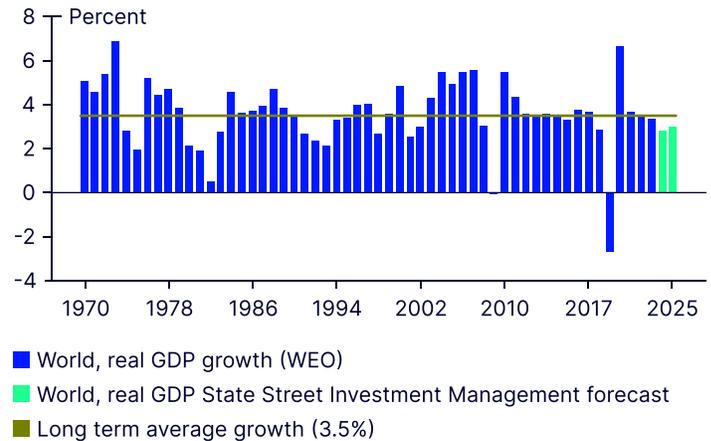


Global economic outlook (page 2)

Simona Mocuta
Chief Economist

- The US is expected to lead growth among advanced economies, aided by cumulative Fed rate cuts of 150 basis points by end-2026; the ECB is expected to hold steady, while the BoE will likely accelerate rate cuts to catch up.
- Short-term risks remain as countries work to finalize US trade deals, but the medium-term outlook is more positive; our forecast is for global growth of 2.8% in 2025 and 2.9% in 2026.
- Despite persistent uncertainties in trade, fiscal, and geopolitical conditions, the inflationary impact from tariffs has been relatively muted, while policy support is set to moderate risks over time.

Figure 1: Ongoing pressures keep global growth subdued



Source: International Monetary Fund, Macrobond, State Street Investment Management, as of September 22, 2025. The above forecast is an estimate based on certain assumptions and analysis made by the State Street Investment Management Economics Team. There is no guarantee that the estimates will be achieved.

Global capital markets outlook (page 6)

Jerry Holly
Senior Portfolio Manager, Investment Solutions Group

- Equities entered the final quarter of 2025 with strong momentum, but are expensive relative to history in all global markets. While those steep valuations bear monitoring, we see broad support for equity market progress with respect to good (but not euphoric) market sentiment, potential for strong earnings growth, and favorable seasonal patterns.
- Gold also suffers from what might be characterized as elevated valuations—in this case the market sentiment is clearly euphoric. However, the economic and technical trends that have supported gold remain in place and we think they outweigh sentiment concerns.

Figure 2: US earnings growth remains stable



Source: Factset, State Street Investment Management as of October 10, 2025.

Global economic outlook

Simona Mocuta

Chief Economist

Global growth forecasts remain steady, with modest upgrades for the US. While risks persist, central banks are set to proceed cautiously and medium-term prospects for advanced economies can improve as policy support continues.

The global macro forecasts are almost unchanged since the June update, with global growth a tenth higher at 2.8% this year and the 2026 projection unchanged at 2.9%. Numerically, this reflects a minor upgrade in the US; fundamentally, it reflects the fact that trade-related disruptions in economic activity have so far been largely manageable, as has the inflationary impact of tariffs.

Key developed market central banks have been proceeding with careful rate cuts. On this front, nearly everything we said in June stands: “[...] *we remain optimistic about the medium-term outlook. We see growth improving in 2026, both in the US and in Europe as more supportive policies take hold and the uncertainty cloud thins. We hold to our call for 75 bp worth of Fed cuts this year. The ECB has delivered the 100 bp worth of cuts we had projected, and we don’t think they need to do more. The BoJ is hand-tied and may sit pat for the rest of the year, and the BoE remains behind the curve and should hasten the rate cuts. China continues to focus on managing dual domestic and external risks.*” The Bank of England (BoE) remains the one puzzling laggard in the easing cycle, with the Reserve Bank of Australia (RBA) recently following through on our long-held call for lower rates.

Uncertainties and vulnerabilities persist across the board, in trade, fiscal, and geopolitical spheres. While the moment of acute risk on trade has passed, uncertainty will continue for some time.. This is the main reason behind this year’s slowdown in global growth. Still, with the less favorable tariff profile locked in as a basis of comparison, the incremental impact moderates over time. Fiscal uncertainties and vulnerabilities persist, with recurrent concerns coming to the fore around the globe. (Geo)Political issues present persistent risks. No easy answers, just acute vigilance required all round.

