

Quarterly Insights Q3 2026

GLOBAL EQUITIES

Global equities navigated a complex backdrop to post moderate gains in the third quarter of **2026**, supported by a truly unprecedented global earnings boom. The quarter was defined by massive capital deployment into artificial intelligence infrastructure, which continued to act as a primary engine for corporate profitability and investor optimism. However, the initial momentum faced considerable friction as the quarter progressed. Escalating geopolitical tensions in the Middle East pushed Brent crude prices up significantly, sending oil above the **\$100 a barrel** threshold. While this energy price spike provided a substantial tailwind to energy sectors, it concurrently stoked fresh inflation concerns globally. Furthermore, equity markets had to absorb a sharp, late-quarter sell-off in sovereign debt, which pushed global bond yields to multi-decade highs and forced a reassessment of equity risk premiums. Despite these macro headwinds and a volatile September, global benchmarks ultimately proved resilient, with solid underlying corporate fundamentals preventing any deeper structural drawdowns.

United States

The **US equity market** delivered mixed but ultimately positive results over the three-month period, with major averages largely outperforming their international peers. The benchmark **S&P; 500 rose by 2.0%** while the tech-heavy **Nasdaq Composite gained 2.5%** over the quarter, anchored securely by the dominant AI complex. Corporate execution remained stellar, with Q3 corporate earnings on track to increase by roughly **24% to 29% year-on-year**, marking the index's eighth consecutive quarter of double-digit profit growth. Strong performance in July and August carried the indices, though a volatile September chipped away at the broader market's gains. The **Dow Jones Industrial Average** proved to be the distinct laggard, **falling 2.7%** over the quarter as a softer macroeconomic profile and higher borrowing costs weighed on traditional industrial and blue-chip components. Investors balanced a slightly cooler Personal Consumption Expenditures (PCE) inflation reading with the reality of an unyielding Federal Reserve, leaving the market highly sensitive to macroeconomic data points heading into the final months of the year.

UNITED KINGDOM

In the **United Kingdom**, domestic equities managed to stretch their winning streak to an impressive **seven consecutive quarters**—the longest continuous run of quarterly growth for the index in over two decades. The blue-chip **FTSE 100 advanced by 1.1%** across the third quarter, heavily insulated by a powerful **5.3% surge in July**. This early-quarter rally was underpinned by resilient domestic Gross Domestic Product (GDP) data and a stabilizing sterling. However, the index was unable to retain its full momentum, logging back-to-back monthly declines across August and September. The late-quarter weakness was primarily driven by broad-based liquidations in heavyweights across the banking, pharmaceutical, and energy sectors. Domestically focused stocks also experienced pressure as the broader market reacted to the global bond market sell-off. The mid-cap **FTSE 250** similarly felt the weight of rising sovereign yields, forcing equity investors to focus on defensive segments or specific commodity plays, such as gold miners, which caught a strong bid late in the quarter.

EUROPE

European equities faced a more challenging corporate and political environment, ultimately finishing the third quarter under notable pressure. The Eurozone's primary benchmark, the **EURO STOXX 50**, suffered from a weaker monthly performance at the tail end of the period, closing down **1.56% for September** and retreating roughly **3.5% from the record high** it established in mid-August. Investor sentiment across the continent was severely dampened by persistent inflation anxieties and the localized fiscal realities of elevated regional bond yields. Sector dispersion was highly visible; European banking and energy stocks lost significant ground, dragging indices lower alongside a struggling consumer staples sector. Conversely, European technology shares stood out as a rare pocket of strength, surging **2.5% in September** to touch monthly highs and partially offsetting the broader indices' cyclical declines. Despite stable corporate balance sheets, European markets remained heavily constrained by structural growth concerns and a tightening fiscal outlook.

BOND MARKET

The **global bond market** experienced severe dislocation during the third quarter, with fixed-income assets undergoing an intense sell-off that sent global yields surging to **24-year highs**. In the US, the sovereign yield curve shifted decisively higher as robust employment statistics and sticky energy-driven inflation forced traders to price in a more restrictive policy path. Across the Atlantic, European debt markets witnessed intense volatility. **French sovereign bonds** faced specific pressure, with escalating fiscal deficit concerns driving French borrowing costs above those of southern European peers like Greece, Italy, and Portugal. Meanwhile, **UK gilts** faced renewed selling pressure through July and August, pushing yields to multi-decade highs before recovering minor ground in late September amid ongoing fiscal anxieties. While government debt languished, corporate credit markets proved far more stable; resilient corporate fundamentals and solid balance sheets allowed investment-grade and high-yield corporate credit spreads to tighten, outperforming sovereign alternatives throughout the volatile quarter.

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