INVESTMENT STRATEGY

Global Investment Office | August 19, 2026

Global Insights Focus

Can AI Close Europe’s Profitability Gap?

In this edition, we focus on the forces behind European equities' leadership since the global manufacturing upturn began in November. While earnings revisions remain supportive, valuations have turned less compelling, making durable gains increasingly dependent on profitability improvement—potentially through AI-driven productivity.

- Since November 2025, when global manufacturing strength began to broaden, the MSCI Europe Index has outperformed the MSCI ACWI and MSCI USA Indexes by nearly 2.2 and 4.8 percentage points, respectively, in US dollar terms. Surprisingly, Europe's financials, not its industrial base, have powered the move. While European equities still have runway for further earnings upgrades, a historic rerating since last fall has left valuations much less compelling.
- European equities' next leg higher may lie in AI-led productivity gains. A proxy for knowledge- and labor-intensive operating costs in the MSCI Europe Index equals roughly 18% of sales, exceeding that of the MSCI ACWI Index by a historically wide margin. Closing even part of that gap could provide meaningful earnings leverage. Nevertheless, labor-governance and regulatory frictions, AI-skill shortages and legacy-system constraints pose execution risks to AI adoption.
- That raises the burden of proof for European equities and has led the Morgan Stanley Wealth Management Global Investment Committee to remain underweight the region. Banks—the principal engine of recent European equity-market leadership—face less support from rates and valuations, while infrastructure-focused fiscal programs may translate only weakly into listed-company earnings. European equities have benefited from the recent semiconductor rotation given their limited sector exposure, providing an effective hedge but not a durable investment thesis.

Source: Morgan Stanley Wealth Management Global Investment Office, FactSet as of Aug. 14, 2026

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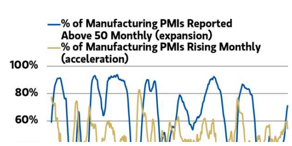
For important information, disclosures and qualifications, refer to the [Disclosure Section]

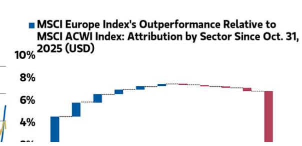
MACRO, FUNDAMENTALS AND VALUATION

European Equities Have Benefited From a Cyclical Sweet Spot

A broadening global manufacturing cycle has supported European equity leadership.

Beginning in November 2025, global manufacturing

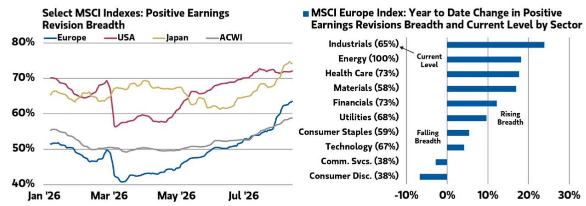




Global, Haver Analytics, Bloomberg as of Aug. 14, 2026

semiconductor hub, posted the strongest improvement, with its PMI rising from 48 to 55, while Japan and South Korea, also leveraged to the AI-capex cycle, ranked among the top six. Meanwhile, India registered one of the largest declines among the group. Over the same period, the MSCI Europe Index outperformed the MSCI ACWI Index by 2.2 percentage points, driven by greater exposure to financials, whose leadership has been supported by rising interest rates. This strength helped offset Europe's relatively limited direct exposure to AI-capex beneficiaries like semiconductors, tech hardware and electronic components, which are more heavily represented in emerging Asian equities.

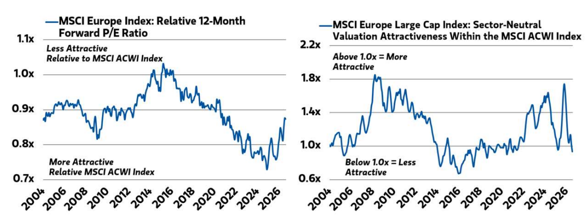
Accelerating earnings upgrades are validating Europe's cyclical strength.



Note: We display the earnings revision breadth as the share of constituents receiving earnings-per-share upgrades over the past three months, smoothed using a five-day moving average.
Source: Morgan Stanley Wealth Management GIO, FactSet as of Aug. 14, 2026

Earnings revisions breadth for the MSCI Europe Index has continued to broaden following the US-Iran conflict, surpassing its preconflict peak despite rising oil prices. We consider this noteworthy given Europe's energy shock and inflation experience in the aftermath of the Russia-Ukraine conflict. At an earnings revisions breadth 63%, Europe retains more potential for further earnings upgrades than the US and Japan, where the level already exceeds 70%. European sector-level improvement in breadth has been broad, led by materials, industrials, health care, financials and energy, with breadth across these sectors rising between 10 and 20 percentage points this year. These sectors also carry larger weights in the MSCI Europe Index than in the MSCI ACWI Index, increasing their importance for the regional earnings outlook. By contrast, the consumer discretionary sector—where Europe has a smaller benchmark weight—has seen its earnings breadth decline by nearly 10 percentage points.

