

Omnis Managed Portfolio Service



Global markets rose on solid data and rate cuts despite renewed artificial intelligence bubble fears

Market-moving events

Keep calm and carry on. The global stock market rally continued despite renewed talk of an artificial intelligence (AI) bubble. Once again, the US tech sector led the charge, even amid concerns about stretched valuations. Amazon's share price jumped 11% after third-quarter earnings beat expectations, while Nvidia gained around 8%.

Economic data remains resilient. Purchasing Managers' Index (PMI) data from around the world largely stayed above 50, signalling ongoing growth. In developed markets, inflation appears to be under control, giving central banks room to take a more accommodative stance. The US Federal Reserve cut interest rates by a quarter percentage point for the second time this year.

First signs of cracks? Tariff negotiations continue to make progress, with the US dollar supported by positive signals from US–China talks. The main concern has been rising unease over potential credit defaults, following J.P. Morgan CEO Jamie Dimon's warning about “cockroaches” appearing in the financial system. The bankruptcy of US car parts manufacturer First Brands, with debts of \$10–50 billion, is notable but, for now, defaults remain limited.

Investment highlights

No changes in October. The investment team are actively monitoring portfolio positioning and are anticipating making some additional changes before the end of the year.

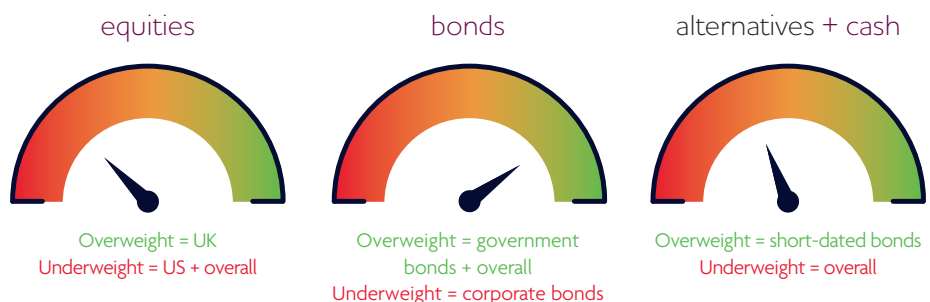
Risk appetite was again rewarded. Global equities performed strongly, with broad risk sentiment assisted by continued AI investment, strong third-quarter company earnings, easing monetary policy and resilient economic growth.

Remain cautiously positioned. We have a slight overweight in bonds and underweight in equities. We remain underweight the US due to a combination of high valuations and increased concentration risk. Our base case expectation of falling inflation, easing monetary policy and a soft-landing remains, although risks of a deeper recession remain elevated.

Asset allocation

Red = underweight
Amber = neutral weighting
Green = overweight

If you'd like more detail on our asset allocation views then please visit our [online dashboard](#).



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