United States: Managing the soft patch

Much has happened on the policy front and in the broader economy since our June update, but our forecast and the core messages around the US economy are largely the same. Growth projections for 2025 and 2026 are 1.8% and 2.3%, respectively, versus 1.7% and 2.3% three months ago. We remain much more constructive on the 2026 outlook relative to the Bloomberg consensus (currently at 1.7%) as we expect the combination of interest rate cuts, capex incentives included in the OBBB (one big beautiful bill) fiscal package, and reduced trade and regulatory policy uncertainty to facilitate a bottoming out in economic activity in the coming months. The thawing of the housing market, considerable AI-related investments (including in power supply), and ongoing incremental reshoring in manufacturing should aid overall performance. Comprehensive immigration reform is top of our wish list to support the growth agenda over the medium term, but the 2026 growth forecast itself is not contingent upon it.

Back in June, we said that “*we worry about a recession, but do not forecast one*”. The labor market softening we had warned about has become clear following recent data revisions indicating a much weaker pace of job growth over the past year. One single rate cut is not enough to stem this deterioration, but the cumulative 150 bps worth of cuts that we expect through end-2026 should do the trick. We believe that we are dealing with a soft patch that gives way to stabilization and modest reacceleration in 2026. What we are watching for is the possibility that this could be a jobs-light reacceleration, where new technological deployment (AI buildout and diffusion) keeps overall job growth subdued even as the economy expands. Immigration restrictions play into this as well, though to some degree this may simply cap the increase in unemployment that might otherwise occur.

The inflation debate is far from settled and won't be for some time yet. In the context of the Fed's dual mandate of full inflation and stable prices (defined as 2.0% inflation), it is true—as Federal Reserve Chair Jerome Powell said at the bank's September press conference—that “there is no risk-free path” for monetary policy right now. Nevertheless, given the moderate inflationary impact from tariffs so far, given that this impact is not effectively offset by high interest rates, and given the softening labor market, the least-risky path is to calibrate policy rates lower.

The inflation picture is complicated, but it is not all about tariffs. We've made that point for months and it is worth repeating. We are dealing with a tug of war on US inflation, with goods prices now lifted both by base effects and tariffs, but ongoing disinflation in key parts of the services sector limits the overall impact. For example, rent of primary residence inflation was 3.8% year-on-year (y/y) back in May, but this has since softened to 3.5% y/y and could potentially moderate another full percentage point through end-2026. Even so, inflation is not likely to get back to target in 2026; we look for headline CPI inflation to average 2.6%, PCE inflation to average 2.4%, and core PCE inflation to average 2.5% next year.

Eurozone: Navigating crosscurrents

We continue to expect improvement in eurozone growth next year, in contrast to the consensus expectation of incremental moderation. However, we have scaled back our expectations somewhat as the benefits of the German debt brake seem slower to flow through than we had previously assumed. As such, we have left our 2025 growth unchanged at 1.1%, which was a little above consensus in June and is now one tenth below it. The 2026 growth forecast has been lowered from 1.6% to 1.4%, with much of the change a reflection of a softer growth profile for Germany.

Our fundamental views around European growth drivers are retained. Household balance sheets are healthy, arguably more so than in the US, and labor markets remain arguably tighter. Confidence has been the missing ingredient. And it is here that perhaps we've been too optimistic. We anticipated that lower interest rates, combined with lower inflation, would have led to some unleashing of animal spirits; alas, the positives have been blunted by the negatives of trade tensions and Ukraine-related concerns.

Even though we adjusted the forecasts, our expectations around monetary policy have remained steady. Following the latest European Central Bank (ECB) rate cut in June, we argued that there is no need for additional cuts and that expectation is more broadly shared now. Our view is that the ECB is done for this cycle, but if another cut does arrive, it is more likely to come in 2026.

United Kingdom: Job market remains key risk

UK GDP expanded by 0.3% in the second quarter, an outcome largely attributable to a transient rise in government expenditure. Nevertheless, the broader economic outlook remains muted due to continued softness in both consumer spending and business investment. Relative to our June forecast, we have modestly revised our forecast for growth in 2025 up to 1.2%, albeit with more economic headwinds expected later this year.

The Chancellor of the Exchequer's fiscal headroom of £10 billion is forecast to diminish ahead of the autumn budget, reflecting policy changes and downward revisions in growth estimates from the Office for Budget Responsibility (OBR). Additional fiscal consolidation appears likely, and as a result, our growth projection for 2026 was revised down by four tenths to 0.9%.

