Storebrand

Market Commentary

November 2026



Key Points:

- **Long-term US government bond yields fall for the first time in seven months amid AI concerns**
- **French government bond yields continue to rise, with high government debt in focus**
- **Third-quarter reporting season somewhat more mixed after two strong quarters**

Market Outlook

Stock Market – Neutral Weight →
Global equity markets fell for a second consecutive month in October but remain close to all-time highs. EM equities fell the most, not least due to AI-related concerns in Asian markets. Overall, we remain neutral on equities.

Bonds – Underweight ↘
Global government bonds rose in October. Long-term yields in the largest economies fell somewhat, with the exception of France. Short-term interest rate expectations have also moderated somewhat, with fewer rate hikes priced in. We have closed our underweight duration position globally but remain underweight duration in Norway and Sweden.

Money Market – Overweight ↗

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The Allocation Group notes that US private consumption grew by close to 4% in the third quarter.

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AI sell-off reversed the rise in yields

After seven months of rising long-term US yields, the trend finally reversed in October. Concerns about the returns on, and financing of, AI investments prompted a sharp fall in technology stocks. Investors seeking the safe haven of US government bonds may have helped reverse the rise in yields. At the same time, yields have risen to levels that may have made fixed income investments generally more attractive.

If concerns around AI persist, this may also have tempered expectations of competition for the capital that will need to be raised in the bond markets. This has been one of the main explanations behind the rise in long-term government bond yields, together with higher short-term rates due to persistently high inflation.

The overall growth picture also supports the rise in short-term rates, with more than two further rate hikes now priced in for the US over the next 12 months. US GDP growth reached a strong 3.4% in the third quarter, with private consumption in particular making a significant contribution, growing by 3.8% despite the high cost of living.

France in focus

Although long-term government bond yields in the largest economies largely followed US yields lower, France was in many ways the exception. The focus on government finances and debt resulting from rising US yields spread concerns to France, one of the countries in a weaker position on these measures.

The spread between French and German 10-year government bond yields widened from around 130–140 basis points (bps) to more than 170 bps, its highest level since the eurozone crisis in 2011. This also brought back memories of 2011, when attention initially focused on the US and its rising government debt following the financial crisis, including a credit rating downgrade, before spreading to the eurozone.

This, together with hyperscalers seeking to raise huge amounts in the bond market, has helped keep corporate credit spreads wide. Spreads on French banks in particular have widened, albeit measured against German government bond yields.

Mixed reporting season

The reporting season has so far also been somewhat more mixed following two very strong quarters. Aggregate growth rates appear to be slowing, although they remain high. This may also have contributed to greater concerns about AI investments.

Several of the large companies, including some of the so-called "Magnificent Seven", have disappointed and reported somewhat below expectations. At the same time, it is healthy for the market to punish those that fall short of expectations and reward those that deliver positive surprises.

At the margin, the US midterm elections could also point towards greater regulation of AI, whether relating to the development of data centres or AI more generally. If so, this could slow the growth rates we have seen so far and consequently affect the outlook.

Market Outlook

Global Equities – Neutral Weight →

Global equities, as measured by the MSCI World Index in local currency terms, declined by almost 1% in September but remain close to all-time highs. Year to date, gains still stand at a healthy 13%. Equity markets have so far taken rising yields in their stride and focused on the growth component behind the move, which earnings growth over the past two quarters has broadly supported. A new reporting season is also about to begin. We remain somewhat concerned about the rise in yields and have therefore reduced exposure, moving from an overweight to a neutral position in global equities.

Emerging Markets (EM) – Overweight ↗

EM equity markets in local currency fell by almost 8% in October, underperforming developed markets. The South Korean equity market was particularly weak, falling by almost 20%. Equity markets in Taiwan, Brazil and China also fell markedly, by more than 5%. Taiwan now accounts for almost 30% of the index, followed by South Korea at 20%. The two markets are still up more than 60% and 50%, respectively, year to date. Overall, we remain overweight EM equities.

Global Bonds – Neutral Weight →

Global government bonds (JPM GBI) rose by almost 2% in October. After seven months of negative performance, long-term yields fell, particularly in the US and Japan. Government bond yields in the UK and Germany also followed suit, while France was the exception. Credit spreads, however, remain wide, driven in large part by French companies and hyperscalers continuing to raise capital. We have closed our underweight duration position and returned to a neutral position in global government bonds.

Key Figures as of 31.10.2026

(measured in local currencies)

Global Stocks (MSCI)	October	2026
All Countries	-1,6 %	11,8 %
Developed Markets	-0,8 %	11,5 %
Emerging Markets	-7,4 %	13,9 %
Regions (MSCI)		
North America	-0,9 %	11,4 %
Europe	0,8 %	10,5 %
Asia and Oceania	-2,7 %	15,2 %
Nordic	2,8 %	11,1 %
Countries		
USA (S&P 500)	-0,9 %	11,5 %
Japan (Nikkei 225)	-5,2 %	25,7 %
United Kingdom (FTSE 100)	1,2 %	8,0 %
Germany (GDAX)	2,5 %	5,4 %
France (CAC)	0,1 %	-2,2 %
Finland (HEX25)	-3,7 %	8,5 %
Denmark (OMXC25GI)	8,3 %	10,7 %
Sweden (OMXS30GI)	0,2 %	16,2 %
Norway (OSEBX)	3,4 %	27,1 %
Currency (increase equals EUR appreciation)		
EUR pr USD	-1,7 %	-5,0 %
EUR pr GBP	-2,5 %	-4,6 %
EUR pr JPY	-1,5 %	-4,5 %
Currency (increase equals USD appreciation)		
USD pr EUR	1,8 %	5,2 %
USD pr GBP	-0,9 %	0,2 %
USD pr JPY	0,2 %	0,2 %







