



# Quarterly Brief

**Capital market data as of  
30 September 2026**

31<sup>st</sup> Edition of our International  
Valuation Newsletter  
Q3 2026

**October 2026**  
[kpmg.com/bg](https://kpmg.com/bg)

# Preface

**Dear reader,**

Technology and artificial intelligence remained important drivers of market activity during the third quarter of 2026. Technology stocks continued to perform strongly, with the Nasdaq Composite reaching a new record and AMD becoming the fourth US chipmaker to surpass the USD 1 trillion market valuation. This investor enthusiasm contrasted with growing concerns over the pace and risks of AI development. Sam Altman, Elon Musk and Dario Amodei called for a slowdown in the development of superhuman AI, while Microsoft published a draft code of conduct aimed at keeping its models under human control. Nvidia also introduced a platform designed to improve AI agent security while announcing that it could deploy an additional USD 150 billion towards share repurchases.

Geopolitical developments remained centered on the Middle East and Ukraine. Tensions between the United States and Iran persisted as negotiations over a ceasefire and the reopening of the Strait of Hormuz remained unresolved. Uncertainty surrounding the waterway contributed to renewed volatility in energy and bond markets, with Brent crude rising above USD 100 per barrel and US Treasury yields moving higher. American and Iranian officials nevertheless resumed discussions in September.

Geopolitical tensions were accompanied by important developments in international politics and trade. In the United Kingdom, Andy Burnham became prime minister in July, succeeding Keir Starmer. US–China relations showed tentative signs of stabilization as Donald Trump and Xi Jinping met during Xi’s first US state visit since 2015. The two countries extended their trade agreement into January 2027 and discussed potential tariff reductions, although disagreements over Taiwan and artificial intelligence persisted. Elsewhere, the United States, Denmark and Greenland agreed to strengthen Washington’s military access to the island, while Canada sought closer ties with Europe.

Corporate strategies continued to evolve amid cost pressures and technological change. Volkswagen and Jaguar Land Rover announced further job cuts, while

Uber restructured its workforce, reducing headcount by around 10% and refocusing investment on core businesses and autonomous driving. Meanwhile, Aliko Dangote launched a refinery IPO in Nigeria, expected to become Africa’s largest-ever offering, and Paramount Skydance moved closer to completing its acquisition of Warner Bros. Discovery following a settlement with several US states.

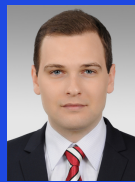
We are pleased to present the third edition of our 2026 Quarterly Brief, a publication that offers objective market data, which will keep readers abreast of the latest developments in the relevant financial markets.

We wish you all the best and look forward to discussing your questions regarding valuation trends and practices.

Yours faithfully,



**Zdravko Moskov**  
**Partner, Head of Advisory**  
**KPMG in the Balkans**



**Kiril Gochev**  
**Senior Manager**  
**Deal Advisory**



We provide a selection of key financial market data covering:

- Comparison of major stock market performance for the 12 months ending 30 September 2026
- S&P Eurozone BMI Index sector multiples
- Risk-free rates for major currencies
- Country risk premiums and inflation forecasts for the BRICS countries

#### **Major stock market performance: Global equity markets deliver mixed performance in Q3 2026**

The third quarter of 2026 was characterized by more moderate and mixed performance across global equity markets following the strong gains recorded in the previous quarter. While several major indices continued to generate positive year-over-year returns, quarter-over-quarter performance was weaker, as a number of European and Asian markets recorded negative returns during the period.

In the Eurozone, equity market performance was mixed. Spain's IBEX 35 remained one of the strongest-performing European markets on a year-over-year basis, increasing 25.5%, despite a slight quarter-over-quarter decline of 0.2%. Germany's DAX increased 5.5% year-over-year and 0.8% during the quarter, while France's CAC 40 recorded a modest 0.9% year-over-year gain but declined 5.2% quarter-over-quarter. At the regional level, the S&P Eurozone BMI Index increased 9.2% year-over-year but decreased 2.2% over the quarter.

The FTSE 100 continued to perform positively, increasing 13.4% year-over-year and 1.0% quarter-over-quarter. Switzerland's SMI also remained positive on a year-over-year basis, rising 14.2%, although the index declined 2.6% during the quarter.

