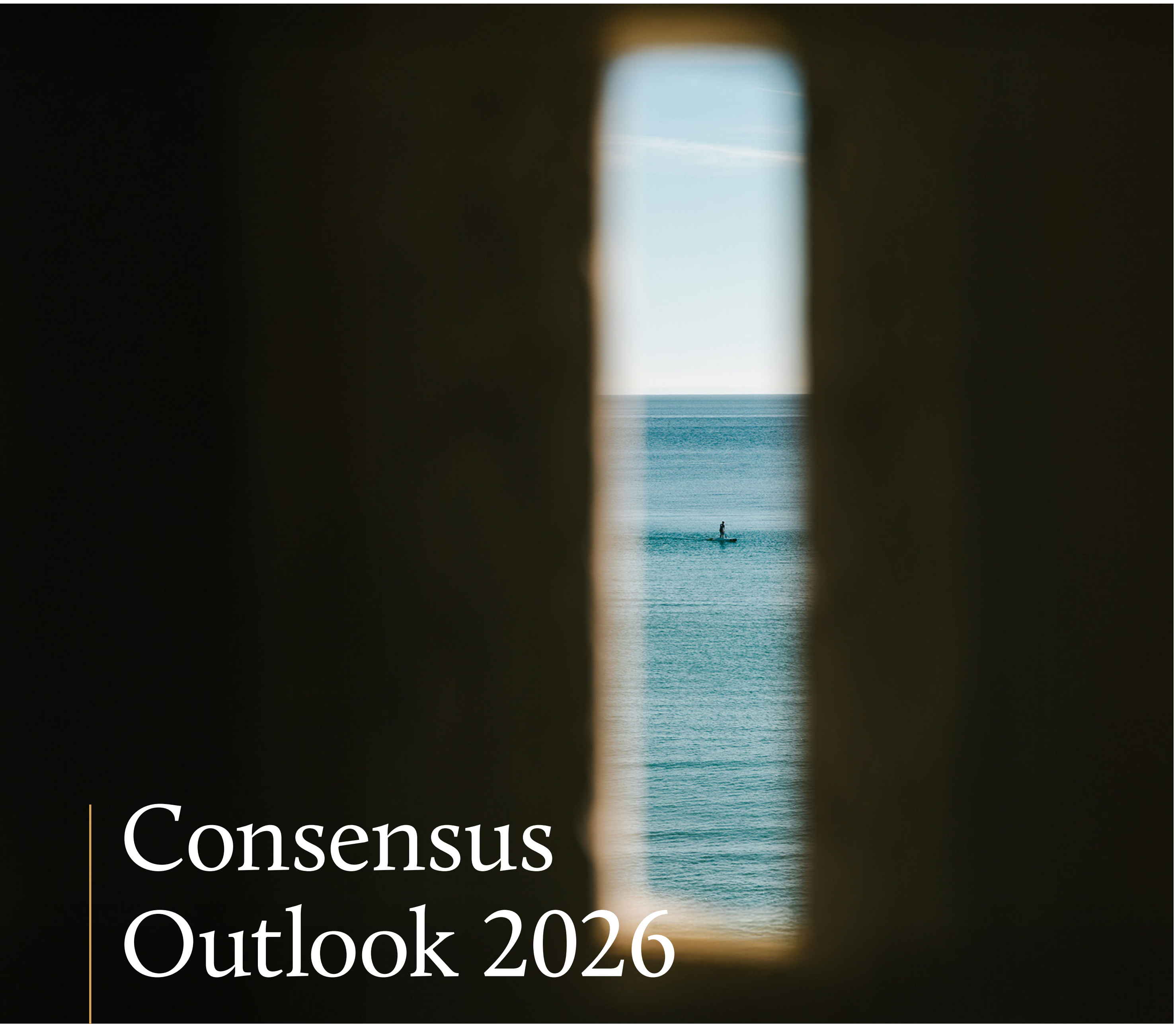
Rothschild & Co
Wealth Management



Consensus Outlook 2026

Investment and Portfolio Advisory

DECEMBER 2025

Summary of the Rothschild & Co and the Street's view

2026: A year of recalibration amid resilient growth and persistent inflation

Key drivers

The global investment landscape entering 2026 is defined by familiar tensions: resilient growth set against stubborn inflation, supportive but potentially mispriced monetary expectations, and markets that remain invested yet increasingly selective. Despite elevated geopolitical risks and historically high trade barriers, particularly from US tariffs, global economic activity has continued to expand through 2025, with unemployment rising only gradually. Business surveys suggest that this momentum is likely to extend into early 2026.

Geopolitical stress remains persistently high, with the ongoing conflict in Ukraine, a fragile Middle East ceasefire, unresolved US–China tensions around Taiwan, and political dysfunction across advanced economies. Yet, as in recent years, markets and economic activity have proven more resilient than headlines would imply. A full-scale trade war has been narrowly avoided, and the tariff shock, while meaningful, has not derailed global growth.

The core macroeconomic challenge for 2026 is inflation persistence. Across most Western economies, inflation has stabilised stubbornly in the 2–4% range, driven primarily by services inflation and wage pressures. While central banks delivered policy easing in 2025, the consensus increasingly questions whether further cuts are justified. Markets currently price a more aggressive easing path than most economic assessments support, making a reassessment of rate expectations, potentially via hawkish surprises, the most material macro risk for 2026.

