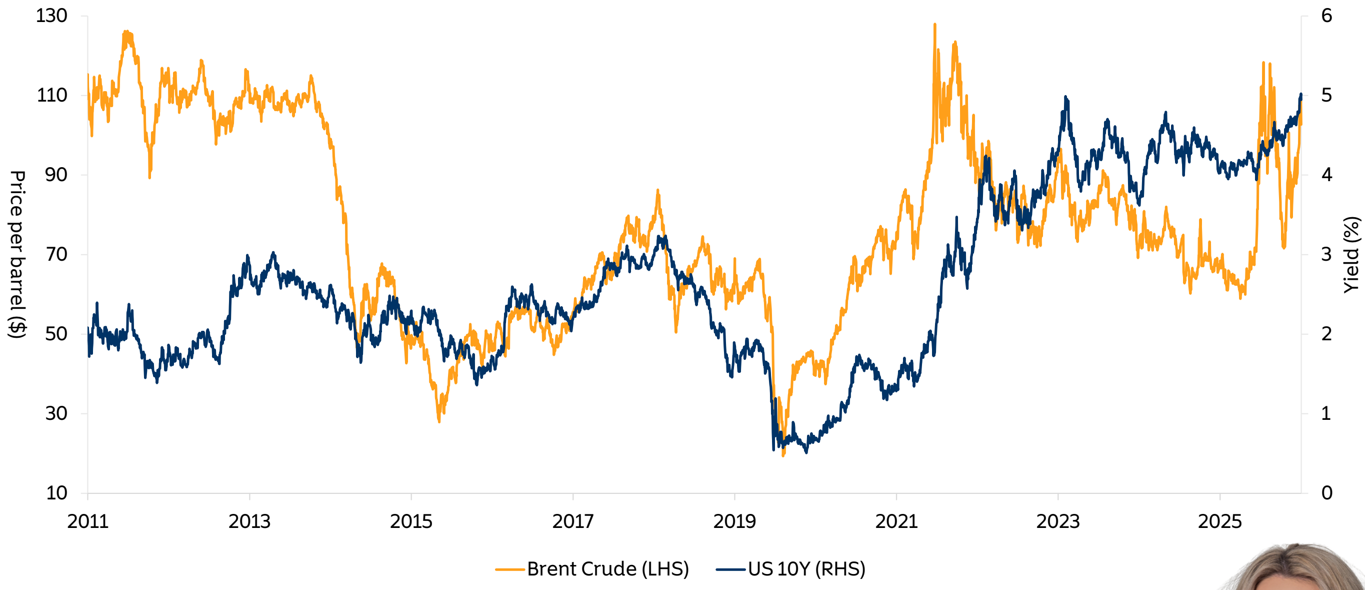
Chart of the Week

momentum
global investment management

21 September 2026



Source: Momentum Global Investment Management, Bloomberg Finance L.P. Data as at 17 September 2026.

Back to basics

Gabby Byron
Client Portfolio Manager

What does the chart show?

This chart shows the US 10-year Treasury yield, which has risen above 5% for the first time since 2023 (and closed at its highest level in 19 years), and the oil price, which has climbed towards $110 per barrel amid renewed geopolitical tensions and concerns over supply disruption in the Middle East. While artificial intelligence continues to attract significant attention from investors, movements in bond yields and energy prices have remained important drivers of asset market returns. Technology shares have been under pressure, reflecting a combination of factors. Higher bond yields have weighed on valuations by increasing the discount rate applied to future earnings, while ongoing debate about the opportunities and risks associated with artificial intelligence has also contributed to investor uncertainty. Meanwhile, government bond prices have fallen as investors reassess the outlook for inflation and interest rates following the Fed's latest rate increase. Higher oil prices have added to concerns that inflationary pressures could prove more persistent than previously expected.

Why is it important?

