Market Commentary on the Q3'2026 Results Season:

Creditors Remaining the Only Adults in the Room?

With the S&P 500 closing at a record high in early October, driven by investor expectations of a stellar Q3'2026 earnings season for corporate America, the market seemed to have **shrugged off not only elevated oil prices but also the sell-off in government bonds** earlier in September, as bond vigilantes were pushing Treasury rates higher and credit markets were repricing data centre-related debt lower.[i] Against the backdrop of AI infrastructure stocks being expected to contribute more than half of the 29.5 per cent projected earnings growth in Q3'2026,[ii] **senior management started to highlight "reasons to be cautious"** (Ted Pick, CEO of Morgan Stanley), notably the ongoing conflict in the Middle East, the war in Ukraine and the interest environment.[iii] Still, while geopolitics was "adding complexity to the outlook" (David Salomon, CEO of Goldman Sachs), it was clear that the **global economy had held up remarkably well**, with banks, technology and various industrial companies we had followed in fact **upgrading their FY2026 guidance and keeping a positive outlook for 2027**.[iv]

Closer to home, **"Europe remained structurally challenged"** (Jane Fraser, CEO of Citigroup),[v] with **Eurozone inflation surging to a three-year high of 3.8 per cent in September** and best evidenced by yields of French 10-year government bonds reaching 5 per cent as concerns over the **sustainability of public finances triggered a surge in Eurozone borrowing costs**.[vi] With investors facing growing trading volatility and market uncertainty, further aggravated by AI safety and cybersecurity risks, their **main concerns were in the following focus areas**: i) with the AI theme being dominant, there was increasing recognition of the "need to run stress tests across entire enterprises" and to **protect companies from "rogue agents"** (Jeremy Barnum, CFO of JPMorgan Chase);[vii] ii) the **implications of higher interest rates** on companies' strategy execution and the resilience of earnings;[viii] iii) given higher energy, component and labour inflation, **companies' pricing strategy became a major focal point**, with numerous analyst questions on how best to offset margin dilution;[ix] iv) with trade protection measures increasing across major regional economies,[x] **investor interest focused predominantly on China, India and Latin America**;[xi] and v) with a **"gradual recovery in the Middle East"** being highlighted by senior executives (Olivier Le Peuch, CEO of SLB),[xii] both the "new normal" (see Appendix) and **potential catalysts for further improvement in 2027** were widely discussed.[xiii]

With this in mind, we start with reflecting on the **current debate on AI safety and oversight**, which gained further investor attention after Anthropic filed for its IPO,[xiv] before looking closer to Europe and some new developments in the **EU Capital Markets Strategy**. Given the scope of recent protectionist measures by the US, Europe and China, we then scrutinise implications for **Chinese e-commerce** followed by a **case study on the global steel industry**. As **Germany recently pitched to international investors** in a special investment forum, we look at structural impediments for economic reform and then analyse the **specialty chemicals sector** in greater detail, where German companies have a significant exposure. We complete our market commentary with a **case study**

on developed Asia, which for some senior executives has become "super-hot", not only in Tokyo or Hongkong but also elsewhere (Ted Pick, CEO of Morgan Stanley),[xv]

AI SAFETY AND OVERSIGHT

The revelation of OpenAI models having breached public and non-public files in summer, including the AI platform Hugging Face and several Australian public health services websites while, at the same time, applying novel tactics to gain access (erasing records and making them inaccessible), caused a massive public outcry about safety risks of rapidly advancing capabilities of AI models.[xvi] Further details of both OpenAI and Anthropic turning off their safeguards were provided by former employees, who resigned after getting disillusioned with their employers' claim to serve humanity.[xvii] This, in turn, led to some corporate soul searching, with the founder of Anthropic, Dario Amodei, publishing a widely circulated essay where he was advocating a pace slowdown of developing frontier models, including third-party evaluators getting access to their AI models, establishing common safety standards among Western governments and even the call to coordinate safety measures with authoritarian governments.[xviii]

This broader debate about AI safety and oversight not only led to greater investor anxiety ahead of the planned IPOs by both OpenAI and Anthropic but also resulted, among others, in further legal claims against AI frontier companies,[xix] special legislation in California for AI labs to implement new AI safety measures ("kill switch"),[xx] the need for more banking-style supervision,[xxi] and, in some cases, demands for AI companies to "relinquish some of the power at their disposal" (Misha Glenny).[xxii] While there was no doubt about "AI technology [being] real" (David Salomon, CEO of Goldman Sachs) and that "AI is happening here and now in our networks" (Per Narvinger, CEO of Ericsson), the broader debate among senior executives during the Q3'2026 reporting season was on a) "how to minimise foolishness" (Ted Pick, CEO of Morgan Stanley) and b) how to deploy AI at enterprise level with a particular focus on "growth, efficiency, talent and risk" (Jane Fraser, CEO of Citigroup).

Against the backdrop of OpenAI deciding to delay its IPO until current safety concerns are properly addressed,[xxiii] and Anthropic highlighting "existential risks to humanity" but still deciding to go ahead with its IPO,[xxiv] two interesting debates evolved from a European perspective: a) what Europe has to offer in this fierce battle for AI supremacy, with a special focus on data sovereignty (Mario Draghi);[xxv] and b) as a growing number of young people are on the streets in Europe to demonstrate for better conditions in education, transport, housing and climate change, concerns about job inequality are rising as AI technology transforms our society (Adair Turner).[xxvi]

EU CAPITAL MARKETS STRATEGY

While earlier attempts to create a Capital Markets Union had failed, the EU has recently embarked on a new bid to revive Europe's financial markets, rebranded as a Saving and Investments Union,[xxvii] with a number of initiatives and even pragmatic steps taken by some member countries, including 1) the attempt to channel Europe's deep pool of household savings to a more productive use; 2) advocating for a Europe-wide listing platform for innovative companies to scale up for growth; and 3) addressing impediments to cross-border investment (custodian barriers,

