Market Insights

Q4*2026



Higher yields, stronger earnings, scarcer things



Source: Ai generated

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INTRODUCTION

Higher yields, stronger earnings, scarcer things

The third quarter showed investors that the market regime has changed. The energy shock came back as the US–Iran conflict kept Gulf supply disrupted, and Brent rose above $100 in September. Central banks responded together. The ECB, the Fed (with its first hike since 2023) and the Bank of Japan each raised rates by 25 bp within eight days. Only the SNB held. Bonds took the hardest hit: the US 10-year yield rose about 85 bp to its highest level since 2007, and the 30-year moved above 5.6%.

Equities held their ground. The S&P 500 gained 2% and the Nasdaq 2.5%, supported by earnings growth still close to 30%. Strong profits are now doing the work that cheap money used to do, and a PEG ratio near its 30-year low suggests the market is less expensive than headline multiples imply. For Q4, the question is how long earnings can keep outpacing a 5% risk-free rate.

Beyond the quarter, we believe something more structural is at work. For four decades, the binding constraint on the global economy was money. Today it is physical: energy, metals, transformers, grid connections and skilled labour. Weather, war and artificial intelligence are three independent forces squeezing the same scarce resources, and no central bank can print a refinery or make it rain. In this world, growth and inflation move apart, bonds become income first and insurance second, and the central-bank "put" is struck much lower.

This outlook sets out what that means for portfolios: own the sources of scarcity, favour pricing power and strong balance sheets, treat geography as a driver of returns again, and diversify the diversifiers. Ahead of us are the US midterms, an October Fed decision that is a coin flip, and an unresolved conflict in the Gulf. Our stance is simple: constructive on earnings, selective on valuation. We continue to favour equities over bonds and use gold, commodities and hedge funds as diversifiers. Ahead of the midterms, we expect some volatility and are ready to redeploy our small cash buffer on an opportunistic basis. We stay tactically long the dollar against all currencies.

We hope you will enjoy our Q4 Market Insights.

QUARTERLY REVIEW

Q3 2026 financial markets & macro review

Oil, yields and the return of rate hikes: a quarter where bonds took the pain and equities barely flinched

Key takeaways

- **The energy shock came back.** The US-Iran conflict, now in its seventh month, kept Gulf supply disrupted. Brent crude went from the low $70s in early July back above $100 in September, ending the quarter in the high $90s.
- **Global tightening restarted.** The ECB (10 Sep), the Fed (16 Sep, its first hike since 2023) and the Bank of Japan (18 Sep) each raised rates by 25 bp. The SNB stayed at 0%.
- **Bonds had a brutal quarter.** The US 10-year yield rose roughly 85 bp to about 5.25–5.30%, its highest since 2007, and the 30-year yield moved above 5.6%, a level last seen in 2002.
- **Equities held up, but only just.** The S&P 500 gained 2.0% and the Nasdaq 2.5%, while the Dow lost 2.7%. Europe and Switzerland slipped, and the Nikkei posted its first quarterly decline since Q1 2025 after a record Q2.
- **Earnings are the shock absorber.** Consensus expects S&P 500 earnings growth of about 29% for Q3, a third straight quarter above 25%, which helped offset pressure from higher discount rates.
- **The dollar regained its footing.** EUR/USD fell to about 1.13, its lowest since May 2025, and USD/CHF hit a 16½-month high. The yen was the main exception.

Market performance snapshot

Equity index (local currency, price)	Level 30 Sep	September	Q3 2026	YTD 2026
S&P 500	7,651.5	−0.5%	+2.0%	+11.8%
Nasdaq Composite	26,861.1	+1.9%	+2.5%	+15.6%
Dow Jones Industrial Average	50,906.1	−4.3%	−2.7%	+5.9%
STOXX Europe 600	~635	−2.5%	−1.0%	~+7%
SMI (Switzerland)	13,830.3	−3.2%	−2.6%	+4.3%

Rates, FX & commodities	Level 30 Sep	Q3 move	Comment
US 10-year Treasury yield	~5.25–5.30%	~+85 bp	Highest since 2007; ~+50 bp in September alone
US 30-year Treasury yield	>5.6% (intraday)	n/m	Highest level since June 2002
Brent crude (USD/bbl)	~97	~+35%	Spiked above $100 in September
Gold (USD/oz)	~4,170	~+4%	Fell ~6% in September; ~25% below January record
EUR/USD	~1.134	−2.5% in Sep	Third straight quarterly USD gain vs EUR
USD/CHF	~0.835	USD higher	16½-month high for the dollar vs the franc
USD/JPY	~157	−3.3%	Yen supported by intervention and BoJ hikes

Sources: CNBC, Reuters, Yahoo Finance, Investing.com, SIX, FactSet, Trading Economics, Kitco; closing or late-session data as of 30 September 2026. Figures marked "~" are approximate. YTD for US indices computed from end-2025 closes. Past performance is not a reliable indicator of future results.

Macro: an energy shock that refused to fade

#Geopolitics set the tone. After a ceasefire briefly pulled oil back towards pre-war levels at the start of July, renewed US strikes on Iran, attacks on commercial shipping in the Strait of Hormuz and Iranian strikes on Gulf infrastructure, including Kuwait in early September, put the energy shock back at the centre of the macro story. Brent crude closed above $101 on 9 September, its highest since May, and Goldman Sachs described $120 as plausible. Partial relief came late in the quarter from Saudi Arabia restarting its East to West pipeline and a US release of up to 40 million barrels from the Strategic Petroleum Reserve. The correlation between oil and the US 10-year yield reached its highest level since the 1990s, which says a lot about what drove markets this quarter.

#United States: resilient growth, sticky inflation. Q2 GDP was revised up sharply to 2.2% annualised (from 1.5%), with consumer spending growing 3.8%, and Q1 was revised to 2.5%. The labour market remains firm, with unemployment at 4.1% in August. Headline CPI ran at 3.4% y/y in August against 2.4% for core, so the inflation problem is mainly energy driven. Pump prices illustrate this, with diesel around $6.50 a gallon. The August PCE report on the last day of the quarter was the first genuinely encouraging print, with core PCE up 0.2% m/m against 0.3% expected, but the consumer is feeling the squeeze: Conference Board confidence fell to a 12-year low in September.

#Euro area: stagflation-lite. Inflation climbed to 3.2% in August, the highest since September 2023, driven by energy prices up 14.3% y/y, while core eased to 2.4%. Growth is modest: GDP rose 0.4% q/q in Q2 after a flat Q1. The ECB's September projections keep 2026 inflation at 3.0% but raise 2027 and 2028 to 2.5% and 2.1%. Lagarde described growth risks as tilted to the downside and inflation risks to the upside.

#Switzerland: the franc turns from headwind to help. Swiss inflation remains the lowest among major economies, with the SNB forecasting 0.7% for 2026 and 0.8% for 2027–28. For the first time in a long while, the franc weakened against both the euro and the dollar, which the SNB itself noted is supportive for the economy. The Confederation yield curve shifted higher over the quarter.

#Japan and China. Japan continued to normalise, with coordinated US-Japan intervention to support the yen in the summer and a faster pace of BoJ hikes. China moved the other way: GDP growth slowed to 4.3% y/y in Q2 from 5.0% in Q1, and the official PMIs slipped into contraction in July before recovering above 50 in September. Exports continue to carry growth while domestic demand stays weak, and the yuan posted a seventh consecutive quarterly gain against the dollar.

Central banks: the tightening cycle is back

Central bank	Policy rate	Q3 action	Signal
Federal Reserve	3.75–4.00%	+25 bp (16 Sep)	Unanimous 12–0; median dot sees one more hike to ~4.1% by year-end
ECB (deposit rate)	2.50%	+25 bp (10 Sep)	Second hike since June; meeting-by-meeting
Bank of Japan	1.25%	+25 bp (18 Sep)	Highest since 1995; 7–2 vote; more hikes signalled
Swiss National Bank	0.00%	Hold (24 Sep)	Ready to intervene in FX as necessary

The Fed's September hike under Chair Kevin Warsh was the first since 2023. It followed a July meeting at which three FOMC members already dissented in favour of a hike, and a hawkish Jackson Hole speech. In the September dot plot, 16 of 18 participants expected at least one more hike this year. Markets swung hard in the final days of the quarter: New York Fed President John Williams said there was "no need for urgency", and the softer PCE data pushed the implied probability of an October hike down to roughly 50%, from more than 80% earlier in the month. The ECB followed its June move with a second hike, while Lagarde warned on 28 September that the recent rise in long-term rates will itself slow growth. The BoJ hiked only three months after its June move, the shortest gap of the cycle. The SNB was the outlier, holding at 0% as inflation stays within its price-stability range.

