SEPTEMBER 2026

Investment Strategy Focus

The bond vigilantes are back

Summary

1. **Jumbo sovereign + corporate bond supply:** the German 10-year bund yield has risen to its highest in 15 years at 3.2% as global debt sustainability concerns rise. Debt issuance volumes are greatest in the US given the need to finance a 6%+ (of GDP) Federal budget deficit, plus heavy tech sector credit supply.

2. **A good entry point in euro bonds and credit:** we see value in both core eurozone sovereign bonds (upgrade to Positive) and in euro investment-grade credit (we stay Positive). Increase long-term euro bond and credit allocations now given these more attractive starting yields.

3. **Is the Japanese yen finally set to strengthen?** The end-July coordinated Japanese/US currency intervention has reversed some yen weakness, USD/JPY going from JPY 164 to USD 159 per USD. It is too early to conclude that this represents a trend change for the yen, given 3 prior failed reversals this year. Modest further yen appreciation expected to JPY 155 in 12 months.

4. **Stock markets at new all-time highs,** thanks to positive earnings revisions, buoyant sentiment and plentiful liquidity. US equal-weight indices, banks and resource sectors lead, while the former momentum darling Technology lags. We upgrade our global equity view to Positive as we see these positive trends persisting into 2027.

5. **Keeping the faith in gold:** gold has rallied 16% since mid-July to USD 4640/ounce as US Fed rate hike expectations have eased and central bank buying has picked up. We could see even lower US short-term rates and USD ahead, particularly if the oil price cools. We maintain a Positive stance and a 12-month USD 5000 target.

Contents

LONG-TERM BOND YIELDS REACH NEW DECADE HIGHS

Source: BNP Paribas, Bloomberg.

Edmund Shing, PhD

Global CIO

BNP Paribas Wealth Management

Macro and Market Views

Macro		- Global expansion remains on a solid footing, driven by resilient consumer spending, improving business sentiment and a surge in AI-driven capital spending. - In the absence of a clear catalyst to de-escalate the conflict, elevated energy costs are expected to sustain inflationary pressure in the near term, but they are not expected to undermine the overall resilience of global growth.
Bonds	+/=	– Upgrade to Positive on core eurozone sovereigns (favour maturities of 7-10 years), Neutral on US Treasuries; prefer shorter-term (ca. 5 year) maturities. – Neutral on UK gilts (12-month yield target is 4.4%). – The ECB should raise its deposit rate once more this month to 2.5%. The Fed should raise rates once in December to a 4.0% Fed Funds target rate. – We see the US 2-year yield at 4.10% in 12 months, 10-year yield at 4.5%. – Our 12-month target on the German 10-year bund yield is 2.75%.
Credit	+/=	– We prefer EUR (Positive view) to USD IG bonds (Neutral view) given the supply dynamics and the level of yields/spreads. We focus on quality. We downgrade UK corporate bonds to Neutral. – Neutral on US high yield credit. Spreads fell back close to their historical lows even though uncertainty remains high. They do not remunerate the underlying risk.
Equities	+	– Upgrade to Positive on Equities: we have become more constructive on equities considering the resilience of the global economy so far. – Favour Japan. We upgrade Emerging Markets from Neutral to Overweight, with a preference for Northeast Asia (China A share, South Korea and Taiwan) and LatAm (Brazil and Mexico). – Neutral on the US, UK and Europe – Positive on Health Care, Industrials and Mining, EU Utilities and EU Banks.
Real Estate	=	– INREV European private real estate funds continue to see steady growth in net asset values, delivering an average return of 0.9% q/q to investors in Q2 2026 after 1.3% in Q1. – Industrial/logistics exposure preferred for healthy yields, higher expected rental growth on robust underlying demand growth.
Commod-ities	+/+ /-	– Precious Metals: We remain positive on precious metals. Our 12-month price target for gold is USD 5,000 per ounce and USD 80 per ounce for silver. – Positive view on strategic industrial metals, such as copper, aluminium and tin. – Negative stance on Oil, 12-month price range for Brent crude oil of USD 60-70;.
Alternative UCITS/ Private Assets		– Positive opinion on Macro. We also like Event-Driven strategies, in particular M&A arbitrage. We downgrade Long-Short Equity to Neutral. – Positive on infrastructure, given medium-term structural growth boosted by government spending and emerging market demand.
FX		– The short-term strengthening of the US dollar in the current risk-off environment is unlikely to persist in the longer term, given supplementary US defence spending increasing the US budget deficit and weighing on the USD. – EUR/USD 12-month target **USD 1.20** (value of one EUR).

A debt deluge drives yields higher - selected opportunities

The pressure builds on Treasury Secretary Bessent

Since the end of February, 30-year bond yields around the world have risen by 0.6%-0.8% to new multi-year highs. These higher long-term interest rates will gradually raise the annual debt interest cost on governments and debt sustainability is increasingly concerning bond investors.

Normally such a rise in yields would be principally due to higher expected inflation rates. However, this has not been the case since March. Long-term breakeven inflation rates have been broadly stable, while 10-year real yields have risen by 0.55% in the US and UK.

This surge in long-term rates is all about the deluge of new debt issuance from both governments and corporates, notably from technology companies funding their investment in Artificial Intelligence infrastructure.