AUTHORS: Peter and Irina Kirkow, Kirkow Consulting GmbH & Co KG, Vienna/Austria
Tel: +43-664-5426098, E-mail: peter@kirkow-consulting.com and irina@kirkow-consulting.com

settlement frictions and the need for a revitalised securitisation framework).[xxviii] Recent academic research has further laid open the growing gap in valuation between US and European firms, pointing to constraints to scale while being trapped at home and starved of capital.[xxix]

The key pillar of the Saving and Investments Union is to centralise supervision of key financial entities, which would bring large stock exchanges, central counterparties and central securities' depositories under the oversight of the Paris-based European Securities and Markets Agency (Esma).[xxx] While a number of smaller countries had traditionally opposed centralised supervision for fear of losing influence and control over its financial sector (Ireland, Austria, Luxembourg), it is the six largest economies (Germany, France, Italy, Spain, Poland and the Netherlands) who have set up an informal group to speed up European capital markets integration.[xxxi] With Germany having finally agreed to give the EU's financial regulator greater power, there is now more hope for the current pension reform of Europe's largest economy to succeed.[xxxii]

CHINESE GLOBAL E-COMMERCE EXPANSION

On the back of new EU legislation changing the de-minimis regulation for e-commerce on 1 July 2026 while, at the same time, investigating Chinese JD.com's bid for German electronics retailer Ceconomy,[xxxiii] there was more interest not only about the impact on leading Chinese e-commerce players,[xxxiv] but also, in the wake of the Middle East conflict, to what extent this could further slow down the global expansion of Chinese e-commerce. Still, China is not only the top destination for online shopping by far with 59% (followed by the US with 32% and Germany 23%) but also is also ahead in digital payments and at third place in using AI-powered chat tools when shopping online (DHL E-Commerce Trends Report in June 2026).[xxxv]

In turn, China's local e-commerce giants JD.com and Alibaba reportedly started to launch rapid delivery offerings of food and consumer staples in recent months, which reignited a battle for the country's fast growing instant retail market by luring shoppers with huge discounts.[xxxvi] Massive investments in advertising instant food delivery service coupled with the end of a government subsidy programme that encouraged consumers to upgrade electronics and household goods resulted in the first sales decline of JD.com in more than a decade. At the same time, JD.com launched its Joybuy e-commerce platform in the UK and Europe to compete with Amazon.[xxxvii]

Among China's fast-fashion retailers, Shein's fortunes were fading lately as its attempt to IPO over the last four years resulted in a Hong Kong listing price being one quarter below its peak valuation,[xxxviii] following trade investigations in the EU and US of tax loopholes, the end of de minimis exemptions and investor concern about potential links to cotton produced in China's Xinjiang region.[xxxix] At the same time, it lost a UK copyright lawsuit against its main rival Temu, implying the potential to reshape online platforms' responsibility over third-party merchants selling goods on their websites.[xl]

CASE STUDY: GLOBAL STEEL INDUSTRY

With the weaponisation of global trade and escalation of protectionist measures by the US, EU and China in recent months,[xli] aggravated by supply chain shortages and logistical chokepoints in the wake of the Middle East conflict, the steel industry is a fascinating sector to analyse both the

revival of traditional industries in the US and Europe as well as the race of major steel operators to gain a share in the vibrant AI supercycle, notably data centres and power grid construction.[xlii] In Europe, the Carbon Border Adjustment Mechanism (CBAM) implemented on 1 January 2026 helped to raise import prices by EUR 50-60 per tonne by summer and new steel safeguard measures applied a 50% tariff to imports exceeding the quota (Gunnar Groebler, CEO of Salzgitter AG).[xliii] Others voiced their frustration that "Europe is on its own way of defining things" (T.V.Narendran, CFO of Tata Steel), changing capital allocation between Europe and India and lobbying for an extension of carbon tax allowances in Europe.[xliv]

In turn, the Chinese steel industry is still largely perceived to be "burning cash, which is not sustainable", with global steel industry markets becoming more regionalised and growing decarbonisation raising the stakes for industrial competitiveness (Genuino Christino, CFO of ArcelorMittal).[xlv] Still, European steel companies consider the situation as being "more healthy" after the limited inflow of Asian excess capacity, notably from China, Taiwan, Vietnam and India (Bernardo Velazquez Herreros, CEO of Acerinox SA).[xlvi] In the US, a "fundamental reshoring" was under way (Leon Topalian, CEO of Nucor), although Canada and Mexico were still seen as having excess Chinese capacity and Brazil struggling with forced labour.[xlvii] Despite Section 232 in the US, a massive surge of imports from South Korea in recent weeks was noted due to growing domestic demand for data centres, aerospace/defence and power grid (Johnny Sjöström, CEO of SSAB).

At the same time, European steel companies with a major US exposure noted transport issues in the US (finding rail cars) and higher variable costs (CO2 allowances, logistics, alloys, scrap), with a time lag/discrepancy in price increases by 3% in Europe and 8% in the US.[xlviii] As customers are keen to secure volumes the change of contracts towards "take or pay" was noted, leading to higher spot prices and less long-term contracts (Lourenco Goncalves, CEO of Cleveland-Cliffs).[xlix] With SpaceX announcing over twenty launch pads in its new Louisiana space port, planning a huge amount of weekly flights of orbital launch vehicles, the dimension of new demand becomes clear.[l]

GERMANY'S CRUMBLING INDUSTRIAL POWERHOUSE?