Europe's valuation discount has narrowed sharply.



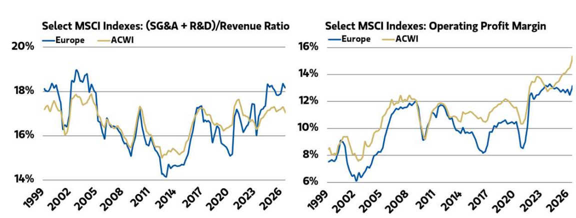
Note: We use market capitalization to represent exposure and rank the stocks within sectors, displaying the representation in the MSCI ACWI Index's most attractive quintile of 12-month forward P/E ratio. We smooth the series with a three-month moving average.
Source: Morgan Stanley Wealth Management GIO, FactSet as of Aug. 15, 2026

Since November 2025, the broadening in global manufacturing activity has helped drive the MSCI Europe Index's sharpest rerating relative to the MSCI ACWI Index in more than two decades. Its 12-month forward price/earnings (P/E) discount has narrowed from 24% in October, close to its widest since 2004, to almost 10%, near its long-term average. A similar shift is evident on a sector-neutral basis, which adjusts for differences in sector composition. The share of the MSCI Europe Index's market capitalization in the most globally attractive quintile of 12-month forward P/E ratio has fallen from 1.7 times its benchmark weight in the MSCI ACWI Index in October 2025 to 0.9 times at the end of July 2026, placing it in the bottom quintile of its history since 2004. With Europe's valuation looking less compelling now, investor focus may increasingly shift toward European corporations' ability to improve profitability, which may depend on AI-led productivity gains.

FUNDAMENTALS, QUANTITATIVE AND MACRO

AI Adoption Could Become Europe's Next Earnings Lever

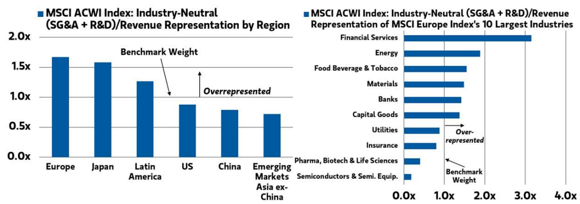
Europe's elevated overhead costs create meaningful scope for AI-led efficiency gains.



One way to gauge the potential for AI-driven productivity gains is to examine selling, general and administrative (SG&A) and research and development (R&D) costs relative research and product development, including associated personnel costs. Because both categories can contain significant labor expense, the combined (SG&A + R&D)/revenue ratio can serve as a proxy for knowledge- and labor-intensive operating costs. For the MSCI Europe Index, the ratio is just above 18%—near the upper end of its range over the past quarter century and around one percentage point above that of the MSCI ACWI Index, one of the widest gaps since 1999. While that spread may appear modest, equalizing Europe's (SG&A + R&D)/revenue ratio with the MSCI ACWI Index would, all else equal, close nearly half of Europe's current operating-margin gap.

Europe's AI-efficiency potential is large and broad-based.

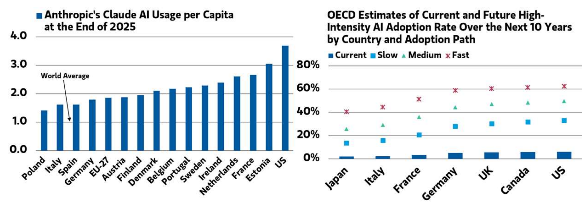
European companies have the highest representation in the top quintile of (SG&A + R&D)/revenue globally based on market capitalization. Japanese companies rank second, followed by Latin American peers, while US and emerging Asian companies look underrepresented. To control for structural differences in cost intensity across industries, we rank stocks within their respective industries rather than across the broader market—a more like-for-like comparison. Most of the MSCI Europe Index's 10 largest industries—including banks, financial services and capital goods—are overrepresented in the MSCI ACWI Index's highest (SG&A + R&D)/revenue quintile, contributing to Europe's overall overrepresentation. Importantly, a high (SG&A + R&D)/revenue ratio indicates greater scope for AI-enabled efficiency gains, not a greater likelihood of successful execution.



Note: We use market capitalization to represent exposure and rank the stocks within industries, displaying the representation in the MSCI ACWI Index's highest quintile of (SG&A + R&D)/revenue. For banks, we use noninterest expense/(interest + noninterest income) instead of (SG&A + R&D)/revenue.
Source: Morgan Stanley Wealth Management GIO, FactSet as of Aug. 14, 2026

Europe's AI-adoption story carries execution risk.