In the US, 2026 is widely viewed as a transition year. While the Federal Reserve cut rates in the second half of 2025 amid labour market softening, growth has remained resilient, earnings strong, and inflation above target. Government bonds are broadly viewed as neutrally to attractively valued, though opinions diverge on optimal duration positioning. Credit spreads remain historically tight, leading to a cautious stance toward corporate credit despite healthy fundamentals. US equities remain the defining pillar of global market leadership.

AI-driven capital expenditure, ongoing deregulation, robust earnings growth, and supportive fiscal dynamics underpin the consensus view that US equities will continue to outperform. While valuation concerns are widespread, particularly given parallels drawn to the 2000 technology cycle, most analysts stop short of calling current conditions a bubble. Unlike 2000, today's market leaders are profitable, leverage is contained, and speculative excess is less apparent. The principal risk to this constructive outlook is a reversal in AI-related sentiment or a renewed reflationary surge.

Europe enters 2026 on firmer footing than a year ago, as tariff uncertainty has faded and fiscal support, particularly from Germany, has strengthened the cyclical outlook. Growth remains slower than in the US, and structural challenges persist, notably in manufacturing competitiveness. Nevertheless, earnings growth is expected to recover after several stagnant years. European bond markets are viewed positively, particularly longer duration, while credit continues to offer attractive income despite tight spreads.

Japan and emerging markets offer selective opportunities. In Japan, modest rate hikes are expected as inflation remains above target, keeping pressure on fixed income markets while supporting equities. Corporate governance reforms, fiscal support, and shareholder-friendly initiatives continue to underpin a constructive equity outlook. Emerging markets are expected to benefit from a softer US dollar, lower local rates, and stable growth, though performance remains sensitive to US monetary policy reversals.

Across asset classes, the overarching consensus approach for 2026 is to remain invested but close to benchmark. Equities appear expensive, both equities and bonds face inflation risk, and credit offers limited upside at current spreads. Gold stands out as a favoured strategic allocation, supported by central bank demand, geopolitical uncertainty, and concerns around US fiscal sustainability. In currencies, the US dollar is expected to weaken early in the year before stabilising and potentially recovering later in 2026, reinforcing the importance of timing rather than directional conviction.

In sum, 2026 is shaping up not as a regime shift, but as a year of recalibration, where disciplined positioning, valuation awareness, and flexibility will be critical.

Macro overview: new year, familiar themes

Resilient growth, stubborn inflation – but generous central banks

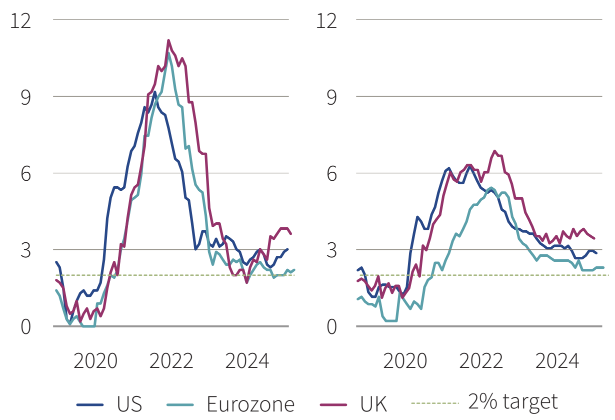
Geopolitical stress remains high, but despite the threat from tariffs in particular, global growth has continued, and unemployment has risen only slowly. Stubborn inflation may be the biggest economic risk facing investors in 2026.

As we write, conflict continues in Ukraine, and the ceasefire in the Middle East looks fragile. In the background looms China's ongoing claim on Taiwan, while in the West, political dysfunction seems almost routine. A full-blown trade war has been only narrowly avoided, with US tariffs hitting post-WWII highs. Yet it looks as if the global economy and trade have continued to grow through 2025 – as we'd thought it could. Economies and markets are often unaffected by human trauma, and we'd thought that even the more direct tariff threat might prove containable – not least because we've long recognised that Mr Trump should perhaps be taken "seriously, but not literally".

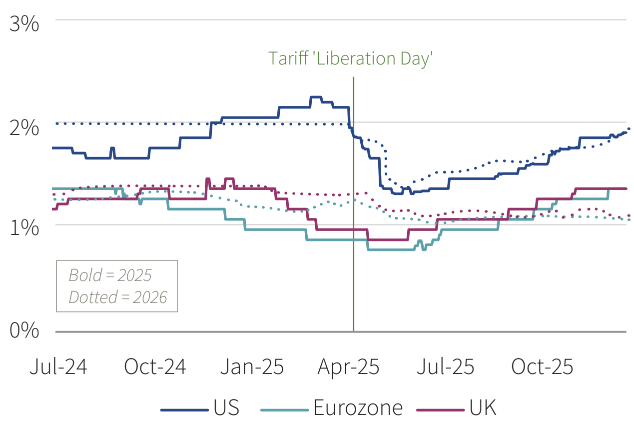
Looking ahead now, business surveys suggest growth can continue into early 2026 at least. The closing and reopening of the federal government has given an additional cyclical spin to the US profile, but with private sector cashflow still healthy, there is a good chance that growth will remain respectable. Here in Europe, public spending may accelerate, led by defence, the energy transition, and a German government willing to use its strong balance sheet. In Asia, China's government also has the resources to assist its consumers as they struggle with the ongoing property hangover (note that in 2025, China's growth rate will have been close to 5%).