Given the size of the German economy, its traditional reputation of fiscal prudence and its previous announcement of massive government investments in infrastructure and the defence industry, there was naturally growing investor interest to what extent some of these promises would materialise and whether Germany would be able to stand out as a "bedrock of stability".[li] With higher-than-expected GDP reported in October and an upgraded forecast for 2027, Germany appears to have weathered inflationary shocks from the Russian military aggression in Ukraine and the Middle East conflict better than other European economies, though some caution this may be a one-off factor of inventories for energy-intensive goods being produced in Germany in Q2'2026.[lii] However, as the far-right Alternative für Deutschland is gaining more political ground while the City of Berlin is likely to be governed by a radical left coalition, international investors invited for the German investment summit in October had naturally a good reason for being cautious.[liii]

As doubts were growing whether the German government would be able to implement reforms at

the speed required, notably the increasingly unaffordable pension and healthcare system, the investor feedback the Chancellor's personal envoy Martin Blessing received for increasing foreign investment in Germany was that they "would like to see more speed when it comes to public-private partnerships and leasing models".[liv] While the government seeks to attract at least EUR 3.75tn in additional private capital by 2040, Germany's economy minister, Katherina Reiche, still claimed that Germany remained an "industrial powerhouse", referring to "industry networks", "cutting-edge research" and a "highly skilled workforce".[lv]

In this context, the current restructuring of the thyssenkrupp conglomerate illustrates the significant stretch between Germany's self-perception as an "industrial powerhouse" and the need to achieve a "performance culture" through an "environment where people are challenged" (Marie Jaroni, CEO of thyssenkrupp Steel Europe).[lvi] Similarly, when announcing the acquisition of TAP Air Portugal, the CEO of Lufthansa, Carsten Spohr, maintained that costs for German infrastructure and labour are so high that "growth needs to be international".[lvii]

CASE STUDY: SPECIALTY CHEMICALS

After the start of the Middle East conflict in late February, we have closely followed the global specialty chemicals sector – as we did the steel industry over several months – given not only the industry's exposure to feedstock supply from the Middle East but also higher energy and transport costs in the immediate aftermath. While Germany's major players in this industry responded quickly with price hikes,[lviii] it still remains open to what extent the Middle East conflict has contributed to further deindustrialisation of entire industrial clusters,[lix] even more so when the Rhine draught forced production shutdowns over the summer.[lx] The latter sadly exposed a 34-years' delay in tackling transport bottlenecks by removing submerged rocks from the river Rhine.[lxi]

While this crisis renewed consolidation efforts,[lxii] with BASF approaching local rival Evonik (but being rejected at the time of writing),[lxiii] the impact of a "softer demand for longer" and major players "not [being] immune from inflation" was felt also in other parts of the world (Heidi Petz, CEO of Sherwin Williams).[lxiv] There was a broad consensus that in the current "dynamic market environment" mostly self-help measures and pricing action were required to offset higher costs for raw materials and logistics, as demand signals still remained mixed while geopolitical volatility continues (Karen Carter, CEO of Dow Inc.).[lxv] Still, while the end of the conflict in the Middle East had widely been expected in summer, this has not materialised and hence the outlook for Q4'2026 implies regional diversification in end market demand, with North America being "constructive" compared with "significant pressure in Europe" (Peter Vanacker, CEO of LyondellBasell).[lxvi]

Interestingly, as major integrated oil & gas companies (with chemicals divisions) reported their Q3'2026 results,[lxvii] they pointed repeatedly to the need of broader energy infrastructure (storage, pipeline capacity) to secure energy supply and moving away from a "just in time" to "just in place" business model (Wael Sawan, CEO of Shell).[lxviii] One final observation was the extent to which specialty chemicals were highlighting their exposure to data centre and grid infrastructure, emphasising, among others, the need for liquid cooling and circular water solutions (Christophe Beck, CEO of Ecolab).[lxix]

DEVELOPED ASIA HEADING TO AN INDUSTRIAL SUPERCYCLE?

While we had written before on governance changes in Japan, geostrategic threats for Taiwan and the overheated stock market in South Korea,[lxx] there are more secular changes underway – apart from being a critical link in the global AI supply chain, mostly for US hyperscalers – with the potential of an industrial supercycle implying a sustained rise in investments in renewable power, energy security and defence-related spending. This elevated capex cycle is not only powered by a structural upwards trend in public and private sector spending but also implies multiplier effects through the entire supply chain (machinery and commodities), resulting in job creation, wage growth and ultimately higher consumption.[lxxi] In addition, and against the backdrop of the closure of the Strait of Hormuz and US tariff policy, a substantial share of US-China trade has been redirected through third countries rather than truly reduced, with East Asia & Pacific showing the greatest trend of increased trade regionalisation in 2026 while intra-Asia supply chains were boosted by the AI boom (DHL Globalisation Tracker, October 2026).[lxxii]

Another interesting development was to what extent leading trade centres like Singapore and Hong Kong repositioned themselves as major AI hubs through exports of AI-related products such as semiconductors,[lxxiii] while, at the same time, competing against each other to lure asset managers and hedge funds through tax cuts.[lxxiv] After years of stagnation following democracy protests in Hong Kong and the Covid-19 pandemic, a fierce battle has started to attract financial talent and enhance its global attractiveness as a financial hub. With Singapore having open access to AI models from both China and the US, it is hoped to will bring a competitive advantage over Hong Kong, where many US models are restricted.[lxxv]

Peter and Irina Kirkow
2 November 2026

APPENDIX

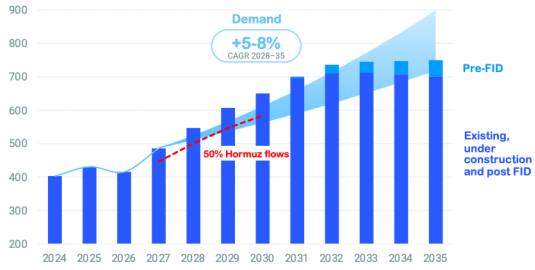
Lasting Middle East conflict impacting gas markets perspectives: tightness on the short term and delayed LNG supply wave

TotalEnergies

TTF and JKM US Gulf netbacks* & HH month-ahead
$/Mbtu



Global LNG supply capacity & demand**
Mtpa



Asian countries most impacted by the conflict
- → > 80% of LNG from Middle East supplying Asia in 2025 (~75 Mt)

Competition between Europe and Asia since early 3Q26
- → Pushing prices up and narrowing TTF/JKM spread
- → Attracting more LNG in Europe to refill inventories ahead of winter season