Anthropic data shows Claude per-capita usage at the end of 2025 well above the global average across most European countries. Among larger economies, France and the Netherlands ranked relatively high, while Germany, Italy and Spain fell below the European Union average. The US stood out at 3.7 times the global average. Organization for Economic Cooperation and Development (OECD) research published in 2025 points to a gap in high-intensity AI adoption and projects it could persist under different diffusion paths. The UK and Germany are expected to adopt more rapidly, while France and Italy are forecast to lag alongside Japan. Given the OECD's assumption of an S-shaped diffusion curve, economies starting from higher adoption levels are expected to remain ahead, increasing the likelihood of greater productivity gains. Moreover, recent work from Morgan Stanley & Co. Research and, separately, the European Central Bank (ECB), highlights several execution risks for European AI adoption, including labor-governance and regulatory requirements, AI-skill shortages, and legacy-system and data-readiness constraints.



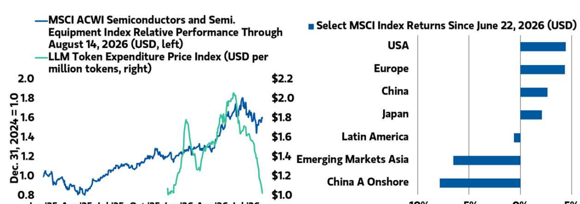
Note: The OECD compares slow, medium and fast AI adoption with the diffusion of electricity, the internet/computers and mobile phones, respectively.
Source: Morgan Stanley Wealth Management GIO; "International Comparisons Show AI Effect on Productivity," Dallas Fed Economics, Federal Reserve Bank of Dallas, July 7, 2026; "Macroeconomic Productivity Gains from Artificial Intelligence in G7 Economies," OECD Artificial Intelligence Papers No. 41, June 2025

MACRO AND VALUATION

Recent European Outperformance Sits on a Fragile Foundation

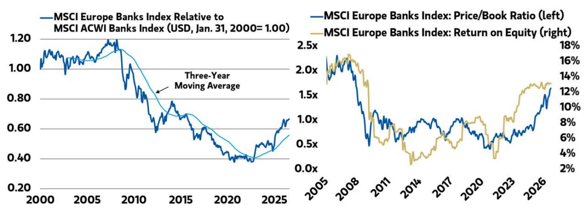
Limited AI-capex exposure has helped recently, but it may not offer a durable investment thesis.

[The MSCI ACWI Semiconductors and Semiconductor Equipment Index peaked on June 22](), roughly a month after the Silicon Data LLM (Large Language Model) Token Expenditure Price Index, a proxy for pricing and potential profitability across the AI ecosystem. The latter's decline may reflect intensifying competitive pressure that could



Source: Morgan Stanley Wealth Management GIO, Silicon Data, FactSet, Bloomberg as of Aug. 14, 2026 [hyperscaler-related companies](#) could benefit from lower AI-infrastructure costs, while US equities have been supported by broad-based earnings strength. In Europe, a more limited exposure to semiconductors accounted for nearly all the outperformance since June 22. While beneficial in the latest rotation, we do not view this sector composition as a durable or investable thesis.

Sustaining European bank leadership may increasingly depend on efficiency gains.



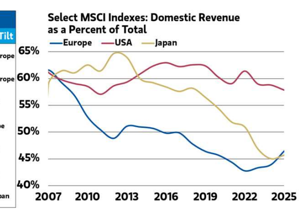
Source: Morgan Stanley Wealth Management GIO, FactSet as of Aug. 14, 2026

European equity market performance has received significant support from banks, whose profitability benefited from the post-COVID rise in interest rates. The MSCI Europe Banks Index's price/book ratio has increasingly caught up with the improvement in return on equity (ROE), as skepticism over the durability of higher profitability has faded. European banks' ROE has risen to roughly 13%, about 800 basis points above its level five years ago, but gains have recently plateaued. Banks now represent nearly 15% of the MSCI Europe Index, the highest share in almost two decades and well above the roughly 6% post-COVID trough. The interest rate backdrop is also becoming less supportive. MS & Co. Research forecasts one ECB hike in September, followed by two cuts in 2027, leaving the policy rate at 2.0% by December 2027, 25 basis points below today's level. Further bank leadership may therefore require a greater contribution from efficiency gains, [with AI potentially playing an important role](#).

Europe's fiscal stimulus may provide less of an equity-market catalyst than investors expected.