As the labor market cools and wage growth moderates, we expect services inflation to gradually decline from its recent level of 4.7%. Notably, core services inflation remained stable and consistently lower than the headline figure. We anticipate that services inflation will undershoot the Bank of England's projections, partly due to a pronounced slowdown in rental price growth later this year. Food inflation continues to exceed 5% but appears close to peaking, whereas energy inflation is less of a concern at present. As a result, we expect both headline and core inflation to end 2026 just above 2%.

The BoE's Monetary Policy Committee (MPC) maintained the policy rate at 4% at the September meeting. Nevertheless, any delay in subsequent rate cuts may adversely impact incomes and demand, particularly given signs of labor market softness. Recent data highlight intensifying pressures as payrolled employment has declined since the start of the year, especially across the private sector. Moreover, vacancies remain well below pre-pandemic levels in most industries and have persisted at these reduced levels. The evidence indicates that workers may have insufficient bargaining power to negotiate wage increases in response to inflationary pressures. We expect wage growth to decelerate to roughly 4% by year-end.

Japan: Economic resilience amid political shifts

Japan is experiencing another bout of political instability following the recent resignation of Prime Minister Shigeru Ishiba—the third leader to step down since the onset of the COVID-19 pandemic. Historically, such developments tend to unsettle financial markets and dampen economic sentiment. Not so in Japan, where the economy delivered a robust performance in Q2 and the Nikkei continued its upward trajectory.

Nominal GDP growth, reached 4.7% y/y in Q2—marking a 34-year high and averaging 4% over the past two years. This places Japan second among G7 nations, underscoring the combination of economic momentum and inflation dynamics. Importantly, the domestic resilience narrative that we have consistently emphasized remains intact. Household consumption grew at an average rate of 1.0% over the last four quarters, while gross fixed capital formation averaged 1.6%. Notably, stronger consumption—rising from 0.6% to 1.5% quarter-over-quarter (seasonally adjusted annual rate)—was the primary driver behind the upward revision in Q2 growth. Services consumption also rebounded, increasing by 0.8% from -0.1%.

While confidence in domestic resilience remains firm, external uncertainties persist. Our models suggest a gradual deceleration in momentum rather than a sharp contraction. Accordingly, we revise our 2025 GDP growth forecast upward to 1.2%, while maintaining our 2026 projection at 0.6%.

Bank of Japan treads carefully on policy front

The Bank of Japan (BoJ) continues to lag behind the curve. Despite forecasts projecting inflation exceeding 2%, the Bank has retained a cautious stance, citing concerns that underlying inflation remains below target. This suggests that another rate hike is likely, based on economic fundamentals.

In a notable development, the BoJ announced in September its intention to begin selling its ETF and J-REIT holdings at a pace comparable to its previous divestment of equities purchased from financial institutions between 2002 and 2010. That program, aimed at stabilizing the banking sector during a period of market stress, concluded in July 2025. The current plan involves annual sales of approximately ¥330 billion in ETFs (book value; market value: ¥620 billion) and ¥5 billion in J-REITs. These figures represent just 0.05% of traded volume and are negligible compared to the BoJ's total holdings of ¥37.19 trillion in ETFs and ¥0.66 trillion in J-REITs. At this pace, a full wind-down would take over a century, highlighting the complexity of the Bank's operations.

The BoJ's September meeting held rates steady, as expected, but featured two dissenting votes—Tamura and Takata—who advocated for a 25 bps hike. This keeps the possibility of a rate increase in play for 2025. We assign a 30% probability to a hike in October, but we view December as more likely, given the upcoming Liberal Democratic Party elections on October 4.

Going forward, the Federal Reserve's policy trajectory will exert greater influence on the BoJ, particularly amid concerns about labor market conditions. Should the US economy face a prolonged slowdown, the BoJ may pause its tightening cycle. While this is not our base case, we anticipate more cautious policymaking from the BoJ if the Fed adopts a more aggressive easing stance.

Inflation remained firm in August. The BoJ's core CPI (excluding fresh food and energy) edged down to 3.3% y/y, while the broader core measure (excluding only fresh food) fell to 2.7%, largely due to the reintroduction of energy subsidies. Although the BoJ continues to view inflation as transitory and food-driven, we see potential for broader price pressures. Japan's food category includes 278 items with a cumulative weight of 26.3%, compared to 131 items and 13.6% in the US equivalent. Rising food and rice prices could reignite inflationary pressures, posing a key risk. Nonetheless, we maintain our CPI forecasts.