Markets often become captivated by transformative themes and breakthrough technologies. However, shorter-term market performance is often shaped by changes in economic conditions, inflation expectations and interest rates. A 5% Treasury yield raises the hurdle rate against which all assets are measured. When investors can earn relatively attractive returns from government bonds, riskier assets need to offer greater compensation for the additional uncertainty they carry. This can be particularly challenging for sectors where valuations depend heavily on future growth expectations. Meanwhile, oil prices approaching $110 per barrel matter because energy remains a key input across the global economy. Higher energy costs can feed through to transportation, manufacturing and household spending, increasing the risk that inflation remains elevated. The Fed's latest rate increase reflects concerns that inflationary pressures may prove more persistent than previously expected.

Recent market movements highlight the continuing importance of macroeconomic fundamentals. Changes in interest rates, inflation expectations and energy prices remain key drivers of financial conditions and can have a significant influence on asset prices. For investors, this serves as a reminder that even during periods of rapid technological change, economic fundamentals remain central to market behaviour.

Weekly market update

Week ending 18 September 2026

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Central bank tightening, resilient pockets of demand and volatile energy prices defined the week. Their interaction increased uncertainty across asset classes and reinforced divergent economic and market conditions between regions.

US

» The Federal Reserve raised rates by 0.25 percentage points, prioritising price stability as energy costs kept inflation risks elevated. Its guidance pointed to scope for further tightening, which kept bond yields and interest-rate-sensitive assets under pressure.

» August retail sales were stronger than expected, while weekly jobless claims fell. Continued consumer and labour market resilience supported the growth outlook, but also reduced the case for an early end to monetary tightening.

» Oil and diesel costs remained a major market influence after disruption to Saudi and Russian supply. Prices eased later in the week as supply-restoration hopes improved, but the risk of renewed inflation and weaker household purchasing power persisted.

» Technology remained supported by durable demand for artificial-intelligence infrastructure, although debate over the pace of advanced model development and concentrated earnings leadership highlighted valuation and market-breadth risks.

UK

» The Bank of England held the Bank Rate at 3.75% by a 6-3 vote, but warned that persistent energy costs could create broader inflation pressures. The tone kept the prospect of a future rate rise firmly in view.

» The Bank paused gilt sales until April 2027 and ended sales of the longest-maturity bonds. This reduced near term supply pressure and supported long-dated gilts, even as the wider fiscal backdrop remained challenging.

» Labour market data softened, with a larger claimant-count increase and slower headline wage growth. This pointed to easing domestic demand, complicating the case for tighter policy despite energy-driven inflation risks.

» August retail sales rose despite forecasts for a decline, signalling that household spending remained resilient. However, higher energy bills and borrowing costs continued to threaten the durability of that strength.

Europe

» European Central Bank commentary remained hawkish as policymakers focused on the risk that higher oil and gas prices could spread into wages and services. Markets continued to expect further tightening, although the timing remained uncertain.

» Household inflation expectations rose across short, medium and longer term horizons. This mattered because persistent expectations can make inflation harder to contain and increase the likelihood of restrictive policy lasting longer.

» German producer prices rose more than expected as energy and metals costs increased, adding pressure to an already fragile industrial outlook. Higher input costs reinforced concerns about margins, competitiveness and growth.

» European equities recovered as oil prices eased late in the week, with technology and healthcare supported by company-specific news. Nevertheless, weak breadth and low realised dispersion suggested that investor confidence remained selective.

Rest of the World/Asia

» The Bank of Japan raised its policy rate by 0.25 percentage points to 1.25%, its highest since 1995. Two dissenting votes made the decision appear less hawkish, weakening the yen and clouding the pace of future normalisation.

» Japan's underlying inflation remained close to target, with core consumer prices rising 1.7% year on year in August. Stable inflation supported gradual tightening, but offered little justification for a faster sequence of rate rises.

» China's weak credit and activity data showed that property and household demand remained subdued, despite strength in technology-related manufacturing. The contrast reinforced the case for targeted policy support rather than broad optimism about recovery.

» Higher oil prices weighed on energy-importing markets, while Australia's central bank also signalled concern about upside inflation risks. The regional policy backdrop therefore tilted towards tighter financial conditions, even as growth remained uneven.

