Multi-asset market outlook

Central bank divergence: Navigating sticky inflation vs. soft growth

September 2026

General overview

The longer-term market themes reassert themselves as equities and commodities outperform

Multi asset	1mo	3mo	YTD	1yr	3yr	5yr
Gold (USD)	9.5%	-2.9%	2.0%	26.5%	30.6%	18.7%
GSCI Commodities (USD)	5.1%	8.1%	49.8%	51.7%	14.6%	18.0%
Oil Index (USD)	2.9%	2.9%	81.6%	67.9%	19.6%	21.6%
MSCI World local currency	2.4%	2.6%	13.3%	20.9%	19.8%	11.8%
Emerging Markets (UH, EUR)	2.4%	-0.8%	25.5%	40.3%	20.5%	8.5%
MSCI World (H, EUR)	2.3%	2.2%	12.1%	19.0%	18.2%	10.1%
Emerging Markets (LC)	1.9%	-2.6%	23.5%	39.7%	23.9%	10.4%
MSCI World (UH, EUR)	1.6%	2.8%	14.3%	21.3%	17.4%	11.6%
Global high yield (H, EUR)	0.7%	0.7%	2.1%	4.4%	8.3%	2.6%
EMD local currency (UH, EUR)	0.3%	2.2%	3.0%	5.7%	4.5%	2.3%
Cash (EUR)	0.2%	0.6%	1.4%	2.1%	3.0%	2.2%
Global investment grade bonds (H, EUR)	0.1%	-1.1%	-0.9%	0.5%	3.5%	-1.4%
Global inflation-linked bonds (H, EUR)	0.1%	-1.5%	-0.2%	0.9%	0.9%	-3.6%
Global Gov Bonds (H, EUR)	-0.2%	-1.1%	-1.7%	-1.1%	1.0%	-2.6%
EMD hard currency (UH, EUR)	-0.2%	0.4%	2.4%	5.4%	5.9%	1.7%
Global real estate (UH, EUR)	-3.8%	0.6%	13.3%	13.9%	9.3%	3.2%

Investors focus on concerns about US Treasury market

- August was broadly risk-on. Developed and emerging market equities were supported by resilient activity, strong earnings and renewed technology momentum.
- Global bonds gained, with credit outperforming despite blockbuster issuance from Big Tech hyperscalers. High yield spreads narrowed to a 12-month low, and emerging market debt benefited from dollar weakness.
- In FX, concerns over dollar debasement rose when the US crossed the USD 40 trillion national debt threshold. Commodities rose broadly with gold shining again; industrial metals and agriculture also advanced. Drivers included El Niño, tight European gas inventories, and persistent concerns about oil supply.

Past performance is no guarantee of future results. The value of your investments may fluctuate.
Source: Robeco, Bloomberg. All market data to 31 August 2026 unless mentioned otherwise.