In summary, despite political volatility, Japan's governance framework—including a functional opposition—supports policy continuity and fiscal discipline. This underpins the country's economic resilience, driven by strengthening domestic fundamentals. For the BoJ, the focus now shifts to the timing of its next rate hike as it continues to operate deliberately behind the curve.

Global capital markets outlook

Jerry Holly

Senior Portfolio Manager, Investment Solutions Group

Equities entered the final quarter of 2025 with strong momentum, but they are expensive relative to history in all global markets. While those steep valuations bear monitoring, we see broad support for equity market progress with respect to good (but not euphoric) market sentiment, potential for strong earnings growth, and favorable seasonal patterns. Gold also suffers from what might be characterized as elevated valuations—in this case the market sentiment is clearly euphoric. However, the economic and technical trends that have supported gold remain in place and we think they outweigh sentiment concerns.

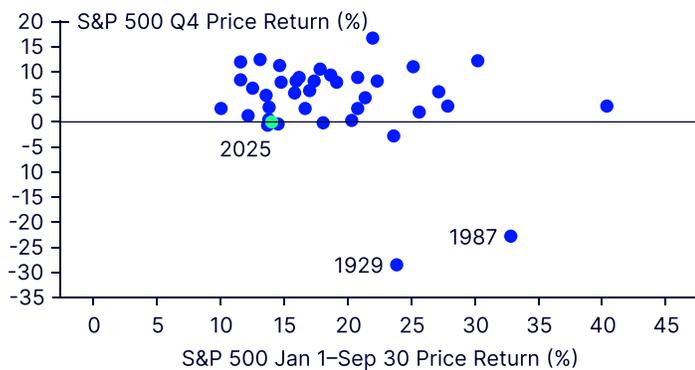
Seasonal support

As we navigated the third quarter, our outlook for equities steadily improved at the same time that historical seasonal patterns might suggest steering clear of riskier asset classes. On the one hand, sentiment measures continued to ease, Q3 earnings were not undermined by tariffs, and inflation remained a nuisance without being debilitating. But if we consider the temporal trends back to 1929, the third quarter

has consistently been the worst performing period of the year—with the S&P 500 registering an average price return of 1.4% (versus 2.1% average quarterly performance overall). This was a particular cause for concern as we increased equity exposure in the more seasonally dubious months of August and September. However, the more technically oriented signals often take their cue not only from historical patterns but from conditional circumstances. In this respect, the historical record is not quite so draconian when equities enter weaker seasonal months in an uptrend; this condition was satisfied early in the quarter and came to fruition with strong equity market performance.

Does this conditional seasonality help to portend any trends for the balance of the year? After all, the fourth quarter tends to be the best time to own equities according to the first order empirical data, conditionality notwithstanding.¹ If we further stratify the historical record, the results are even more encouraging, as can be seen in Figure 3. The visual shows the performance of the S&P 500 in Q4 for all calendar years in which the year-to-date return (Jan 1-Sept 30) was 10% or more. While the experience in 1929 and 1987 should surely give some pause for thought, meaningful drawdowns are few and far between. And the average quarterly return for this subset of observations is well in excess of market averages. In any event, seasonality is just a single factor and the past may not be prologue for future progress. But with a macroeconomic growth outlook that is more constructive than the consensus, supportive risk sentiment and corporate earnings trends, equities look poised to outperform and we maintain a healthy overweight in our multi-asset portfolios.

Figure 3: S&P 500 Q4 returns when up 10%+ YTD



Source: State Street Investment Management, FactSet as of September 30, 2025. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