Against this backdrop, inflation, already proving stubborn in the 2–4% range across most Western economies, may once again emerge as a key policy challenge, with Switzerland remaining the notable exception. The primary risk arises not from commodity inputs but from the service sector—particularly from real wage pressures in still-tight labour markets. Interest rates have continued to fall in 2025, and, as we write, seem likely to fall further still. Whether they should do so is another matter, and we think a possible reversal in money markets' dovish expectations is perhaps the most likely macro risk for 2026.

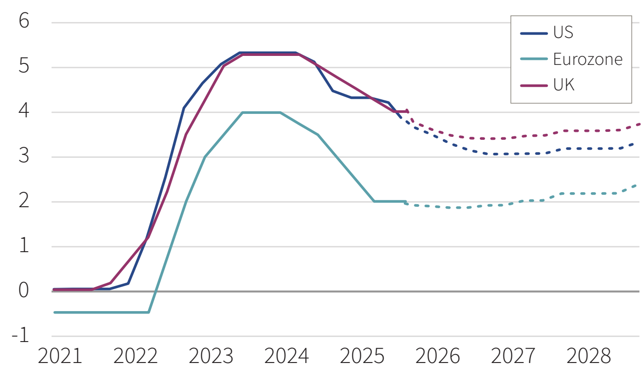
HEADLINE (LHS) AND CORE (RHS) INFLATION RATES (Y/Y, %)



CONSENSUS 2025 GDP FORECASTS (%)



MARKET-IMPLIED POLICY RATE TRAJECTORIES (%)



Source: Rothschild & Co, Bloomberg, Datastream, IMF

Asset allocation: stay invested – but close to benchmark

Stocks appear expensive; bonds face sticky inflation

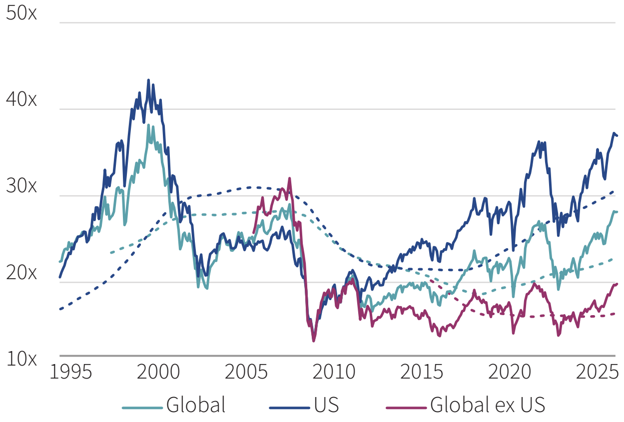
The stock market's recent technology-led rise has similarities with 2000, but there are important differences too: we stay open-minded, not bearish. Bonds mostly look less expensive, but inflation risk could resurface in 2026. Being largely neutral on the two big investment assets leaves us well-placed to respond to changing circumstances.

The economic climate remained broadly friendly to corporate profitability in 2025 – at least, once it became clear that the "Liberation Day" tariff announcements would not trigger a big downturn. More specific support to stocks came from the continued optimism around Artificial Intelligence and the roll-out of related capital spending. Meanwhile, interest rates continued to fall, even as inflation stopped doing so. Stocks performed strongly, with PE-based valuations reaching levels only exceeded once before – in the TMT/dot.com episode of 2000, which did not end happily.

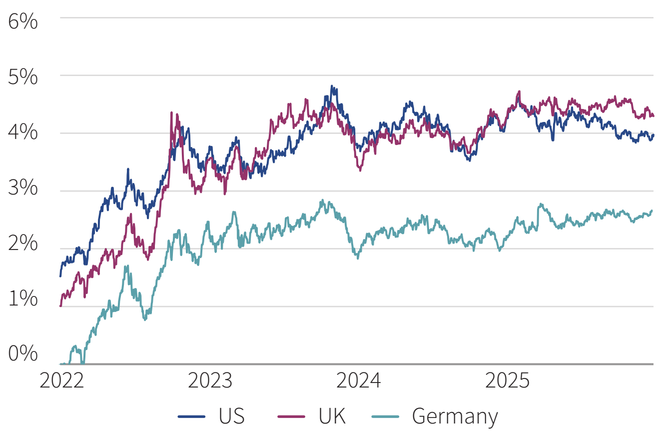
However, while we doubt that today's data-processing revolution will ultimately boost profitability to the extent priced-in, there are still some important differences with 2000, and we do not yet see this as another "bubble". We may not think interest rates can or should fall much further, but they will likely remain lower than in 2000, making discounted cashflow-based valuations less stretched. "Froth" generally is less visible now – the market-leading businesses are profitable, corporate balance sheets generally are less leveraged, and there is no M&A frenzy. We were premature in taking profits on an overweight position in stocks, but we stay neutral, not underweight: there are upside risks as well.