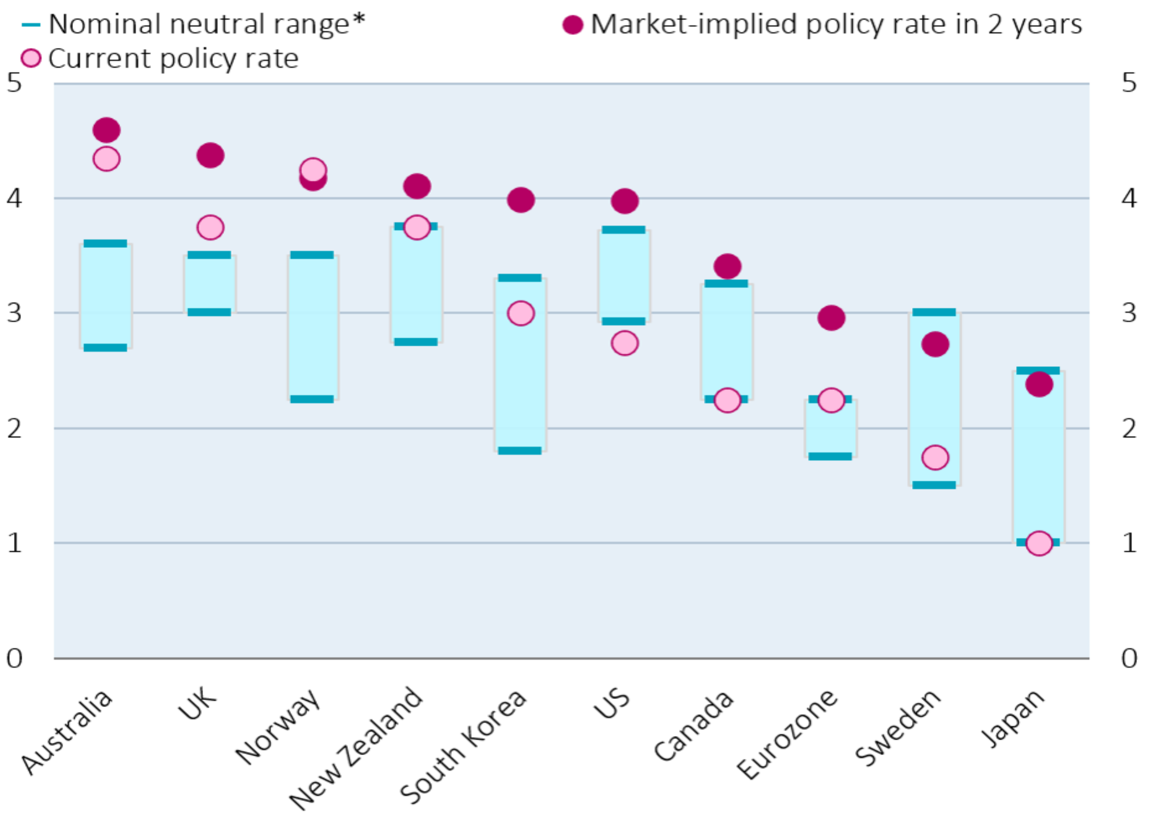
Theme of the month

Central bank divergence: Navigating sticky inflation vs. soft growth

Talking tough, but flexibility differs

- The annual symposium hosted by the US Federal Reserve at Jackson Hole showed the growing divergence between the way the world's central banks are seen tackling inflation and economic growth. Fed Chairman Kevin Warsh used his 28 August address to talk tough on inflation, raising expectations that rates will have to rise, or at least, not fall.
- But while this materially changed the US policy narrative, it highlighted an increasing divergence with other central banks in Europe, Japan and around the world that are also trying to combat inflation, but with differing abilities to use interest rates as the primary weapon.
- The chart shows where rate hike expectations are compared to a neutral stance for the domestic economy. Japan has the most room to raise rates without worrying about causing headwinds for economic growth. The US has some room to raise, but the Eurozone, Australia and UK risk setting interest rates too high and negatively impacting economic growth.