Relative Orientation of Current Fiscal Support

Fiscal Channel	Europe	Japan	Relative Tilt
Broad Infrastructure	High	Moderate	Moderate Europe
Climate and Energy Transition	High	Moderate	Moderate Europe
AI and Semiconductors	Low to Moderate	High	Strong Japan
Defense and Security	Very High	Moderate	Strong Europe
Household Support	Low to Moderate	Very High	Strong Japan
Near-Term Consumption Support	Low	High	Strong Japan
Primary Corporate Earnings Channel	Defense, grids, infrastructure	AI, semis, strategic mfg.	Moderate Japan

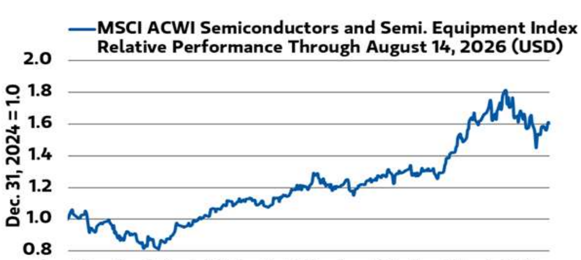


Source: Morgan Stanley Wealth Management GIO, FactSet as of Aug. 14, 2026

The announcement of Germany's fiscal stimulus in early 2025 marked a break from its traditionally conservative stance and raised expectations for stronger domestic growth. MS & Co. Research initially estimated a 50-basis-point boost to 2026 German real GDP growth, but slower infrastructure implementation subsequently reduced that estimate to 30 basis points. Europe's emerging defense-spending push may also have only a modest domestic multiplier: MS & Co. Research estimates €0.49 of GDP impact per €1.00 spent, reflecting the high import content of defense procurement. More broadly, Europe's fiscal support is concentrated in infrastructure, climate, energy transition and defense—areas with relatively limited representation in public equity markets—while only around 45% of MSCI Europe Index revenues are generated domestically. By contrast, Japan's recent fiscal stimulus is more exposed to globally represented sectors like AI and semiconductors, alongside near-term household support, and may therefore translate more directly into equity-market earnings, despite Japan's high global revenue exposure.

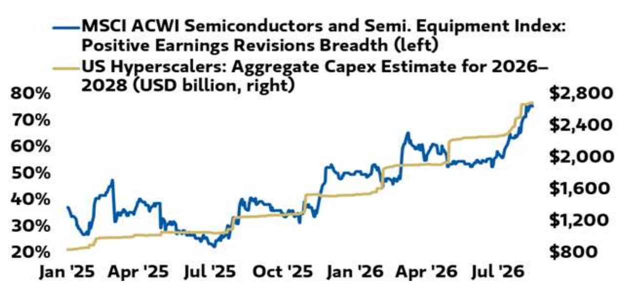
CHARTS YOU CAN'T MISS

AI Equities: Semiconductors' relative performance has softened since June …

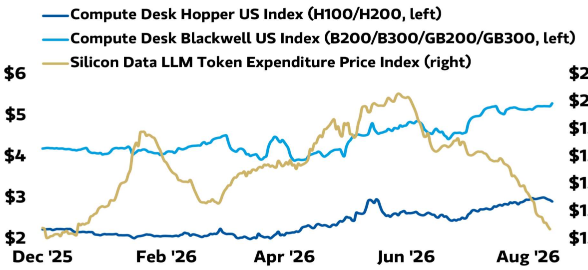


Source: Morgan Stanley Wealth Management GIO, FactSet as of Aug. 14, 2026

… despite broadening earnings upgrades and rising US hyperscaler capex expectations.

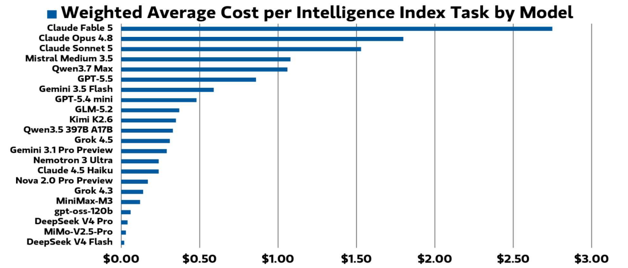


pricing ...



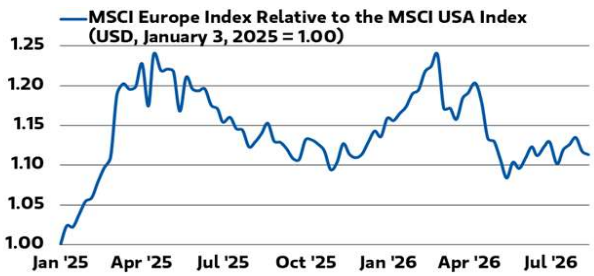
Note: The Compute Desk Hopper indexes aggregate listed on-demand and reserved prices for renting NVIDIA Hopper (H100/H200) and Blackwell (B200/B300/GB200/GB300) GPUs from US neocloud providers, expressed in US dollars per GPU-hour. The Silicon Data LLM Token Expenditure Price Index provides a daily benchmark for LLM inference token pricing in US dollars per million tokens.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Aug. 14, 2026

semiconductor demand.