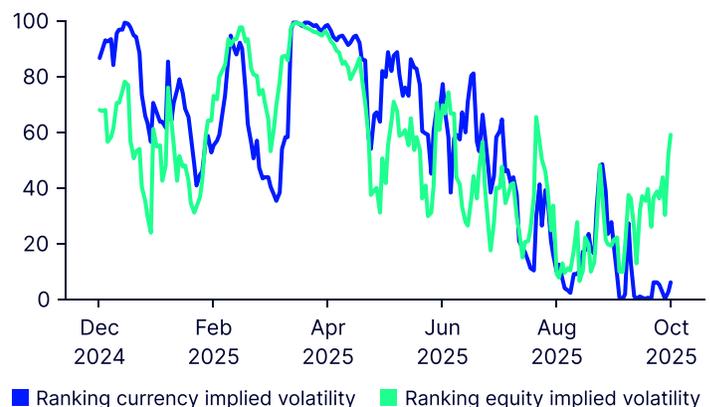
Sentiment not yet stretched

In terms of assessing market sentiment, there is no shortage of worrisome metrics or narratives that can be supplied. In certain assets, such as gold, the overwhelming bullish sentiment arguably might alone be sufficient reason to step back. Credit markets more broadly seem in exuberant mode with sub investment grade spreads trading inside of 300 basis points and some investment grade issuers have traded at lower yields than Treasuries. In addition, any list of anxiety-inducing attributes would not be complete without reference to equity market valuations as well—more than 100 S&P 500 companies are trading at more than 30 times forward earnings estimates.

In our broader assessment, we see market sentiment as being mixed, which can actually be a good thing. When sentiment is too negative there's a good chance that something sinister is lurking. Sentiment that's overly optimistic can be equally dangerous in reflecting complacency on the part of investors. In that sense, we see a bit more complacency in the prevailing levels of implied volatility from currency markets, but that doesn't appear to be the case for implied volatility in equities (see Figure 4). Additionally, both simple and sophisticated trend models exhibit strength and support for forward-looking equity market performance. Spreads between growthier, risk-seeking equity sectors

and styles compared to more defensive equities continue to suggest a firm, but not over-extended, market. Less constructively, tight credit spreads are serving to mitigate the degree of risk-taking guided by our market regime indicator (MRI). Recently reported credit issues in private markets, potentially involving fraud, also serve as a warning signal—but (constructively) these could also keep investors in check and bolster due diligence efforts in more opaque corners of financial markets. Ultimately, we see risk sentiment as a modest asset for the market's "balance sheet" that supports our pro-risk allocation in equities.

Figure 4: Implied volatility in currency and equity markets



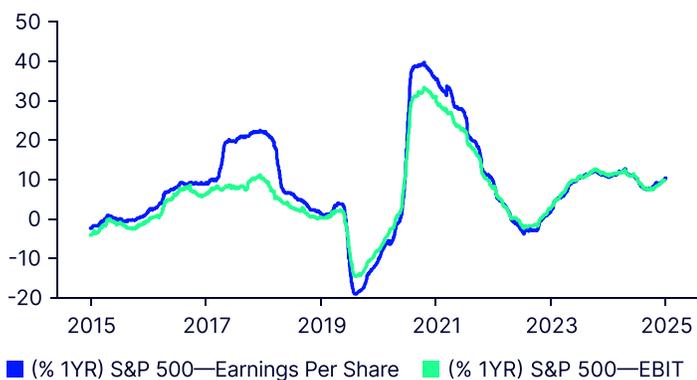
Source: State Street Investment Management Investment Solutions Group as of October 7, 2025. Past performance is not a reliable indicator of future performance.

Equities: Favor US and Emerging Markets

For equity markets, favorable seasonal trends might well provide some comfort to investors for the fourth quarter. However, that analysis inevitably relies on data from the past, without any influence from the unique risks and opportunities that may manifest in the present (or near future). It is then comforting that, as we introduce more color from the current market environment, we continue to see a healthy environment for global stock markets. Our macroeconomic cycle indicators are suggestive of boom conditions and our forecasts from the prior section also espouse a relatively optimistic outlook for economic growth. Earnings and sales expectations remain firm and there might well be

room for analysts to upgrade their assessments as fiscal stimulus unfolds in 2026. Independent research anticipates more than \$130 billion in corporate tax stimulus for 2026 from the One Big Beautiful Bill Act.² If that full amount was to be realized, that could boost S&P 500 earnings by about 5%. This doesn't appear to be priced into consensus estimates as otherwise one would expect to see forecasted EPS growth pick up relative to pre-tax earnings growth estimates—as occurred in 2018 (see Figure 5). Elsewhere, aggregate quality characteristics such as debt-to-equity ratios and operating returns relative to assets also rate better than average in our assessment; this bolsters the constructive outlook derived from other information sources, such as those from our MRI.

