# Six Minute Strategy

## Higher rates, higher markets

## September 2026

**Marketing communication**

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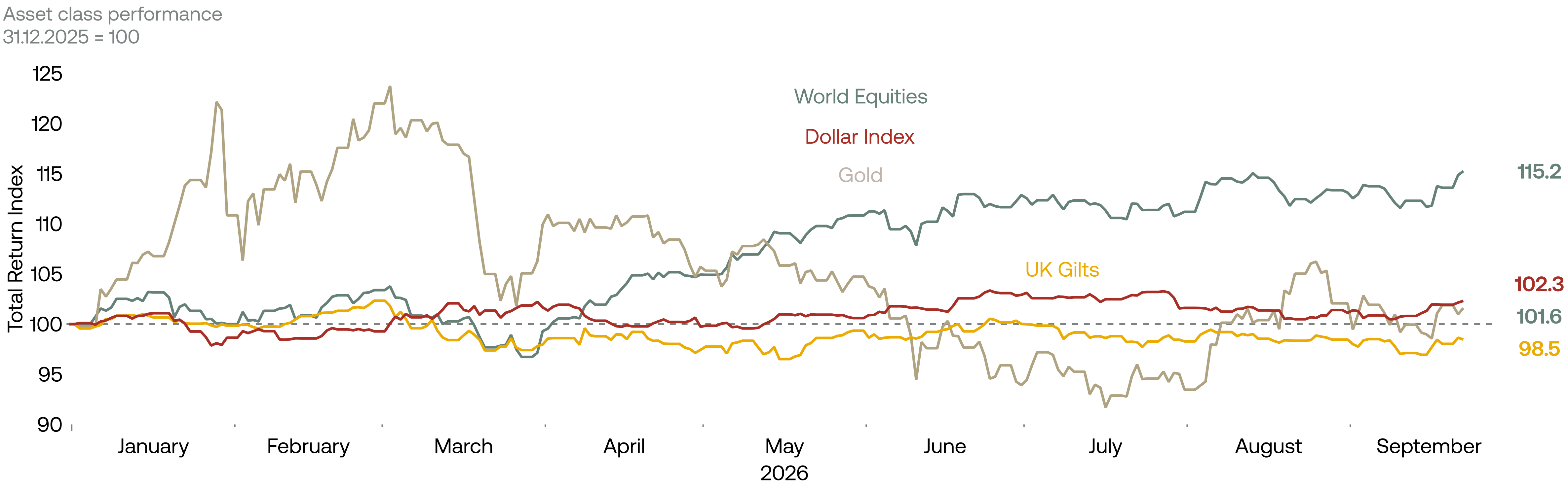
# Global asset class performance

