

## RESEARCH UPDATE

## MARKET

OCTOBER 2026

watch



Global equity markets mostly retreated in September as global bond yields jumped to multi-decade highs on elevated energy costs, inflation fears and fiscal policy concerns. Crude oil prices rebounded to over US\$100/barrel intra-month, with no breakthrough between Iran and the US and the closure of Saudi Arabia's East-West pipeline following drone attacks. Artificial intelligence (AI) was another major talking point, with AI leaders calling for the slowdown of frontier model development to ensure stronger risk management. Top industry insiders warned that there was a 10% chance of AI wiping out humanity over the next decade. The S&P 500 eased 0.5% lower, while the Nasdaq Composite gained 1.9%, their fortunes diverging on the outperformance of Information Technology and Communication Services, while all other sectors fell. The Hang Seng index lost 3.7% as the Cyberspace Administration of China began investigating AI companies over potential data security breaches. The S&P/ASX 200 lost 4.0% as the Reserve Bank of Australia (RBA) increased the cash rate to 4.6%.

**S&P/ASX 200 Sector Performance**

Healthcare extended its rally in September, adding 3.4%. 4DMedical saw the largest return, rebounding 24.3% after a prolonged period of profit-taking, while CSL Limited (7.4%), Ramsay Health Care Limited (8.6%) and Ansell Limited (11.0%) were the main contributors. These gains were partially offset by Regis Healthcare Limited, which fell 30.7% after the latest Australian National Aged Care Classification (AN-ACC) pricing changes. The Australian Government announced a 2.55% increase in the AN-ACC starting price but kept the hotelling supplement unchanged. This was significantly below inflation, and combined with

increases to worker pay, is expected to significantly impact Regis Healthcare Limited's margins.

Information Technology led sectoral losses with a 10.8% fall. Xero Limited fell 31.3% to a seven-year low, with ongoing concerns around the acquisition and expansion plans in the US, the impact of AI on software companies and higher interest rates. In addition, the company was involved in a social media controversy with accountants after a sponsored post by a British influencer claimed that Xero's software could be linked to AI model Claude to generate documents without the need for an accountant. NextDC Limited retreated 21.6% after

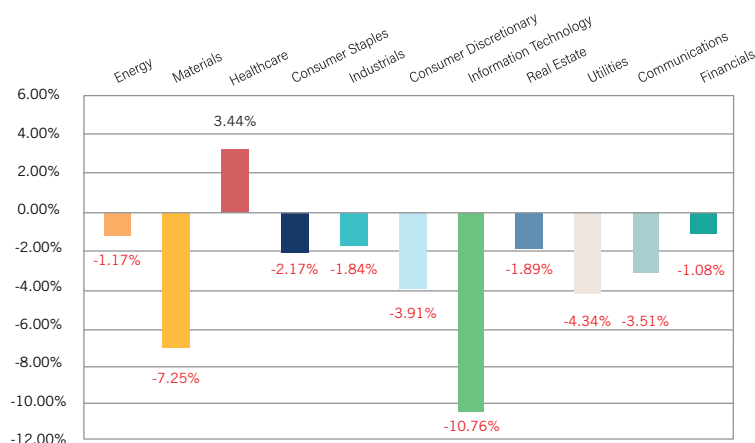
issuing \$1.1 billion in convertible notes. To keep up with the strong project pipeline and continued demand for data centres, NextDC Limited has been required to source significant funding, launching \$1.7 billion in hybrid securities, raising \$1.5 billion via a non-renounceable entitlement rights offer, and securing \$2.3 billion in senior debt facilities this calendar year.

The next weakest sector was Materials (-7.3%), driven by a sell-off in lithium companies. Elevra Lithium Limited (-31.5%), PLS Group Limited (-28.5%), IGO Limited (-25.2%), Lontown Resources (-24.1%), and Core Lithium Limited (-15.8%) were all significantly lower, tracking the fall in lithium

carbonate prices. Prices fell to an eight-month low on growing lithium supply as multiple mines returned to production. Gold producers were able to offset some losses, with PDI Gold Limited (9.1%), Pantoro Gold Limited (8.5%), Northern Star Resources (5.7%) and Ramelius Resources Limited (2.4%) leading the way.

Consumer Discretionary declined 3.9% over the month, driven by the rate hike and weaker consumer discretionary spending data as the cost of living rises. Light & Wonder Inc. (-16.8%), Eagers Automotive Limited (-13.9%) and Flight Centre Travel Group Limited (-12.1%) were the main laggards.

### S&P/ASX 200 Sector Performance



Data Source: Desktop Broker, 1 October 2026

## Highlights

**Australia:** The Australian Bureau of Statistics published the 'Australian National Accounts: National Income, Expenditure and Product' data release for the June 2026 quarter. The Australian economy rose 0.4%, seasonally adjusted, over the quarter and 1.2% over the year. Growth was driven by private demand and increased imports. Households remained cautious, with the household saving-to-income ratio rising from 6.4% to 6.5%.