Bonds are reasonably valued, and have held their ground in 2025, but stubborn inflation poses a headwind, and we stay mostly neutral (with a preference for government bonds). As with stocks, we feel this positioning will allow us to respond to any tactical opportunities. Within more liquid assets, we opened an overweight in gold in the summer and will run it into 2026, even though the real-terms price recently hit record highs. The gold position is funded from cash, except in franc-based portfolios where we are underweight (more expensive) local bonds.

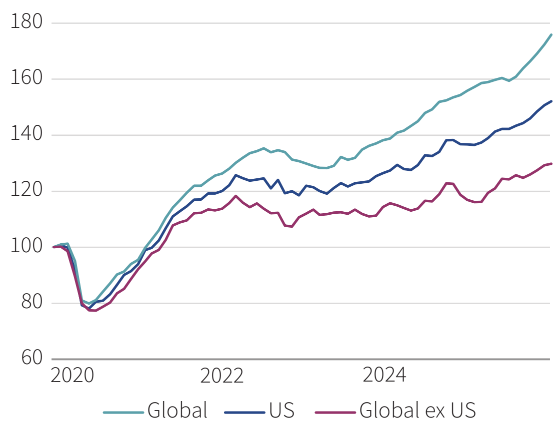
MSCI ACWI CYCLICALLY ADJUSTED PRICE TO EARNINGS (CAPE) RATIO



10-YEAR GOVERNMENT BOND YIELDS (%)



FORWARD RETURNS (NEXT 10 YEARS, ANNUALISED, NOMINAL TERMS)



Source: Rothschild & Co, Bloomberg, Datastream, IMF
Past performance is not indicative of future performance and the value of investments and income from them can fall as well as rise

Regions, sectors, credit, duration, currencies

Still waiting on a rotation

US leadership has faded, but no other region has yet stepped up. Sector-wise, the AI theme still leads, but expectations there – in the near-term at least – may be getting ahead of reality. In fixed income, we continue to favour government and (in Europe) duration. Our view on currencies is unaltered, in line with our equity positioning. Tactically, we think a dollar rally is as likely as resumed decline; strategically, we doubt the dollar will (or can) lose its reserve asset status.

Equity regions and sectors:

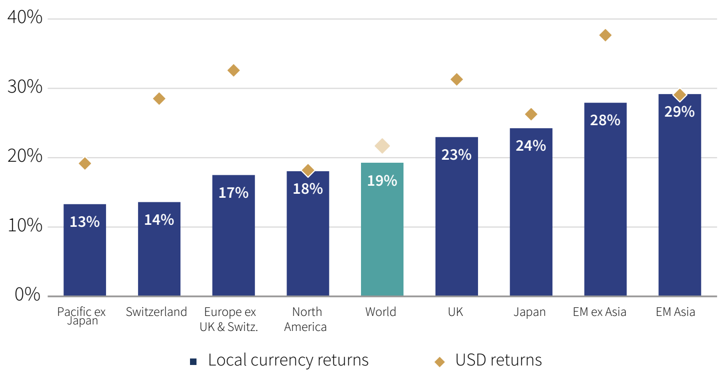
We closed our regional US overweight in the Spring, but new leadership has not yet emerged. More recently, in December, we cut a long-standing technology overweight, lifting financials to overweight instead. We also favour utilities and health care, all funded from a double underweight in energy and an underweight in consumer staples.

Credit, duration, currencies:

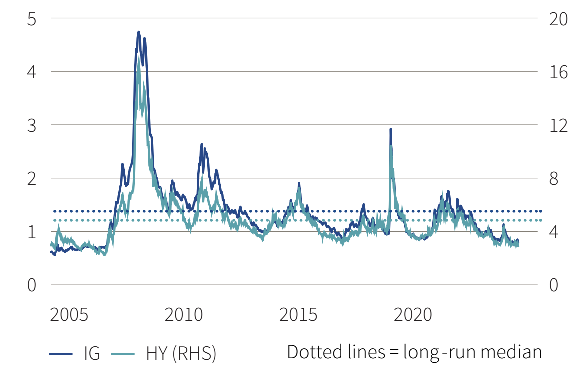
Corporates seem mostly healthy, but credit spreads have rarely been lower and we still prefer sovereigns. In Europe , but not the US, we also still favour longer duration bonds: despite inflation risk, they offer reasonable value. In currencies we are aware that Mr Trump wants a lower dollar – but we also know that it is not just his call, particularly if US monetary policy remains independent – and eventually more hawkish.

