

Autumn Newsletter

Autumn 2026

As we move into the final quarter of 2026, we would like to update you on recent market and economic developments, share our thoughts on the months ahead, and highlight planning opportunities ahead of the 2026/27 tax year end.

Since our Spring update, the conflict involving Iran has continued to be the dominant influence on global markets, with consequences for energy prices, inflation and interest rates. This edition also includes a personal message from our colleague Katy, who is leaving the firm.

Key Discussion Points Since Our Last Update

- Current Market Conditions – Persistent energy market disruption and a shift in central bank policy
- Investment Outlook – Staying disciplined and diversified in an uncertain environment
- Autumn Budget and Tax-Efficient Planning – Preparing for 28 October and the 2026/27 tax year end
- A Farewell from Katy

Current Market Conditions

When we wrote in the spring, markets were hoping that disruption in the Middle East would prove short-lived. Instead, the conflict has continued, and its effects have spread from energy markets into inflation and interest rate expectations around the world.

Energy Markets – Oil & Gas Remain Elevated

Traffic through the Strait of Hormuz, a critical shipping route through which roughly 20% of the world's oil supply normally passes, has been severely restricted for much of the year. Brent crude first moved above \$100 a barrel in March, eased back over the summer, and has risen again in recent weeks, closing close to \$110 a barrel on 16 October, its highest level since May. European gas prices have also risen sharply, and there are concerns about gas storage levels heading into winter.

Energy price spikes can be unsettling, but it is important to keep them in context. The current episode is more clearly a supply shock than the demand-led inflation surge of 2022, which followed the post-pandemic reopening and an extended period of very loose monetary policy. That said, the longer energy prices stay high, the greater the risk that they feed through into wider prices and wages.

SIP Wealth Management | Swansea

Unit B, Marina Villas
Trawler Road
Maritime Quarter
Swansea
SA1 1FZ

Tel: 01792 720 200

SIP Wealth Management | Mumbles

48 Newton Road
Mumbles
Swansea
SA3 4BQ

sipwealthmanagement.co.uk

Factors that could limit the long-term impact:

- Strategic petroleum reserves can be released by major economies, as the International Energy Agency's members agreed to do earlier this year.
- Alternative production capacity exists outside the Middle East (for example the U.S., Canada and Brazil).
- Diplomatic progress, such as a phased agreement to reopen the Strait, could ease pressure on prices quickly.

Investor perspective:

Higher energy prices can also create opportunities. Energy companies and commodity-linked investments have historically benefited when oil and gas prices rise, helping to offset weakness elsewhere in equity markets. Maintaining diversification across sectors and asset classes remains key.

Central Banks and Inflation – A Change of Tone

In our spring newsletter we noted that interest rates appeared to be nearing their peak. The energy shock has since changed that picture.

- In the U.S., the Federal Reserve raised interest rates by 0.25% to a range of 3.75%–4.00% in September, its first increase in more than three years, and indicated that one further rise is likely this year.
- In the UK, the Bank of England held Bank Rate at 3.75% in September, but the vote was split 6–3, with three members favouring an increase. UK inflation rose to 3.1% in August, and the Bank expects it to climb towards 3.75% by the end of the year. Its next decision is due on 5 November.

The Bank of England faces a difficult balance: raising rates in response to a supply-driven price shock risks weakening a UK economy that already has little room to spare.

Wider Market Impact

Equity markets have experienced bouts of volatility, particularly around central bank announcements, as investors weigh the effect of higher energy costs and higher interest rates on company earnings. Technology and artificial intelligence continue to offer long-term growth potential, although valuations are sensitive to changes in interest rate expectations.

Bond markets have also been unsettled. Rising interest rate expectations pushed yields higher and caused a sell-off in global bond markets. While this has hurt the value of existing bonds, higher yields also mean that new investors can access more attractive levels of income than they could a year ago.

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Investment Outlook

Short-term volatility is likely to continue while the situation in the Middle East remains unresolved. However, the long-term outlook for global markets remains constructive. Innovation, demographic trends and continued economic development are all likely to support growth over time, and history shows that markets have tended to recover from geopolitical shocks.

Key Themes

- **Equities** – Technology, healthcare and artificial intelligence remain major drivers of global growth, but sensitivity to interest rates and energy costs may keep markets choppy.
- **Energy & Commodities** – Supply constraints and geopolitical risk continue to support energy producers and commodity-linked investments, although prices could fall quickly if tensions ease.
- **Fixed Income** – With yields higher, bonds offer improved income, but the interest rate path is less certain than it appeared in the spring. Diversification across maturities and issuers is important.
- **Alternative Investments** – Property, commodities and other real assets continue to provide diversification in uncertain markets.

Periods like this are a reminder of the value of a well-diversified portfolio, and of staying disciplined rather than reacting to headlines.

Autumn Budget and Tax-Efficient Planning

Autumn Budget – 28 October 2026

The Chancellor will deliver the Autumn Budget on Wednesday 28 October. Budget speculation can be a distraction, and we would encourage you not to make hasty decisions based on rumour. We will be reviewing the announcements carefully for anything that may affect your plans.

Making the Most of Your Allowances

The 2026/27 tax year ends on 5 April 2027. Allowances do not carry forward, so we encourage you to review how much of yours you have used.

- **ISAs** – Annual allowance of £20,000. Contributions must be made by 5 April 2027.
- **Junior ISAs (JISAs)** – Annual allowance of £9,000.
- **Pension Contributions** – Annual allowance of up to £60,000 (or 100% of your earnings if lower), depending on individual circumstances. Unused allowance from the previous three tax years may be available to carry forward. Contributions before the tax year end can provide valuable tax relief and support long-term retirement planning.

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Changes Coming in April 2027

Two changes that were announced at the 2025 Autumn Budget are due to take effect at the start of the next tax year:

- **Cash ISA limit** – From 6 April 2027, savers under 65 will be able to pay no more than £12,000 a year into cash ISAs. The overall £20,000 ISA allowance is unchanged, and the full £20,000 can still be placed in a cash ISA in 2026/27.
- **Pensions and Inheritance Tax** – From 6 April 2027, most unused pension funds and death benefits will be included in the estate for Inheritance Tax purposes. This may change how you think about your pension and estate planning.

If you would like to review your pension contributions, use your ISA allowance, or discuss the April 2027 changes, please contact our team.

A Farewell from Katy

“I wanted to take this opportunity to say a heartfelt thank you to all the clients I have had the pleasure of working with over the years. It has been a privilege to get to know so many of you and to be part of your financial journeys. I am incredibly grateful for the trust you have placed in me and for the relationships built along the way. I leave with many fond memories and wish you all continued happiness, good health and every success for the future.”

Katy has been a big part of SIP Wealth Management for nearly 5 years. We will let you know as soon as a replacement is found but in the meantime Gina, Judith, Jess and Rhys remain at your disposal alongside your regular adviser.

As a small business we greatly appreciate your continued trust in SIP Wealth Management. If you have found our services valuable, we would be grateful if you could share your experience through a Google review.

We look forward to supporting your financial journey through the rest of 2026 and beyond.

Kind regards,

SIP Wealth Management Investment Committee

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