The normal negative correlation between stocks and bonds has gone



Source: Robeco, Bloomberg

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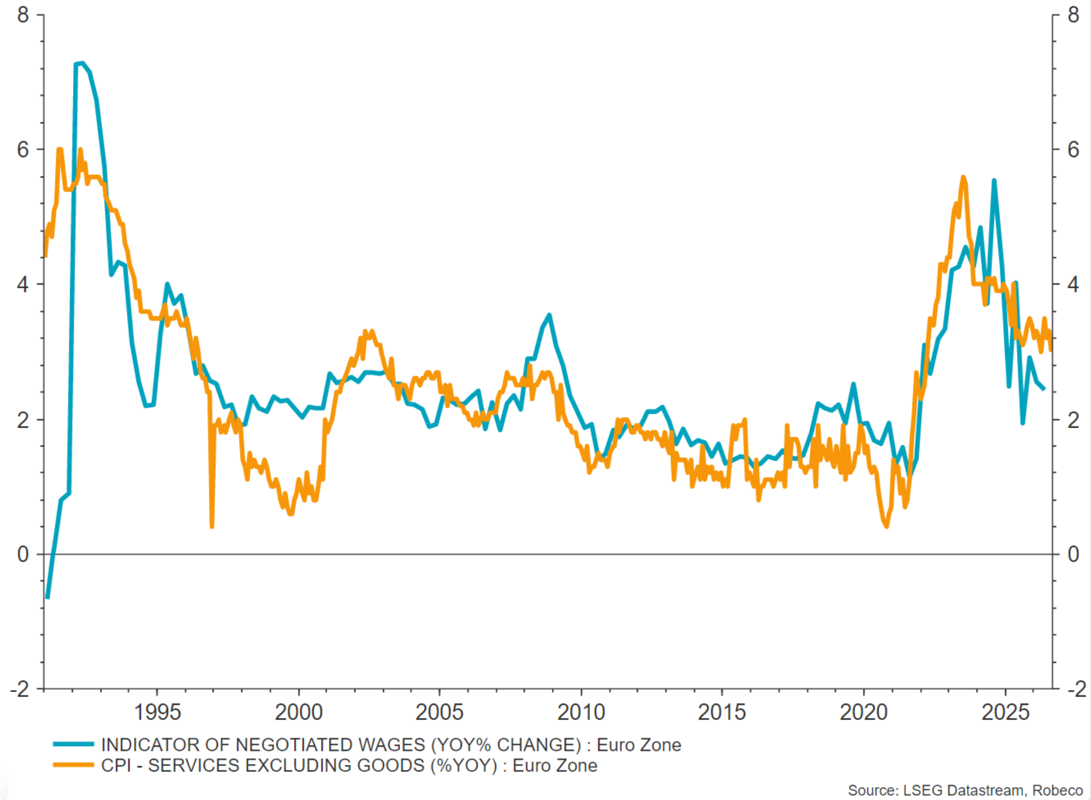
Theme of the month

Central bank divergence: Navigating sticky inflation vs. soft growth

Inflation problems are not all created equal

- For the US, inflation pressures reflect tariffs, resilient demand and investment. The Fed has turned more hawkish, while the Treasury remains the more visible market operator through bond buybacks and market stability measures. Effectively the interaction gives the Fed room to keep rates neutral while talking tough on inflation, without losing control of the long end of the US Treasury curve.
- In the Eurozone, inflation is principally an imported energy and terms-of-trade shock. The ECB can tighten in line with its inflation mandate, but a lack of domestic drivers make the economy more vulnerable to higher rates. We have seen this play out before in 2008 and 2011, when the ECB raised rates into commodity shock.
- Unlike the last 40 years, Japan appears to be in the best position because inflation reflects structural reflation and domestic growth. The Bank of Japan can normalize rates without creating a headwind for its economy. In addition, higher rates can increase the attractiveness of the yen.