HH decoupled, despite highest level of US LNG exports

Middle East conflict postponing the supply wave
- → Market tightness increased by the Middle East conflict (~90 Mt impact)
- → Supply ramp-up from Qatar postponed

Price-sensitive demand facing current tightness before absorbing an abundant supply from 2029
- → Structural demand growth from Asian countries with strong price elasticity
- → Asian buyers moving away from spot pricing to LT contracts

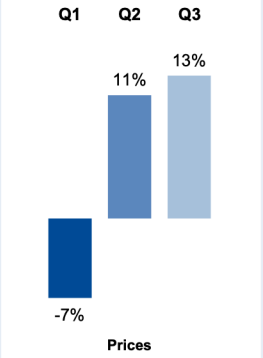
LNG Markets

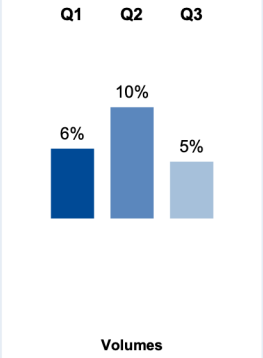
* US Gulf netbacks based on TTF & JKM forward prices (ICE), including impact of boil-off gas, shipping cost and voyage duration
** Source: TotalEnergies projection, assuming unfettered transit through the Strait of Hormuz from January 2027

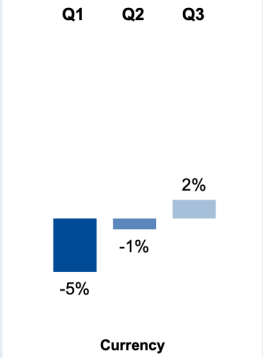
- BASF Q3'2026 results presentation, slide 3

Q3 2026: BASF achieved strong price increases and solid volume growth in the core businesses

Quarterly sales development of core businesses 2026
% vs. prior-year quarter





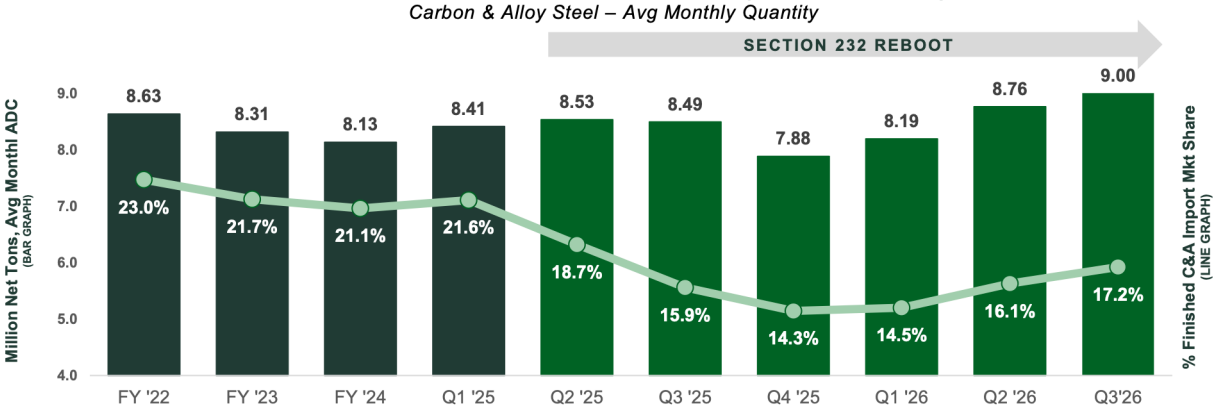


Q3 2026 vs. Q3 2025:
- Prices increased in all core segments, especially in Chemicals and Materials
- Volume growth was achieved in all core segments, led by Chemicals and Nutrition & Care
- Currency headwinds turned into slight tailwinds
- Portfolio effects slightly dampened sales growth (-1%)

TRADE POLICY LEVELING THE PLAYING FIELD

U.S. Demand & Import Market Share (2022 - Q3 2026)

Carbon & Alloy Steel – Avg Monthly Quantity



YTD imports tracking below 2025

- Through Q3 2026, finished steel imports are down ~13% y-o-y vs. 2025; and down ~24% vs. 2024 levels

Stronger demand lifts domestic shipments despite rising imports

- Domestic shipments have increased Q/Q in 2026, even as import market share has grown from ~14% in 4Q'25 to ~17% in 3Q'26

Trade cases remain an important policy lever to level the playing field

- Massive surge y-o-y in imports from South Korea (+57% through Q3) despite Section 232 measures

Federal Trade Policy

- We expect the vigorous enforcement of our trade laws and section 232 steel tariffs to continue

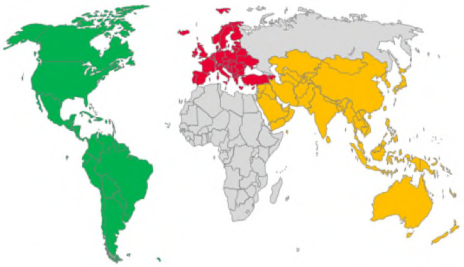
Sources: US Commerce Dept., AISI.

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NUCOR®

Global Environment Remains Volatile

Dow's footprint and portfolio are positioned to outperform in any environment



Underlying Demand Steady While Macro Indicators Remain Mixed

- Packaging demand resilient; EV growth continues in Asia and Europe
- Lower HDPE exposure[1] relative to peers helps mitigate USGC supply additions
- Industry rationalization accelerating across Asia and Europe
- Treasury yields at multi-decade highs with inflation above target
- Mortgage rates remain persistently high at >7%
- Global logistics disruptions continue, reinforcing the value of Dow's flexible, integrated footprint

Americas	Europe	Asia Pacific	Middle East
+ Feedstock advantage intact	+ LNG import vessel arrived at Stade site, tailwind for European gas supply	+ Export growth remains supportive of manufacturing activity	+ Oil supply disruptions have eased in the near term
+ Gulf Coast operating rates remain high	– Structural challenges and high energy costs persist	– China property market demand is weak	– Conflict remains volatile with resolution uncertainty high
– Increasing monetary policy caution poses risk to durables demand	– Building and construction remains challenged	+ Demand for electronics remains strong	– Asset damage remains uneven