The normal reaction of governments to higher borrowing costs should be to curb spending and thus reduce budget deficits (the gap between tax revenues and government spending). Thus far, there has been little evidence of the US or European governments acting to curb spending and reduce deficits, giving rise to questions over long-term debt sustainability.

US Treasury Secretary Bessent has attempted to prevent US long-term yields from rising further by increasing the amount of Treasury buybacks of off-the-run (more illiquid) 10 to 30-year Treasury bonds to USD 4bn per operation. In our view, he will need to commit a lot more money to these buybacks to curb the rise in long-term rates. This seems quite unlikely.

Fed policy uncertainty is not helping

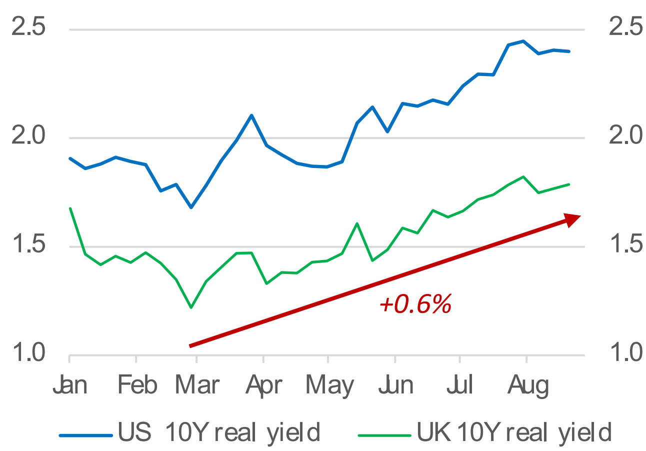
Another factor driving the rise in long-term bond yields is the widening of the term premium — the extra compensation investors require for holding bonds over longer horizons instead of rolling over a series of short-term securities. This development is likely linked to the heightened uncertainty surrounding future Federal Reserve policy rates. The new Chairman has instituted several task forces, emphasising reduced Fed communication regarding its forecasts and reaction function. A clear commitment in these areas could curb the increase in the term premium and help lower yields. We maintain our 12-month target of 4.50 % for the 10-year US bond yield, although a temporary overshoot remains possible. **We remain Neutral on US IG credit and sovereign bonds.**

Time to buy euro bonds, selectively

The average eurozone 10-year bond offers a yield of 3.7% at present, its highest in nearly 3 years and 1.6% above its own 2010-26 average. Despite a relatively tight 0.8% investment grade credit spread, eurozone BBB-rated corporate bonds (with a 5-year average maturity) yield 3.9% on average, the highest such yield in over 2 years. We have repeated in recent years the mantra that the bond market is no longer simply a buy-and-hold market, but rather one where investors need to be ready to act on periodic bouts of volatility to reinforce their fixed income allocations. In Europe, we feel that now is one of these moments.

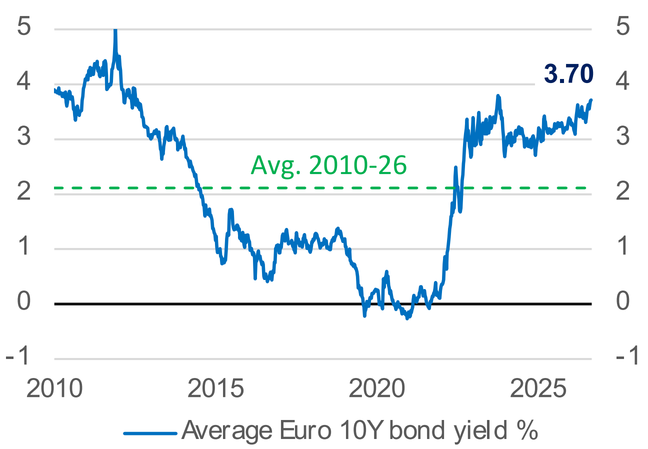
For conservative investors, we are long-term buyers of both European investment-grade credit and core eurozone sovereign bonds at current yields.

US, UK 10-YEAR REAL YIELDS RETURN TO HIGHEST LEVEL SINCE 2008-09



Source: Bloomberg, BNP Paribas

CLOSE TO THE HIGHEST 10Y YIELD SINCE THE 2011-12 EUROZONE SOVEREIGN CRISIS



Source: Bloomberg, BNP Paribas

Is the world drowning in debt?

A recurring question, driving higher bond yields

A question that I am asked time and again by clients goes something like:

"Should I be concerned by rising levels of government debt around the world? How can these debt levels possibly be sustainable in the long term, given the pressures of ageing populations?"

These are both very good questions, prompted by the huge increases in the debt/GDP ratios of major developed countries in the wake of i) the 2008 Global Financial Crisis, and ii) the 2020 COVID pandemic. Both crises unleashed massive government spending programmes to support the global economy, funded through increased government borrowing.

According to the International Monetary Fund (IMF), G7 gross government debt as a percentage of GDP rose from 77% in 2007 to 116% by 2012, and then to 136% in 2020. Since 2023, this debt/GDP ratio has increased gradually to an estimated 124% this year, forecast by the IMF to rise to 133% by 2031.

Today we are unquestionably in a fiscal dominance regime, where these fiscal pressures now largely dictate monetary policies around the world. Central banks in the US, UK and Japan are resisting the temptation to raise benchmark interest rates substantially, given the risk that this consequently inflates both government debt refinancing costs and thus budget deficits, leading to a debt spiral.