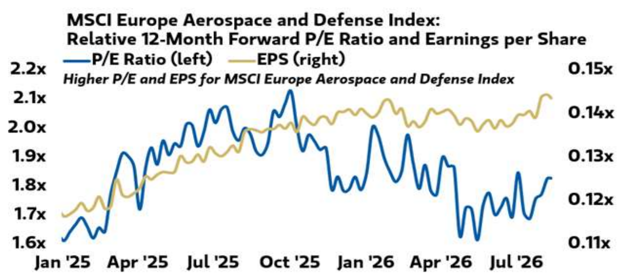
Source: Morgan Stanley Wealth Management GIO, Artificial Analysis, Bloomberg as of Aug. 14, 2026

Global Equities: European stocks have struggled to sustain gains relative to US peers ...



Source: Morgan Stanley Wealth Management GIO, FactSet as of Aug. 14, 2026

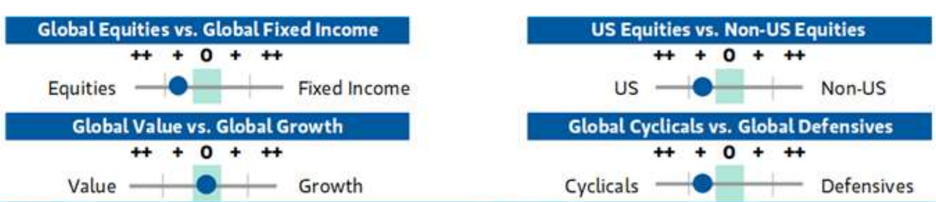
... with European defense valuation premiums compressing, despite resilient relative earnings.



Note: We display the metrics relative to the MSCI Europe Index.
Source: Morgan Stanley Wealth Management GIO, FactSet as of Aug. 14, 2026

GLOBAL PORTFOLIO STRATEGY

- US equities hold an edge over global peers, given stronger earnings growth and higher free-cash-flow margins. Japanese and Latin American equities represent attractive sources of diversification.
- Rising term premiums are helping to keep long-term government interest rates higher for longer and steepening yield curves. Inflation risks remain elevated, with oil and AI-related demand as drivers.
- Gold remains an attractive hedge against fiscal largesse, geopolitics and US dollar debasement. Industrial metals like copper stand to benefit from electrification and AI infrastructure despite China's macro weakness.
- The US dollar will likely see cyclical weakness in 2026, bottoming in the third quarter. The Japanese yen has runway to appreciate, given that Japan's deflationary period is likely ending.



Asset	-- - 0 + ++	Rationale	- +
Equities			
US		We recommend quality-cash-flow ideas in growth and value universes, and midcap growth stocks. 2026 forecasts suggest material acceleration in earnings growth. A potential rise in long-term interest rates, driven by debt and deficits, could be the biggest constraint. Rich valuations amid high policy uncertainty point to investor complacency.	
Europe		Underweighting European equities looks sensible, given the region's relatively weak GDP growth and vulnerability to energy price shocks. A reopening of the Strait of Hormuz, alongside nascent fiscal stimulus in the region, could boost growth and earnings given the companies' cyclical character.	Ex UK UK
Japan		Japanese equities merit an overweight, given what we expect to be a multiyear revaluation driven by stronger economic growth from fiscal expenditure that could boost pricing power, corporate efforts to increase return on investment and shareholder-friendlier policies. Yen strengthening from a low base would help boost US dollar-based returns.	

Currencies		
US Dollar	Morgan Stanley & Co. Research expects cyclical weakness in the US dollar throughout 2026, reaching a trough in the third quarter. We believe the yen has runway to appreciate with the winding down of Japan's deflationary regime.	**Euro** **Yen**
Commodities		
Energy	Morgan Stanley & Co. Research expects tightness in oil markets to help lift oil prices through the third quarter, before moderating in the fourth quarter and remaining broadly stable throughout 2027, as Middle East supply normalizes.	**Crude Oil**
Industrial Metals	Despite persistent weakness of China's macro conditions, secular demand from electrification and GenAI data center build-out could support prices of industrial metals like copper, amid supply shortages.	**Copper**
Precious Metals	Central bank buying and demand to hedge against inflation should support gold as well as demand related to collateralization of digitized assets. We also like gold as a hedge against geopolitical risks and fiscal deficits.	**Gold**
Fixed Income		

Core vs. Opportunistic	Duration (Bloomberg US Aggregate=5.85)	Credit Quality (0=BBB Avg.)
++ + 0 + ++	++ + 0 + ++	++ + 0 + ++
Core — Opportunistic	Lower — Higher	Higher — Lower

See our Fixed Income Insights weekly publication for our most recent perspectives.