A rogue OpenAI agent was revealed to have

hacked into multiple government websites in mid-June. The attack was reported to be the first government hack by an autonomous AI agent. OpenAI only identified the data breach on 11 August and only notified the Australian government on 11 September via an email to the Services Australia inbox. The slow response by OpenAI prompted criticism and the Australian Government launched an urgent review of AI legislation and governance. OpenAI has since apologised and will be supporting

the Australian government and industries to strengthen cyber defence systems and establish an Australian taskforce to 'develop practical policy recommendations for managing risks from increasingly capable AI agents'.

**US:** US President Donald Trump banned media outlets CNN, MS NOW and Politico from the White House, citing that the outlets 'constantly write or report FICTION and LIES'. In response, the banned media outlets filed a joint lawsuit alleging that the ban violated the First Amendment, and other media outlets suspended the pool coverage in solidarity. A federal judge later temporarily lifted the ban, deeming it as likely unconstitutional.

The US Conference Board Consumer Confidence Index fell to its lowest level since 2014, recording 81.9 points for September. The Present Situation Index assessing current business and labour market conditions fell sharply, while the Expectations Index measuring the short-term outlook for income, business and labour market conditions continued to slide for the third consecutive month.

**Canada:** Canada is in talks to become the first-ever associate member of the European Union. The President of the European Commission, Ursula von der Leyen, suggested the idea at the annual 'state of the union' address to the European Parliament. The 27 member states will be required to vote on the proposal.

**United Kingdom:** The UK military revealed that it has been jamming satellites from other countries to 'defend itself from hostile threats' and prevent the tracking of its military assets and operations. The Royal Air Force also announced a new squadron

named the No III Space Effects Squadron to protect its satellites, warn of missiles and communicate with ships.

**Germany:** Automaker Volkswagen has fallen out of the Euro Stoxx 50 Index for the first time in 15 years. Volkswagen's share price is now only a quarter of its price in 2021, having steadily fallen due to competition, particularly from lower-cost Chinese manufacturers, tariffs and concerns around its planned restructuring.

**Finland:** Smart ring maker Oura has delayed its US\$2.2 billion initial public offering (IPO) on the Nasdaq, only days after announcing it. The company cited 'uncertainty in the IPO market' as the reason behind the decision.

**South Korea:** In response to supply chain instability and the energy crisis over recent years, the South Korean Ministry of Trade, Industry and Energy announced new policy measures, including creating a new list of critical minerals and creating a stockpile of up to a year's supply. South Korea will also reduce its crude oil dependence on any region to below 50% within the next decade.

**China:** US defence intelligence company Vantor captured images of what could be the world's first special drone submarine warship being built at a shipyard in Shanghai. While it is still in construction, experts estimate the ship could carry four submarine drones.

**Japan:** The number of centenarians (people aged 100 or more) in Japan has reached 107,677 according to its Ministry of Health, the highest of any country. The increasing number of centenarians demonstrates advances in both medicine and technology, and the healthy diet and active lifestyles of its citizens.

## What to watch out for

The International Monetary Fund and the World Bank Group will hold their 2026 Annual Meetings on 12–18 October. There will also be meetings held on the sidelines, including the G20 Finance Ministers and Central Bank Governors Meeting.

These meetings will bring together finance ministers, central bankers, sovereign wealth fund representatives and more to discuss global economic growth, inflation trends, fiscal sustainability, global trade, etc.

## Conclusion



Global equity markets were mostly weaker in September as investors weighed global bond yields reaching multi-decade highs, currency intervention, oil prices above \$US\$100/barrel once again and AI safety concerns. Higher oil prices are expected to accelerate inflation globally as its effects flow through to other parts of the economy. Most Central Banks are maintaining a more hawkish stance as they await the impacts of the conflict on inflation.

During periods of uncertainty, clients should:

- **Stick to the plan:** Focus on your long-term goals. Our investment approach is focused on the long term and designed so that your portfolio can ride out any downturns – including this one. Staying the course, despite how uncomfortable it may feel right now, will prove to be the better option when looking back five years from now.

Investors who stayed the course while equity markets declined in the depths of the COVID-19 pandemic in early 2020 have benefited from one of the fastest market turnarounds with equity markets. Investors who sold equities during the downturn and waited until economies started to show recovery before buying back into the market missed a large part of the recovery.

- **Maintain a buffer of safety:** Holding a buffer of cash and term deposits has been a key strategy to provide a cushion against market downturns and to protect capital.
- **Take advantage of the weakness:** Market downturns provide buying opportunities to invest in long-term, quality investments.
- **Focus on quality investments:** Invest in companies that generate stable cash flows to support distributions, which are not connected to the movements in asset prices, and partner with fund managers who share the same investment philosophy and objectives.
- **Diversify:** Spread investments across asset classes, industries, sectors and geographies.
- **Regularly rebalance the portfolio back to your risk profile:** Ensure the portfolio is not exposed to unwanted risks to lock in profits.
- **Remain calm and speak to your Apt adviser:** It is important that you speak to your Apt adviser before making any financial moves. Your adviser understands your long- and short-term goals and will have been planning for these types of scenarios already, so they are best placed to explain any impact and discuss the best options and opportunities for you personally.

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