



Outlook 2026 : Global equities



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What is your central scenario for 2026?

2026 could offer opportunities in equity markets, despite the waning of supportive dynamics.

The change at the head of the Fed could undermine its independence... in favor of a more accommodative policy, more focused on supporting U.S. growth. Central banks, and especially the Fed, will continue to provide liquidity to markets, both through further rate cuts and the resumption of asset purchases. The inauguration of the new president of the institution, scheduled for May 2026, is expected to be highly political and suggests a Fed more aligned with the priorities of the Trump administration.

The dollar is expected to remain structurally under pressure, weighed down by an expansionary fiscal policy leading to a rising U.S. deficit, an accommodative central bank, and unstable trade policy.

The favorable momentum in emerging markets should continue, with countries combining higher earnings growth expectations than developed markets, attractive valuations, and positive flow dynamics. The weakness of the dollar provides additional support, easing financial pressures and improving the economic competitiveness of emerging countries, which are generally net dollar debtors and commodity exporters.

Europe could benefit from a favorable mix: attractive valuations, an ambitious German stimulus plan, and a loose monetary policy, in an environment where inflation remains at 2%. The possibility of a resolution to the Russia-Ukraine conflict would be a supportive factor for the region. A potential settlement of the Russia-Ukraine conflict would reduce the geopolitical risk premium and should support assets in the area.

Sectors neglected in recent months could support market progress. In 2025, equity market performance was largely driven by technology, boosted by the AI theme. This

dynamic sidelined traditionally defensive sectors, such as healthcare or luxury. We anticipate that in 2026, these segments could benefit from renewed interest, supported by attractive valuations, solid fundamentals, and less sensitivity to macroeconomic fluctuations.

However, we believe that part of the journey has already been made. Most rate cuts are behind us, the AI obsession is showing signs of fatigue, China's catch-up is partly consumed, and the surge in commodities—especially gold—will be difficult to replicate to the same extent in 2026.

What could be the tailwinds?

The effective deployment of American and European stimulus plans constitutes a powerful growth engine for their respective regions. In the United States, the *One Big Beautiful Act* aims to extend and broaden tax cuts for households and businesses, while funding targeted spending in defense and security. The amounts involved include a \$5 trillion increase in the debt ceiling and around \$300 billion in new spending. In Germany, the historic €500 billion plan passed in 2025 aims to modernize infrastructure, support the energy transition, and strengthen industrial competitiveness. However, doubts remain about the actual deployment of the planned sums and their real impact on the European economy.

China's five-year plan is part of a proactive fiscal policy aimed at supporting growth. The plan notably emphasizes “new high-quality productive forces,” with priority given to high value-added technologies, directing investments toward information technology, communications, and industry. Furthermore, the country plans to maintain a high budget deficit in 2026 (at least 4% of GDP), with a GDP growth target of 5%. Finally, at the *Central Economic Work Conference* at the end of the year, Beijing clearly expressed its ambition to stimulate household consumption, marking a shift toward reforms focused on domestic demand. The refocusing of policies on supporting consumption could mark a turning point for the market, improving investor sentiment toward Chinese equities.

A weaker dollar benefits U.S. exporters and emerging markets. The decline in the dollar makes U.S. exports more competitive. For emerging countries, it reduces the cost of dollar-denominated debt and attracts more capital. Commodity producers also benefit, as a lower dollar tends to push up commodity prices, especially mining companies, gold, and copper, on which we are positioned.

What are your main points of attention?

The U.S. political agenda is busy, with midterm elections at the center of the stakes.

Scheduled for November 2026, this vote will be decisive for the composition of Congress and could reshuffle the balance of power, influencing the executive's ability to implement its economic and budgetary priorities. Debates and headlines will focus on fiscal policy, between the temptation of further stimulus and the risk of budgetary gridlock; and trade policy, with the legitimacy of tariff increases in the background. The increase in the U.S. deficit and its financing methods are, in the medium term, a source of concern for markets. Finally, the government faces a major challenge: maintaining sustainable growth as the least affluent consumers show signs of weakness.

The electoral environment in South America. The presidential election in Brazil in October 2026 is expected to be a source of volatility. The announcement of Flávio Bolsonaro's candidacy on December 5, 2025, caused a 4.2%¹ drop in the Ibovespa and a depreciation of the real. Investors favor Tarcísio de Freitas, seen as more market-friendly, over Lula and Bolsonaro. The uncertainty of the outcome and the fragmentation of the conservative camp should lead to episodes of volatility in Brazilian assets as the campaign progresses.

High earnings growth expectations, especially in the United States. U.S. companies have shown remarkable resilience to tariff increases, posting earnings growth above the historical average. Expectations for 2026 remain high, with earnings per share expected to rise by +13%². This target seems achievable, but the margin for error is narrow: any disappointment could trigger rapid market corrections.

The momentum around AI could continue to fade after an exceptional year. One of the few certainties for markets regarding AI is the scale of investments in this area, especially in building infrastructure such as data centers. At the same time, it remains difficult to assess the return on investment of these expenditures. The main risk is that user growth and revenues—in other words, monetization—may disappoint. Moreover, the growing financial links between different AI players introduce a risk of interdependence: concerns affecting one company could easily spread to others. Nevertheless, the theme could find a new growth driver, with a transition from infrastructure, predominant in 2025, to software and applications. This shift should bring greater visibility on ROI³, increased platform strength, and broader use cases, enhancing monetization potential.

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- [1] Source : Bloomberg, 28/11/2025.
[2] Source : Royal Bank of Canada, December 2026.
[3] Return on Investment

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(1) Source: Rothschild & Co Asset Management, 31/07/2026.

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