DOLLAR EFFECTIVE EXCHANGE RATE (%)

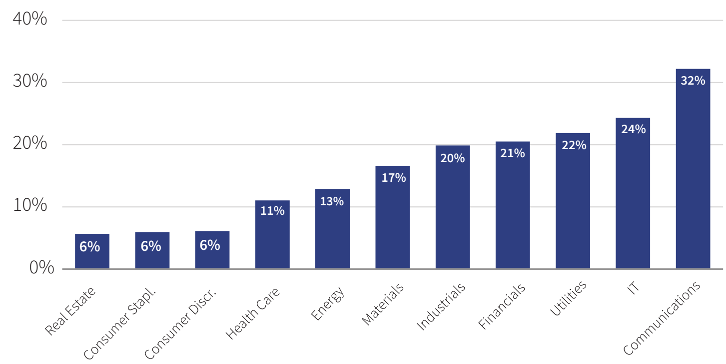
SELECTED REGIONAL RETURNS (USD, YEAR TO DATE %)



GLOBAL CORPORATE CREDIT SPREADS (OAS, %)



SELECTED DM SECTORS RETURNS (USD, YEAR TO DATE %)



Source: Rothschild & Co, DataStream, Bloomberg. Performance figures as of 05.12..2025

Past performance is not indicative of future performance and the value of investments and income from them can fall as well as rise

Rothschild & Co Asset Allocation

As of December 2025

Source: Rothschild & Co, Bloomberg
Past performance is not indicative of future performance and the value of investments and income from them can fall as well as rise

2026 timeline

Political and economic events calendar

World Economic Forum Meeting

US Q4 earnings season kicks off

First Fed and ECB meetings of the year

First SNB meeting of the year

Four years since Russian invasion of Ukraine

IMFG/World Bank Spring Meetings

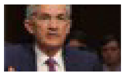
New Fed Chair begins term

Annual G7 meeting in France

NATO Summi in Turkey

FIFA World Cup Final takes place in New York

Annual Jackson Hole Symposium



Brazilian national election

IMF/World Bank Annual Meetings

US Midterm elections

2025 UN Climate Change Conference (COP31) in Turkey

Annual G20 Meeting in the US

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

Sources: Rothschild & Co, public domain

Past performance is not indicative of future performance and the value of investments and income from them can fall as well as rise

Street View – United States

Staying at the helm of global growth

Government Bonds & Credit

During 2025, US inflation continued to moderate but remained above the Fed's 2% target. While the Fed kept rates steady in 1H25, labor market weakness took center stage later, prompting two (or three) preventive cuts in 2H25, bringing the range down to 3.50%-3.75%. Looking ahead, 2026 is widely seen as a transition year, moving from policy easing toward normalization. While most brokers expect the Fed to continue cutting rates, the consensus points to fewer reductions than current market pricing. This view is supported by expectations of resilient growth, a stabilizing labor market, and inflation remaining still above neutral levels.

Most brokers are neutral or overweight US government bonds and expect the yield curve to steepen, though opinions on duration remain divided. Many favor mid- to long-duration exposure given elevated yields, while others prefer shorter duration amid potential pressure on the belly and long end as the Fed's narrative shifts toward hikes and deficit concerns.

While most remain constructive on US rates, many adopt a cautious stance on credit, anticipating better entry points in 2026. Views diverge between Investment Grade (IG) and High Yield (HY): IG advocates cite tight spreads and late-cycle risks, while HY supporters highlight resilient earnings, lower net supply, and solid balance sheets.

Defaults remain low despite gradual softening. All parties acknowledge challenges from surging AI-related capex and M&A-driven releveraging, which increase credit supply and could weigh on quality. Other key risks include a potential recession widening spreads or a tightening regime if growth and inflation reaccelerate.

Equities

Twelve months ago, the debate around the continuation of "US exceptionalism" dominated broker outlooks. Interestingly, that phrase has now disappeared entirely, yet the strong consensus remains: the US is expected to continue as the world's primary growth engine in 2026. The outlook is underpinned by an AI-driven supercycle fueling record—and still rising—capital expenditure, rapid earnings expansion, and a resilient economy supported by easier fiscal and monetary policy alongside ongoing deregulation.

Artificial Intelligence remains the dominant theme for US (and global) equity markets. While concerns about bubbles and stretched valuations persist, brokers broadly agree that prices are well supported by anticipated earnings growth tied to AI adoption and productivity gains. Conviction around AI as a structural driver is strong, and it is seen as the key differentiator for US equities versus global peers.

Recommended sector positioning reflects this AI supercycle excitement: consensus overweights include information technology and utilities benefiting from AI-related capex, as well as financials and industrials expected to gain from cyclical growth acceleration. The non-cyclical healthcare sector is another common overweight, driven by attractive valuations and easing regulatory uncertainty in the US Conversely, energy and real estate are widely underweighted, reflecting structural headwinds and limited exposure to AI and cyclical growth themes.

Even the most cautious brokers stop short of recommending an underweight on US equities. While acknowledging risks such as extreme technology dependency and elevated valuations, the most conservative stance is a neutral allocation rather than outright bearishness—underscoring the strength of the consensus.

So, is it just blue skies ahead, or are there specific risks that could challenge the outlook? Unsurprisingly, a shift in sentiment around the AI-driven growth story is most frequently mentioned, while a persistent reflation trend is also highlighted as a potential headwind for both US and global equities. Labor market weakness is of mild concern only, and the risk of recession does not feature at all in broker outlooks.