Figure 5: Consensus earnings growth remains steady



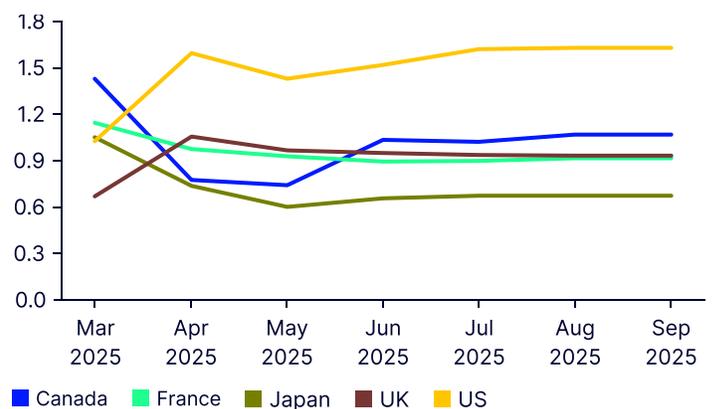
Source: Factset, State Street Investment Management as of October 10, 2025.

In our previous quarterly assessment of regional equity markets, we had noted how our preferences had shifted away from favoring non-US equities and moved back to an overweight in US stocks. In terms of realized results, international equities held their own against US equities in local terms, with no material difference in performance. For unhedged USD-based investors, there was a small advantage to owning domestic shares.³ Moving forward, our preference for US assets has grown even stronger and places us with a significant US equity position compared with international equities as we enter the tail end of 2025. Some perspective on that stance follows.

US equities offer greater appeal

The US equity market offers the best outlook from both top-down and bottom-up perspectives in our research. From a top-down perspective, the US market is expected to benefit from the strongest economic growth and the trajectory of GDP revisions has also exceeded other major developed markets (see Figure 6). Weakness in the US dollar this year should also provide some tailwinds to the operating performance of American companies. From a bottom-up standpoint, strong earnings and sales expectations continue to underpin US equities. Analyst estimates for sales have been especially robust and suggest building momentum for outperformance from domestic shares.

Figure 6: Consensus GDP growth estimates for 2026



Source: Consensus Economics, State Street Investment Management ISG as of September 30, 2025. The above forecast is an estimate based on certain assumptions and analysis. There is no guarantee that the estimates will be achieved.

What about Asia-Pacific equity markets and the strong performance in Japan—how are we viewing the excitement building in those markets? Whether one wants to focus on the end of deflation, corporate governance reforms, monetary policy normalization, or the potential pro-growth (but fiscally responsible) policies that may emanate from Japan's new prime minister, there are plenty of reasons for optimism. We have already witnessed a re-rating higher in our evaluation of APAC equity markets. Japan, for instance, is one of the few global equity markets sporting both high and rising diffusion indices for both earnings and sales (suggesting not only higher earnings but also

wide breadth across firms). In addition, the same macro “boom” conditions that support our evaluation of US markets is an even bigger asset to the Pacific region—however, we were coming from a relatively pessimistic starting point so our positioning has shifted to neutral.

For European equities, our assessment of market conditions has more or less mirrored general market sentiment (and performance) in that it has deteriorated of late. There are some bright spots in the outlook insofar as forward earnings per share (EPS) expectations have stabilized and relative valuations versus US equities have reverted close to the extremes witnessed at the tail end of 2024 (shortly before European equities staged impressive outperformance). Fiscal concerns in the UK, slower deployment of stimulus in Germany, and French political dysfunction weigh on near-term sentiment. We maintain an underweight stance for the time being.

Emerging markets have already delivered strong results in 2025, but we think the environment remains favorable to the group on balance. While tariff rates are elevated, they are generally no worse than those for developed markets on average and we’ve started to see earnings and sales expectations improve and broaden out across the emerging market complex. Add in a US Federal Reserve that is easing monetary policy alongside many EM central banks and these factors could help propel already firm EM equity momentum.

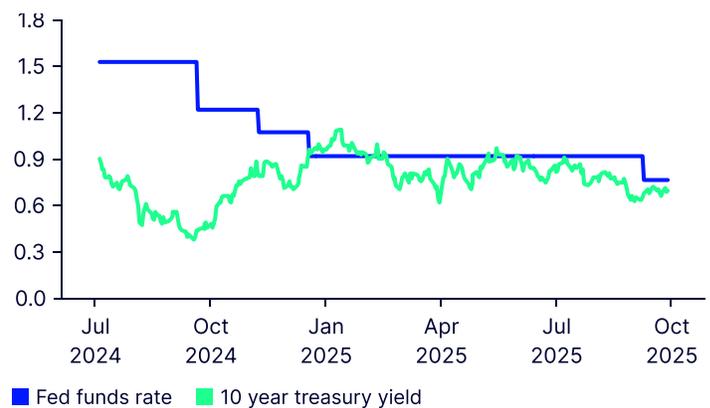
A seasonal benefit for bonds?