Fixed income: long ends under siege

This was a punishing quarter for duration. The US 10-year yield climbed from roughly 4.4% at the end of June to about 5.3%, the 5-year moved above 5% for the first time since 2007, and the 30-year broke 5.6%. A broad US Treasury index was down about 1.8% in September alone as of the last week of the month. Several forces reinforced each other: energy-driven inflation, an explicitly hawkish Fed, national debt passing $40tn, and heavy AI-related corporate issuance competing for investors' capital. The US Treasury stepped up buybacks of long-dated debt in August, but the relief was short-lived. The sell-off was global, with long-dated yields reaching multi-year highs in Germany, France, the UK and Japan, where the 10-year JGB yield reached its highest level in about 30 years. In credit, subordinated bank paper (AT1s) underperformed as rising rates weighed on flows. The positive side is that nominal and real yields now offer the most attractive entry point in almost two decades for investors with a medium-term horizon.

Equities: resilient headline, fragile underneath

#US. The S&P 500 reached a record in the quarter and still finished up 2%, but the path was bumpy and leadership narrow. Semiconductors, the engine of the H1 rally with a gain of more than 100% YTD at the late-June peak, fell as much as 29% into July after a disappointing AI guide from Broadcom, stretched valuations and rising yields. They recovered part of the loss but still ended Q3 around 11% lower. Energy was the clear sector winner, while financials fell 6.3% in September alone, their worst month since March 2023, as the yield surge raised funding costs. Breadth deteriorated, with only about a quarter of S&P 500 members trading above their 50-day moving average at the end of September. What held the index together was earnings. FactSet expects Q3 EPS growth of 29.1% and revenue growth of 12.1%, and estimates have been revised up during the quarter, which is unusual. The forward P/E of about 19x looks reasonable relative to that growth, but historical analysis suggests multiples tend to come under pressure once 10-year yields move sustainably above 5%.

#Europe and Switzerland. The STOXX 600 ended a five-month winning streak with a 2.5% loss in September, finishing Q3 down about 1% as bond yields and energy costs weighed. The FTSE 100 still logged its seventh consecutive quarterly gain thanks to its energy and resource tilt. The SMI fell 2.6% over the quarter after reaching a record in late July, with the early September sell-off hitting defensive heavyweights.

#Asia. After a record 37% surge in Q2, the Nikkei 225 posted its first quarterly decline since Q1 2025, hit by the July AI sell-off, higher yields and a stronger yen, although it still closed at about 66,800. The KOSPI remained highly sensitive to swings in AI chip sentiment, while Hong Kong and mainland China lagged amid soft domestic data.

Currencies and commodities

#Currencies. The dollar rebounded on growth and rate differentials. It gained about 2.5% against the euro in September, its largest monthly rise in 14 months, and the dollar index ended near 101.4, up more than 3% YTD. The franc weakened against both the dollar and the euro, with EUR/CHF trading around 0.94, as investors used it as a low-yielding funding currency. The yen was the notable exception, strengthening about 3% against the dollar over the quarter on intervention and BoJ tightening.

#Gold. Gold had a two-speed quarter. It recovered from about $4,000 at the end of June, after its worst quarter since 2013, to around $4,400 in mid-September, then gave back roughly 6% as real yields surged. It ended near $4,170, still modestly higher for the quarter but about 25% below its January record near $5,590. Record central bank buying in Q2 (289 tonnes) continues to provide a structural floor.

Looking ahead: what matters for Q4

- **Does the energy shock broaden into core inflation?** The September jobs report (2 October), CPI in mid-October and the FOMC on 27-28 October will decide whether the Fed hikes again this year. Markets currently put the odds of an October move at roughly a coin flip.
- **Can earnings outrun a 5% risk-free rate?** The Q3 reporting season, starting in earnest in mid-October, needs to confirm high-20s EPS growth and resilient AI capex guidance to justify current multiples.
- **Geopolitics and politics.** The US midterm elections on 3 November are a key milestone. Reports that US strikes on Iran could resume after the election keep an oil price tail risk alive, while a credible nuclear or sanctions deal would be a meaningful upside catalyst for bonds and cyclicals.
- **Central bank calendar.** After the Fed and ECB in late October, the BoJ (a further hike by January is widely expected) and the SNB on 10 December close the year. A weaker franc and sub-1% inflation leave the SNB comfortably on hold.

Portfolio considerations. The quarter reinforced the case for balance over bold directional bets. Yields near two-decade highs make high quality bonds attractive again for carry, while keeping a measured duration stance given inflation and fiscal risks. In equities, earnings visibility and pricing power matter more than ever as the discount rate rises, and diversification away from a narrow AI driven leadership remains prudent. Energy exposure and gold continue to play a hedging role against geopolitical escalation. For CHF-based investors, the weaker franc has been a welcome tailwind for foreign currency assets, though currency hedging decisions deserve regular review.

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Central banks join the bond market

Source: AI generated

Key takeaways

- September was the month the central banks caught up with the bond market. The ECB (10 September), the Fed (16 September) and the Bank of Japan (18 September) each raised rates by 25 basis points. It was the Fed's first rate hike since 2023, voted unanimously, with the median dot pointing to one more move before year end.
- The long end did not wait. The US 10-year yield broke through 5% on 23 September and reached around 5.25% on 28 September, its highest level since 2007, while the 30-year traded at levels last seen in 2004. Brent crude moved back above USD 100 as US-Iran talks stalled. Equities remained strong compared to bonds at the index level, but small caps slid towards correction territory, while gold gave back most of its late-August surge.
- Looking ahead, we expect the Fed, ECB, BoJ and BoE to hike rates twice and the SNB once by next summer, but we do not expect an aggressive tightening cycle. Growth is dampened, not derailed; earnings revisions remain positive across all major regions and valuations have improved as earnings outpaced prices. Near-term volatility is likely to persist into Q3 earnings and the US midterms.
- We make two changes to our asset allocation preferences grid. We upgrade 1-10-year government bonds from underweight to a moderate underweight, as higher yields restore some value at the front and belly of the curve. We downgrade all currencies (EUR, CHF, GBP, JPY and EM) from neutral to underweight against the US dollar. We stay neutral equities, overweight cash, underweight fixed income, overweight gold and commodities and neutral hedge funds.

THE BIG PICTURE

Rates: the global hiking cycle restarts

Three of the four major central banks tightened within eight days. The ECB moved first, lifting its deposit rate to 2.50%, its second hike of the year, and warning that the Middle East conflict will keep inflation well above target for an extended period. Its new staff projections see headline inflation averaging 3.0% in 2026.

The Fed followed on 16 September, raising the federal funds target range to 3.75%-4.00% in a 12-0 vote. Only two months earlier three members had dissented in favour of a hike; this time the committee moved as one. Chair Warsh described the decision as removing a dose of accommodation, and the dot plot now puts the median year-end rate at 4.1%, implying one further quarter-point move in 2026 and no change in 2027.

Two days later, the Bank of Japan raised its policy rate to 1.25%, the highest since 1995, in a 7-2 vote, just three months after its June hike. A historically weak yen, a coordinated intervention by Tokyo and Washington to support it, and a 10-year JGB yield above 3% for the first time in three decades all pushed in the same direction.

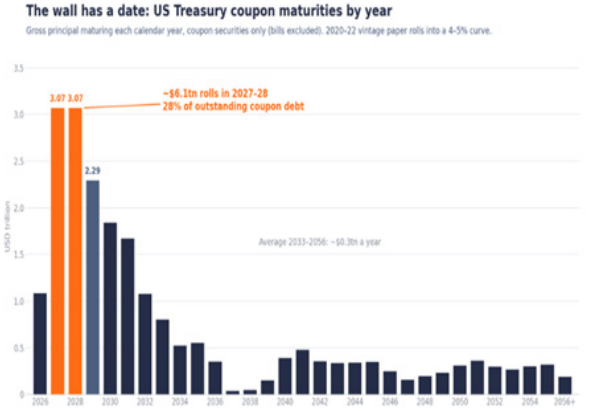
The message across all three is the same: central banks are not prepared to look through the energy shock while underlying price pressures, other than energy, have not shown a convincing downward trend. Refined products like diesel have surged far more than crude, which raises the risk of second-round effects.

