

# Monthly Insight

## TORICUM PRIVATE BANK

### Headlines

Strong US corporate profitability is overshadowed by deteriorating public finances

Rising Euro interest rates fail to keep up with persistent inflation

UK GDP growth fails to stem the government's increasing indebtedness

Carry trade at risk as the US and Japanese authorities intervene to support the Yen

“The long-term Treasury yield is the most important price in the world. It is also the only fiscal disciplinarian the U.S. has left.”

25<sup>th</sup> August 2026, Stanley Druckenmiller, Chairman & CEO of Duquesne Family Office

### Market watch

| Equity indices        | Level  | 1 month | YTD   | 1 year | 3 year | 5 year | Dividend yield | P/E ratio <sup>1</sup> | P/B ratio <sup>2</sup> |
|-----------------------|--------|---------|-------|--------|--------|--------|----------------|------------------------|------------------------|
| S&P 500               | 7,585  | -2.6%   | 10.8% | 14.7%  | 70.4%  | 69.3%  | 1.1%           | 26.1                   | 5.6                    |
| Nasdaq 100            | 28,973 | -3.6%   | 14.7% | 19.3%  | 90.6%  | 86.9%  | 0.6%           | 36.7                   | 9.1                    |
| Dow Jones             | 51,958 | -3.3%   | 8.1%  | 13.2%  | 50.1%  | 49.2%  | 1.5%           | 22.9                   | 5.8                    |
| FTSE 100              | 10,658 | -0.9%   | 7.3%  | 14.9%  | 38.2%  | 51.9%  | 3.2%           | 14.8                   | 2.3                    |
| Eurostoxx 50          | 6,237  | -4.6%   | 7.7%  | 14.6%  | 45.2%  | 50.4%  | 2.7%           | 16.9                   | 2.4                    |
| Swiss Market Index    | 13,809 | -4.0%   | 4.1%  | 13.7%  | 23.3%  | 15.2%  | 2.9%           | 19.7                   | 4.6                    |
| Nikkei 225            | 63,484 | -7.6%   | 26.1% | 41.4%  | 89.3%  | 109.4% | 1.4%           | 20.2                   | 2.8                    |
| Hang Seng             | 24,667 | -1.8%   | -3.8% | -6.7%  | 35.7%  | -1.5%  | 3.0%           | 12.0                   | 1.3                    |
| CSI 300               | 4,450  | -4.6%   | -3.9% | -1.6%  | 20.0%  | -7.4%  | 2.5%           | 16.9                   | 1.8                    |
| MSCI Emerging Markets | 1,698  | -0.2%   | 20.9% | 27.8%  | 72.4%  | 31.8%  | 2.0%           | 15.8                   | 2.4                    |
| MSCI All Countries    | 1,136  | -2.1%   | 11.9% | 16.3%  | 66.7%  | 54.1%  | 1.6%           | 22.3                   | 3.8                    |

<sup>1</sup> P/E ratio = Price-to-Earnings ratio, <sup>2</sup> P/B ratio = Price-to-Book ratio

## Market data

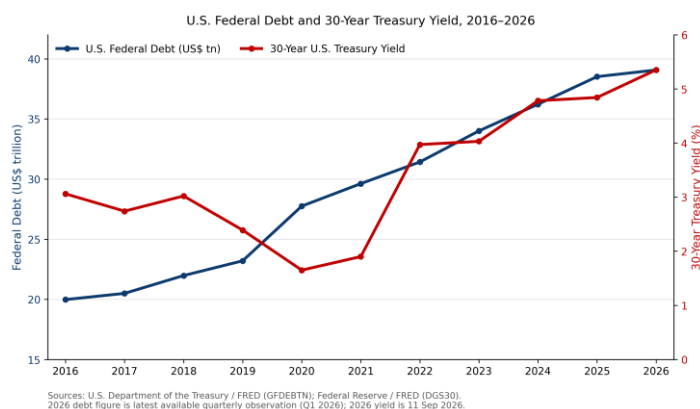
| Macroeconomic data  | US   | UK   | EU   | CH   |
|---------------------|------|------|------|------|
| Inflation (monthly) | 0.4% | 0.3% | 0.4% | 0.4% |
| Inflation (yearly)  | 3.4% | 2.9% | 3.3% | 0.8% |
| GDP (quarterly)     | 1.5% | 0.4% | 0.6% | 1.9% |
| GDP (yearly)        | 2.1% | 1.2% | 1.2% | 2.8% |