Street View – Europe

European Markets Poised for Cyclical Upswing: Credit Resilience Meets Equity Earnings Revival in 2026

Government Bonds & Credit

Consensus views see the ECB maintaining policy rates at 2.0% through 2026, possibly into 2027. Some brokers hold an out-of-consensus view that the ECB could ease further, taking the deposit rate to 1.50% if inflation downgrades persist. Wage growth is already below levels consistent with price stability, reinforcing this contrarian view. Growth in the Euro area is expected to remain above potential, with Germany accelerating to 2.0% year-on-year on fiscal support, while core inflation falls toward 1.9% in the second half of 2026. Analysts recommend overweight duration exposure and favor curve steepeners to capture structural trends. Intra-European spreads are expected to remain tight, with limited compression from current levels.

The Swiss National Bank is expected to maintain zero rates with no further cuts, and its policy tone will be driven more by global factors than domestic conditions. Analysts anticipate EUR/CHF to remain stable or edge higher, implying Swiss franc underperformance versus the euro and other higher-yield currencies due to its yield disadvantage.

European credit markets are expected to remain resilient in 2026, supported by strong fundamentals and favorable technical conditions. Consensus views favor high yield over investment grade, with a preference for mid- to long-duration bonds. Easing financial policies, robust interest coverage ratios, contained default rates, and improving ratings quality provide a solid backdrop for investors. Elevated overall yields continue to attract demand despite persistently tight spreads. High yield is positioned as the most attractive segment, offering stable default rates, strong recovery prospects that are driving sustained inflows, and possible yields above 5%.

Equities

Looking back, the 2025 outlook for European equities was heavily clouded by tariff uncertainty, which was expected to weigh on investor sentiment and limit capital flows into the region. As these clouds dissipated with recent trade agreements, brokers now adopt a much more constructive stance on European equities for 2026. Nevertheless, the region's equity market is still generally perceived as less attractive than its US counterpart, primarily due to slower economic growth and lingering structural challenges, especially increasing pressure from Chinese competition in manufacturing.

On the positive side, improving credit conditions—supported by accommodative monetary policy and a gradual normalization of lending standards—combined with the rollout of further fiscal stimulus should underpin a stronger cyclical outlook. Notably, Germany's ambitious plan to invest over 20% of GDP in infrastructure and defense is expected to act as a significant growth catalyst, boosting industrial activity and creating spillover effects across the Eurozone. Additionally, the potential wild card of a Russia-Ukraine ceasefire could improve investor and corporate sentiment and reduce geopolitical risk premiums, although brokers generally refrain from incorporating this scenario into their base cases.

Turning to corporate earnings, which have been stagnant in Europe for the last three years, brokers broadly expect a long-awaited acceleration in 2026. This anticipated earnings recovery is expected to drive equity prices higher, meaning that in 2026, the upside will not only come from multiple expansion but also from tangible earnings growth.

With respect to preferred sector exposures in European equity markets, recommended allocations largely mirror those in the US, reflecting the expectation of a cyclical growth acceleration in both regions. Consensus overweights are concentrated in typical cyclical sectors such as banks, industrials, materials, and consumer discretionary. The consensus overweight in health care, on the other hand, is based on attractive valuations and likely regulatory support. At the other end of the spectrum, energy and consumer staples remain consensus underweights. Interestingly, utilities present a more nuanced picture: while most brokers advocate overweighting the sector due to increased energy demand from AI infrastructure build-out and ongoing electrification trends in developed economies, one broker recommends an underweight position, citing the sector's traditionally defensive and non-cyclical nature, which may underperform in a growth-driven environment. Overall, there is stronger alignment on sector overweights than on underweights, underscoring a broadly pro-cyclical positioning.

The preference for cyclical exposure is also reflected in the recommended regional allocation in Europe. Most brokers prefer Eurozone equity markets over the United Kingdom and Switzerland, given the more defensive characteristics of the latter two regions.

Street View - Japan and Emerging Markets

Tailwinds for Japanese equities but mixed views on EM

Government Bonds & Credit

Consensus expects the Bank of Japan to raise its policy rate by a cumulative 50bp by Q3 2026, bringing it close to 1%. This reflects inflation staying above target for more than three years, resilient economic activity, and a political backdrop favouring fiscal expansion. Risks to this path are skewed to the downside. Government influence over monetary policy has grown, with dovish signals pointing to a preference for low borrowing costs. Upcoming BoJ board changes could reinforce this bias. A slowdown in US growth and weak domestic wage momentum also threaten Japan's outlook. Combined with policy measures aimed at easing headline and core inflation, these factors suggest the BoJ may struggle to deliver the tightening implied by consensus.

Credit markets in Japan are expected to underperform equities in 2026. Analysts maintain an underweight stance on credit over the next 3–12 months, citing tight spreads and limited return potential in a late-cycle backdrop. While fundamentals remain solid, recession fears and labour market deterioration could weigh on performance.

Emerging Markets (EM) are expected to mirror 2025 trends, with stable growth supported by fading tariff risks, prior monetary easing, and tech-driven capex. A subdued US dollar and lower oil prices reinforce disinflation, allowing EM central banks to keep rates low. Analysts project attractive returns across hard and local currency debt through mid-2026, though Fed tightening would pressure local currencies and debt. EM corporate credit enters 2026 on solid footing after strong 2025 performance. Spreads should remain compressed, supported by conservative balance sheets—IG net leverage near 1.0x and HY at 2.7x, both below developed market peers. Consensus expects EM High Yield to outperform EM Investment Grade.