Decelerating wages limits second-round effects in the Eurozone



Source: LSEG Datastream, Robeco, September 2026

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Theme of the month

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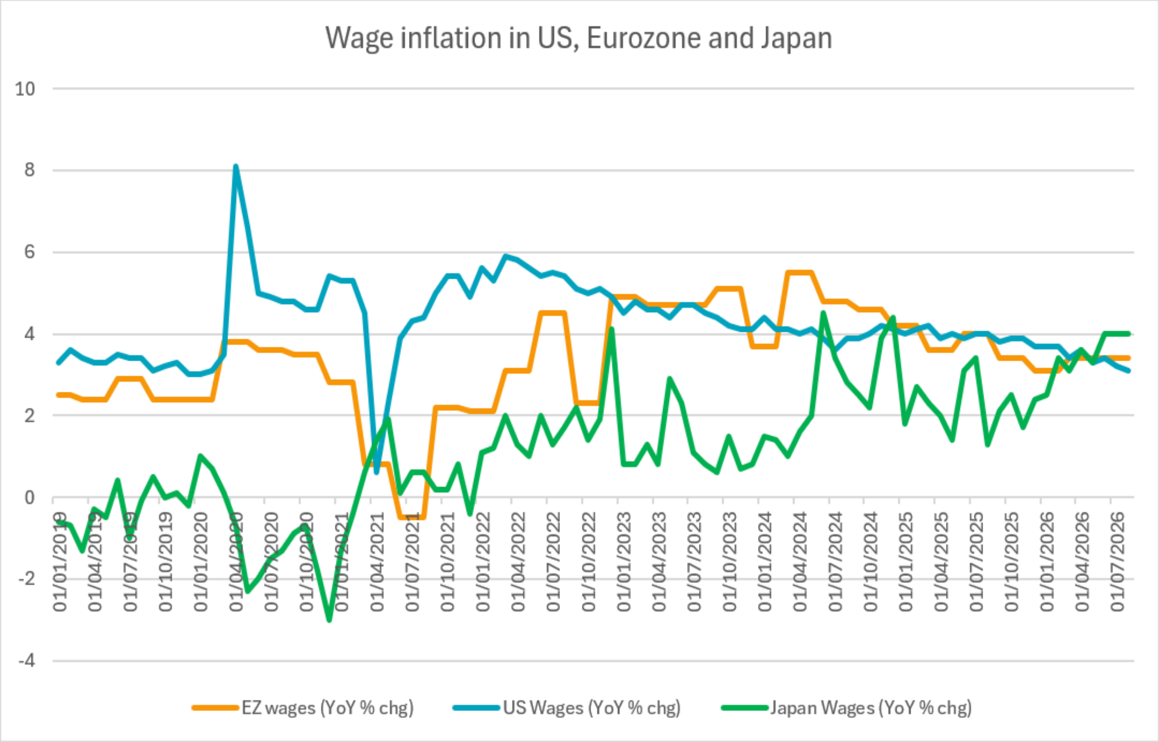
Cross-asset implications

- In conclusion, the near-term impulse is synchronized tightening. However, the outcomes in the three regions could be very different in the medium term. The ECB raising rates in response to energy shock but without the economic buffer we see in Japan. The Bank of Japan has room to raise rates without impacting the domestic economy.
- The Fed is confronting high-pressure economy and the front-end of the Treasury curve may remain reactive to these pressures. So, US term premium is vulnerable to upward pressure, inferring continued cooperation between the Fed and the Treasury to prevent loss of control of longer-term rates – otherwise know as Operation Twist.
- Overall, the global economy and risk assets (credit and equities) have coped well with higher rates over the last five years, mainly because the second-round effects of inflation have been muted, and we continue to believe this narrative.