Weekly market data

Week ending 18 September 2026

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Asset Class / Region	Currency	Cumulative returns			
		Week ending 18 September	Month to date	YTD 2026	12 months
Developed Markets Equities					
United States	USD	-0.1%	-0.4%	12.4%	16.3%
United Kingdom	GBP	0.1%	-1.3%	10.4%	19.7%
Continental Europe	EUR	-0.8%	-2.6%	8.9%	16.1%
Japan	JPY	1.6%	-1.6%	21.5%	32.5%
Asia Pacific (ex Japan)	USD	-0.3%	-0.9%	23.8%	27.9%
Australia	AUD	-0.1%	-3.1%	3.0%	3.2%
Global	USD	-0.5%	-1.0%	11.9%	16.2%
Emerging Markets Equities					
Emerging Europe	USD	-3.2%	-0.1%	27.3%	38.9%
Emerging Asia	USD	-0.1%	-0.3%	26.6%	31.7%
Emerging Latin America	USD	-2.5%	1.0%	16.2%	27.3%
BRICs	USD	-0.6%	-2.9%	-8.7%	-10.9%
China	USD	-0.2%	-3.8%	-11.2%	-15.9%
MENA countries	USD	-1.6%	-1.7%	0.9%	-0.9%
South Africa	USD	-3.5%	-3.6%	1.5%	20.7%
India	USD	-0.7%	-3.9%	-15.5%	-14.7%
Global emerging markets	USD	-0.6%	-0.4%	23.6%	29.6%
Bonds					
US Treasuries	USD	-0.1%	-1.1%	-1.5%	-0.8%
US Treasuries (inflation protected)	USD	-0.5%	-1.5%	-1.0%	-1.2%
US Corporate (investment grade)	USD	0.1%	-1.0%	-1.1%	-0.5%
US High Yield	USD	-0.3%	-0.9%	1.6%	2.9%
UK Gilts	GBP	0.9%	-0.4%	-1.7%	1.3%
UK Corporate (investment grade)	GBP	0.5%	-0.7%	-0.7%	2.1%
Euro Government Bonds	EUR	-0.2%	-1.6%	-2.6%	-2.3%
Euro Corporate (investment grade)	EUR	-0.2%	-1.2%	-1.1%	-0.8%
Euro High Yield	EUR	-0.1%	-1.0%	0.8%	1.4%
Global Government Bonds	USD	-0.8%	-1.1%	-1.7%	-2.2%
Global Bonds	USD	-0.6%	-1.4%	-1.9%	-1.6%
Global Convertible Bonds	USD	-0.8%	-0.7%	13.2%	15.2%
Emerging Market Bonds	USD	-0.2%	-1.2%	-0.1%	3.2%
Property					
US Property Securities	USD	-1.9%	-3.6%	11.8%	10.5%
Australian Property Securities	AUD	-1.8%	-5.5%	-18.3%	-21.8%
Global Property Securities	USD	-1.8%	-3.5%	4.0%	4.0%
Currencies					
Euro	USD	-1.1%	-1.2%	-2.2%	-2.7%
UK Pound Sterling	USD	-1.0%	-1.2%	-0.5%	-1.3%
Japanese Yen	USD	-2.0%	1.9%	0.0%	-5.7%
Australian Dollar	USD	-0.8%	-0.6%	6.7%	7.6%
South African Rand	USD	-0.8%	-1.0%	1.9%	6.7%
Swiss Franc	USD	-0.8%	-1.8%	-3.6%	-3.7%
Chinese Yuan	USD	0.1%	0.3%	4.3%	6.2%
Commodities & Alternatives					
Commodities	USD	-0.1%	3.5%	46.6%	51.1%
Agricultural Commodities	USD	-2.2%	-3.8%	17.1%	13.4%
Oil	USD	-0.7%	14.8%	70.7%	54.0%
Gold	USD	0.5%	-1.1%	1.4%	20.2%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

For more information, please contact:
Distribution Services

E: distributionservices@momentum.co.uk
T: +44 (0)207 618 1829

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