ALTUS

INVESTMENT

Market Update

October 2026

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September Market Returns

Equity Indices

Index	1M Change	YTD Change	12M Change
S&P 500	(0.45)%	10.95%	14.40%
NASDAQ Comp.	3.23%	19.42%	23.21%
FTSE 100	(2.02)%	6.69%	13.43%
Hang Seng Index	(3.73)%	(4.80)%	(8.35)%
Nikkei-225	0.67%	32.61%	48.56%
Euro Stoxx 50	(2.35)%	8.16%	13.36%
MSCI World Index	(1.31)%	9.97%	13.84%
MSCI EM	(0.84)%	21.56%	26.66%
Shanghai Comp.	(3.61)%	(3.10)%	(1.05)%
NIFTY 50	(6.06)%	(12.79)%	(8.09)%
Ibovespa Brazil	5.03%	15.65%	27.42%
S&P MERVAL Argentine	(7.07)%	(7.61)%	58.97%

Fixed Income Yields

Tenor	Yield	1M Change	YTD Change
US 2Y	4.89%	55 bps	144 bps
US 10Y	5.28%	53 bps	116 bps
US 30Y	5.63%	39 bps	82 bps
UK 10Y	5.42%	36 bps	93 bps
JGB 10Y	3.07%	11 bps	100 bps
DE 10Y	3.59%	26 bps	73 bps
ETF	**Yield**	**1M Change**	**YTD Change**
LQD (iShares Inv. Grade Corp. Bond ETF)	6.40%	0.49%	1.11%
HYG (iShares iBoxx High Yield Corp. Bond)	8.32%	0.86%	1.48%
EMB (iShares J.P. Morgan EM Bond ETF)	7.49%	0.68%	1.23%
EMLC (V.E J. P. Morgan EM Local Currency Bond)	7.71%	0.40%	0.78%

Other Assets & FX Rates

Asset	Price (USD)	1M Change	YTD Change
Brent	103.5	14.09%	67.22%
Gold	4,157.4	(6.31)%	(4.20)%
Silver	60.4	(9.24)%	(20.80)%
Uranium	89.4	1.88%	9.22%
Soft Commodities	28.1	(4.01)%	10.01%
Bitcoin	83,621.2	6.05%	(5.18)%
Currency Pair	**Rate**	**1M Change**	**YTD Change**
EUR/USD	1.13	(2.48)%	(3.56)%
USD/JPY	157.4	(1.46)%	0.64%
GBP/USD	1.33	(2.10)%	(1.51)%
USD/CHF	0.84	3.39%	5.57%
USD/CAD	1.42	2.73%	3.91%
AUD/USD	0.69	(3.06)%	3.76%

October Outlook

- The focus for October will be on the midterms at the very start of November. It's already well established that it will be bad for Republicans. But things could be much worse for Trump. Polymarket is showing a 66% chance that he will be impeached by Dec 27.
- It is starting to look like Anthropic will IPO in November, although this is no longer a certainty in our mind. The sudden calls for regulation and stories of 'agents' escaping and causing havoc seems a little coincidental in our cynical minds. Never has regulatory capture been so blatant across an industry that is new.
- There has been significant long-term damage already inflicted on the Middle East, however this is also feeding into the cost of living in the US. If we start to see recessionary signs appear, the market will become very spooked.

Interesting (Crazy) Numbers

- **7%+** - US mortgage rates climbed back above 7% alongside the Treasury sell-off.
- **$451,000/day** - VLCC tanker earnings hit a record, rising 68% in September, as Middle East disruption forced widespread rerouting.
- **$14,728/tonne** - copper reached an all-time high.
- **107.4m barrels** - US distillate inventories fell to their lowest seasonal level since records began.
- **$235bn** - Nvidia's authorized share-buyback capacity after the $150bn increase in the announcement at month end.
- **5.34%** - The US 10-year Treasury yield briefly reached its highest level since 2002.
- **3.95x** - The large-cap-to-small-cap valuation ratio reached levels comparable with the peak of the dot-com bubble

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Not all wars are transitory

For decades, Europe and North America treated secure trade routes, reliable energy supplies and relative geopolitical stability as a given – and frankly, got complacent. The wars in Iran and Ukraine are turning these assumptions into variables; what matters for this outlook is where politics could change the economic trajectory.

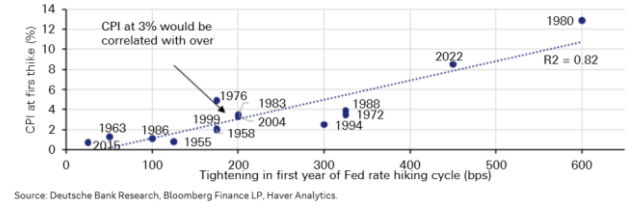
The combined effects are already here – from February'26 to September'26, Brent Crude jumped ~44% to low hundreds, European natural gas more than doubled ($11.20 to $28.00/mBtu), and a gallon of Diesel in US is now hovering around $6.50 (up ~70%). Central banks are raising rates on persistent inflation worries, and sovereigns' issues require higher yields.

All the baseline scenarios assume at least some degree of normalization. We would only be comfortable adopting that viewpoint if we saw the facts pointing towards it – which we simply do not. Scenarios markets consider tail-risks can easily become the new baseline, and some such outcomes, all interconnected, include:

1) **War in Iran persisting:** 9% of global refining capacity is located in Gulf countries, and the Bab el Mandeb blockade by Houthis and Saudi Arabia's East-West pipeline closure together put ~4mmb/d of exports at risk. LNG importers remain exposed to severe disruptions and higher prices (~20% of global LNG passes through Hormuz), Europe especially. *Deutsche Bank* estimate that if the war persists throughout 2027, Brent will spike to $130-$150/bbl, generating stagflationary pressures that would completely halt the global disinflation cycle.

2) **Rates stay higher for longer:** continued war, higher energy prices (more pronounced in winter) and higher shipping costs translating into higher costs of finished goods mean inflation might prove stickier than current consensus. USTs, JGBs and Bund yields have already hit their multi-year highs – but the story seems far from over. Lack of fiscal discipline over the past decade in most developed economies is likely to contribute to a self-reinforcing cycle of higher refinancing costs and bigger deficits. According to *DB*, CPI and Fed hikes have had a strong historical correlation. With US CPI at 3.4% in Aug'26, that would correlate to over 100bps in 2027, significantly above all expectations.

CPI and the amount of Fed tightening in the first year of a hiking cycle serves as a reminder that markets tend to underestimate the scale of Fed hiking cycles at the start



Source: Deutsche Bank Research, Bloomberg Finance LP, Haver Analytics.

3) **Intervention deepening the crisis:** in that scenario, Treasury Secretary Bessent and the Fed under Kevin Warsh will be tempted to intervene. Treasury's buybacks of older long-dated debt have already proved short-lived, and *Allianz Research* warn that further attempts could "backfire if he doubles down on technical measures such as expanded buybacks or TGA-funded purchases". A sharp sell-off – "50-100bps yields increase in the space of a few days" – could then prompt the Fed to launch unlimited purchases. Akin to a Liz Truss moment (don't we all miss the lettuce), Fed's reaction could make history repeat, the main difference being that investors will no longer have USTs as their safe-haven asset.

None of this is a forecast. But every investor should be asking what the baselines do not: what if the war does not end, what if instability in the middle east becomes the new normal, and there is disruption is in play for multiple years. One more thing; look at long term interest averages, we are still sitting before the long-term average of last 70 years.

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