US and Eurozone wage inflation is still cooling while Japan is reflating



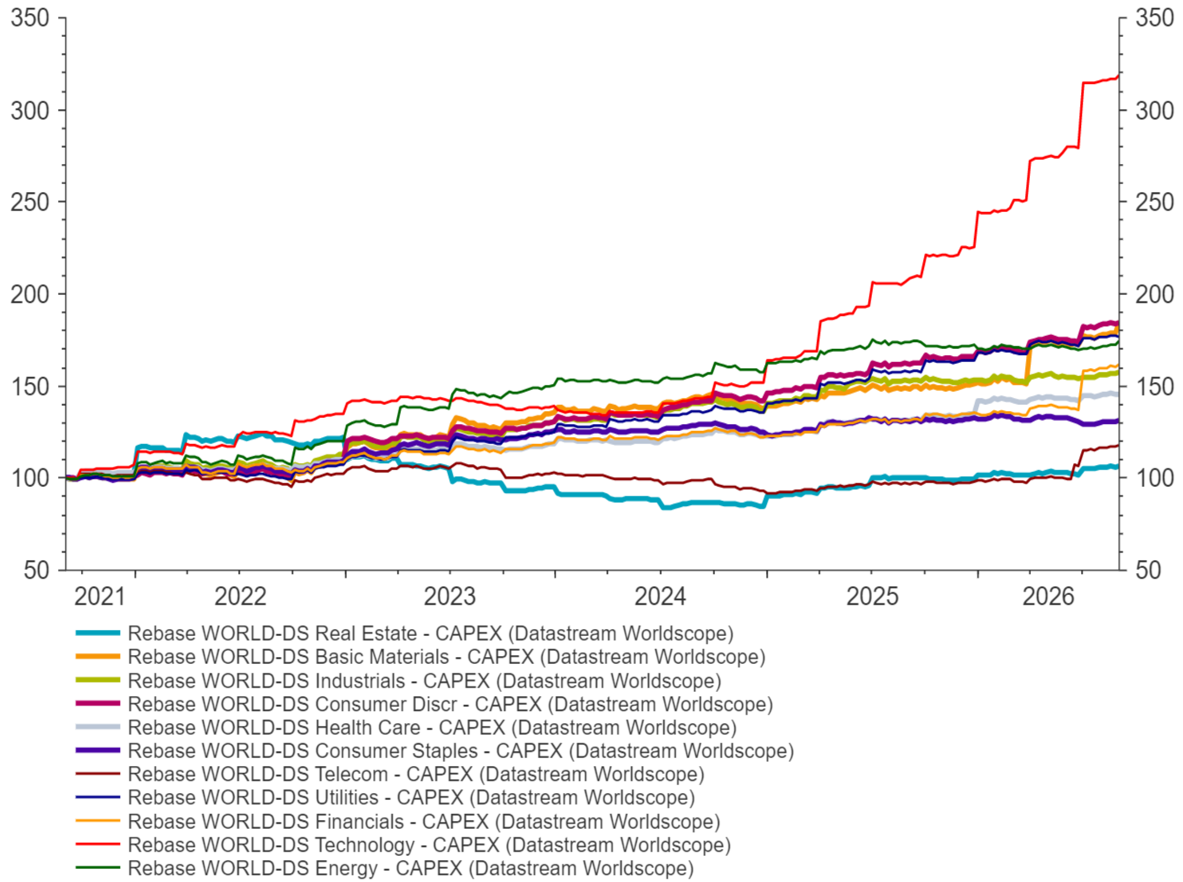
Source: Robeco, Bloomberg as @ 31/8/26

Source: Robeco, Bloomberg. All market data to 31 August 2026 unless mentioned otherwise.