## Equities rally despite rising bond yields, higher oil prices and global conflict

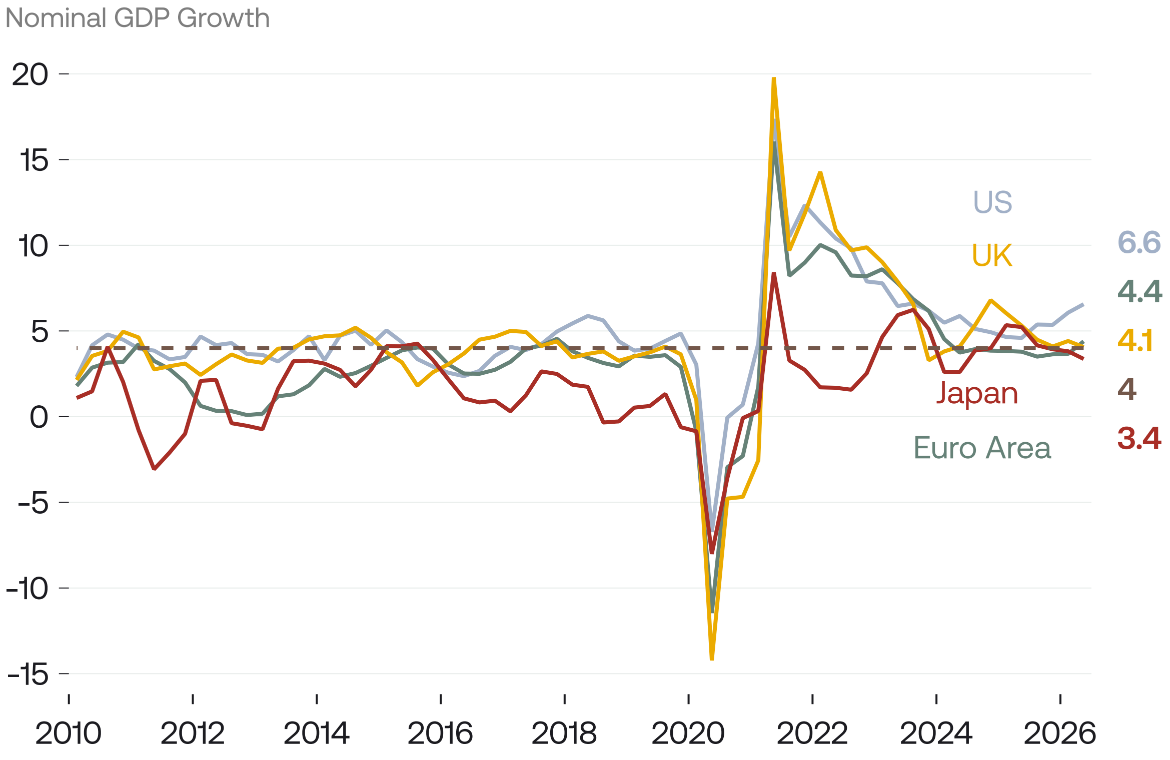



Source: Macrobond, 23.09.26

**Past performance is not a reliable indicator of future results and may not be repeated.**

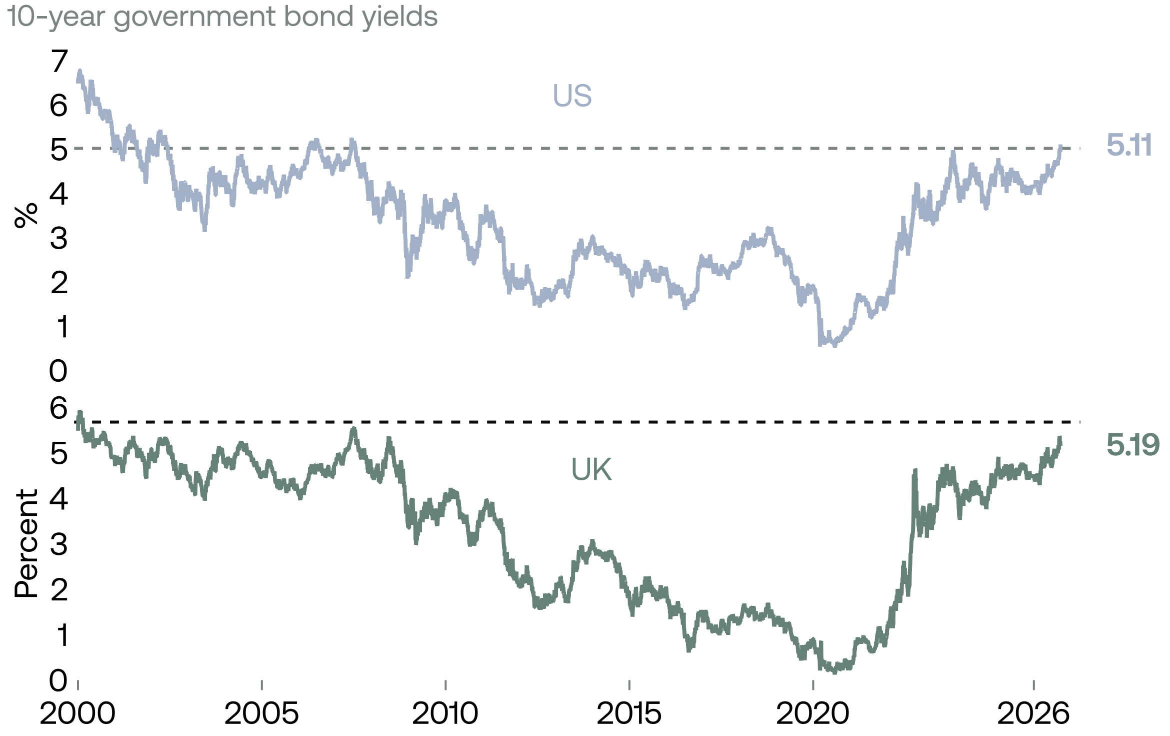
# Key features of markets in Q3 2026

## 1. Global growth robust as AI CAPEX, government spending and the US consumer (wealth effect) drive demand




Source: Macrobond, 24.09.26

## 2. US and UK bond yields trade close to 2008 highs




Source: Macrobond, 24.09.26