To the extent that favorable seasonality towards the end of the year could be viewed as a support mechanism for equity markets, it might be instructive to assess those same features for fixed income. After all, if stronger consumer spending and optimistic investor psychology underpin favorable equity trends at the end of the calendar year then it would seem intuitive that bonds might suffer as a result of the risk-on sentiment.

The empirical record would disagree. If we use the performance of the Bloomberg US Aggregate Index as a guide, it also tends to perform best in the fourth quarter.⁴ Interestingly, the first quarter in any given year is the only period where average performance is meaningfully different (and lower) from the rest. We won’t try to manufacture the rationale behind any Santa

Claus rally in the bond markets, but our assessment of the fixed income landscape is reasonably optimistic nonetheless. With the Federal Reserve set to continue lowering short-term policy rates and inflationary signals such as commodity market momentum waning, stable-to-lower interest rates look like a good base case to us. That said, we are mindful of the divergence that longer-term interest rates took as compared with the federal funds rate just one year ago. As can be seen in Figure 7, when the Federal Reserve reduced short-term interest rates by 100 basis points between September and December 2024, the 10-Year Treasury yield rose by 85 basis points. For 2025, we know that we won’t have a US presidential election to contend with but it is worth bearing in mind that traditional relationships do not always hold.

Figure 7: Fed funds rate vs. 10-year Treasury yields



Source: Factset as of October 8, 2025. Past performance is not a reliable indicator of future performance.

Credit markets are where we see the greatest tension in our near-term outlook. On the one hand, our overall outlook related to risk assets is quite constructive. But on the other hand, the ability of credit assets to participate in that favorable outlook appears very constrained in the context of historically tight credit spreads. To be sure, all-in yield levels are still relatively attractive, but this still begs the question as to why one should own corporates over government debt? In our view, sub investment grade credit appears to have the best chance to add measurable value. While we might see some incremental spread tightening in the lower credit quality issuers, our allocation rests on the idea that we’re likely to earn the carry and not much more.

Sound investments in commodities

In contrast to below investment grade and other fixed income markets, commodities offer no such carry in their incremental performance. In fact, broad commodity markets have shifted further into contango (negative roll yield or carry) and this is one factor that has weighed on our assessment of the broad commodity complex. We continue to own a small overweight position in broad commodities, partly as a diversifier and partly as the asset class rates as being under-owned and potentially overlooked in our research. Our overall outlook has weakened since last quarter.

Gold is one asset where our outlook has not altered and remains bullish. Extremely positive sentiment and the structural dearth of cash flows stand out as the most prominent arguments to take a more cautious approach to gold investing. But equally healthy technical trends, rising debt levels, central bank reserve accumulation, alongside geopolitical risk and dysfunction are all factors that continue to serve as a foundation for gold. There is even increasing worry over the broad-based debasement of currencies—a sentiment which might be captured by the passage below in as much as investors fret over the value of paper or digital assets:

“Gold was the coin of the realm in those prewar years. People would pull a \$20 gold coin from their pocket and plunk it down on the shopkeeper’s counter. So struck, the coin rang; hence, “sound” money.”⁵

Profits, Patterns, and Prognostications

The patterns of the past can offer up important insights, in our view. But they should also be treated with care and a healthy dose of skepticism. The fourth quarter is often a remunerative time for global equity markets, but we only need to peer back to 2018 to see double-digit negative returns for the S&P 500 amidst concerns of weakening economic growth and uncertain monetary policy actions. Lower short-term interest rates typically pull intermediate and long-term rates down as well, but here we only have to remember the market experience from the fall of 2024 when long-term interest rates moved in the opposite direction as policy rates. Could the risks that we face today upend the usual seasonal patterns? Absolutely. But we see enough reasons for profitable progress in equity markets to hold a risk-on allocation as we near the end of 2025.

Endnote

- 1 The S&P 500 has averaged a 2.9% price return in the 4th quarter using data back to 1929—more than 80 basis points better than the overall quarterly average.
- 2 Wolfe Research. Market Outlook to Year End. September 2, 2025.
- 3 This statement refers to the local market performance of MSCI ACWI ex-US (+7.9%) versus the S&P 500 Index (+8.0%).
- 4 For the Bloomberg US Aggregate Index, using data beginning in March 1976, the average quarterly return during the fourth quarter was 2.0% compared with 1.6% for the full history of the index.
- 5 Grant, James. *The Forgotten Depression—1921: The Crash that Cured Itself*. Crown Publishing, 2014. Page 25.