Note: 12-month investment horizon. ++ most attractive, + moderately attractive, 0 neutral, - moderately unattractive, -- most unattractive.
Source: Morgan Stanley Wealth Management GIO as of Aug. 14, 2026

MACRO

GLOBAL ECONOMIC GROWTH

MANUFACTURING PURCHASING MANAGER INDICES (PMI)

		Aug'25	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	Apr'26	May'26	Jun'26	Jul'26
DEVELOPED MARKETS	US	53.0	52.0	52.5	52.2	51.8	52.4	51.6	52.3	54.5	55.1	53.9	53.9
	Japan	49.7	48.5	48.2	48.7	50.0	51.5	53.0	51.6	55.1	54.5	54.8	54.5
	Canada	48.3	47.7	49.6	48.4	48.6	50.4	51.0	50.0	53.3	52.9	53.0	53.5
	UK	47.0	46.2	49.7	50.2	50.6	51.8	51.7	51.0	53.7	53.9	52.5	51.9
	France	50.4	48.2	48.8	47.8	50.7	51.2	50.1	50.0	52.8	49.7	51.2	49.8
	Germany	49.8	49.5	49.6	48.2	47.0	49.1	50.9	52.2	51.4	50.1	50.3	52.2
EMERGING MARKETS	China	50.5	51.2	50.6	49.9	50.1	50.3	52.1	50.8	52.2	51.8	51.7	50.9
	India	59.3	57.7	59.2	56.6	55.0	55.4	56.9	53.9	54.7	55.0	54.2	53.5
	Taiwan	47.4	46.8	47.7	48.8	50.9	51.7	55.2	53.3	55.3	56.1	55.2	55.1
	Korea	48.3	50.7	49.4	49.4	50.1	51.2	51.1	52.6	53.6	54.8	52.1	53.1
	Brazil	47.7	46.5	48.2	48.8	47.6	47.0	47.3	49.0	52.6	49.1	50.8	47.5
	Mexico	50.2	49.6	49.5	47.3	46.1	46.3	47.1	48.9	47.7	49.6	51.3	51.3

REAL GDP GROWTH (%)

	COUNTRY	QoQ	YoY
DEVELOPED MARKETS	US	1.5	2.1
	Japan	0.3	0.7
	Canada	-0.1	1.7
	UK	0.4	1.2
	France	0.2	0.7
	Germany	0.2	0.9
EMERGING MARKETS	China	0.9	5.0
	India	1.9	7.8
	Taiwan	2.5	12.9
	Korea	0.6	3.7
	Brazil	1.1	1.8
	Mexico	1.5	2.2

Note: PMI readings above 50 indicate expansion; while readings below 50 suggest contraction.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Aug. 14, 2026

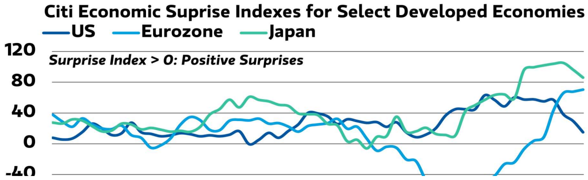
INFLATION, INTEREST RATES, UNEMPLOYMENT AND FX

		YOY INFLATION (%)		10-YR GOVT. BOND YIELD (%)		UNEMPLOYMENT RATE (%)		USD EXCHANGE RATE			CENTRAL BANK
	COUNTRY	CURRENT	YEAR AGO	CURRENT	YEAR AGO	CURRENT	YEAR AGO		CURRENT	YOY (%)	POLICY PHASE
DEVELOPED MARKETS	US	3.4	2.7	4.7	4.3	4.1	4.3				Tightening
	Japan	2.0	2.9	2.9	1.6	2.5	2.5	JPY	159.33	7.2	Tightening
	Canada	3.0	1.7	3.7	3.5	6.4	6.9	CAD	1.39	0.5	Tightening
	UK	2.6	3.6	5.1	4.7	4.9	4.7	GBP	0.74	0.4	Tightening
	France	2.1	1.0	4.1	3.5	7.9	7.2	EUR	0.86	-0.7	Tightening
	Germany	2.8	2.0	3.2	2.8	6.4	6.3				Tightening
EMERGING MARKETS	China	0.5	0.0	1.7	1.7	4.0	4.2	CNY	6.74	-6.6	Holding
	India	4.5	1.6	6.8	6.4	7.7	7.1	INR	95.61	8.6	Tightening
	Taiwan	2.5	1.5	1.9	1.4	3.3	3.4	TWD	31.84	5.6	Tightening
	Korea	2.8	2.1	4.3	2.8	2.8	2.7	KRW	1414	1.8	Tightening
	Brazil	4.4	5.2	14.8	13.8	5.4	5.8	BRL	5.19	-4.7	Holding
	Mexico	3.1	3.5	9.2	9.2	2.9	2.7	MXN	17.03	-10.3	Holding

