** to other sectors.

Against this backdrop, we remain convinced of **the importance of a diversified investment strategy,** prioritising the quality of companies, the strength of their balance sheets and the predictability of their results. Now more than ever, discipline and selectivity remain key to weathering periods of uncertainty and seizing the opportunities that will undoubtedly arise.

The contrast between the traditional S&P 500 and the "Equal Weight" S&P 500 (where each share has the same weighting in the index) provides an excellent example of the effects of the sector rotation observed during the month.

Performance of the main markets in 2026

	October 2026	2026 YTD
EURO STOXX 50	-2.20%	5.87%
STOXX Europe 600	1.87%	9.21%
BEL 20	4.19%	15.02%
S&P 500	-0.93%	10.73%
S&P 500 Equal Weight	4.95%	13.96%
NASDAQ 100	-6.65%	12.42%
NIKKEI 225	-5.19%	25.73%
HANG SENG	-5.36%	-9.11%
MSCI EMERGING	-8.11%	11.55%
MSCI WORLD	-0.82%	9.75%

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