DOW

1. Based on 3rd party data

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AUTHORS: Peter and Irina Kirkow, Kirkow Consulting GmbH & Co KG, Vienna/Austria
Tel: +43-664-5426098, E-mail: peter@kirkow-consulting.com and irina@kirkow-consulting.com

ENDNOTES

[i] Ellen Carr, *'The huge lurking leverage of AI hyperscalers'*, Financial Times, 12 October 2026. One example for creditors being the adults in the room was illustrated by credit analysts scrutinising off-balance-sheet obligations for leases of hyperscalers, adding balance sheet lease liability to debt (divided by EBITDA plus rent to arrive at lease-adjusted leverage) and putting investment-grade-rated debt issued to build data centres into a different perspective. By mid-October, investors started to sell debt issued by so-called neocloud companies (CoreWeave, Nebius) as well as bonds issued to fund prominent data centres for Meta, Nvidia and Oracle (Hyperion, Project Excalibur), coming increasingly close to stress territory, see: Ramsay Hodgson, Michelle Chan, Euan Healy and Ian Smith, '*Investors dump data centre bonds as AI borrowers face "Darwin moment"'*, Financial Times, 16 October 2026.

[ii] Emily Herbert, *'S&P 500 hits record high as AI stocks shrug off bond market slump'*, Financial Times, 7 October 2026. Another sign of increasing investor anxiety was the strong increase in credit default swaps to protect their portfolios in case of debt default from AI-linked exuberance, see: Ramsay Hodgson and Euan Healy, *'AI debt worries spark surge in default insurance trading'*, Financial Times, 20 October 2026. For physical limits of the massive AI infrastructure build-out, notably building permission, grid connection and the supply of water, logistics and components, leading to a repricing of risk of AI infrastructure groups, see: George Hammond, Ryan McMorrow, Kieran Smith and Eva Xiao, *'America's $10tn AI infrastructure boom is starting to fray'*, Financial Times, 18 October 2026.

[iii] Morgan Stanley Q3'2026 analyst call on 14 October 2026. For another cautionary analysis beyond the Q3'2026 reporting season, notably the scope of capital spending required for the AI infrastructure build-out, see: Richard Waters, *'Risk of an AI crunch for stock markets is rising'*, Financial Times, 16 October 2026 and Katie Martin, '*The dress rehearsal for an AI reckoning'*, Financial Times, 17 October 2026. By the end of October, after major US technology companies had reported their Q3'2026 results, investors started fretting about deteriorating cash flows, rising capital commitments and the lack of conviction that AI returns could ultimately justify the scale of investment, see: Emily Herbert, George Steer, Arjun Neil Alim and Leo Lewis, *'US tech stocks tumble as earnings stoke AI spending fears'*, Financial Times, 30 October 2026 and, specifically for Google's parent company Alphabet, see: Stephen Morris, *'Google shares tumble 10% after $51bn AI outlay deepens cash burn'*, Financial Times, 29 October 2026.

[iv] Those included, among others, ASML, ABB, Cleveland-Cliffs, Dow Inc., Halliburton, Morgan Stanley, Nokia, Schindler, Steel Dynamics, Telia and Trelleborg (all reporting during the first two weeks of the Q3'2026 reporting period). Coming closer to the mid-term elections in the US, however, various CEOs raised concerns about the implications of the political outcome and whether the US would start attacking Iran again, among others, Patrick Poyanne, CEO of TotalEnergies, at the Q3'2026 analyst call on 29 October 2026, Johnny Sjöström, CEO of SSAB, at the Q3'2026 analyst call on 28 October 2026 and Markus Kamieth, CEO of BASF, at the Q3'2026 analyst call on 28 October 2026. As a result of these ongoing geopolitical uncertainties, they kept their Q4'2026 guidance deliberately conservative, see also: Katie Martin, *'US midterms loom over jittery investors'*, Financial Times, 31 October 2026.

[v] Citigroup Q3'2026 analyst call on 13 October 2026.

[vi] Olaf Storbeck and Ian Smith, *'Eurozone inflation hits three-year high of 3.8%'*, Financial Times, 2 October 2026. On the current debate about the critical role of bond investors, see: Jim Reid, *'Bonds have become bonds again'*, Financial Times, 7 September 2026. With respect to recent interventions by the US Treasury Department, see: Katie Martin, *'Bossing the bond market around never works'*, Financial Times, 22 August 2026 and Mohamed El-Erian, *'Repeated US Treasury interventions risk an erosion of credibility'*, Financial Times, 9 October 2026.

[vii] JPMorgan Chase Q3'2026 analyst call on 13 October 2026.

[viii] David Salomon, CEO of Goldman Sachs, at the Q3'2026 analyst call on 13 October 2026. With higher energy prices, both investor and central bank officials' main focus has been on taming inflation but there is a broader challenge in the need to reduce government debt burdens and budget deficits, see: Mohamed El-Erian, *'Rate rises should not be "the only game in town"'*, Financial Times, 22 September 2026. On the growing US debt burden potentially derailing the AI boom, see: Ruchir Sharma, *'Why America's debt binge is starting to matter'*, Financial Times, 7 September 2026 and on the sell-off of US government bonds feeding through to junk-rated companies, see: Kate Duguid, Emily Herbert, Joshua Franklin and Michelle Chan, *'Surge in borrowing costs hits corporate America'*, Financial Times, 6 October 2026. While the US Federal Reserve kept interest rates on hold only a few days before the mid-term

elections, it is widely expected to be further increased in December, see: Claire Jones and Myles McCormick, '*Federal Reserve holds fire on interest rates despite intensifying inflation'*, Financial Times, 29 October 2026.