Will inflation be structurally higher as a result?

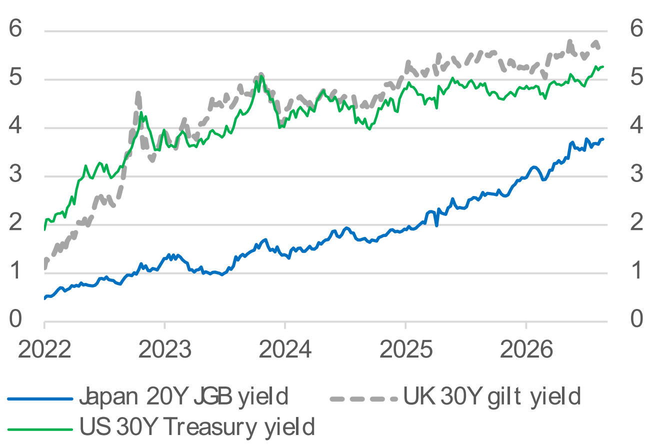
Today, major central banks need to balance debt sustainability pressures against inflation targeting. However, political pressure may oblige central banks to lean towards debt sustainability, thus allowing inflation to run "hotter" than they would ideally like. This choice is underlined by the facts: US core inflation has exceeded the Fed's official 2% target continuously since March 2021. Similar is true in the UK, and even in previously deflationary Japan, core inflation has remained at or above 2% since late 2024.

Long-term bond yields drift higher

Bond investors have reacted to this inflation backdrop by demanding higher yields on long-term sovereign bonds. Today, US, UK and Japanese long-term bonds offer some of the highest yields of the last 20+ years. Are the current Middle East conflict and the related elevated energy prices providing a buying opportunity in these bonds? Or could bond yields rise even further in the absence of decisive central bank action?

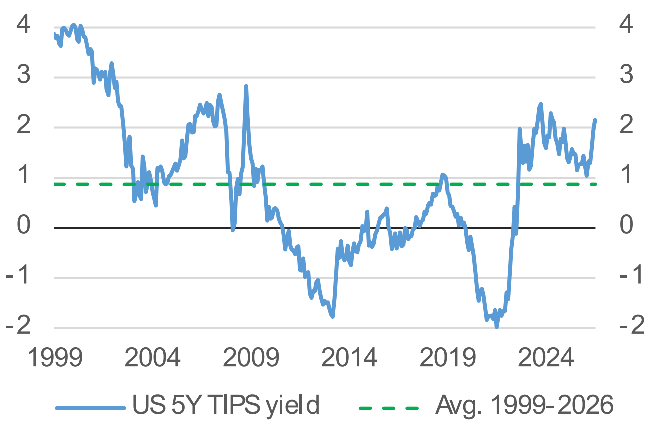
One way to judge the attractiveness of these long-term yields is to compare them to shorter-term yields. Is the extra yield for holding long-term bonds today historically attractive? For US and eurozone sovereign bonds, not really. The Treasury yield premium for a 30-year maturity over a 5-year is now 0.82%, compared to a 25-year average of 1.15%, so still below average. A 20-year German bund offers a 0.71% yield premium over a 5-year bond, compared to a 25-year average spread of 0.91%. **We thus still prefer benchmark duration (ca. 7 years) in the eurozone and slightly shorter in the US.**

US, UK AND JAPANESE LONG-TERM BOND YIELDS REACH DECADE+ HIGHS



Source: Bloomberg, BNP Paribas

US 5Y TIPS REAL BOND YIELD NOW 2.1%, CLOSE TO HIGHEST SINCE 2008



Source: Bloomberg, BNP Paribas

Credit markets dominated by Tech bond supply

AI investment increasingly funded by debt

As of Q2 2026, only Microsoft of the 5 major US hyperscalers managed to generate positive free cash flow net of investments. At the same time, projected hyperscaler investment in AI and data centres continues to grow rapidly, with Bank of America now expecting 2026 hyperscaler Capex to hit over USD 860bn, and as much as USD 1.2 trillion in 2027.

Inevitably, US tech companies have increasingly turned to different forms of on- and off-balance sheet debt to fund their investment plans. Goldman Sachs calculate that hyperscalers have already issued USD 194bn of debt to end-July, versus USD 108bn for the whole of 2025.

BNP Paribas Global Markets estimate that hyperscalers will issue a total of USD 260bn this calendar year, suggesting that the pace of tech credit issuance should begin to slow. Unsurprisingly given this pace and scale of credit issuance, technology sector investment grade (IG) corporate bonds now offer a yield that is 0.16% higher than for overall US IG credit. This contrasts to the case for most of 2025, when tech sector bonds traded at a lower yield than overall IG.

But given that tech companies intend to spend even more on investment next year, this tidal wave of tech sector credit paper is set to continue. The question is: do US credit investors have the appetite to absorb this issuance, and if so, at what additional yield?