State Street Investment Management forecasts

	2025 (%)	2026 (%)
Real GDP growth		
Global	2.8	2.9
US	1.8	2.3
Australia	1.8	2.4
Canada	1.2	1.2
Eurozone	1.1	1.4
France	0.6	1.0
Germany	0.5	1.6
Italy	0.6	1.0
UK	1.2	0.9
Japan	1.0	0.6
Brazil	2.3	1.6
China	4.8	4.4
India	6.4	6.4
Mexico	0.5	1.6
South Africa	1.0	1.5
South Korea	0.9	1.8
Taiwan	5.0	2.5
Inflation		
Developed economies	2.3	2.0
US	2.8	2.6
Australia	2.3	2.6
Canada	1.9	1.8
Eurozone	2.1	1.9
France	1.2	1.7
Germany	2.2	2.0
Italy	1.7	1.7
UK	3.4	2.5
Japan	3.0	1.8
China	0.2	1.0

	Sep. 30, 2025 (%)	Sep. 30, 2026 (%)
Central bank rates		
US (upper bound)	4.25	3.00
Australia	3.60	3.10
Canada	2.50	2.25
Euro	2.00	1.75
UK	4.00	3.00
Japan	0.50	1.00
Brazil	15.00	13.00
China	1.50	1.50
India	5.50	5.25
Mexico	7.50	6.50
South Africa	7.00	6.50
South Korea	2.50	2.00
10-year bond yields		
US	4.15	3.71
Australia	4.30	4.28
Canada	3.14	3.07
Germany	2.71	2.64
UK	4.70	4.48
Japan	1.63	1.99
Exchange rates		
Australian dollar (A\$/)\$	0.66	0.71
British pound (£/\$)	1.35	1.36
Canadian dollar (\$/C\$)	1.39	1.32
Euro (€/€)	1.18	1.21
Japanese yen (\$/¥)	147.69	135.00
Swiss franc (\$/SFr)	0.80	0.84
Chinese yuan (\$/¥)	7.12	7.00

One-year return forecasts	USD (%)	EUR (%)	GBP (%)	JPY (%)	AUD (%)	CAD (%)
S&P 500	8.3	5.2	7.2	-1.0	1.1	2.7
Russell 2000	8.1	5.0	7.0	-1.2	0.9	2.6
MSCI EAFE	5.4	2.4	4.3	-3.7	-1.6	0.0
MSCI EM	7.4	4.3	6.3	-1.8	0.3	1.9
Barclays Capital Aggregate Bond Index	4.8	1.8	3.7	-4.2	-2.2	-0.6
Citigroup World Government Bond Index	2.4	-0.6	1.4	-6.4	-4.4	-2.9
Goldman Sachs Commodities Index	5.6	2.5	4.5	-3.5	-1.4	0.2
Dow Jones US Select REIT Index	5.1	2.1	4.0	-3.9	-1.9	-0.3

State Street Investment Management forecasts, as of September 30, 2025. The above estimates based on certain assumptions and analysis made by State Street Investment Management. There is no guarantee that the estimates will be achieved.

About State Street Investment Management

At State Street Investment Management, we draw from our global scale and market-tested expertise to help create original solutions and better outcomes for our clients and the world's investors.

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Marketing communication

State Street Global Advisors Worldwide Entities

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Companies with large market capitalizations go in and out of favor based on market and economic conditions. Larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the value of the security may not rise as much as companies with smaller market capitalizations.

Investments in small-sized companies may involve greater risks than in those of larger, better known companies.

The value of the debt securities may increase or decrease as a result of the following: market fluctuations, increases in interest rates, inability of issuers to repay principal and interest or illiquidity in the debt securities markets; the risk of low rates of return due to reinvestment of securities during periods of falling interest rates or repayment by issuers with higher coupon or interest rates; and/or the risk of low income due to falling interest rates. To the extent that interest rates rise, certain underlying obligations may be paid off substantially slower than originally anticipated and the value of those securities may fall sharply. This may result in a reduction in income from debt securities income.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns.

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Investing in commodities entail significant risk and is not appropriate for all investors. Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors. A few such factors include overall market movements, real or perceived inflationary trends, commodity index volatility, international, economic and political changes, change in interest and currency exchange rates.

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations.

Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

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