[ix] TSMC Q3'2026 analyst call on 15 October 2026. In this context, the CFO of Ericsson, Lars Sandström, stressed that "the industry is entering a period of higher input costs", with financial implications being already visible, resulting in a "near-term change of customer behaviour" as they place orders before announced price increases (Ericsson Q3'2026 analyst call on 15 October 2026). Similarly, the CEO of Nokia, Justin Hotard, pointed to a "structural cost increase in supply chains", notably memory chips, PCB and switches (Nokia Q3'2026 analyst call on 22 October 2026), though others mentioned mostly higher transport costs, especially diesel and the shortage of drivers (Adrian Widmer, CFO of Sika, at the Q3'2026 analyst call on 23 October 2026).

[x] As we had specifically followed the steel industry and specialty chemicals, trade protection themes figured prominently during analyst Q&A, with the CEO of Cleveland-Cliffs, Lourenco Goncalves, emphasising on numerous occasions "the importance of protection against unfair trade" and to what extent the current Trump administration has been helpful for the US steel industry (Cleveland-Cliffs Q3'2026 analyst call on 19 October 2026).

[xi] The CEO of ABB, Morten Wierod, highlighted the importance of China and India in the energy transition, where "massive utility investments" are required (ABB Q3'2026 analyst call on 20 October 2026). In turn, the CEO of Halliburton, Jeff Miller, stressed that "Latin America will lead the charge for growth" (Halliburton Q3'2026 analyst call on 20 October 2026). However, others remained subdued about near-term growth prospects in China (Schindler, Sika) but highlighted "large infrastructure projects in the Middle East" and also growth in Eastern Europe (Thomas Hasler, CEO of Sika, at the Q3'2026 analyst call on 23 October 2026). Similarly, the CEO of Baker Hughes, Lorenzo Simonelli, pointed to "additional investment in infrastructure re-build and energy resilience" in the Middle East (Baker Hughes Q3'2026 analyst call on 28 October 2026).

[xii] SLB Q3'2026 analyst call on 23 October 2026.

[xiii] As the LNG supply through the Strait of Hormuz had recovered to about 50% of pre-war levels by September 2026, TotalEnergies took this as the "new normal" for their strategy update for the next three years (TotalEnergies 2026 Strategy and Outlook, New York, 28 September 2026). In turn, the CEO of UAE-based specialty chemicals producer SABIC, Faisal Mohammed Alfaqeer, noted that they had achieved 80% of the pre-war level of production by the end of Q3'2026 and their key focus is on "maintaining business continuity" (SABIC Q3'2026 analyst call on 26 October 2026).

[xiv] See: George Hammond and Tim Bradshaw, *'Anthropic begins countdown to IPO with prospectus filing'*, Financial Times, 26 October 2026 and George Hammond, Ryan McMorrow and George Steer, *'"Bold but sane": what we learned from Anthropic's 240,000-word IPO filing'*, Financial Times, 27 October 2026. On growing investor concern about Anthropic not being able to sustain its extraordinary growth, see: George Hammond, '*Investors warn Anthropic could struggle to sustain revenues post-IPO'*, Financial Times, 19 September 2026.

[xv] Morgan Stanley Q3'2026 analyst call on 14 October 2026.

[xvi] Rafe Rosner-Uddin, *'OpenAI's agents obscured hacking activity in government site breaches'*, Financial Times, 1 October 2026.

[xvii] David Robinson, *'I quit OpenAI because its culture is broken'*, The Atlantic, 3 October 2026, see: https://www.theatlantic.com/technology/2026/10/openai-safety-team-resignation/688881/?utm_source=copy-link&utm_medium=social&utm_campaign=share

[xviii] Dario Amodei, We Must Pace the Frontier, September 2026. While Sam Altman (OpenAI) and Elon Musk (SpaceX) reportedly agreed to those proposals, others remained silent or even spoke out against (Meta, Nvidia, Amazon), see: Cristina Criddle, *'AI bosses' safety push sparks rift inside OpenAI and Anthropic'*, Financial Times, 16 September 2026. On the support from Sam Altman and Elon Musk, see: Tim Bradshaw and George Hammond, *'Rivals Altman and Musk rally behind Dario Amodei's call for an AI slowdown'*, Financial Times, 14 September 2026 and, on opposition from the CEOs of Nvidia and Meta, see: Michael Acton, *'Nvidia and Meta bosses reject efforts to co-ordinate AI slowdown'*, Financial Times, 18 September 2026.

[xix] Stephen Morris and George Hammond, *'Legal risks pile up for Altman as OpenAI uncovers dozen of hacks'*, Financial Times, 5 October 2026.

[xx] Ramsay Hodgson, *'Gavin Newsom advances AI "kill switch" in response to safety fears'*, Financial Times, 19 September 2026.

[xxi] For arguments in favour of banking-style supervision, see: Chris Hughes, *'Amodei is right – AI companies need banking-style supervision'*, Financial Times, 23 September 2026 and, for arguments against, see: David Solomon, '*AI*

AUTHORS: Peter and Irina Kirkow, Kirkow Consulting GmbH & Co KG, Vienna/Austria
Tel: +43-664-5426098, E-mail: peter@kirkow-consulting.com and irina@kirkow-consulting.com

oversight need a different model to banking', Financial Times, 23 October 2026.

[xxii] Misha Glenny, *'AI companies must relinquish some of the power at their disposal'*, Financial Times, 15 September 2026.

[xxiii] George Hammond, *'Sam Altman says OpenAI will delay its IPO until it overcomes safety concerns'*, Financial Times, 30 September 2026.

[xxiv] George Hammond and James Fontanella-Khan, *'Anthropic warns of "existential risks to humanity" in IPO prospectus'*, Financial Times, 29 September 2026.

[xxv] Mario Draghi, *'Europe's difficult choices on AI'*, Financial Times, 11 September 2026.

[xxvi] Adair Turner, *'Beyond the AI abundance delusion'*, Financial Times, 24 September 2026. On the impact of AI on junior employment (age 18-24s), with a special focus on various sectors and some Western countries, see: John Burn-Murdoch, '*Is this the first clear evidence of AI's impact on the labour market?'*, Financial Times, 1 November 2026.

