

Q4 Snapshot

This is a summary of our House View Q4 2026

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. We assume no obligation to update any forward-looking statement.

House**View**

What's our outlook for Q4?

Renewed momentum supports a stronger year end

- Despite persistent headwinds, global growth has stayed resilient and the outlook has improved: the US is expected to pick up speed, Europe is doing better than many forecasts suggested, and China could recover towards the end of the year.
- Stronger growth means central banks can stay focused on fighting inflation without necessarily derailing economic momentum.
- Strong company earnings, supported by artificial intelligence (AI) spending, should help sustain growth and support both equities and bonds. While bond yields are rising, markets have so far adjusted in an orderly way, in our view.
- Risks remain, including uncertainty around central bank policy, Middle East tensions, the US mid-term elections and weaker consumer spending – but we think the environment might prove healthy for long-term investors.

Strong finish ahead ?

After a mid-year soft patch, improving business sentiment and stronger growth momentum point to a broader upswing heading into year end.

3.1%¹

Consensus estimate for global
growth in 2027

¹ Source: Bloomberg, AllianzGI Economics & Strategy (data as at 3 September 2026).

What's our regional outlook?

US: Fed tightening continues

Stronger business confidence, faster economic growth and inflation have increased expectations of higher interest rates.

The US Federal Reserve (Fed) raised rates in September, and we expect another rate hike before the end of the year.

Watch for the outcome of November's mid-term elections that could limit the current administration's ability to pass new laws.

Europe: fiscal spending support

Government spending, especially in Germany, is supporting Europe's economy, with growth increasingly outpacing expectations.

Yet inflation remains above target and could rise further if energy prices go up.

We expect the European Central Bank to raise rates again in December, but the Bank of England is likely to keep rates unchanged due to competing priorities.

Asia: growth holds up

More government support and increased project spending should give China's economy a short-term boost this year.

Growth across much of Asia remains resilient, while Japan's recovery is gaining strength.

We expect the Bank of Japan to raise interest rates again by year end.

3.3%¹

Consensus expectation for US inflation in 2026

¹ Data: Bloomberg as at 3 September 2026.

Where do we see value?

More opportunities are emerging

- Government bonds issued by the US, Japan and the UK have fallen in price and may now offer attractive value, according to our analysis.
- Equity prices have also adjusted, especially in emerging markets, which have not kept pace with recent gains in the US.
- Around a third of the assets we track appear fairly valued or undervalued. This could create opportunities for investors in long-term bonds or growth themes such as AI.

US, Japan and UK government bonds may offer close to fair value



Valuation score = current score relative to historical distribution of scores. Equity valuation based on Shiller-PE, price/book, 12-month forward PE. Sovereign valuation based on 10-year real interest rate and term premium. Corporate bond valuation based on implicit default probability and respective sovereign valuation. Source: Allianz Global Investors Global Economics & Strategy, Bloomberg, Datastream (data as at 31 August 2026). Past performance does not predict future returns. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. We assume no obligation to update any forward-looking statement. Valuations are based on the latest assumptions about the economic growth outlook.

Where are the potential investment opportunities?

Equities

- AI opportunities are broadening into **optical interconnects, advanced materials** and **power systems**.
- **Hardware suppliers** in Asia are set to benefit from industrial orders and infrastructure spending.
- India's growing **consumption-led economy** and Japan's **pro-growth policies** are potential positives for investors.
- **Value stocks** – which appear inexpensive compared with their underlying business value – may be a **useful counterweight** to AI-linked growth equities.

Fixed Income

- The yield curve looks set to steepen in the **US, Germany** and **Australia**.
- At the short end of the curve, **German Bunds** may offer better value than US Treasuries. At the long end, **UK Gilts** look attractive relative to other major markets.
- In emerging markets, consider **Brazilian and Hungarian local bonds** while favouring **oil exporters over importers**.
- In credit, **financials and consumer non-cyclicals** look more attractive than cyclical consumer names. After recent price moves, **debt issued by top AI firms** offers opportunities for selective investors.

Multi Asset

- **Emerging market equities** appear promising, as do stocks in Japan, the US and Europe. **Robotics, biotech and gold miners** offer attractive investment themes.
- **Developed market government bonds** may warrant a neutral or cautious approach due to inflation and fiscal deficits.
- **Emerging market debt**, especially issued by energy-exporting governments, may offer attractive value.
- Supply constraints, refinery disruptions and tight energy markets create a **supportive backdrop for commodities, including gold**.

Discover more insights

Read the full-length version of our House View Q4 2026



Europe is finally executing



When robots start earning their keep



AI: a credit investor's perspective on the data centre build-out



The outlook for Asian fixed income: winners and losers emerge



China Technology: five things investors may be missing



Footprint and handprint: measuring both sides of a company's impact

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Past performance does not predict future returns. If the currency in which the past performance is displayed differs from the currency of the country in which the investor resides, then the investor should be aware that due to the exchange rate fluctuations the performance shown may be higher or lower if converted into the investor's local currency.

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