Bonds: 5% is no longer a ceiling

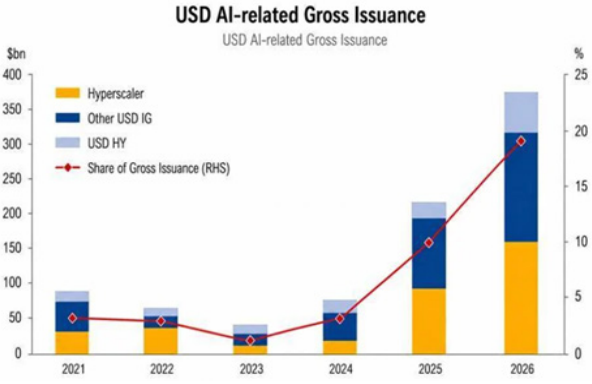
Last month, we expected the US 10-year yield to trade within a 4.5% to 5.0% range through year end. That range has been broken. On 23 September, the 10-year yield rose more than 13 basis points to above 5.10%, marking its biggest one-day move in nearly 18 months. The sell-off followed a combination of much stronger-than-expected activity surveys, hawkish Fed commentary, a poorly received five-year auction and Brent crude returning above USD 100.

The move extended on 28 September when the US rejected Iran's latest proposal to reopen the Strait of Hormuz. The 10-year yield reached around 5.25% and the 30-year around 5.5%. Over the last month, the 10-year yield rose by roughly 45 basis points, now sitting more than 100 basis points above its level a year ago.

The Treasury's expanded long-dated buyback programme, the hinge we identified last month, has so far done little to slow the climb. The drivers we set out in August — resilient nominal growth, wide deficits, heavy sovereign and AI-related duration supply, and uncertainty around the Fed — are all still in place. September added a fourth: an explicit tightening bias from central banks facing an energy shock that refuses to fade.



Source: Bloomberg, US Treasury, Syz Bank



Source: Goldman Sachs

Equities: resilient at the index level, strained underneath

Given the scale of the bond move, the S&P 500 has been remarkably resilient, ending September within about 2% of its 12 August record. Strong earnings momentum and record margins continue to absorb higher discount rates for large caps.

Beneath the surface, the picture is less comfortable. The Russell 2000 is down almost 10% from its mid-August peak as the 10-year yield climbed about 60 basis points over the same period, a reminder that financing costs bite first where balance sheets are weakest. Our market factor indicators have softened accordingly (see below).

Gold: the debasement trade pauses

Gold fell by about 6% in September to around USD 4,170 per ounce, giving back most of the late-August rally and standing roughly a quarter below its January record of about USD 5,600. The narrative that drove August — fiscal credibility and dollar debasement — was overtaken by a rates narrative: higher real yields and a hawkish Fed raise the opportunity cost of holding a non-yielding asset, while a firmer dollar reduced its appeal to non-US buyers.

We read this as a pause rather than a reversal. Central bank demand and the structural case for gold as an inflation and geopolitical hedge are intact, which is why we keep the overweight despite the shorter-term headwind.

What sits ahead

Three points of framing for the coming weeks.

- The October FOMC is a closer call than the dot plot suggests. New York Fed President Williams signalled on 29 September that there is no urgency for the next move, and market odds of an October hike have fallen on softer data. The September payrolls report (2 October) and September CPI (mid-October) will decide whether the Fed moves again on 27-28 October or waits until December.
- Oil and the Strait of Hormuz remain the swing factor. The breakdown of the latest US-Iran proposal pushed Brent crude back above USD 100, and Iranian officials have reportedly expressed pessimism about a deal before the US midterms in November. Our base case still assumes a new agreement in Q4, but the timeline has become more uncertain.
- Q3 earnings season will test the equity market's resilience. Consensus expects very strong EPS growth for 2026, with upgrades extending into 2027. With the S&P 500 close to its highs and yields at multi-decade levels, the bar for guidance is high.

The hinge: does the energy shock stay an energy shock?

The decisive variable this quarter is whether elevated energy prices feed into broader domestic price pressures. Our central scenario assumes they will only to a modest extent: energy prices moderate in Q4, second-round effects stay contained, and central banks deliver a measured sequence of hikes rather than an aggressive cycle.

If diesel and other refined products keep outpacing crude and core inflation re-accelerates, central banks would have to do more than the two further hikes we expect, and the pressure on real yields would move from the long end to the whole curve. For equities, the transmission channel to watch is credit: stress so far remains confined to CCC issuers, with no spillover into higher-quality segments. Corporate spreads and CDS are the early-warning indicators, and they are one reason we keep an overweight in cash alongside a neutral equity allocation.

OUR TOP-DOWN CORE SCENARIO

Global growth and inflation perspectives

We expect the economy to stay on a positive trend, even if elevated energy prices and central bank hikes slow it down. The latest escalation in the Middle East keeps energy prices elevated, which will dampen global growth in Q4, while the rate hikes of major central banks, including the Fed, will slow it in H1 2027.

We expect the Middle East situation and energy prices to moderate in Q4, so the global growth trend is dampened but not derailed. This should ease inflation pressures and keep second-round effects in check.

Supportive fiscal policies, including additional spending to cushion the impact of higher energy prices, together with a stabilisation of the trade system and still strong capex spending, should help to mostly offset the drag from high energy prices and higher rates.

Outlook on central banks

The latest escalation in the Middle East and the surge in energy prices have interrupted the easing of price pressures. Underlying inflation outside energy has also shown no convincing downward trend in recent data.

Together with concerns about stronger second-round effects, as refined petroleum prices such as diesel rose much more sharply than crude, this prompted the Fed, ECB and BoJ to raise their policy rates in September.

Even assuming energy prices moderate in Q4, we now expect the Fed, ECB, BoJ and BoE to raise rates twice by next summer, with the SNB delivering one additional hike. However, we do not expect an aggressive hiking cycle at this stage.

Politics

The re-escalation of the Middle East crisis has raised geopolitical uncertainty, but we still believe the involved parties are incentivised to reach an agreement in Q4, allowing energy prices to moderate.

Apart from the energy shock, fiscal policy remains expansive and continues to support growth in 2026 in the US, where tariff refunds provide an additional boost, as well asin China and in Europe. Several governments have implemented additional stimulus to limit the economic impact of higher energy prices.

The Middle East crisis, US tariffs, and retaliatory measures continue to weigh on global trade momentum, though the negative impact has faded compared with H1 2026. The latest US trade dispute with Canada shows that the current US administration remains willing to open new tariff fronts.

Our core and alternatives top-down scenarios

The starting point for positioning remains our three-scenario framework. Recent geopolitical and macro developments have led us to increase the probability of an "Inflation heatwave" scenario from 30% to 40% while decreasing the probability of a "growth freeze" from 20% to 15% and the baseline "Indian summer" scenario from 50% to 45%.

- **Indian summer for 2026 (baseline, probability 45%):** global growth recovers from the energy price shock, with investment and fiscal spending supportive. The US keeps growing on fiscal stimulus, releveraging and AI productivity gains, the eurozone recovers, and China and emerging markets ride a global capex cycle. Inflation abates over time, though the US, Eurozone and UK run above target, and central banks tighten gradually.
- **Inflation heatwave (probability 40%):** a further geopolitical escalation delivers another energy shock, or stimulus, releveraging and AI capex push growth into an overheating boom; the energy shock broadens into core inflation, and central banks are forced into a more aggressive hiking cycle.
- **Growth freeze (probability 15%):** US consumption freezes, the AI capex cycle breaks down on disappointing returns or drives layoffs, higher rates trigger financial instability and a credit crunch, austerity returns, or China chokes the global capex cycle.