| Commodities & crypto | Level  | 1 month | YTD    | 1 year |
|----------------------|--------|---------|--------|--------|
| WTI crude oil        | 104    | 26.6%   | 81.7%  | 64.8%  |
| Metals Index         | 5,713  | -1.5%   | 12.1%  | 31.0%  |
| Gold                 | 4,291  | -2.8%   | -0.7%  | 16.6%  |
| Bitcoin              | 76,526 | 21.4%   | -12.7% | -33.7% |

| Yield curve | Base rate | 2 year | 5 year | 10 year |
|-------------|-----------|--------|--------|---------|
| USD         | 3.75%     | 4.6%   | 4.8%   | 5.0%    |
| GBP         | 3.75%     | 4.9%   | 5.0%   | 5.4%    |
| EUR         | 2.50%     | 3.3%   | 3.3%   | 3.5%    |
| CHF         | 0.00%     | 0.3%   | 0.5%   | 0.6%    |

| Forex     | Level | 1 month | YTD   | 1 year |
|-----------|-------|---------|-------|--------|
| GBP / EUR | 1.17  | -0.2%   | 1.7%  | 1.0%   |
| GBP / USD | 1.35  | -0.5%   | 0.0%  | -0.9%  |
| EUR / USD | 1.15  | -0.3%   | -1.7% | -1.9%  |
| EUR / CHF | 0.95  | 0.7%    | 1.5%  | 1.1%   |

## Chart of the month



### The Bond market pushes back

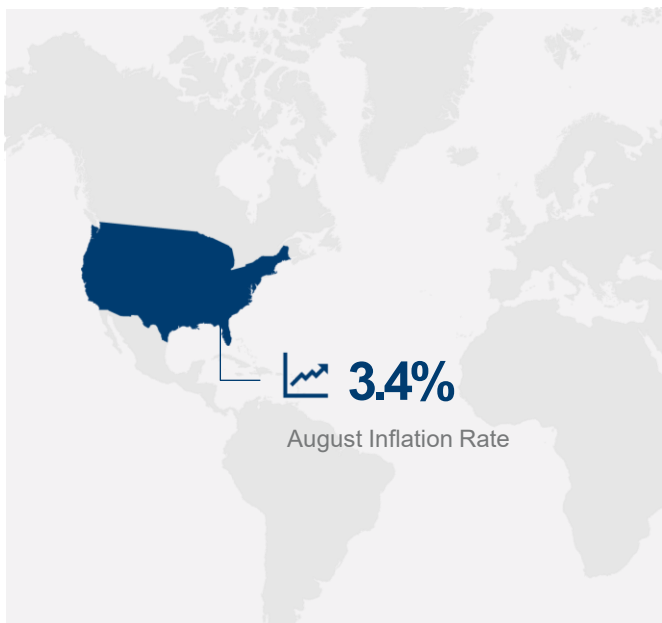
The chart highlights the growing tension between rising U.S. government indebtedness and the cost of long-term borrowing over the past 10 years. Federal debt has nearly doubled over the past decade, while the 30-year Treasury yield has risen sharply from the exceptionally low levels of 2020 – 2021 to above 5%, reflecting persistent inflation risks, high Treasury issuance and increasing investor concern over the U.S. fiscal outlook. Higher long-term yields raise government debt-servicing costs and borrowing costs across the wider economy, while also increasing the discount rate applied to financial assets, potentially putting pressure on equity valuations.