Equities

Brokers see a broadly positive environment for Japanese equities. Most importantly, the recent political changes in Japan are expected to provide a meaningful tailwind for local equities. Fiscal and regulatory reforms under the Takaichi administration are expected to support economic growth and financial market performance. The government is enacting measures aimed at improving corporate governance and stimulating domestic investment. In addition, ongoing corporate initiatives to improve RoE, accelerate share buybacks and strengthen corporate balance sheets should improve investor sentiment towards equities.

Against this constructive backdrop, most brokers assign an overweight allocation to Japanese equities while one broker recommends a more neutral exposure given the strong performance already achieved in 2025.

Industrials and banks are the consensus overweight sectors. Consumer staples are least preferred, as defensive positioning appears less compelling in a growth-oriented environment.

Similar to the regional equity outlook for 2025, there is significant divergence in views on the performance potential of EM equities. Some brokers reiterate an overweight stance on EM versus Developed Market equities, citing supportive factors such as lower local interest rates, higher earnings growth, attractive valuations, and ongoing improvements in corporate. At the opposite end of the spectrum, one broker assigns an underweight to EM equities, arguing that they do not experience the same structural tailwinds present in other regions, particularly the US Within the EM equity universe, China is typically the most favoured market, as it is expected to benefit from continued policy support aimed at strengthening the domestic AI ecosystem, fostering technological leadership.

Consensus sector overweights in EM equities are in communications, consumer discretionary, and financials. As with energy sector, on the other hand, stands out as the consensus underweight recommendation.

Forecasts - Equities

End-2026 targets

EQUITIES - US AND EUROPE

	US Equities	Upside	European Equities	Upside
J. P. Morgan	7,500	8.7%	385	10.7%
Goldman Sachs	7,200	4.3%	595	2.4%
Morgan Stanley	7,800	13.0%	2,430	2.7%
Société Générale	7,300	5.8%	5,700	-0.9%
UBS	7,700	11.6%	6,200	7.8%

Forecasts as of November 2025, spot prices as of close **13.12.2025**
US: S&P500 Index as of close, spot price = **6,901**

For Europe:
J.P. Morgan uses MSCI EMU Local Index, spot price = **347.701**
Goldman Sachs uses Stoxx Europe 600 Index, spot price = **581.34**
Morgan Stanley uses MSCI Europe Local Index. Spot price = **2,365.64**
Société Générale and UBS use Euro Stoxx 50 Index. Spot price = **5,753.96**

EQUITIES - JAPAN AND EM

	Japanese Equities	Upside	EM Equities	Upside
J. P. Morgan	3,750	11.7%	1,575	14.4%
Goldman Sachs	3,600	7.2%	n/a	n/a
Morgan Stanley	3,600	7.2%	1,400	1.7%
UBS	3,600	7.2%	1,560	13.3%

Forecasts as of November 2025, spot prices as of close **13.12.2025**
For Japan index used is Topix, spot price = **3,357.24**
For EM, index used is MSCI Emerging Markets, = **1.376.73**

Forecasts - Government Bonds & Credit

End-2026 targets

	10y US Treasuries	10y Bunds
J. P. Morgan	4.35%	2.75%
Goldman Sachs	4.20%	3.20%
Morgan Stanley	4.05%	2.45%
Société Générale	3.90%	3.10%
UBS	3.75%	2.25%

Current level as of 13.12.2025: 4.17% US 10 year, 2.84% Bund 10 year
Forecasts as of November 2025
Past performance is not indicative of future performance and the value of investments and income from them can fall as well as rise

CREDIT SPREAD FORECASTS (CURRENT → TARGET)

	US Investment Grade	US High Yield	EUR Investment Grade	EUR High Yield
J. P. Morgan	95 → 110[1]	346 → 375[1]	93→ 90[1]	313→ 300[1]
Goldman Sachs	84 → 90[2]	302 → 315[2]	89→ 99[2]	278→ 315[2]
Morgan Stanley	82 → 95[3]	283 → 300[3]	82→ 90[3]	276→ 280[3]

1. J.P.Morgan. US Fixed Income Markets. 2026 Outlook, 25 November 2025
2. Goldman Sachs. Goal: Global Opportunity Asset Locator, 24 November 2025
3. Morgan Stanley. 2026 Global Strategy Outlook, 16 November 2025
4. J.P.Morgan. European Credit Outlook & Strategy 2026: Pump It Up!. 12-November- 2025
5. Goldman Sachs. Global Credit Trader: Fundamentally sound, 4-December-2025

Street View – Commodities

The consensus bull case for gold extends to next year, while oil market imbalances will keep weighing on price

Gold's rally has reached +60% so far this year, with central bank buying and investor demand pushing prices higher.

The consensus view is for an extension of the rally. Demand is expected to remain robust, thanks to both long-term trends of central banks adding gold to their reserves and investors adding gold to their allocation.

Diversification into gold has been supported by worries on US debt sustainability, Fed independence, policy uncertainty, and equity valuations concerns. As a result of stronger buying and price performance, investors' allocation to gold has increased. However, brokers consider there is scope for more, either coming from investors increasing their portfolio allocation, or from new entrants coming into the asset class. Gold ETFs are expected to continue to attract inflows.