Growth freeze probability: 15%

"Freeze-Risks" to our baseline scenario (triggering low growth and low inflation):

- **US** lower & middle income classes freeze their consumption
- **US AI investment** cycle leads firms to layoff employers to justify investments
- **US AI capex** cycle breaks down as expectations cannot be met (disappointing returns)
- **Financial system instabilities** lead to a credit crunch
- **Fiscal debt** starts to backfire, "austerity" comes back in the USA or Europe
- **China's involution policy** chokes domestic growth and global capex cycle

Indian summer for 2026 Scenario probability: 45%

Our baseline growth:

- **Global** growth to recover from energy price shock and trade system ruptures, investment and fiscal spending stay supportive
- **US** economy keeps growing well thanks to balanced fiscal stimulus, releveraging & (AI) productivity gains
- **Eurozone** gets back to recovery after digestion of energy price shock
- **China and EM** lower trade uncertainty & a global capex cycle

Inflation:

- Globally, inflation will abate over time thanks to lower oil prices and the moderation of demand
- US, Eurozone and UK will experience above central bank target inflation, followed by Japan
- China and Switzerland will face weaker, below target inflation

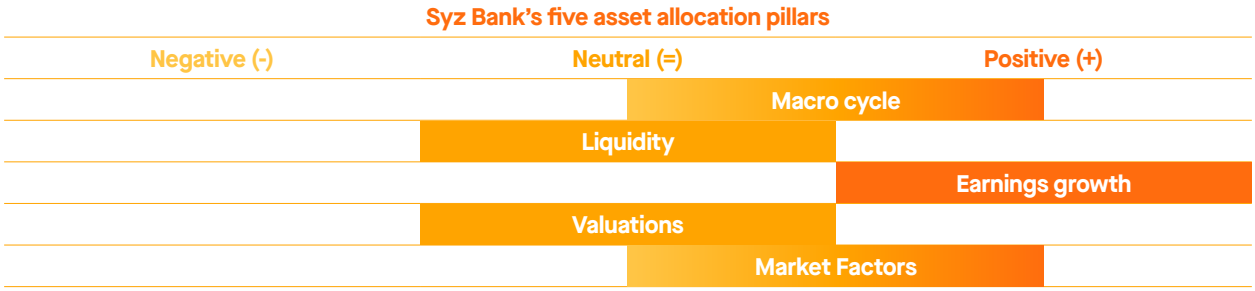
Inflation heatwave probability: 40%

"Heatwave-risks" to our baseline scenario (triggering high inflation & mostly high growth):

- **A new strong geopolitical eruption** could lead to another **energy price inflation shock**
- **More fiscal stimulus, re-leveraging** of households and firms, **AI capex** pushes growth into a **boom** that lets **inflation surge (overheating)** – also due to a lack of productivity gains
- **US central bank becomes too "dovish"** and gets "behind the curve" and **needs to catch up finally**
- Stark **escalation of trade disputes** could derail supply chains and push goods prices up

THE WEIGHT OF THE EVIDENCE

Our preferences rest on five indicators, four macro and fundamental and one of market dynamics. This month we lower the market factors pillar by one notch; the other four are unchanged.



Source: Syz Research

- **Macro cycle (MODERATELY POSITIVE, unchanged):** the business cycle remains strong, and macro data came in above expectations in most major markets, China being the exception. Conversely, surging energy prices and the tenacity of underlying price pressures have led the Fed and other major central banks to start hiking, which keeps us at moderately positive rather than positive.
- **Liquidity (NEUTRAL, unchanged):** the upward trend in our global M2 proxy and accommodative financial conditions remain long-standing positives, but they are counterbalanced by the prospect of further significant rate hikes from most major central banks.
- **Earnings growth (POSITIVE, unchanged):** 2026 earnings growth continues to be revised upward across all major regions, and the same pattern is now emerging for 2027, with expectations being upgraded across most regions.
- **Valuations (NEUTRAL, unchanged):** earnings have outrun prices. The S&P 500 forward P/E has compressed by around three points in 12 months to 19.1x (18.7x on 2027 estimates). Europe (14.3x), Japan (15.6x) and emerging markets (9.9x) trade close to or below their historical averages; MSCI ACWI is at 16.4x.
- **Market factors (lowered from POSITIVE to MODERATELY POSITIVE):** the US raw score dropped to 55%, with six of eleven indicators in positive territory (rate of change, new highs/lows, price-to-cycle, bull/bear and volume are negative). The European raw score declined to 60%, with six of ten indicators positive (rate of change, MACD, price-to-cycle and volume negative).

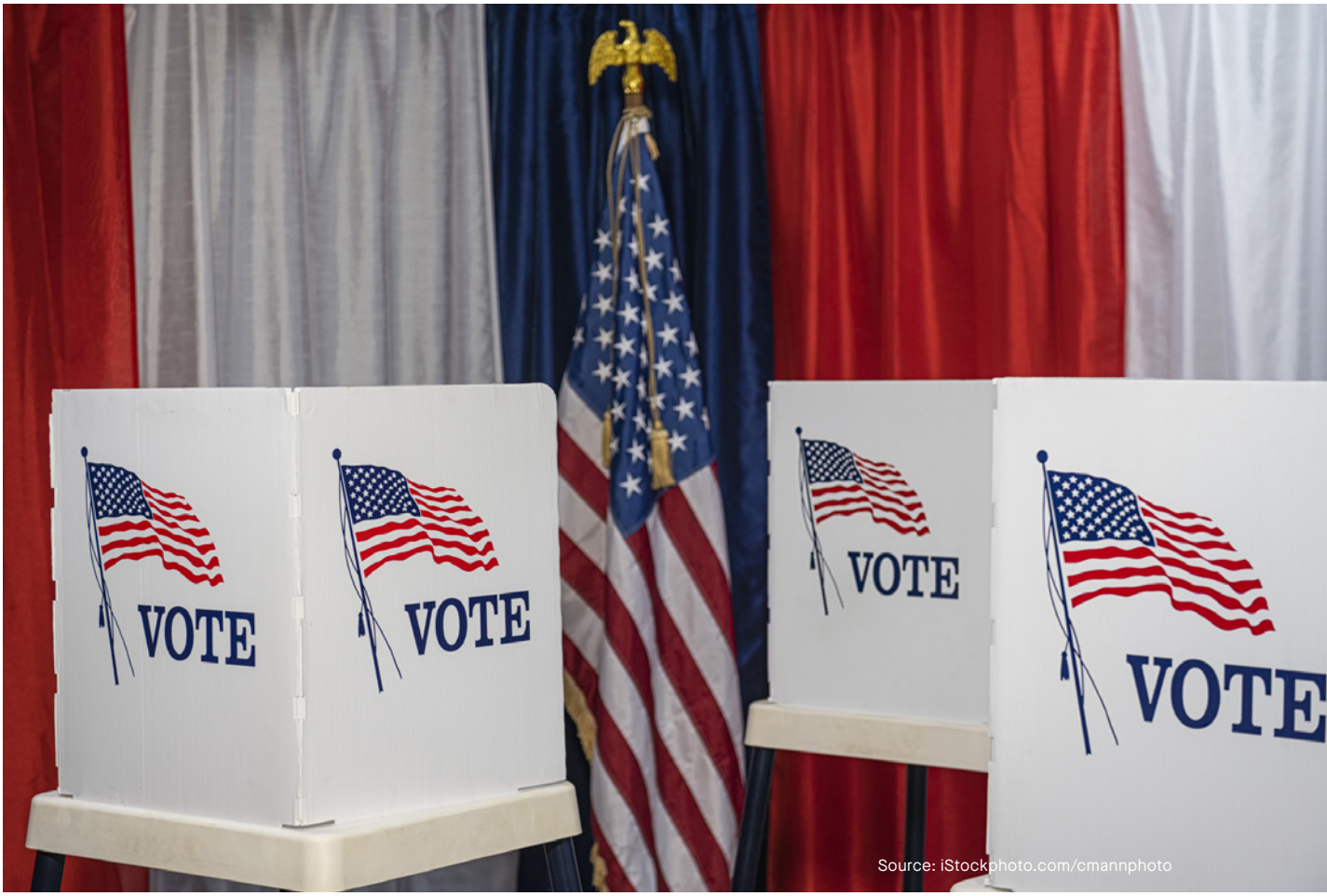
TACTICAL ASSET ALLOCATION (TAA) DECISIONS

The weight of the evidence leads us to stay NEUTRAL on equities, balancing a strong earnings and margin backdrop against increasing pressure from higher real yields. We make two changes to the grid, in fixed income and in currencies. In the model portfolios (reference: Balanced USD):

- **Equities remain NEUTRAL,** balancing a strong earnings and margin backdrop against increasing pressure from higher real yields. 2026 consensus EPS growth stands at 33.5% in the US, 20.3% in Europe and 19.4% in Japan, with broad participation beyond mega-cap technology. The S&P 500 trades at 19.1x forward earnings, while Europe, Japan and emerging markets trade close to or below historical averages.
- **Fixed income remains UNDERWEIGHT, with 1-10-year government bonds upgraded to a MODERATE UNDERWEIGHT.** Higher yields have restored some value at the short and intermediate part of the curve, where we prefer the 1–2-year segment. Long-dated government bonds (10 years and above) stay underweight. Corporate IG, high yield and EM debt remain neutral, with EM debt our preferred segment and short maturities preferred throughout.
- **FX moves to UNDERWEIGHT on all currencies versus the USD** (EUR, CHF, GBP, JPY and EM), as higher Fed rate hike expectations, the upward drift of the US yield curve and flight-to-safety flows linked to the Middle East conflict support the dollar. Over the longer term we still see structural USD depreciation.
- **Commodities and gold stay OVERWEIGHT.** Commodities remain a hedge against renewed geopolitical escalation and energy price spikes. Gold remains a preferred long-term exposure as an inflation hedge supported by rising demand, even though higher Treasury yields have raised the short-term opportunity cost of holding it. Hedge funds stay neutral and cash stays overweight.

