November 2026

Investment News

Our market round-up and news affecting UK investments

Technology stocks and emerging markets suffer heavy losses

Month in brief

- AI sell-off hits US
- Emerging market equities suffer
- Uneventful UK Budget announcement
- Oil prices rise again
- Global bond yields trend down over October

Over $500bn was wiped from the market capitalisation of Google's owner, Alphabet, in a single day towards the end of the month, with shares in the likes of Meta, Nvidia and Intel all losing ground as AI over-spending fears are reignited.

With technology stocks being a key driver of US market performance, global equities on the whole suffered as a consequence, but not to the extent that might be assumed. However, emerging market equities were especially badly hit by the sell-off, coupled with elevated US bond yields and a stronger US Dollar weighing heavily on investor sentiment and capital flows into emerging markets. This was compounded by a 20% fall in Brazil's equity market after the surprise election win for President Lula da Silva. In contrast, UK equities enjoyed a decent month in October with relatively little exposure to technology stocks.

At the end of October, the Chancellor of the Exchequer, John Healy, presented his Autumn Budget. It was generally well received by markets but is set against a backdrop of wider macroeconomic challenges. One of the Chancellor's key priorities was to ease some of the cost-of-living pressures that UK households are currently facing.

UK borrowing costs had risen to their highest level in almost 20 years in early October thanks to a global bond sell-off over inflation concerns. But Healy's package of tax and spending plans reassured investors of a credible plan to bring down borrowing and debt in the UK. This saw the UK participating in the wider global bond rally with fixed interest and index linked gilts both posting strong returns over October. The notable exception to the wider global decline in bond yields was France, which has witnessed rioting and disorder in response to the cost of living crisis and public spending cuts.

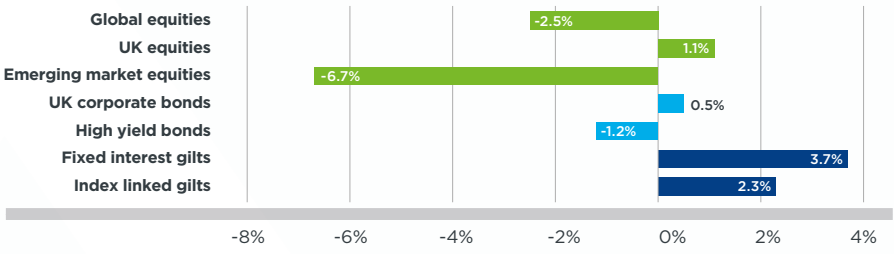
Click to watch Christine's two-minute video.

Christine Burn
Assistant Investment Consultant



Fixed interest gilts posted a strong return over October

One month to 31 October 2026



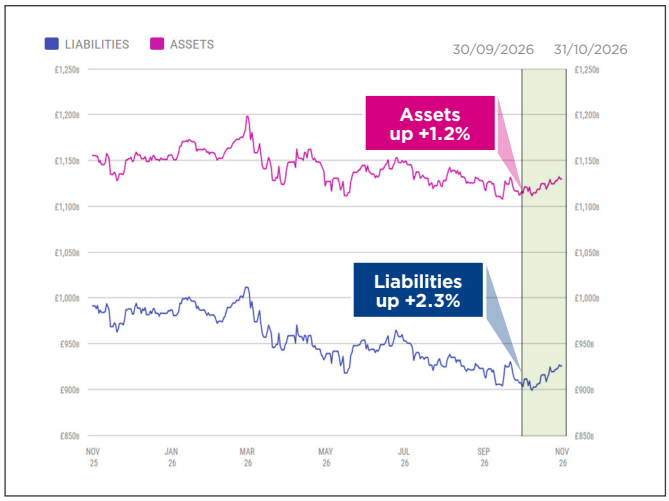
Oil prices rose above $100 a barrel during October - and remained elevated at month end. Prices were driven higher by renewed fears of an escalation in tensions in the Strait of Hormuz ahead of the US mid-term elections.

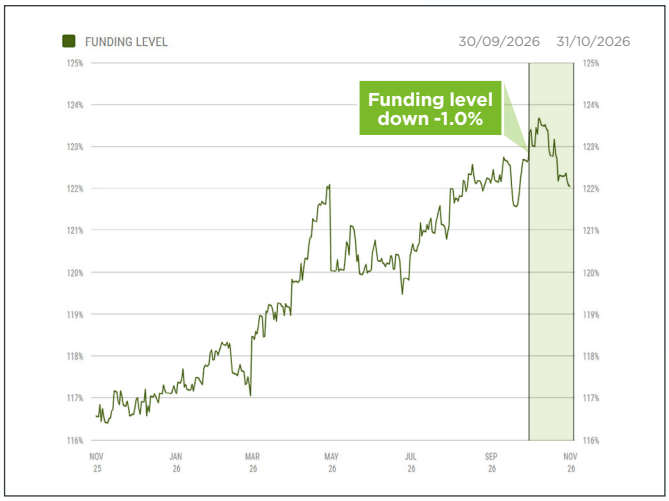
Rising energy costs were a key driver of UK CPI inflation rising to 3.5% in the 12-months to September, up 0.4% from August's 12-month print. The Bank of England subsequently voted to increase the Bank Rate by 0.25% to 4.0% at its early November meeting.

Despite its inflation challenges, the US economy continues to expand with annualised GDP growth reaching 3.4% in the third quarter of 2026, ahead of expectations. US inflation stands at 3.7% but the Federal Reserve voted to leave interest rates unchanged during October, maintaining a relatively hawkish policy stance.

Cryptocurrencies returned to the headlines in October for the wrong reasons as the world's largest crypto exchange, Binance, was the subject of the largest theft of crypto assets on record. $6.3bn was stolen in a sophisticated attack with suspected links to North Korea, highlighting the unfamiliar nature of evolving risks associated with the new frontier of digital assets.

The rally in gilt markets served to increase the present value of UK DB pension scheme liabilities measured on a low-risk basis. Coupled with mixed performance across growth markets, aggregate funding levels are expected to have fallen modestly over the month but remain very healthy overall.





Source: XPS DB:UK **xpsgroup.com/DBUK**

The charts above are based on data from The Pensions Regulator, the PPF 7800 Index and the XPS data pool. The assumptions used in the UK:DB long-term target basis include a discount interest rate of gilt yields plus 0.5%. The assumed asset allocation is 16.9% equities, 20.0% corporate bonds, 6.9% multi-asset, 5.1% property, 3.8% private markets and 47.3% in liability driven investment (LDI) with the LDI overlay providing a 60% hedge on inflation and interest rates.

Find out more

To discuss any of the issues covered in this edition, please get in touch with Christine Burn. Alternatively, please speak to your usual XPS contact.



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