Given its absolute performance and even its recent outperformance relative to gold, silver has also attracted strong interest. It is important to note that silver does not share the two main fundamental drivers of gold performance mentioned above: demand from its industrial applications is a more decisive factor. Brokers anticipate a continued rise in the price of silver in 2026 (described as modest but rarely quantified), due to an expected deficit configuration as well as investors' interest in a bullish environment for gold. Tariff uncertainty remains high on silver, which could entail volatility episodes.

On oil, brokers expect the market surplus to persist next year, with supply forecast to outpace demand. Even though demand is expanding, supply is expanding more, due to joint effects from OPEC and non-OPEC countries production, offshore developments and global shale. Also, global inventories have built so far in 2025, adding to supply.

It is worth noting one broker presents a dissenting scenario for oil, in which a modest demand recovery faces a stalling supply growth from non-OPEC+ countries, ultimately pushing prices higher. The same broker also underlines the hedge behavior energy commodities could demonstrate against geopolitical shocks (e.g., Middel East).

2026 FORECASTS

	Gold	Upside
J. P. Morgan	$5,055	+19.5%
Goldman Sachs	$4,900	+15.8%
Morgan Stanley	$4,500	+6.4%
Société Générale	$5,000	+18.2%
UBS	$4,300	+1.7%

	Brent	Upside
J. P. Morgan	$55	-10.2%
Goldman Sachs	$57	-6.9%
Morgan Stanley	$60	- 2.1%
Société Générale	$52	-15.1%
UBS	$67	+9.3%

	WTI	Upside
J. P. Morgan	$51	-11.4%
Goldman Sachs	$53	-8.0%
Morgan Stanley	n/a	n/a
Société Générale	n/a	n/a
UBS	$64	+11.1%

Forecasts as of November 2025, spot prices as of 13.12.2025:
WTI: $57.60
Brent: $61.28
Gold: $4'230
Past performance is not indication of future performance and the value of investments and income from them can fall as well as riseinvestments and income from them can fall as well as rise

Street View - Foreign Exchange

Navigating USD's regime shift and cross-currency dynamics

The US dollar is expected to experience a split year in 2026. The currency is expected to stay weak during the first half of 2026 driven by falling real rates, higher inflation expectations, and ongoing Fed rate cuts. Later in the year, conditions should shift. Rising long-term US rates and narrowing rate gaps with other countries should stabilise the currency and set the stage for recovery into 2027. While risk sentiment and global growth dynamics amplify early downside, stronger US economic conditions and fewer concerns about the dollar will make the outlook more positive. According to analysts, investors should prepare for a turning point in the second half of the year, and timing it will be key.

EUR/USD is expected to see moderate gains in 2026, supported by Eurozone growth and German fiscal expansion, but upside remains capped unless US data weakens materially. Early-year strength could push EUR/USD higher, but a rebound in US growth and the end of the Fed cutting cycle, alongside potential further ECB easing into accommodative territory, should weigh later in the year. Overall, the euro may get support early in the year if markets expect the Fed to keep cutting the rates. However, falling local rates should increase EUR's popularity as a funding currency for carry trades (which should cap the upside).

GBP faces a mixed outlook in 2026. Resilient domestic growth and attractive yields could create buying opportunities early in the year. But as inflation falls, and the BoE cuts rates, sterling's advantage will fade, shifting it from leader to laggard. Fiscal risks and labour market weakness could add more pressure later in the year.

JPY is expected to stay a main funding currency in 2026 because Japan's interest rates remain among the lowest in the G10, even after a challenging monetary policy environment. Structural challenges and limited short positions leave room for more yen weakness during the first half of the year, with USD/JPY likely moving above past intervention levels. By the second half, interventions and hawkish BoJ actions could cause short-term rallies and some analysts expect a rebound by year-end.

2026 FORECASTS

	EUR/USD	GBP/USD	USD/CHF	USD/JPY
J. P. Morgan	1.20	1.36	0.80	164
Goldman Sachs	1.25	1.39	n/a	145
Morgan Stanley	1.16	1.29	0.82	147
Société Générale	1.14	1.30	n/a	132
UBS	1.20	1.35	0.79	146

Forecasts as of November 2025 for J.P. Morgan, SocGen, UBS and Morgan Stanley
Spot prices as of 13.12.2025: **EUR/USD: 1.174; GBP/USD: 1.338; USD/CHF: 0.795; USD/JPY: 155.69**

Past performance is not indicative of future performance and the value of investments and income from them can fall as well as rise.

Notes

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Note: We select, when available, the closest target to the end of 2026, depending on the counterparty (stated as end of 2025, 4Q2025, 12-month forecast or, alternatively, 2H2025). Forecasts might be changed by counterparties depending on market circumstances.

Terminology

BoE = Bank of England BoJ = Bank of Japan

DM = Developed Markets

ECB = European Central Bank EU = Europe

EM = Emerging Markets EPS = Earnings per Share Fed = Federal Reserve

FX = Forex

HY = High Yield

IG = Investment Grade

OPEC = Organization of the Petroleum Exporting Countries

YTD = year to date

Consensus / the "Street" refers to J.P. Morgan, Morgan Stanley, UBS, Société Générale and Goldman Sachs only for the purpose of this paper.

Important information