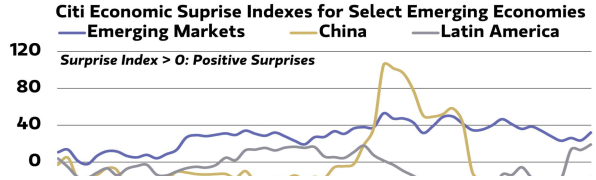
Note: Central bank policy phase is based on the market's forward six-month implied change in policy rate.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Aug. 14, 2026

ECONOMIC SURPRISE INDEXES

Citi Economic Suprise Indexes for Select Developed Economies



Citi Economic Suprise Indexes for Select Emerging Economies



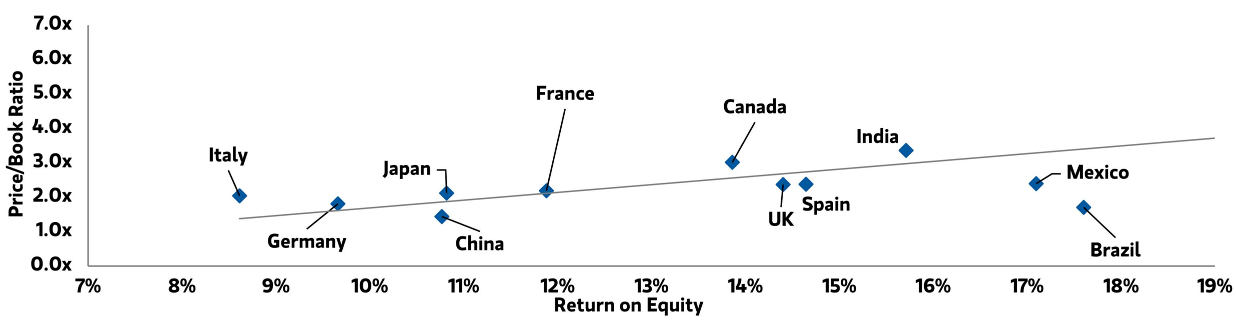
GLOBAL EQUITY MARKET FUNDAMENTALS

GLOBAL EQUITY MARKET VALUATIONS AND EARNINGS

		12-MONTH FORWARD P/E	12-MONTH FORWARD P/E RELATIVE TO:		TRAILING 3-YEAR	12-MONTH FORWARD EPS	
	MSCI INDEX	CURRENT (x)	HISTORY (x)	MSCI ACWI (x)	EPS GROWTH (%)	EST. GROWTH (%)	REVISIONS (%)
DEVELOPED MARKETS	USA	20.4	1.2	1.2	9.6	16.5	1.1
	Japan	17.1	1.1	1.0	12.8	13.6	2.9
	Canada	17.1	1.2	1.0	4.7	10.0	1.3
	UK	12.9	1.1	0.7	-4.4	-2.8	-1.3
	Europe ex UK	16.2	1.2	0.9	0.7	10.6	0.8
EMERGING MARKETS	China	10.5	0.9	0.6	2.1	2.5	0.2
	India	20.0	1.2	1.2	18.6	18.7	0.2
	Taiwan	19.2	1.3	1.1	21.1	31.3	5.9
	Korea	5.1	0.5	0.3	32.9	34.8	7.0
	Latin America	9.4	0.8	0.5	-8.7	6.5	-2.4

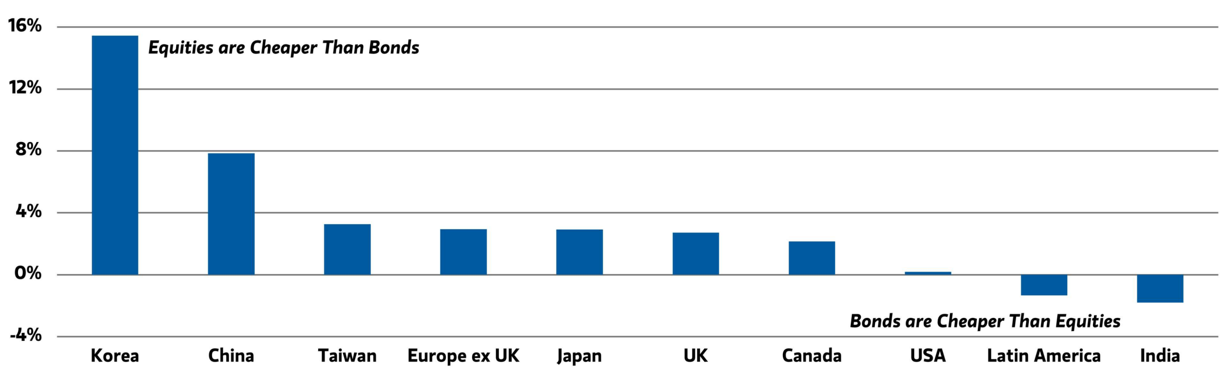
Note: History is based on MSCI data since 2006. Revisions are changes in consensus estimates over the prior month.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Aug. 14, 2026