US growth is heavily dependent on AI investment

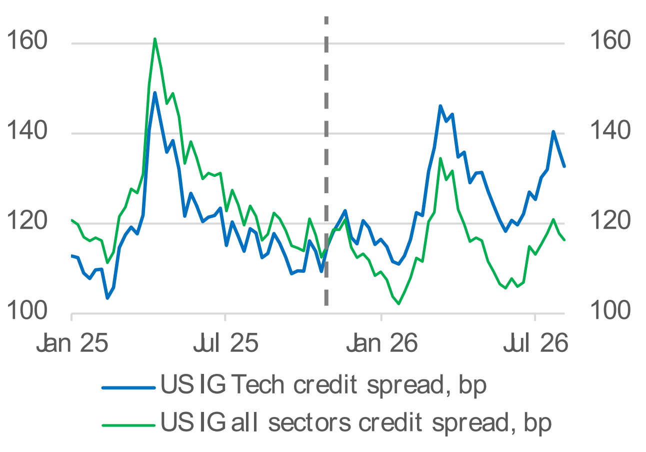
According to Eric Basmajian of research provider EPB, US business investment in computer equipment has exploded to 1.3% of GDP from 0.5% in under 3 years. As of Q2 2026, tech investment spending (8% of the economy) is growing at 14% y/y, while US GDP growth ex-AI is growing at just 1%.

US economic growth momentum is thus overly dependent on the availability of credit to US hyperscalers for data centre and related tech investments. Should debt funding become prohibitively expensive for US tech companies and restrict AI-related investment spending, then 2027 US GDP growth could undershoot our 2.5% estimate and potentially undermine the current stock bull market. At the very least, we will be keeping our eyes firmly glued to technology sector credit spreads to see if there is further widening of spreads on the back of continued issuance.

US IG credit: negative return so far in 2026

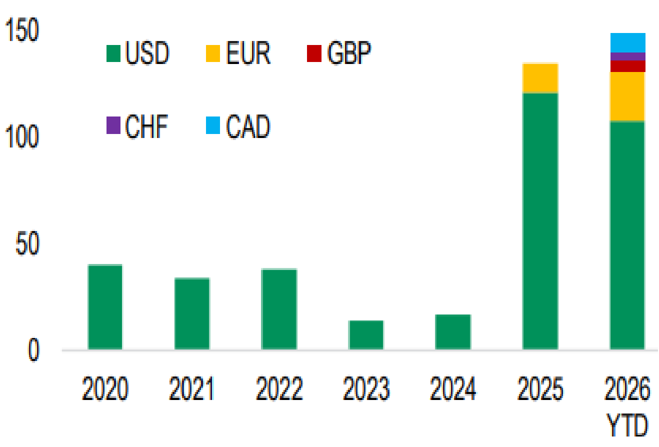
Thanks to a combination of higher underlying US Treasury bond yields since the end of February (US 5Y Treasury yield +0.9%) and jumbo tech sector corporate bond issuance, overall US IG credit has returned -0.3% for the year to 31 August. In contrast, European IG credit has generated a +0.4% return over this period, as it has been less hit by rising sovereign yields (+0.7% March-August) and is relatively unaffected by tech sector credit issuance. **We maintain our Neutral stance on US IG credit and a Positive stance on Euro IG credit given the outlook for further jumbo US tech sector credit issuance into 2027.**

SINCE NOVEMBER, US TECHNOLOGY CREDIT YIELDS MORE THAN OVERALL IG



Source: Bloomberg, BNP Paribas

US IG HYPERSCALER CREDIT ISSUANCE TO HIT USD 260BN THIS YEAR



Source: BNP Paribas Credit 360. As at 8 May 2026

Watching the yen reversal

Coordinated intervention to support the yen

Since April 2025, the yen has depreciated steadily against the US dollar (and by extension, the Chinese renminbi) from JPY 141 per US dollar to JPY 164 by late July. This sizeable yen weakening was undesirable both for the US (making US exports very expensive for Japanese importers) and for Japan. Imported goods and energy prices pushed up domestic inflation substantially, putting pressure on the Bank of Japan to raise interest rates.

On 30 and 31 July, the US Treasury and Bank of Japan sold an estimated USD 87 billion in US dollars to buy yen, weakening the yen from JPY 164 to JPY 159 as of 24 August. Recent central bank interventions to buy yen have only delivered short-lived impacts. This leads FX market participants to be sceptical that this latest coordinated move can change the underlying weakening yen trend.

The Bank of Japan is expected to continue to raise its reference interest rate gradually from September, from 1.0% today to 1.75% by the Q1 2027 and towards a terminal rate of 2.5% late in 2028. This latest yen strengthening has bought the Bank of Japan some breathing space in the short term, easing the pressure on them to raise interest rates imminently. Nevertheless, higher BoJ reference rates should support Japanese banks.

We expect the yen to appreciate modestly over the next 12 months to JPY 155 per USD, supporting unhedged local currency investment in Japanese equities (we remain Positive).

US dollar follows oil prices; where next?

Since the end of January, the Fed's broad US dollar index has followed crude oil prices both higher and lower. This reflects the US's status as both energy-independent and a key global oil & gas exporter. Since 23 July when the Brent crude oil price rose briefly above USD 100/barrel, both oil prices and the US dollar have declined.