## Market news

September marks a material change in the global interest rates narrative. US August payrolls surged 162,000 and inflation, as measured by the Consumer Price Index (CPI), came in at 3.4% Year-on-Year (YoY). This combination of a strong labor market and sticky inflation has shifted the debate away from easing towards a more restrictive monetary policy, i.e., higher interest rates. Bond markets have delivered the clearest verdict. The US 10-year yield rose from 4.72% in August to 4.97%, while the 30-year reached 5.35%, a near-two-decade high. This follows US government debt crossing USD 40tn, equivalent to 123% of Gross Domestic Product (GDP). Attempts by the US Treasury to suppress long-dated yields through increased buybacks did not have a lasting impact and instead brought into focus the US' poor fiscal management.

Equities have so far absorbed higher interest rates remarkably well. US indices moved from record highs in August to broadly flat in September, supported by strong technology earnings. For example, Nvidia's Q2 revenue increased 106% YoY and published guidance that exceeded expectations. However, the current overall valuation levels price in future growth, which, if it doesn't materialize to the expected extent, could put share prices under pressure.

Inflationary pressures are increasingly global, with oil prices surging above USD 100 per barrel amid escalating Middle East tensions. Higher energy prices and rising financing costs are already having repercussions on global corporate profitability, with some sectors, such as airlines and transport, feeling the pinch.

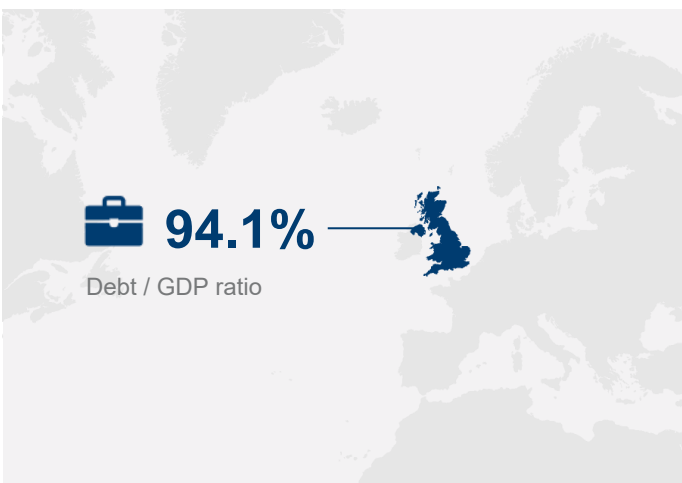
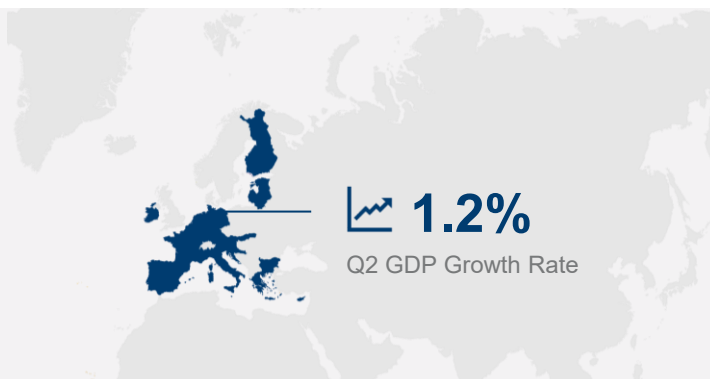


## United States

The US economy remains strong. August payrolls rose 162k against expectations of only 55k, unemployment held at 4.1%, and personal consumption expanded 3.4% versus 3.2% expected. The annualized Q2 GDP growth was in line with expectations at 1.5%, and Q3 corporate profits so far appear robust, with an estimated YoY growth rate of 28.7% according to FactSet. However, inflation remains the constraint. August CPI was 3.4% YoY, while the broader July Personal Consumption Expenditure (PCE) index reached 3.7% YoY. With base interest rates at 3.50% – 3.75%, market expectations have swung sharply: an August reading implied only a 33% probability of a September rate hike, whereas the latest market data indicates an 88.5% probability of a 25 basis-points (bps) increase.