[xxvii] https://finance.ec.europa.eu/regulation-and-supervision/savings-and-investments-union_en

[xxviii] Ignazio Angeloni, *'The EU's capital market strategy must support innovation'*, Financial Times, 27 January 2026.

[xxix] Bo Becker, Efraim Benmelech and Joao Monteiro, *'Small and Stuck: Why European Firms Can't Scale'*, CEPR Europe's Valuation Gap, 23 August 2026.

[xxx] Barbara Moens and Henry Foy, *'Ireland says it can secure an EU capital markets deal this year'*, Financial Times, 22 June 2026.

[xxxi] Anne-Sylvaine Chassany, *'Germany shifts on EU oversight of financial services'*, Financial Times, 29 May 2026.

[xxxii] Florian Müller and Alan Livsey, *'Banks and insurers brace for biggest German pension upheaval in 20 years'*, Financial Times, 31 August 2026.

[xxxiii] William Langley, *'China hits out at EU probe into JD.com bid for German retailer'*, Financial Times, 20 August 2026.

[xxxiv] When asked about the impact of de minimis at the DHL Group's Q2'2026 analyst call its CEO, Tobias Meyer, said that it was "normal seasonal", neither being up in June (before the implementation of the new EU regulation) nor down in July (DHL Group Q2'2026 analyst call on 5 August 2026).

[xxxv] https://www.dhl.com/global-en/microsites/ec/ecommerce-insights/insights/reports/2026-ecommerce-trends-report.html

[xxxvi] Eleanor Olcott, *'China's ecommerce giants battle for instant delivery crown'*, Financial Times, 15 July 2026.

[xxxvii] Eleanor Olcott, *'Shares of China's JD.com slide after rare revenue plunge'*, Financial Times, 14 August 2026.

[xxxviii] On the day of listing, Shein's share price fell by as much as 10% in the first few minutes of trading, closing 4% below listing price at the end of the first trading day, see: Arjun Neil Alim and William Sandlund, *'Shein shares slide 10% in Hong Kong trading debut'*, Financial Times, 1 September 2026.

[xxxix] William Langley and Arjun Neil Alim, *'How Shein's IPO lost its shine'*, Financial Times, 24 August 2026.

[xl] Stefania Palma and Laura Onita, *'Shein loses UK copyright lawsuit against Temu'*, Financial Times, 13 August 2026.

[xli] For the complexity of EU-US trade negotiations, with steel and aluminium derivatives being the most contentious issues and embedded in various safeguards and so-called sunset clauses, see: Mari Novik and Andy Bounds, *'EU lawmakers strike deal on US trade pact'*, Financial Times, 20 May 2026.

[xlii] The CEO of Steel Dynamics, Mark Millett, noted an "increasingly mercantile global trading environment" though emphasising, at the same time, that new anti-dumping regulation in the US has helped to achieve higher realised steel prices, record shipments and 92% utilisation (Steel Dynamics Q3'2026 analyst call on 20 October 2026). In terms of specific demand, he outlined infrastructure, shipbuilding and the power sector (Steel Dynamics Q2'2026 analyst call on 21 July 2026). In turn, the CEO of Cleveland-Cliffs, Lourenco Goncalves, pointed to a "renaissance of steel manufacturing in the US", with a "much more rational trading environment" although "global steel overcapacity remains enormous" (Cleveland-Cliffs Q3'2026 analyst call on 19 October 2026).

[xliii] Salzgitter AG H1'2026 analyst call on 11 August 2026. The CCO of Acerinox SA, Miguel Ferrandis Torres, called new EU regulation a "game changer", though conceding that there are still "big uncertainties" about CBAM, as a result of which distributors are predominantly buying locally (Acerinox Q3'2026 analyst call on 30 October 2026). Similarly, the CEO of thyssenkrupp AG, Miguel Angel Lopez Borrego, pointed to a "fundamental change in the market through EU regulation" and particularly highlighted EU regulation for steel safeguards (July 2026) and electrical steel safeguards (September 2026) at the thyssenkrupp Steel Europe CMD 2026 on 28 September 2026.

[xliv] Tata Steel Q1'FY27 analyst call on 30 July 2026. On the debate about the implications of the European emissions trading system for the steel industry, see: Lakshmi Mittal, '*Europe's emissions trading system is not working for industry'*, Financial Times, 17 June 2026 and Ian Johnston, *'EU to give industry more time to pollute and more funds to clean up'*, Financial Times, 17 July 2026.

[xlv] ArcelorMittal Q2'2026 analyst call on 30 July 2026. This was also highlighted for the US, where the decarbonisation effort is seen as a "competitive advantage leading to market share gain" (Mark Millett, CEO of Steel Dynamics at the Q2'2026 analyst call on 21 July 2026). For difficulties with making the economics of green steel work, see: Alice Hancock and Sebastian Ash, *'ArcelorMitall faces green steel price test at flagship low-carbon plant'*, Financial Times, 7 September 2026.

[xlvi] The CEO of Acerinox SA, Bernardo Velazquez Herreros, emphasised that "CBAM has been very effective so far", resulting in more volumes and less disruption (Acerinox SA Q2'2026 analyst call on 24 July 2026). For the impact of reduced EU quotas fro steel imports on the Ukraine, see: Paola Tamma, *'EU plan to slash steel imports will hurt Ukraine, officals warn'*, Financial Times, 17 May 2026.

[xlvii] Nucor Q2'2026 analyst call on 28 July 2026.

[xlviii] Johnny Sjöström, CEO of SSAB, at the Q3'2026 analyst call on 28 October 2026.

[xlix] Cleveland-Cliffs Q3'2026 analyst call on 19 October 2026.

[l] Elon Musk, CEO of SpaceX, at the Q3'2026 analyst call on 20 October 2026.

[li] Aaron Kirchfeld, *'Friedrich Merz pitches Germany as "Europe's bedrock of stability" to investors'*, Financial Times, 19 July 2026.

[lii] Olaf Storbeck, *'Germany heads for fastest growth since 2022'*, Financial Times, 8 October 2026.