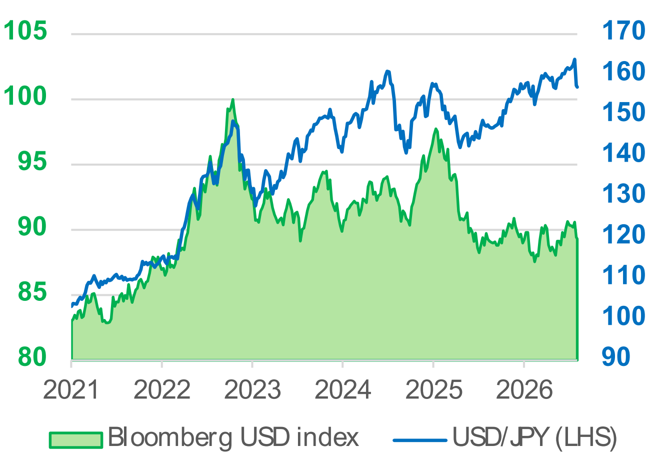
Given that energy prices will be a key determinant of the path for US inflation over the next few months, sustainably lower oil prices could thus ease the pressure on the Federal Reserve to raise the Fed Funds rate. This would in turn remove one key interest rate support for the USD.

We maintain a bearish 12-month outlook for Brent crude, targeting a USD 60-70/barrel range versus USD 85 at present. Should the Strait of Hormuz reopen to tanker traffic and allow oil prices to decline as we expect, then we should also see a decline in the US dollar against most major pairs. Our EUR/USD 12-month target remains USD 1.20 per euro.

Emerging market currencies higher vs. USD

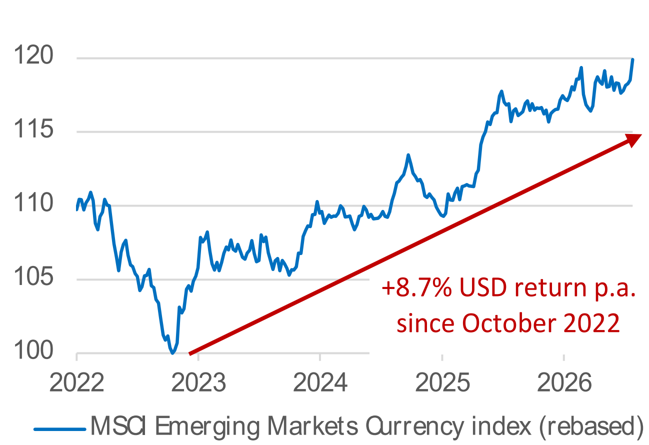
Note that the emerging market currencies have performed strongly against the US dollar consistently since October 2022. Since then, the Wisdomtree Emerging Currency Strategy fund of 16 equally-weighted emerging market currencies (Asia, Latin America, Central/Eastern Europe) has returned 38% (8.9% per year) in US dollars. This remains a good reason to be invested in emerging market stocks and bonds, as currency returns can add to local currency returns for US dollar-based investors.

LONG-TERM YEN DEPRECIATION FROM Y104 IN 2021 TO Y164 PEAK IN JULY



Source: Bloomberg, BNP Paribas

STEADY RETURNS FROM EMERGING MARKET CURRENCIES SINCE LATE 2022



Source: Bloomberg, BNP Paribas

Copper is charged up for new highs

Copper breaches USD14,000/tonne

Physical copper prices have once again broken through the key USD 14,000 barrier thanks to a combination of:

- Rising US warehouse stockpiles as companies worry that the Trump administration will introduce import tariffs on refined copper;
- Continued tight global mine supply expected over the remainder of this year, given accident-related mine disruptions and slow recovery from prior disruptions in several key copper mines;
- The Democratic Republic of Congo has just banned the export of copper and cobalt concentrates (the DRC produces 10%-15% of the world's copper), further tightening global copper supply; and
- Firm global end-demand for copper thanks to strong industrial momentum (global manufacturing PMI rising above 52, indicating expansion), driven largely by technology and electric vehicle demand.

Copper prices remain on a bullish trajectory, returning 16% in US dollars so far in 2026 following a 39% return in 2025, leading a 13% advance for this year to date in industrial metals overall (aluminium, lead, zinc, tin).

We maintain our USD 15,000 12-month target on copper and continue to like exposure to copper miners as they should continue to enjoy expanding profit margins on the back of positive operational leverage from rising copper prices.

Gold rebounds post correction

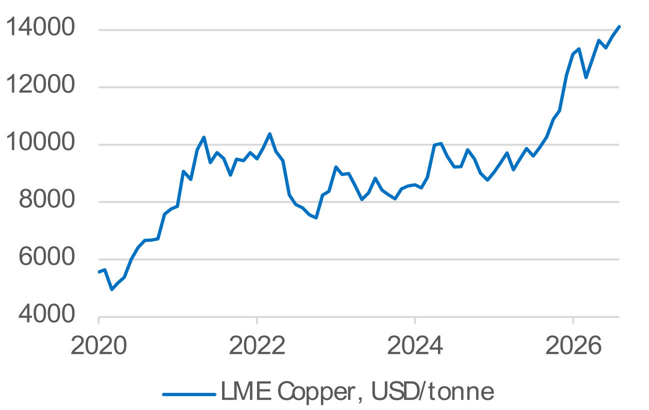
Gold traded in a tight USD 3965-4200/ounce range from late June to early August, following a 25% decline from the end-January high above USD 5400. But with the cooling of Fed rate hike expectations, a reversal of the uptrend in the US dollar and the DXY US dollar index easing back below the 100 threshold, gold is finally starting to attract interest once again, rallying back above USD 4600/ounce.