Source: Empirical Research Partners, Q1 2026 estimates.

*Excludes financials and REITs; measured as aggregates.

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# Warsh versus Trump

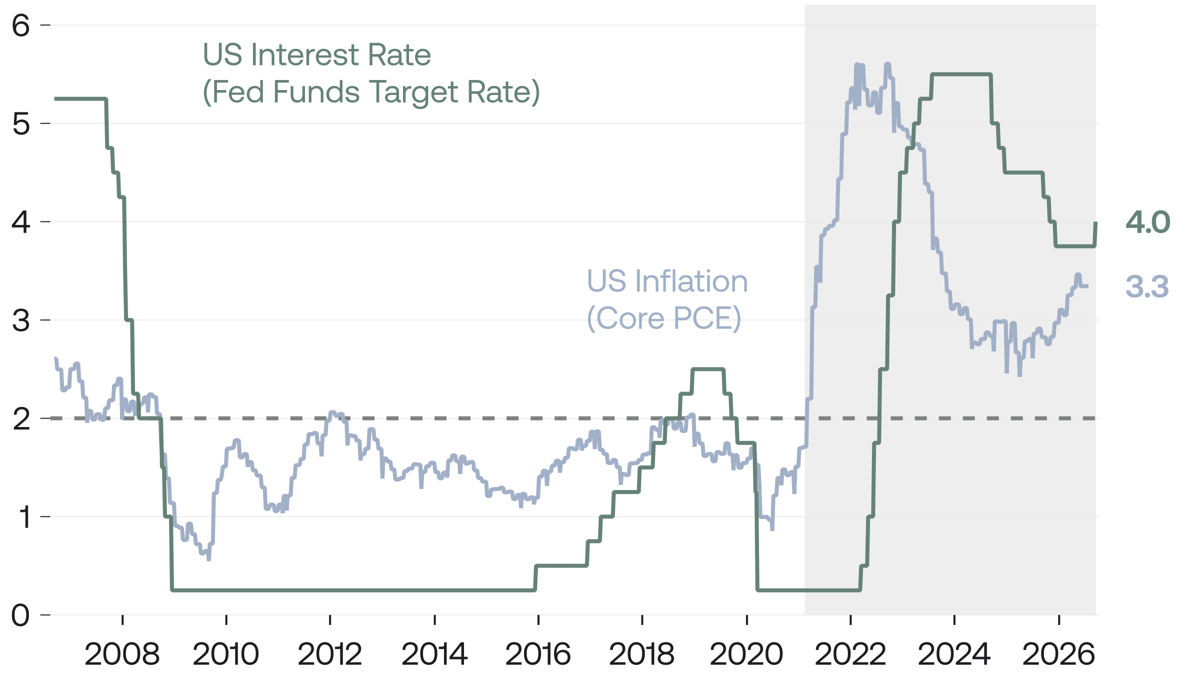
## Chairman Warsh quotes after US rates were raised by 0.25% (FOMC 16.9.2026)

1. “For more than five years inflation has been running above target”
2. “Economic activity is expanding at a solid pace”
3. “Domestic spending has been resilient” and “capital investment is robust.”
4. “So we removed a dose of accommodation.”