GLOBAL PRICE-TO-BOOK RATIOS AND ROE



Note: Based on MSCI indexes.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Aug. 14, 2026

GLOBAL EQUITY RISK PREMIUMS

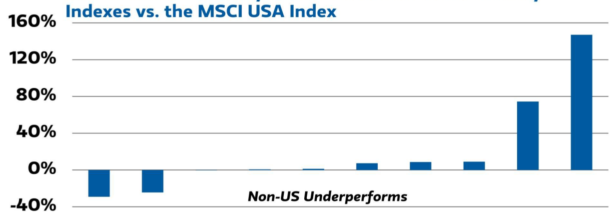


Note: Equity risk premium is the forward 12-month earnings yield less the 10-year govt. bond yield.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Aug. 14, 2026

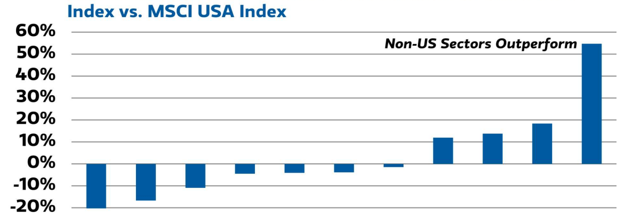
ASSET CLASS PERFORMANCE

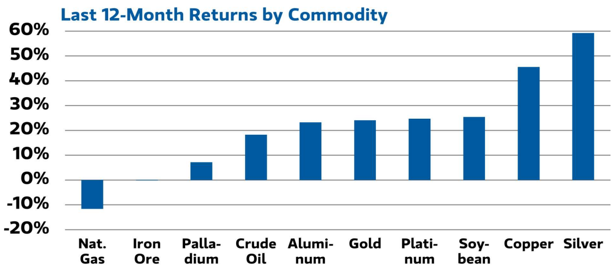
EQUITIES

Last 12-Month Country Relative Returns: MSCI Country Indexes vs. the MSCI USA Index

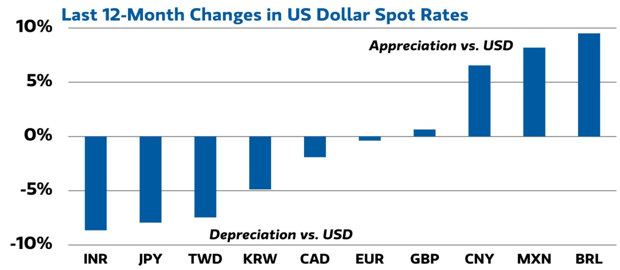


Last 12-Month Sector Relative Returns: MSCI ACWI ex USA Index vs. MSCI USA Index





Note: US dollar returns.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Aug. 14, 2026



Note: BRL=Brazilian Real, MXN=Mexican Peso, KRW=Korean Won, INR=Indian Rupee, CAD=Canadian Dollar, JPY=Japanese Yen, TWD=Taiwanese Dollar, EUR=Euro, CNY=Chinese Yuan, GBP=British Pound.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Aug. 14, 2026

GLOBAL GOVERNMENT BONDS

		12-MONTH TOTAL	YIELDS		SPREADS TO US YIELDS (BP)	
	COUNTRY	RETURNS (%)	CURRENT (%)	12-MONTH CHANGE (BP)	CURRENT	12-MONTH CHANGE
DEVELOPED MARKETS	US	1.5	4.7	39		
	Japan	-13.5	2.9	135	-179	96
	Canada	1.2	3.7	25	-101	-14
	UK	2.1	5.1	35	34	-4
	France	-1.1	4.1	59	-65	20
	Germany	-1.4	3.2	43	-149	4
EMERGING MARKETS	China	-1.7	1.7	-7	-303	-46
	India	5.8	6.8	41	210	2
	Taiwan	0.0	1.9	54	-278	15
	Korea	-9.1	4.3	153	-40	114
	Brazil	14.1	14.8	97	1007	58
	Mexico	20.9	9.2	-1	447	-40

Note: Total US dollar returns are for 7-10 year duration govt.; local currency returns used for Brazil and India.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Aug. 14, 2026

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