Central banks have led the recent buying (buying 289 tonnes of gold over Q2 2026 led by China and Poland), while retail buying of physical gold ETFs has begun to pick up after steady gold ETF outflows from February to the end of June.

According to Chinese customs data (from Brad Setser/Council on Foreign Relations), Chinese gold imports rose to roughly USD 146 billion in H1 2026, almost USD 100bn more than in H1 2025. Much of this is Chinese retail investment demand – did you know that an onshore gold ETF has now become the biggest fund in China? Ultimately much of China's growing ex-gold 7% trade surplus (of GDP) is going into gold.

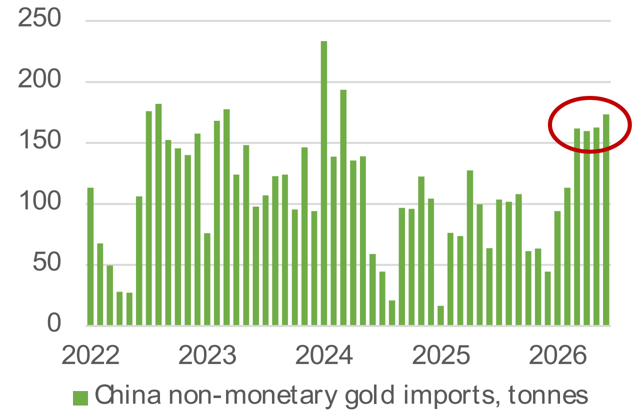
At this point, the short-term momentum in gold will be dictated by the direction of travel of short-term US bond yields and the US dollar. Lower yields and a weaker USD will reflect lower energy prices and a lower expected Fed Funds rate to come, which would be bullish for gold. We maintain our Positive view with a USD 5000 12-month price target.

COPPER CONTINUES ITS STEADY ASCENT



Source: Bloomberg, BNP Paribas

CHINA GOLD BUYING STRONG IN Q2



Source: Bloomberg, BNP Paribas

Plentiful liquidity supports markets

Broad money supply growth boosts liquidity

According to the Centre for Financial Stability's US M4 Divisia measure, US broad money supply growth has accelerating to the end of June to 6.4% year-on-year. This growth rate is well above the 4% pre-COVID pandemic average, underlining that liquidity is plentiful in the US economy. Worldwide, global M2 money supply (in USD) was growing at an 8.3% annual pace as of the end of July, led by a rapid expansion in the money supply in China and India alongside the US.

Higher bond yields have not cooled loan and credit demand, with heavy issuance of AI investment-related corporate bonds by US hyperscalers and demand for US bank loans and leases running at a robust 8% annual growth rate. All good news for financial assets.

"Goldilocks" Q2 US productivity growth

US productivity growth accelerated to a better-than-expected 1.4% annualised rate in Q2, while unit labour costs rose less than expected to 1.3%. While productivity is notoriously hard to measure, this is good news on both the growth and inflation fronts as it simultaneously signals solid economic growth and the absence of wage pressures. This benefits both Fed chairman Kevin Warsh and US companies, adding to the case for not rushing to raise interest rates. Ultimately, the three biggest drivers of long-run inflation are wages, rents and energy. Rents are rising at 2% or less, wages are rising at under 4% consistent with ca. 2% growth and 2% inflation, and energy prices are not within the control of any central bank.

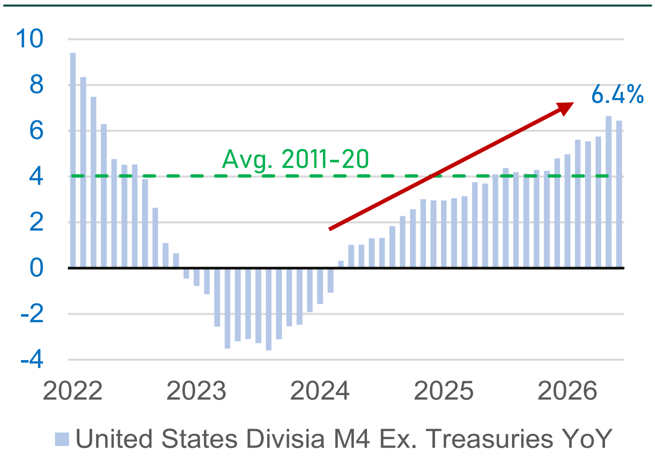
The average global stock hits a new high

There are nearly 2,500 stocks in the MSCI All-World Country Index (ACWI), including both developed and emerging markets. An equally-weighted measure of this index is a good check on how broad-based any stock market advance truly is.

In recent years, the US and thus global stock market have been led by a narrow set of mega-cap US and Asian technology companies. A good check on the relative health of any stock bull market is then the level of participation in the rally by the average stock, not just by a select band of leaders in a single industry.