***‘We should have the LOWEST RATE of any country in the World…’***

**President Donald Trump – Truth Social 29/8/26**

US Interest Rates & Inflation
Shaded area shows where inflation has been above 2%

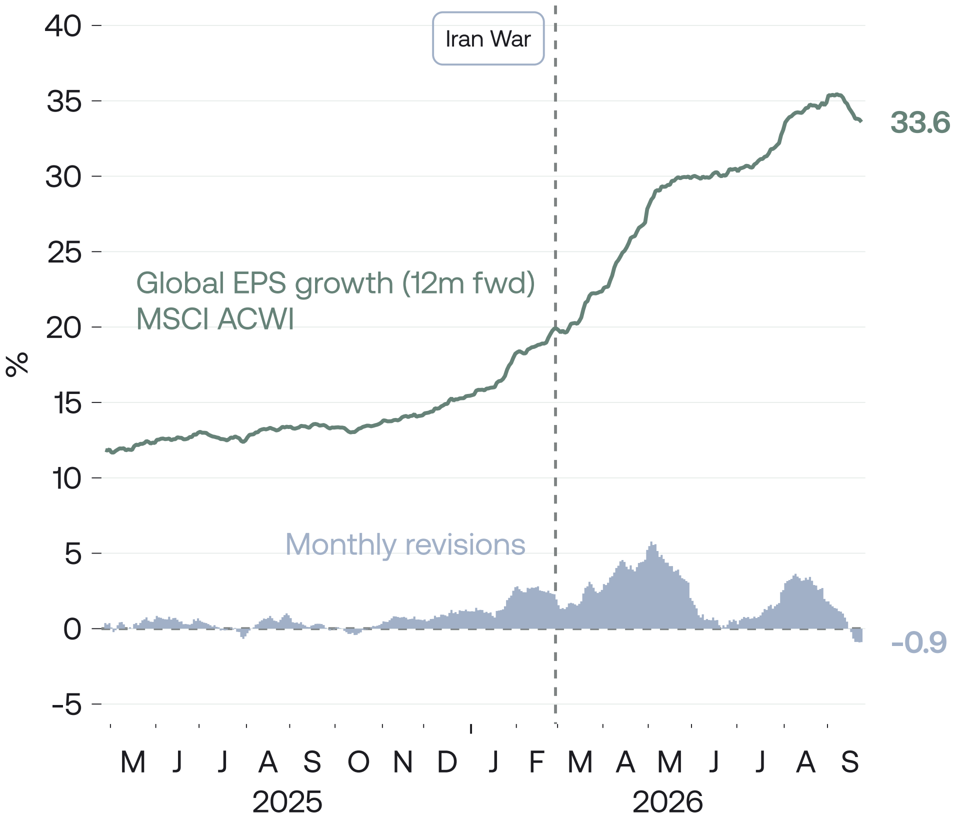



Source: Macrobond, 23.09.26

# Global equity implications

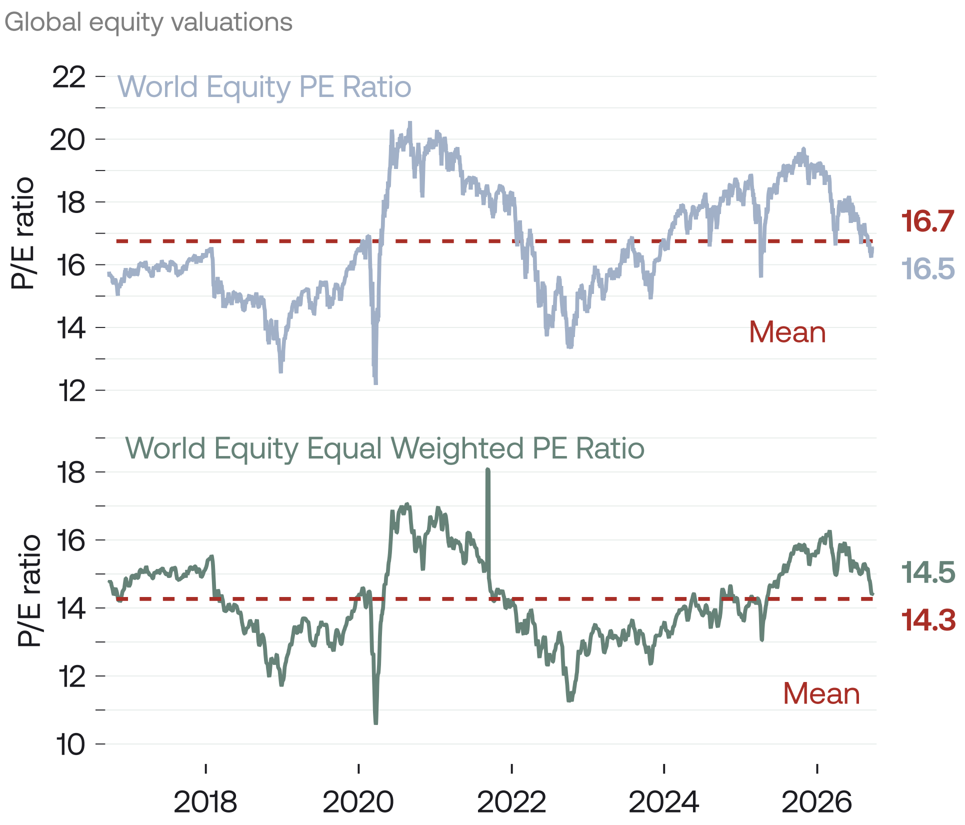