FOCUS ON US MID-TERM ELECTIONS

A Democratic sweep is priced – the market risk now sits in the tail

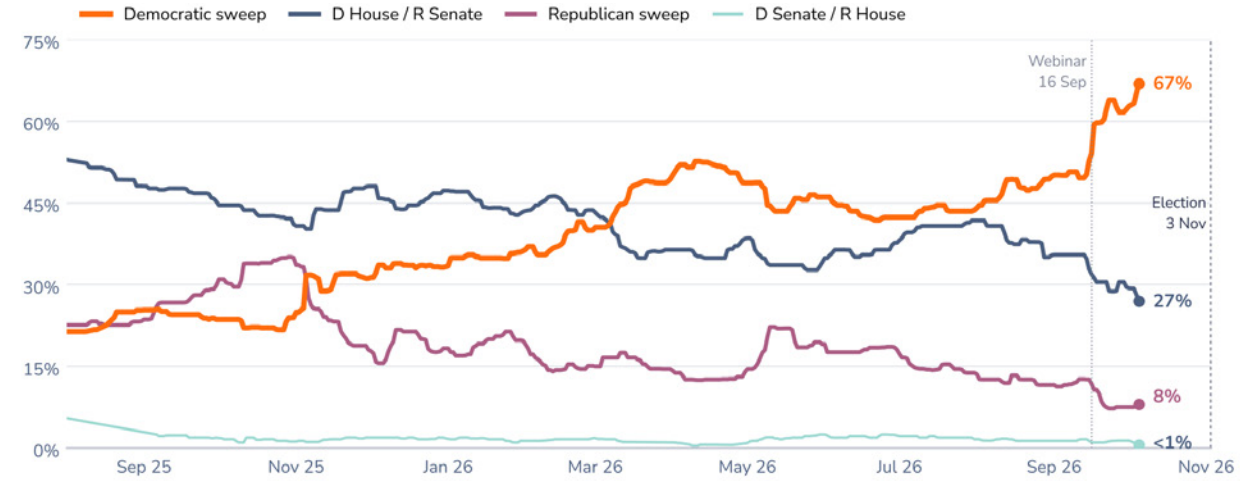


Source: iStockphoto.com/cmannphoto

Prediction markets have shifted decisively in recent weeks, with Democratic control of both chambers now emerging as the most likely outcome. Under a Republican President, this would result in a divided government,a configuration that has been historically been supportive for equities. As markets increasingly price in this scenario, the key risks lie in alternative outcomes, particularly a unified Congress, which could intensify fiscal pressures at a time when the 10-year US Treasury yield is already above 5%. Nevertheless, our 12-month outlook for equities remains constructive across all scenarios. While election results may influence short-term market sentiment, the longer-term trajectory is ultimately driven by earnings growth rather than the composition of Congress.

1. Markets now price Democratic control of both chambers

Polymarket – Balance of Power: 2026 midterms, implied probability



Source: Polymarket (series digitised from the Polymarket chart; end-points as displayed on 5 Oct 2026), Syz Research.

Probabilities: Prediction markets have continued to shift in favour of a Democratic sweep, now priced at 67%, followed by a Democratic House/Republican Senate split at 27% and a Republican sweep at 8% (Polymarket, 5 October 2026). Kalshi and Polymarket both imply roughly a 65% probability of Democratic control of the Senate and more than 90% probability of Democratic control of the House (4 October).

Senate: the decisive shift. Ohio is the pivotal 51st seat; Texas, Maine, Alaska and Iowa are the swing races. Reflecting the recent shift in momentum, the Cook Political Report moved Georgia, Kansas and South Carolina towards Democrats on 23 September.

Driver: affordability rather than growth. Q3 GDP is tracking close to 4%, yet cost of living has become voters' top concern and data-centre power costs a local campaign issue. Trump's favourability stands at 38.6% vs 57.2% unfavourable (RealClearPolitics, 5 October).

2. Three scenarios for Congress

Outcome	Probability	What changes in Washington	Market status
Democratic House & Senate Divided government	~67% 16 Sept: ~53%	Strongest constraints on Trump's legislative agenda and nominations. Oversight and Democratic leverage over spending, healthcare, clean energy, financial and data-centre regulation, as well as Senate confirmations of Presidential nominations for federal agencies.	Base case largely priced
Democratic House, Republican Senate Split Congress	~27% 16 Sept: ~32%	Legislative gridlock and checks on spending; Republicans keep control of Senate confirmations. Shutdown and debt-ceiling disputes remain risks.	Moderate surprise
Republican House & Senate Unified government	~8% 16 Sept: ~13%	Greatest continuity: tax and tariff agenda can pass via reconciliation. Fewer constraints on fiscal expansion keep pressure on bond yields.	Tail risk largest market move

Trump retains his executive powers (tariffs, executive orders) and his veto in every scenario. Stopgap funding runs to 11 December, so shutdown risk falls in the post-election lame-duck session. Probabilities: Polymarket Balance of Power, 5 Oct 2026; market-implied, not Syz forecasts.

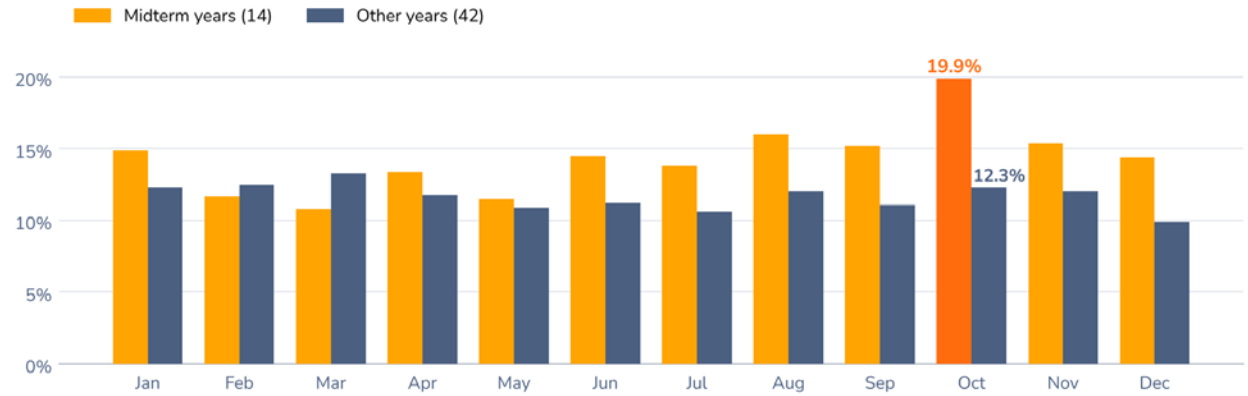
3. Market impact by scenario

	Democratic sweep · 67%	D House / R Senate · 27%	Republican sweep · 8%
Initial reaction (days–weeks)	S&P 500 ↓ (muted – largely priced), 10-year yield ↓, volatility ↑	Relief: S&P 500 ↑, Nasdaq-100 over Russell 2000, 10-year yield ↓, volatility ↓	S&P 500 ↑, 10-year yield ↑ – fiscal and term-premium channel
Positive tilts	▲ Grids & electrification, gold, US healthcare, consumer staples, Europe, clean energy	▲ US quality, grids & electrification, US banks, US healthcare, long-dated Treasuries, gold, uranium	▲ US banks, semiconductors / Nasdaq-100, energy, copper miners, small caps, uranium
Negative tilts	▼ US banks, semiconductors, copper miners, energy, small caps	▼ Small caps, clean energy (no new subsidy path)	▼ Long-dated Treasuries, clean energy, US property, staples, healthcare, gold
12-month view	**Constructive**	**Constructive**	**Constructive**

Arrows describe the initial repricing only (low conviction); sector tilts cover 1–6 months and require earnings confirmation. Grids, electrification, gold and US quality work in both non-Republican outcomes; grid demand is funded and does not depend on Congress.
Sources: BofA, BCA, Citi, Raymond James; Syz scenario synthesis (webinar, 16 Sep 2026), probabilities updated to 5 Oct 2026.