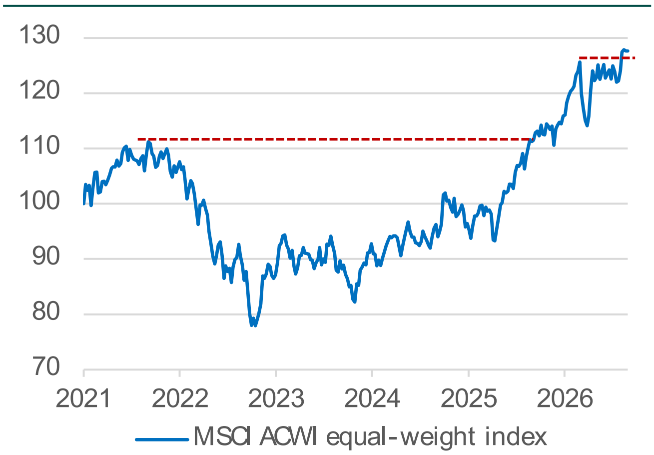
As an example, see how the average global stock took 4 years to return to its late 2021 high. In contrast, US mega-cap stocks hit new highs by late 2023, 2 years before the average global stock managed the same feat. Today, we see strong breadth in this latest stock market advance, with the average global stock hitting a new all-time high 5 months after the last high in late February. It is not just about Technology or AI – Financials and Industrials are also hitting new all-time highs in early August on the back of strong Q2 results. The MSCI World Small-cap index (+17% year-to-date) has also surged to a new peak at the same time as mega-caps, led by US small-caps. This gives us greater confidence in our belief that this stock bull market remains alive and well and is likely to post further gains by year-end.

ACCELERATING US MONEY SUPPLY GROWTH: PLENTIFUL LIQUIDITY



Source: Bloomberg, BNP Paribas

THE AVERAGE GLOBAL STOCK HITS A FRESH HIGH



Source: Bloomberg, BNP Paribas

Bullish agAIn

We upgrade equities to overweight

Stephan Kemper

A resilient market…

Despite the headwinds of higher rates and ongoing geopolitical risks, equities are showing remarkable resilience with most of the major indices trading at (or close to) all-time highs. The recent leg higher wasn't driven by the same cohort of stocks that dominated performance tables until the end of July. We notice a broadening of the move away from AI infrastructure into other areas of the market. The S&P 500, excluding AI, managed to beat the capital-weighted S&P 500 by more than 5 percentage points over the last 3 months. The AI infrastructure buildout trade experienced a healthy correction while investors reallocated into oversold areas of tech, mainly software names, and more recently, the Magnificent 7 (+8% over the last month). We consider this a healthy sign for the market as it shows a growing confidence of investors an economy remaining on a healthy growth path.

…driven by a strong economy…

If we were looking for evidence of this thesis in a single metric, we would point to the global economic surprise index which rose close to a two-decade highs (ex post Covid-19). One driver is a revival of manufacturing activity, ignited by increased spending in Europe, Japan and the US (via tax credits under the One Big Beautiful Bill).

…and strong earnings growth

Everywhere we look, earnings growth remains above the average of the last decade. Judging by earnings revisions, which recovered strongly since March, the trend is likely to continue.

Emerging Markets taking the lead

Asia remains the centre of the AI buildout trade and is our key conviction call. An increasing number of companies is starting to embrace AI while spending levels are still low. This should motivate US Hyperscalers to continue spending on AI infrastructure. With more efficient models available, token prices are declining. This does rather lead to more demand than companies are pocketing in savings, a real-life example of Jevons Paradox. We see the recent correction in AI-infrastructure names as a promising opportunity to increase exposure. We thus also upgrade South Korea and Taiwan to Overweight.

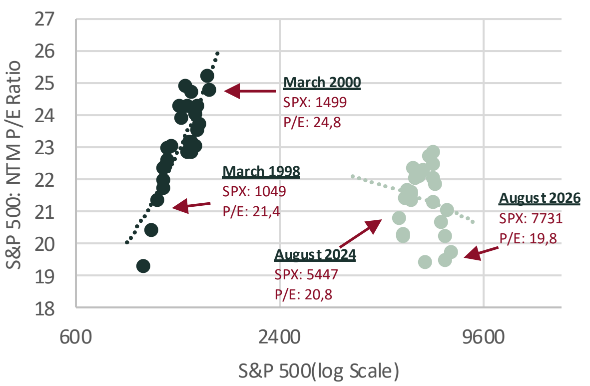
Still Big in Japan

Japan remains attractive thanks to political stability, pro-growth reforms, and improving corporate governance. As a leader in AI, semiconductors, and robotics, and with strengthening economic ties to the US, Japan is well positioned to benefit from global innovation and supply chain trends. Combined with ongoing structural reforms, this supports our Overweight stance.

Remaining Neutral on Europe and the US

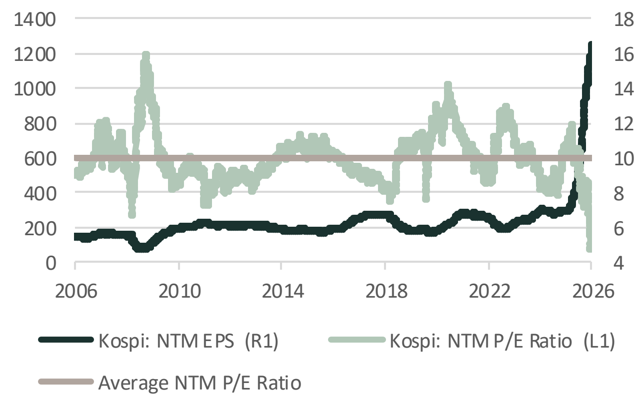
While Europe's recovery is improving, risks from higher gas prices and upcoming elections remain. We therefore welcome the broader equity upgrade but keep Europe at benchmark weight. In the US, we continue to favour equal-weighted over cap-weighted equities to reduce hyperscaler concentration risk and to benefit from a broader market rally. Within small caps, we prefer the S&P SmallCap 600 over the Russell 2000 due to its stronger profitability profile.