## Eurozone

The revised Q2 GDP figure highlighted 1.2% YoY growth, as opposed to 1.0% from the prior reading. Unfortunately, inflation also moved higher, from 2.9% in July to 3.3% in August. These two factors prompted the European Central Bank to raise interest rates by 25 bps to 2.50%, as we expected. However, with inflation climbing at a faster pace than interest rates, depositors are still not keeping up with the erosion in the value of the European currency.

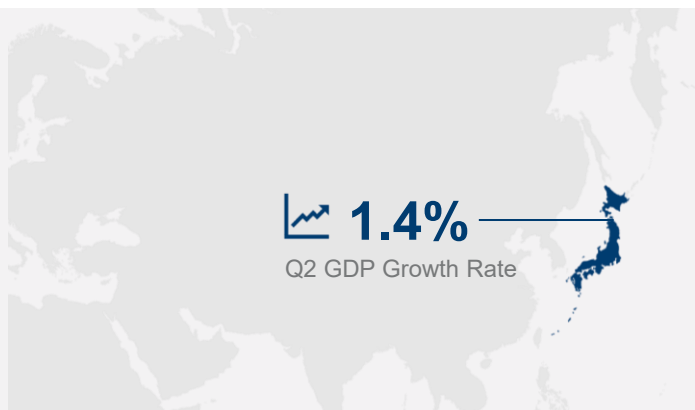


## United Kingdom

UK growth has surprised to the upside. July GDP expanded 0.4% Month-on-Month (MoM) versus zero growth expected. Nationwide house prices also rose 0.2% MoM in August versus 0.1% expected, providing evidence that domestic activity retains momentum despite restrictive financing conditions. The inflation rate remains above target, coming in at 2.9% YoY in July. Public-sector borrowing reached GBP 1.8bn in July against expectations of a GBP 0.4bn surplus, taking government debt close to GBP 3tn, representing 94.1% of GDP.

## Japan

Japan's economy has shown high resilience over the past month, with Q2 GDP growth revised up to 1.4% annualized and wages strengthening, thus reinforcing expectations that the Bank of Japan may raise interest rates from 1.0% to 1.25% at its September meeting. At the same time, the weak yen and higher energy prices continue to create inflationary pressure, prompting substantial currency intervention by the Japanese authorities.





**7.2%**  
fixed-asset investment

## China

China's latest data point to an increasingly two-speed economy: industrial production strengthened to 5.2% YoY in August, supported by robust exports and particularly strong high-tech manufacturing. However, domestic demand remains weak, with retail sales growing just 0.4% YoY and fixed-asset investment falling 7.2% in the first eight months of the year. The prolonged property downturn remains the principal drag, increasing pressure on Beijing to provide additional stimulus if it is to achieve its 4.5% – 5% growth target for 2026.

## India

India struggles with inflationary pressures as consumer inflation reaches 4.82% in August. This marks its third consecutive month above the Reserve Bank of India's (RBI) 4% target, driven by higher food and energy prices. With India importing around 85% of its oil, elevated crude prices have increased inflation and currency pressures. This, in turn, has raised expectations that the RBI could increase interest rates, even as economic growth remains comparatively strong.



**4.82%**  
August Inflation Rate



## Oil

Oil prices rose sharply over the past month, with Brent exceeding USD 100 per barrel as renewed US – Iran tensions and disruption around the Strait of Hormuz intensified concerns over global supply.



## Crypto

Bitcoin rallied by more than 20% over the past month, briefly exceeding USD 80,000, supported by a weaker dollar, renewed institutional demand and expectations of more favorable US crypto regulation.

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