4. Expect volatility before the vote

S&P 500 monthly realised volatility – median annualised daily-return volatility, 1970–2025



Source: Capital Group / RIMES / S&P Global. 14 midterm years; 42 other years.

History: October is the most volatile month of a midterm year – median realised volatility of 19.9%, against 12.3% in other years. Pre-election weakness has historically been followed by stronger returns: divided government has tended to support the S&P 500, and the year after a midterm is typically the strongest of the presidential cycle (Goldman Sachs).

This year: the backdrop amplifies the seasonal pattern. The 10-year yield closed at 5.28% on 2 October, a multi-decade high, leaving the equity risk premium close to zero at 19.2x forward earnings. The Fed meeting (28 October) and the Q3 earnings season straddle the vote.

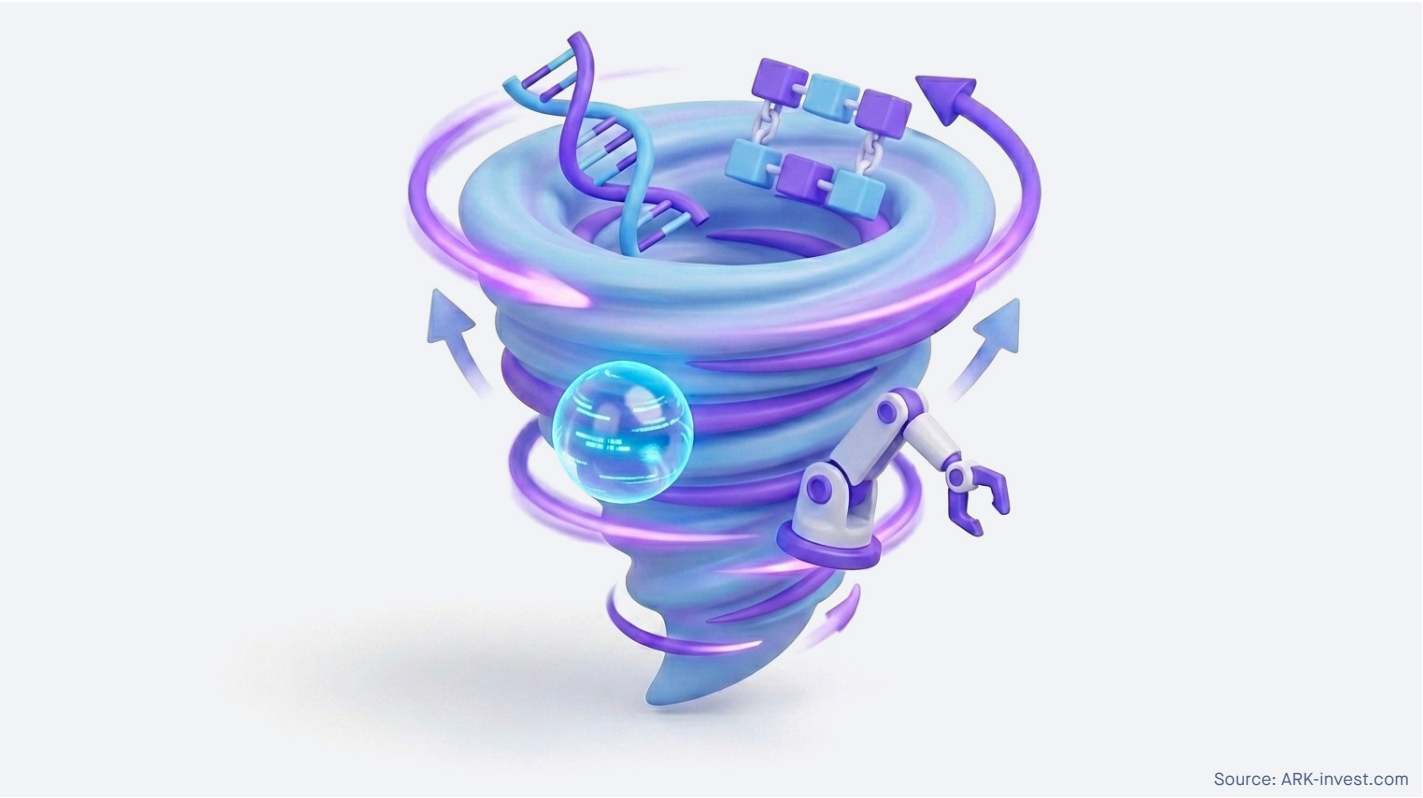
Our positioning

- Stay invested, buy election volatility. The 12-month view is constructive in all three scenarios. Use pre-election weakness to add in tranches while earnings hold – the Q3 S&P 500 growth estimate is +29.1%, revised up from +26.6% at end-June (FactSet, 25 Sep).
- Own what works across outcomes. Grids, electrification and US quality. Hold AI infrastructure through grids rather than through utilities most exposed to data-centre cost allocation, where regulatory risk is rising whoever wins (Raymond James).
- Watch the long end, not the polls. Our 10-year signpost (5.25%) is at threshold – a watch condition, not yet a change of stance. Wider credit spreads or 10-year real yields above 3% would turn us defensive. Against the Republican-sweep tail, shorter duration is the more efficient hedge than lower equity beta.

Sources: Polymarket, 5 Oct 2026; DeFi Rate (Kalshi/Polymarket), 4 Oct 2026; Cook Political Report, 23 Sep 2026; RealClearPolitics via Bloomberg, 5 Oct 2026; Financial Times, 5 Oct 2026; Reuters / Yahoo Finance market data, 2 Oct 2026; FactSet Earnings Insight, 25 Sep 2026; Raymond James Washington Policy, 10 Aug 2026; Goldman Sachs; Syz Research.

SPECIAL TOPIC

The great acceleration



Source: ARK-invest.com

A plain-language guide to ARK Invest's case for disruptive innovation, the technologies behind it, and why convergence matters.

Few investors have argued as loudly, or as consistently, that the world is on the edge of a technological revolution as Cathie Wood, founder of ARK Invest. Every year since 2017 her team has published a report called Big Ideas, and the 2026 edition carries a telling title: 'The Great Acceleration'. Its message is simple to state and bold in its implications. We are living through a period of disruptive innovation unlike anything since the early twentieth century, and the reason it will be so powerful is not any single technology, but the fact that several of them are maturing at the same time and feeding into one another.

This article sets out that thesis in simple terms, explains each of the technologies involved through everyday examples, and shows what ARK means by "convergence". It closes with the main objections, because any big idea deserves a fair test.

The core idea: many revolutions at once

Economic history can be read as a series of step changes. For roughly four centuries, from 1500 to 1900, global output grew by only around 0.6% a year. Then came a cluster of breakthroughs: the railway, the telephone, electricity and the internal combustion engine. Growth rose roughly fivefold to about 3% a year, where it has broadly stayed for over a century.

ARK's argument is that we are approaching the next step. It identifies five core "innovation platforms": artificial intelligence, public blockchains, robotics, energy storage and multiomic sequencing. Around these are major applications such as autonomous vehicles and reusable rockets. In the 2026 report, ARK projects that global real GDP growth could reach about 7.3% by 2030, compared with roughly 3.1% expected by the International Monetary Fund.

Two ideas sit underneath this optimism. The first is falling costs. ARK leans heavily on Wright's Law, the observation that every time the cumulative production of a technology doubles, its cost falls by a fairly consistent percentage. When something becomes dramatically cheaper, demand for it explodes and it spreads into uses nobody had planned for. ARK points out, for example, that the cost of running AI models fell by more than 99% in a single year.