## Overweight: Robust earnings – valuations less challenging

### Earnings strong despite Iran war – revisions positive




Source: Macrobond, 23.09.26

### Equity market valuations decline as profits surge




Source: Macrobond, 23.09.26

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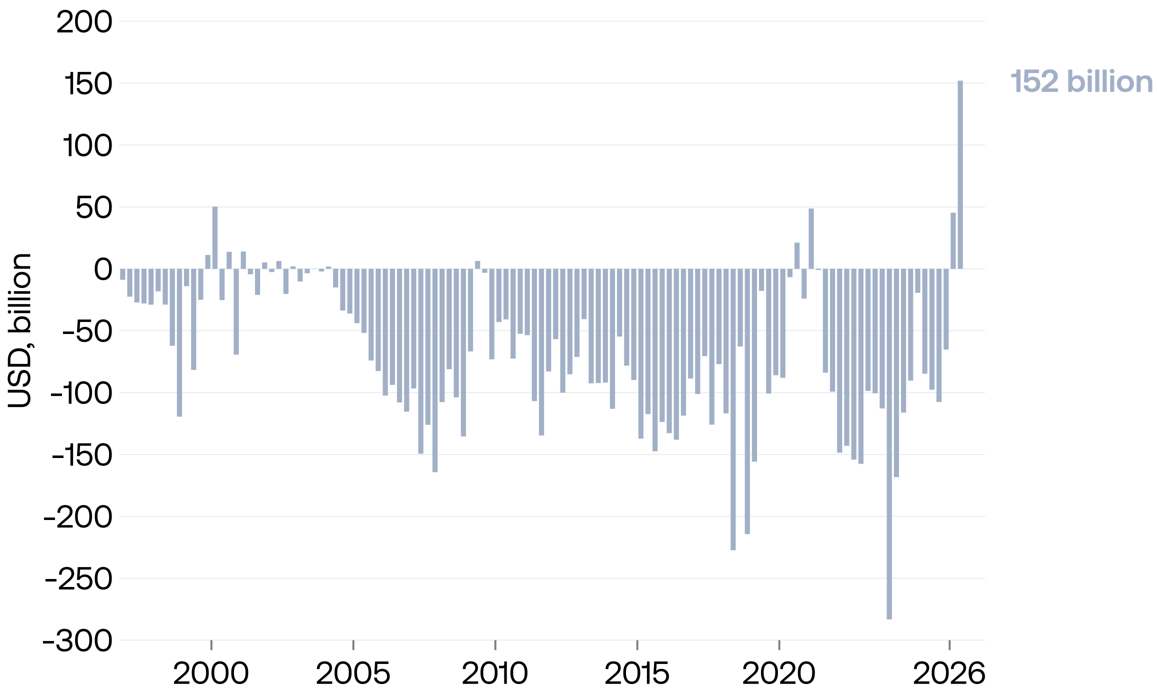
# Risks: Why are we not double overweight equities?