THIS IS NOT 2000. EARNINGS ARE OUTGROWING PRICES



Source: BNP Paribas, Bloomberg.

THE MARKET IGNORES THE FUNDAMENTAL STRENGTH OF EARNINGS IN SOUTH KOREA



Source: BNP Paribas, Bloomberg.

Summary of our main recommendations, by asset class

	Current Recom	Prior Recom	Segments	We overweight	We underweight	Comments
EQUITIES	+	=	Markets	Japan, EM (Brazil, Mexico, China A shares, Tawain, South Korea)		Overweight Equites: We believe that the very supportive growth backdrop overall warrants a higher allocation in equities. Valuations are backed by strong earnings growth.
			Sectors	Global Health Care, Industrials and Mining, EU Utilities, EU Banks	Consumer Staples	**Industrials:** Re-shoring, reindustrialisation, defence, AI and other infrastructure (re)development are major tailwinds. But higher energy prices has been a headwind for some. **Health Care** is still undervalued, given the promising new drugs, AI benefits, and the current surge in M&A activity.
			Styles/ Themes	Metals & Mining, Electrification, defence electronics US profitable SMID		Commodity-related stocks
BONDS	+/=	=	Govies	Core Eurozone sovereign bonds		Positive on core Eurozone sovereign bonds, favour maturities of 7-10 years. Neutral on US Treasuries (ca. 5 years). 12-month US 10Y yield target 4.40%, German 10Y bund yield 2.75%, UK 10Y gilt yield 4.3%.
	+/=	+	Credit	Euro IG		We prefer the EUR corporate bonds (Positive view) to USD and GBP IG bonds (Neutral view) given the supply dynamics and the level of spreads. Focus on quality.
	=	=	EM bonds			EM central banks have less potential to cut rates, and we see less downside for the USD. We are Neutral on EM local and hard currency bonds.
CASH	=	=				The ECB is expected to hike rates in September to 2.50%. The Fed should raise rates once in December to a 4.0% Fed Funds target rate.
COMMODITIES	+/+/-	+/+/-		Copper (+) Gold (+)		Oil (-) Negative stance. Our view in 12 months is USD 60-70, due to a likely return to global overproduction combined with less OPEC discipline. Base Metals (+) The outlook for the industrial sector is favoured by rising demand and constrained supply. Gold (+) The last correction offers higher upside potential for gold, our 12m target is USD 5000. Silver (+) USD 80 for our 12m target.
FOREX			EUR/USD			Our EUR/USD 12m target is USD 1.20.
REAL ESTATE	=	=		Residential, Health Care, logistics/ warehouses		A slow improvement in net asset values post 2022-24 NAV adjustment should support unlisted real estate.
ALTERNATIVE UCITS				Global Macro, Event Driven		Rising M&A volumes should support event-driven arbitrage strategies.
INFRASTRUCTURE	+	+		Energy, transportation, water		Excellent long-term returns expected from private and listed infrastructure given the long-term underinvestment.

Economic and FX forecast tables

BNP Paribas Forecasts

GDP Growth %	2025	2026	2027
United States	2.1	2.2	2.5
Japan	1.1	0.9	1.2
UK	1.4	1.2	1.2
Switzerland	1.5	0.9	1.4
Eurozone	**1.5**	**0.9**	**1.6**
Germany	0.3	1.0	1.0
France	0.9	0.5	1.1
Italy	0.7	0.9	0.8
Emerging			
China	5.0	4.6	4.5
India*	7.7	6.7	6.9
Brazil	2.3	2.3	1.4

* Fiscal year

Source : BNP Paribas - 31.08.2026

BNP Paribas Forecasts

CPI Inflation %	2025	2026	2027
United States	2.7	3.3	2.4
Japan	3.1	2.0	2.5
UK	3.4	3.2	3.2
Switzerland	0.2	0.4	0.4
Eurozone	**2.1**	**2.7**	**2.6**
Germany	2.3	2.6	2.7
France	0.9	2.2	1.6
Italy	1.6	2.5	1.9
Emerging			
China	0.0	1.3	1.6
India*	2.1	5.0	4.6
Brazil	5.0	4.5	4.8

* Fiscal year

Source : BNP Paribas - 31.08.2026

	Country		Spot 30/08/2026	Target 3 months	Target 12 months
Against euro	United States	EUR / USD	1.16	1.16	1.20
	United Kingdom	EUR / GBP	0.86	0.87	0.87
	Switzerland	EUR / CHF	0.94	0.92	0.92
	Japan	EUR / JPY	186	183	186
	Sweden	EUR / SEK	11.11	11.00	10.80
	Norway	EUR / NOK	10.88	10.80	10.60
Against dollar	Japan	USD / JPY	160	158	155
	Canada	USD / CAD	1.39	1.38	1.35
	Australia	AUD / USD	0.72	0.73	0.71
	New Zealand	NZD / USD	0.59	0.60	0.60
	Brazil	USD / BRL	5.20	5.20	5
	India	USD / INR	95.39	95	95
	China	USD / CNY	6.72	6.70	6.60

Source: BNP Paribas, Refinitiv Datastream. As at 31 August 2026

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