The second idea is convergence: each technology makes the others cheaper, better or more useful. Growth then becomes self-reinforcing rather than linear. In ARK's words, AI acts as the "central dynamo" that powers everything else.

The technologies, in simple terms

Artificial intelligence

AI is software that learns from data rather than following rules written by a programmer. Large language models such as ChatGPT or Claude read vast amounts of text and learn to write, summarise, translate and reason. Examples include a customer-service assistant that answers questions around the clock, a radiology tool that flags suspicious shadows on an X-ray, and a coding assistant that writes software from a plain-English request. ARK sees AI as the most important platform because it boosts the productivity of almost every kind of knowledge work, and because it is the engine that makes the other technologies smarter.

Public blockchains

A blockchain is a shared digital record that no single company or government controls. Thousands of computers keep identical copies, which makes the record very hard to alter. This allows people to own and transfer digital assets directly, without a bank or broker in the middle. Bitcoin is the best-known example: a form of digital money with a fixed supply. Stablecoins, digital tokens pegged to the US dollar, now move large sums across borders in minutes. "Smart contracts" go further: they are programs that automatically execute an agreement, such as releasing payment once goods are delivered. ARK views blockchains as the foundation of a new, open financial system.

Robotics

Robots are machines that sense their surroundings and act in the physical world. Industrial robot arms have assembled cars for decades, but new robots are cheaper, more flexible and increasingly guided by AI rather than rigid programming. Examples include warehouse robots that pick and pack online orders, drones that inspect power lines, and the humanoid robots now being developed by several companies to handle general tasks in factories and, eventually, homes. ARK believes robotics reached an important inflection point in 2025 and could transform manufacturing productivity.

Autonomous vehicles

Self-driving cars use cameras, sensors and AI to drive without human control. The most important near-term application, in ARK's view, is the robotaxi: a ride-hailing service with no driver. Waymo already operates paid driverless rides in several US cities, and Tesla and Chinese players such as Baidu are pursuing the same goal. Because the driver is the largest cost of a taxi ride, removing the driver could make point-to-point travel dramatically cheaper, potentially cheaper than owning a car. This would reshape carmaking, insurance and urban planning.

Energy storage

Energy storage mostly means batteries, particularly lithium-ion batteries. Their cost has fallen by roughly 90% over the past fifteen years, which is why electric cars have become competitive with petrol cars. Beyond vehicles, large battery installations store cheap solar and wind power for use when the sun is down, stabilise electricity grids and provide backup power for data centres. Cheap, portable energy is what allows many of the other technologies to move off the wall socket and into the real world.

Space exploration

The cost of reaching orbit has collapsed thanks to reusable rockets, pioneered by SpaceX, whose boosters land and fly again rather than being thrown away. Cheaper launches make it economical to put thousands of satellites into orbit. Starlink, for instance, delivers broadband internet to remote areas, ships and aircraft. ARK even discusses computing in space, arguing that orbital data centres, powered by constant sunlight, could eventually compete on cost with those on the ground.

Multiomics

"Omics" refers to the study of the body's molecular building blocks: genomics (our DNA), proteomics (proteins) and others. Multiomics combines these layers to understand health and disease in far greater detail. The cost of sequencing a human genome has fallen from around USD 100mn in 2001 to a few hundred dollars today. Examples include blood tests that detect several cancers early from tiny fragments of tumour DNA, and CRISPR gene editing, which has produced an approved treatment for sickle cell disease. The long-term promise is medicine that is precise, personalised and, in some cases, curative rather than merely managing symptoms.

Convergence: when one plus one makes three

Convergence is the heart of the thesis. Historically, a new technology tended to transform one industry at a time, over one investment cycle. ARK argues this pattern no longer holds. Today's technologies are tightly linked, so a breakthrough in one accelerates progress in the others.

The result is a network of mutually reinforcing advances rather than a series of separate stories.

An everyday analogy is the smartphone. It was not one invention but a combination of a cheap processor, a touch-screen, a battery, mobile internet and GPS. Together they created entirely new industries. ARK believes the same thing is now happening on a much larger scale. Some examples:

The robotaxi. A driverless car is the combination of AI (to see and decide), robotics (to steer and brake), and energy storage (an affordable electric drivetrain). No single one of these would be enough on its own.

AI-driven drug discovery. Multiomics produces enormous volumes of biological data; AI is needed to make sense of it. Together they can identify new drug targets and design molecules far faster than traditional laboratory methods. Google DeepMind's AlphaFold, which predicts the shape of proteins, is a landmark example.

Space and AI. Cheap launches put satellites in orbit; AI turns their images into useful information such as crop yields or supply-chain disruptions. In the future, space may also host the computing power that AI demands.

AI agents and blockchains. As AI assistants begin to act on our behalf, booking travel or ordering supplies, they need a way to pay. Blockchain-based money and smart contracts allow software to transact directly, around the clock, without a bank account.

Data centres and energy. The AI boom requires huge amounts of electricity. Battery storage and new energy systems are becoming essential to powering data centres.

Convergence	Technologies combined	What it creates
Robotaxis	AI + robotics + energy storage	Cheap, on-demand transport without a driver
AI drug discovery	AI + multiomics	Faster, cheaper and more targeted medicines
Orbital computing	Space + AI + energy	Data centres powered by constant sunlight
AI agents that pay	AI + blockchain	Software that can buy, sell and settle on its own
Humanoid robots	AI + robotics + batteries	General-purpose machines for homes and factories

Why this matters for investors

If ARK is right, the investment implications are large. It estimates that data-centre investment alone could grow from about USD 500bn in 2025 to roughly USD 1.4tn by 2030. More broadly, it expects companies tied to disruptive innovation to grow from around a fifth of global equity market value to about half by 2030. The flip side matters just as much: ARK argues that many established companies, from carmakers to banks to traditional pharmaceutical firms, face serious disruption, which means traditional benchmark indices may hold more "value traps" than investors realise.

The other side of the argument

The thesis has vocal critics, and a balanced view should acknowledge them. First, timing: technologies often take longer to spread than enthusiasts expect, and driverless cars have been "a few years away" for over a decade. Second, a great technology does not guarantee a great investment; many early railway, airline and internet companies went bankrupt even as their industries thrived. Third, valuation: ARK's flagship fund soared in 2020, then lost roughly three-quarters of its value between 2021 and 2022, as rising interest rates hit richly valued growth stocks. Finally, a 7% global growth rate would be historically unprecedented, and bottlenecks in energy, regulation, skills or public acceptance could slow the process.

Conclusion

Stripped to its essentials, Cathie Wood's thesis says three things. Several powerful technologies are becoming dramatically cheaper at the same time. Because they reinforce one another, their combined effect will be far greater than the sum of their parts. This could lift economic growth and the value of the companies leading the change, well beyond what most forecasts assume. Asking which technologies are converging, and which business models they threaten, is a valuable lens for any long-term investor.

Sources: ARK Invest, Big Ideas 2026 and related public commentary. Figures cited are ARK's projections and should not be read as forecasts endorsed by the author.

INNOVATION CORNER

Perpetual futures: from crypto niche to market infrastructure



Source: AI generated

From an offshore trading curiosity to the most traded instrument in digital assets, and now a regulated product in the United States.

In May 2016, a then little-known exchange called BitMEX launched a contract with no expiry date. Ten years later, that contract — the perpetual future, or "perp" — has become the single most traded instrument in digital assets. According to CryptoQuant, crypto futures volume reached roughly $61tn in 2025, more than three times the ~$18tn traded on spot markets. Price discovery for bitcoin now happens largely in derivatives, not on spot exchanges.

In 2026, the perp crossed two frontiers. It arrived onshore in the United States under the oversight of the Commodity Futures Trading Commission (CFTC), and started to reference assets far beyond crypto: gold, silver, oil, equity indices and single stocks. For investors, this is no longer a niche topic for crypto traders. It is becoming a broader investment story.

1. What is a perpetual future?

A perpetual future is a derivative that allows an investor to take a leveraged long or short position on an asset without owning it and, crucially, without an expiry date.

A classic futures contract, such as a CME bitcoin or S&P 500 future, settles on a fixed date. Maintaining exposure means rolling the position from one contract to the next with transaction costs and, in contango markets, a negative roll yield. The perpetual removes the calendar. In practice, it behaves like margined spot exposure that can be held indefinitely.