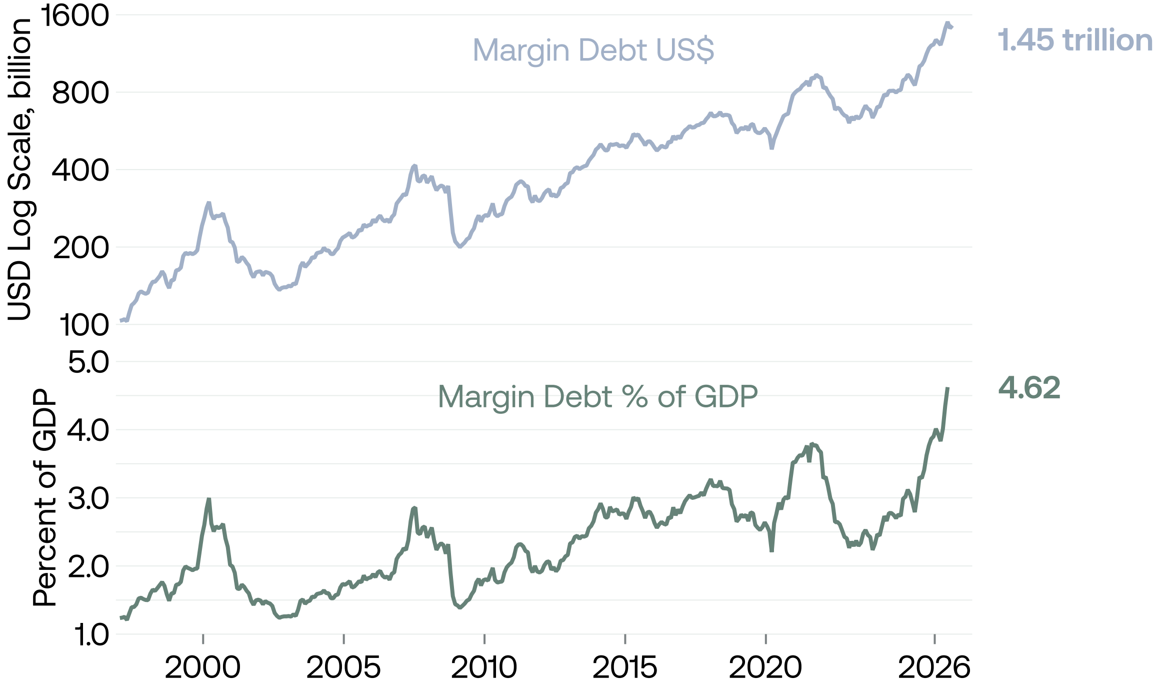
## Equity profitability exceptional – watch further supply and margin debt

US Net Equity Issuance & Retirement, USD




Source: Macrobond, 23.09.26

United States Equity Margin Debt




Source: Macrobond, 23.09.26

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# September 2026: Policy stance

| Bonds<br>**Underweight** | Equities<br>**Overweight** | Alternatives<br>**Overweight** | Cash<br>**Underweight** | Risks |
|---|---|---|---|---|
| **Neutral government bonds:** higher yields reflect fiscal risks<br><br>**Underweight credit:** spreads remain historically tight | **Overweight equity:** global equity earnings remain robust; nominal growth remains high<br><br>**Valuation:** earnings estimates continue to climb despite Iran war | **Overweight alternatives:** provides better risk adjusted return than fixed income.<br><br>**Emerging market** local currency debt offers attractive returns<br><br>Broader allocation to commodities | **Opportunities** to invest elsewhere | 1. **Inflationary risks** remain persistent as economies run hot and energy shock persists<br>2. **AI returns could prove elusive** – earnings shock would risk derating in global markets<br>3. **Liquidity squeeze / disorderly bond markets** – rising net issuance in equity and bond markets could raise funding costs |

Source: Sarasin & Partners, September 2026

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