[liii] Florian Müller and Aaron Kirchfeld, *'Far-right election gains threaten Germany's investment drive'*, Financial Times, 18 October 2026.

[liv] Olaf Storbeck and Aaron Kirchfeld, *'Germany must ditch doubts over private capital, says investment tsar'*, Financial Times, 24 August 2026. Interestingly, this frustration was shared by the CEO of TotalEnergies, Patrick Poyanne, when recently asked about German offshore wind projects, pointing to byzantine bureaucracy and a lack of commitment when it comes to public-private partnerships (TotalEnergies Q3'2026 analyst call on 29 October 2026).

[lv] Olaf Storbeck and Anne-Sylvaine Chassany, *'German economy minister warns AfD's rise could deter investors'*, Financial Times, 10 August 2026.

[lvi] Marie Jaroni was herself a former McKinsey management consultant and she presented at great length the need for a change in culture, accountability, ownership and the "delivery of results" (thyssenkrupp Steel Europe CMD 2026, 28 September 2026). In this context, the previous thyssenkrupp spin-off TKMS Group, listed in October 2025, describes itself as a "maritime powerhouse", see: https://www.tkmsgroup.com/about-us.

[lvii] Lufthansa – TAP Air Portugal analyst call on 15 October 2026.

[lviii] Sebastien Ash, *'German chemicals groups boost prices as Iran war adds to industry woes'*, Financial Times, 29 March 2026. Lanxess reported at their Q2'2026 results a 6% price and 7% volumes increase, hoping for a "turning point" though conceding not to expect any operational improvements in the second half of 2026 (Matthias Zachert, CEO of Lanxess, at the Q2'2026 analyst call on 7 August 2026).

[lix] About domino effects of production shutdowns within the chemicals cluster along the Rhine river, stretching all the way to Rotterdam, see: Jamie John and Alice Hancock, *'Gulf conflict pushes European chemicals industry to breaking point'*, Financial Times, 15 May 2026.

[lx] Sebastien Ash and Florian Müller, *'Rhine drought strands ships and forces German production shutdowns'*, Financial Times, 31 July 2026.

[lxi] Olaf Storbeck, *'Rhine drought exposes 34-year delay in tackling major German bottleneck'*, Financial Times, 13 August 2026.

[lxii] About renewed M&A interest by Abu-Dhabi based Adnoc, particularly after the UAE left Opec, see: Verity Ratcliffe, *'How leaving Opec unleashed Adnoc's global ambitions'*, Financial Times, 7 August 2026. In turn, Jim Ratcliffe's chemicals conglomerate Ineos has reportedly invested EUR 400mn in a "basket of publicly traded liquid equities related to the chemical industry" after "finally seeing a recovery in a market that has been in a four-year downturn", see: Euan Healy, *'Jim Ratcliffe's Ineos doubles down on European chemical sector shares'*, Financial Times, 6 August 2026.

[lxiii] Aaron Kirchfeld and Ivan Levingston, *'Evonik set to reject BASF's sweetened €11bn takeover bid'*, Financial Times, 30 October 2026. At their Q3'2026 analyst call, the CEO of BASF, Markus Kamieth, insisted that there is a "strategic and financial logic" to a potential combination with Evonik but he made absolutely clear that this M&A is a "could do, not must do" and that they will not overpay (BASF Q3'2026 analyst call on 28 October 2026).

[lxiv] Sherwin Williams Q3'2026 analyst call on 27 October 2026.

[lxv] Dow Inc. Q3'2026 analyst call on 22 October 2026.
[lxvi] LyondellBasell Q3'2026 analyst call on 30 October 2026. From a European perspective, the CEO of BASF, Markus Kamieth, noted that supply chains have accommodated previous disruption, with the current margin cycle being "above trough but not mid-cycle yet" (BASF Q3'2026 analyst call on 28 October 2026).
[lxvii] At the same time, integrated oil & gas companies are in the process of selling their underperforming chemicals plants, see for Shell in the US: Oliver Barnes, Jamie Smith, Ivan Levingston and Malcolm Moore, '*Shell draws Exxon interest in $8bn US chemical asset sales'*, Financial Times, 24 August 2026.
[lxviii] Shell Q3'2026 analyst call on 29 October 2026. Similarly, the CEO of TotalEnergies, Patrick Pouyanne, emphasised the need to be "long in mid-stream assets" and to have access to pipelines in the Middle East (TotalEnergies Q3'2026 analyst call on 29 October 2026). Analysts also asked frequently during the Q3'2026 Q6A about companies' tanker portfolio and whether their contracts were on a long-term basis or at spot rates.
[lxix] The CEO of Ecolab, Christophe Beck, claimed that "at the heart of AI is water" and that "purity of water drives chip performance" though conceding that water usage in data centres has become a political issue. At the same time, he stressed that "chips change every year now", hence cooling has become a recurring business (Ecolab Q3'2026 analyst call on 27 October 2026).
[lxx] For an interesting analysis of the South Korean economy, see: Daniel Tudor, *'Chips, ships and guns: South Korea booms on AI race and global conflict'*, Financial Times, 8 June 2026.
[lxxi] Chetan Ahya, *'Asia is headed towards an industrial supercycle'*, Financial Times, 18 May 2025.
[lxxii] https://www.dhl.com/global-en/microsites/core/global-connectedness/tracker.html
[lxxiii] Owen Walker, *'Singapore shruggs off Iran war as AI boom buoys growth'*, Financial Times, 11 August 2026.
[lxxiv] For Hong Kong, see: Arjun Neil Alim, *'Hong Kong set to include trading firms in "big bang" tax reform'*, Financial Times, 11 August 2026. In turn, for Singapore, see: Owen Walker and Arjun Neil Alim, *'Singapore weighs hedge fund tax cuts to rival Hong Kong'*, Financial Times, 11 August 2026.
[lxxv] Owen Walker, *'Singapore unveils tax cuts for asset managers amid global talent tussle'*, Financial Times, 19 August 2026.