The concept is older than crypto. In 1993, Nobel laureate Robert Shiller proposed "perpetual futures" as a way to create liquid markets on hard-to-trade assets such as real estate. Crypto simply turned an academic idea into a 24/7, global, stablecoin-margined product.

2. How it works

If a contract never expires, what keeps its price anchored to the underlying asset? The answer is the funding rate.

At regular intervals — every eight hours on most centralised exchanges, every hour on Hyperliquid — traders in longs and short positions exchange payments based on the gap between the perpetual contract price and the spot index. When the contract trades above the spot price because of strong demand from buyers, traders holding long positions pay those holding short positions. This encourages traders to sell the contract and buy the underlying asset, helping bring the two prices back together. When the contract trades below the spot price, the process reverses. The exchange keeps none of these payments: they are transferred directly between traders.

Four other building blocks complete the machinery:

Mark price and oracles. Positions are valued against an index built from several spot venues, to limit manipulation on any single exchange.

Margin and leverage. Traders post collateral (usually stablecoins) and can often lever up 20x, 50x or even more.

Liquidations. When a position's equity falls below the maintenance margin, it is closed automatically.

Insurance funds and auto-deleveraging. These absorb losses when liquidations cannot be executed at a price that covers the deficit and, as a last resort, profitable positions can be forcibly reduced.

Funding also generates a yield. Being long spot and short the perp while funding is positive is crypto's version of the cash-and-carry trade — the engine behind synthetic-dollar products such as Ethena's USDe. Persistently high funding, in turn, is one of the best real-time indicators of crowded positioning.

The downside of this efficiency was on full display on 10 October 2025, the largest liquidation event in crypto history: roughly $19bn of leveraged positions were wiped out within a day. On Hyperliquid alone, open interest fell 56%, from $14.7bn to $6.5bn. Leverage is the product's greatest strength and its greatest risk.

3. Where to trade them

Perpetuals are traded on three families of venues:

Centralised offshore exchanges. Binance, Bybit, OKX and Bitget concentrate most of the global liquidity. Access depends on jurisdiction and client classification, and these venues have historically been off-limits to US persons.

Decentralised (on-chain) exchanges. Hyperliquid, Aster, Lighter, dYdX and others let users trade directly from their own wallets, with no custodian. Their share of total perp volume has risen steadily, and on-chain venues processed more than $1tn in a single month for the first time in late 2025.

Regulated US venues. This is the 2026 novelty. On 29 May, the CFTC approved Kalshi's bitcoin perpetual — the first such contract on a US-regulated exchange — together with a policy statement on how it will review such contracts, and no-action relief allowing Coinbase to offer perps routed through its Bermuda entity. Kalshi reached $1bn in volume within a week of launch. In mid-September, Coinbase filed to list around 50–60 single-stock perpetuals, including Apple and Nvidia, and has since received approval for its own clearinghouse.

Not everyone is applauding. In June, CME Group sued the CFTC, arguing that perpetuals are swaps under Dodd-Frank rather than futures. The outcome of this case will shape who gets to capture this market in the US.

Nor do perps benefit from the SEC's new **Innovation Exemption,** issued on 17 September. That five-year relief lets approved "Tokenized Securities Venues" trade tokenised US-listed shares on-chain through permissioned automated market makers. But it only covers tokens that carry the same rights as the underlying shares — ownership, dividends, and voting. A stock perp is a leveraged derivative that tracks a price and confers none of these rights, so it falls outside the exemption, alongside other synthetic price-tracking products. The relief also applies only to automated market makers with an identifiable operator, not to order-book protocols such as Hyperliquid's. Equity perps in the US must instead go through the derivatives route — which is exactly why Coinbase filed its single-stock contracts with the CFTC as security futures.

4. Hyperliquid: the on-chain challenger

No platform illustrates the rise of perps better than Hyperliquid. Founded by Jeff Yan, a former high-frequency trader at Hudson River Trading, and launched in 2023 without venture capital funding, Hyperliquid built its own layer-1 blockchain optimised for one thing: trading.

Its design choices explain its success. Unlike earlier decentralised exchanges based on automated market makers, Hyperliquid runs a fully on-chain central limit order book — the same structure as a traditional exchange — with sub-second confirmation and no gas fees for trades. The user experience rivals a centralised venue, while users keep custody of their assets. In November 2024, it distributed around 31% of its HYPE token supply to early users, one of the largest airdrops on record.

The numbers are striking. Hyperliquid's open interest hit a record $18bn on 23 September 2026. Over the 30 days to 9 September, it cleared about $217bn in volume — roughly 36.5% of all on-chain perp activity. With around $429mn in revenue through mid-September, it led all crypto protocols in revenue in 2026, and nearly all fees on its core markets are used to buy back the HYPE token.

The most important innovation is HIP-3, which lets third-party builders deploy their own perpetual markets and keep up to half the fees. This turned Hyperliquid into a marketplace for synthetic exposure to traditional assets: equity indices, gold, oil, silver. On 31 January, less than a month after launch, its silver perp accounted for about 2% of global daily silver trading volume. HIP-3 markets grew from 18% of Hyperliquid's open interest in March 2026 to over 34% in August.

The model also has its risks. Builder markets dilute the platform's own economics: quarterly revenue in Q2 2026 was about 43% below its 2025 peak. More than 90% of HIP-3 open interest sits with a single deployer, trade.xyz, which concentrates oracle and risk-management risk. And episodes of market manipulation in 2025 raised questions about how decentralised the validator set really is under stress.

5. The potential

The perpetual future may prove to be crypto's most important export to traditional finance. Its appeal is structural:

A universal wrapper. One contract design, one margin account, stablecoin settlement, 24/7 trading — applicable to any asset with a reliable price feed.

Weekend price discovery. Geopolitical or macro news does not wait for Monday's open. Perps on indices and commodities already trade when traditional markets are closed, a need CME itself acknowledged when it sought 24/7 crude oil trading.

Capital efficiency. No rolling, no roll yield, no fragmentation across expiries.

Composability. On-chain perps are becoming building blocks for other products: hedging tools, structured yield, synthetic dollars. Coinbase research identifies equity perps as the next major growth area.

Longer term, Shiller's original vision of perpetual markets on real estate, private assets or macro indicators no longer looks academic. Together with tokenisation, perps could become the default way to express a view on almost anything.

6. Size of the market

Estimates vary depending on the source and methodology, but the order of magnitude is clear:

Metric	Figure	Source
Crypto futures volume, 2025 (vs. ~$18tn spot)	~$61tn	CryptoQuant
Global annual perp volume	>$90tn	Bank of America
Monthly perp volume, Jan 2024 → Jan 2026	$4.1tn → $7.2tn	CoinGecko Research
On-chain perp volume, 30 days (Sept 2026)	~$593bn	DefiLlama
On-chain perp open interest (Sept 2026)	~$24bn	DefiLlama
Hyperliquid open interest, record (23 Sept 2026)	~$18bn	Hyperliquid

There are two caveats. First, volume is notional and includes leverage, so headline figures overstate the capital at work; open interest is a more meaningful measure. Second, centralised exchanges still dominate. On-chain venues represent only a fraction of the total, even if their share is growing fast.

7. Conclusion and what's next

Perpetual futures started as a tool for crypto speculators. They are becoming a piece of global market infrastructure. The next twelve months will tell us how fast that transition happens. Five things to watch:

The CME v. CFTC case. A ruling that perps are swaps would slow onshore US adoption; a dismissal would open the door wider.

Single-stock perps in the US. Coinbase's filing is under review into November. Approval would bring 24/5 leveraged equity exposure to a mainstream regulated platform.

The on-chain versus centralised battle. Can Hyperliquid and its peers keep gaining share as regulated US venues come online — and will they themselves gain US access?

Tokenised collateral. Using tokenised Treasuries or money-market funds as margin would link perps directly to traditional balance sheets.

Risk management. Another October 2025-style cascade, an oracle failure or a concentrated builder market going wrong would test the whole model — and invite stricter regulation.

For investors, the lesson is not that everyone should trade leveraged perps. It is that the instrument is reshaping where and when prices are formed. First in crypto, and increasingly across commodities and equities. Understanding perpetual futures is becoming part of understanding markets.



This article is for information purposes only and does not constitute investment advice. Perpetual futures are leveraged products that carry a high risk of loss.

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