Economy

A new growth engine has fired up

Capex has strongly accelerated, spurred largely by AI boom



Source: LSEG Datastream

A resilient global economy, but winter season unveils vulnerabilities

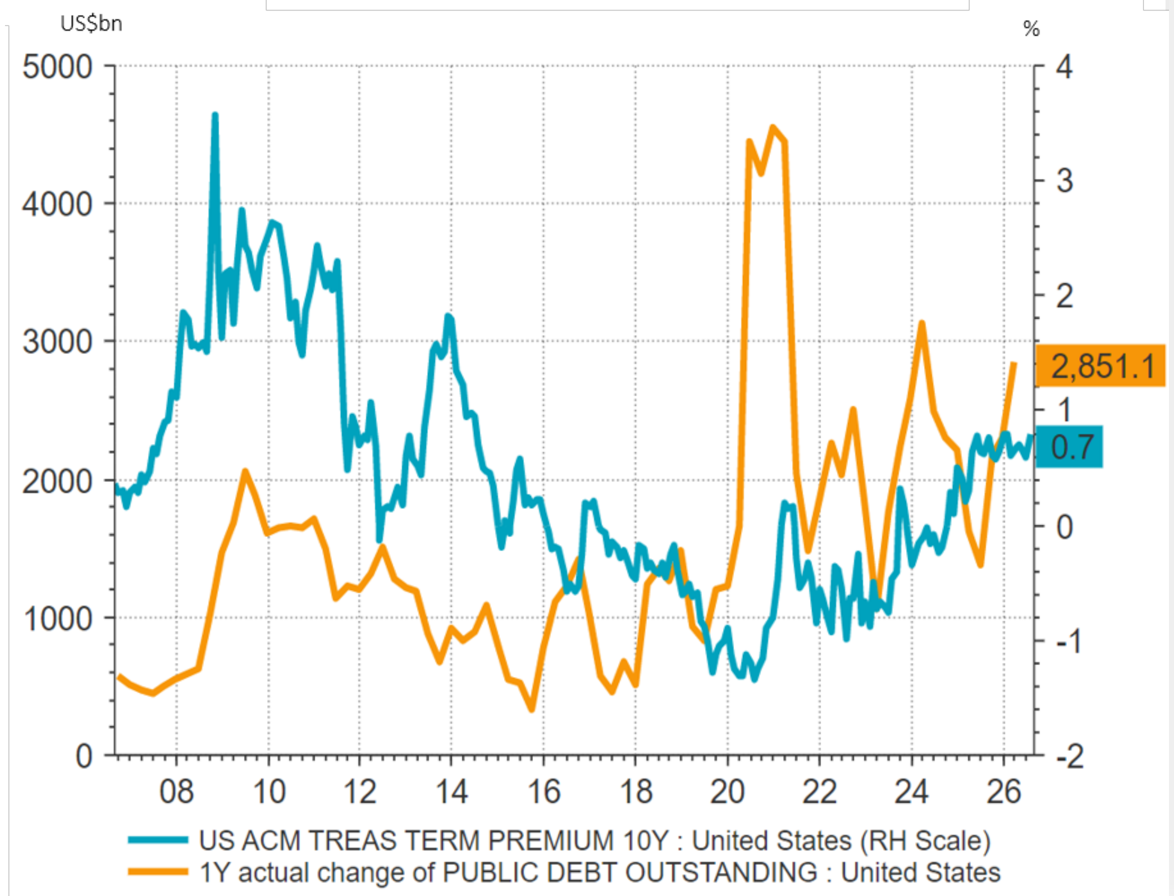
- The global economy is holding up remarkably well in the wake of the highest US tariffs since the 1930s and the oil price shock. Global PMIs have increasingly pointed toward accelerating expansion, defying the gravitational pull from higher input costs. The underlying reason for this resilience can be traced back to a nascent capex cycle that is broadening out beyond the Big Tech sector. Next to consumption, another engine of growth has fired up.
- The increase in capex can be explained by historically strong earnings, with broader US NIPA profit margins setting a new post WW2 high of 14.9% at the end of the second quarter.
- While broadening growth does indicate that a global recession might be kept at bay, it by no means implies that the global economy is out of the woods going into the winter. Flows from the Strait of Hormuz have only recovered to 60% of pre-war levels, with the LNG market looking particularly vulnerable to further disruption. Inventory levels in the Eurozone are well below 5-year seasonal averages, and Europe has to compete with Asia to try to refill reserves to adequate levels.

Source: LSEG Datastream, Robeco. All market data to 31 August 2026 unless mentioned otherwise.

Economy

US debt sustainability will remain a recurring theme

Rising US debt warrants a higher term premium



Source: LSEG Datastream. Robeco

A major twist in the US yield curve

> The heat is on for the US government as interest payments on debt now amount to more than 14% of expenditures, leading some sovereign wealth funds pondering whether to cut their exposure to Treasuries. Long-end Treasury yields rose well above 5% last month to the highest levels seen since 2006. Treasury Secretary Scott Bessent tried to calm the bond market by launching his own version of Operation Twist (2011-2012).

> Whether this proves to be effective remains to be seen as the market's view is that interventions have historically proven to be less effective. They address symptoms rather than the underlying disease here. As long as Congress remains unwilling to exercise belt tightening and bring the US deficit back to levels that are deemed sustainable, the pressure on the term premium remains.

> Yet, there is more to the rise in the long end of the curve than just worries about det sustainability. Record high corporate profitability in Q2 likely reflects that bondholders increasingly demand compensation for missing out on more attractive returns elsewhere. As such, the surge in the long end is not all gloomy.

Source: LSEG Datastream, Robeco. All market data to 31 August 2026 unless mentioned otherwise.

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