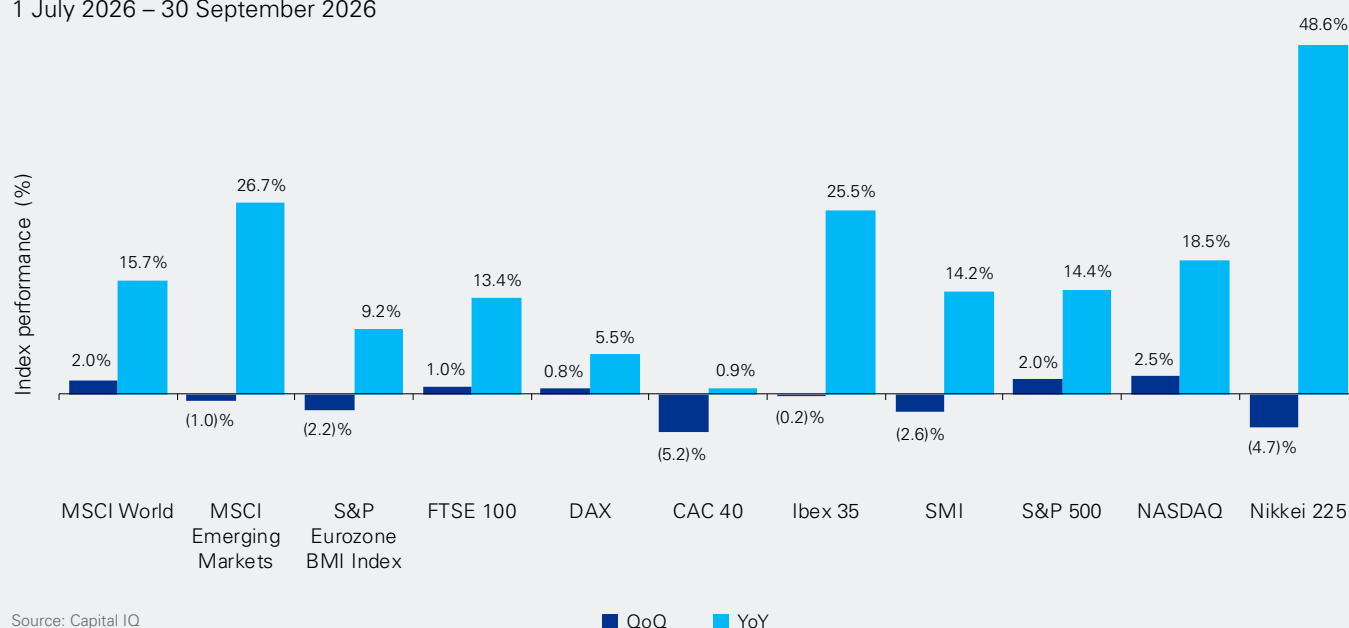
In the United States, equity markets recorded moderate gains. The S&P 500 increased 14.4% year-over-year and 2.0% quarter-over-quarter, while the NASDAQ continued to outperform, rising 18.5% year-over-year and 2.5% over the quarter.

Despite declining 4.7% quarter-over-quarter, Japan's Nikkei 225 remained the strongest-performing major market on a year-over-year basis, increasing 48.6%. Emerging markets also remained strong over the twelve-month period, with the MSCI Emerging Markets Index increasing 26.7% year-over-year, although it declined 1.0% during the quarter.

The MSCI World Index increased 15.7% year-over-year and 2.0% quarter-over-quarter, reflecting continued positive global equity market performance, albeit at a more moderate pace compared with the previous quarter.

## Performance of leading indices

1 July 2026 – 30 September 2026



### S&P Eurozone BMI Index sector multiples: Mixed valuation movements with selective multiple expansion

As of the end of Q3 2026, valuation multiples across Eurozone equity markets showed mixed developments, with selective expansion and compression across sectors. Median EV/EBITDA multiples ranged from 6.0x in Energy to 17.6x in Real Estate, highlighting the continued dispersion in sector valuations.

Information Technology recorded the strongest EV/EBITDA expansion, rising from 11.6x to 12.8x, despite a decline in EV/Revenue from 2.8x to 2.6x. Consumer Discretionary and Consumer Staples also experienced increases in EV/EBITDA, reaching 9.0x in both sectors. Utilities remained stable at 10.1x, while EV/Revenue increased from 3.0x to 3.5x. Materials and Communication Services recorded more modest increases, with EV/EBITDA reaching 8.2x and 7.0x, respectively.

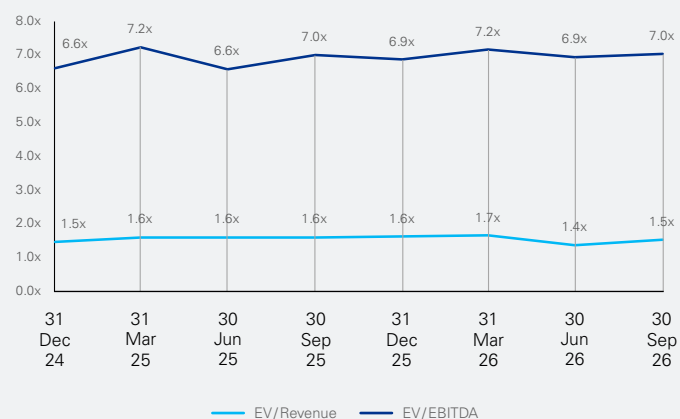
Conversely, Health Care experienced the most notable contraction, with EV/EBITDA declining from 11.7x to 10.8x and EV/Revenue falling from 2.7x to 2.6x. Energy remained the lowest-valued sector on an EV/EBITDA basis, decreasing from 6.3x to 6.0x, although EV/Revenue increased slightly to 1.4x. Real Estate retained the highest EV/EBITDA multiple at 17.6x, down from 18.0x, while EV/Revenue remained broadly stable at 11.1x. Industrials were largely unchanged, with EV/EBITDA edging down from 9.5x to 9.4x.

Financials also remained broadly stable, with EV/Revenue declining slightly from 1.9x to 1.8x, while the price-to-book ratio remained unchanged at 1.5x. Overall, Q3 2026 was characterized by selective rather than broad-based multiple expansion, led by Information Technology and Consumer Discretionary, while Health Care and Energy experienced valuation compression.

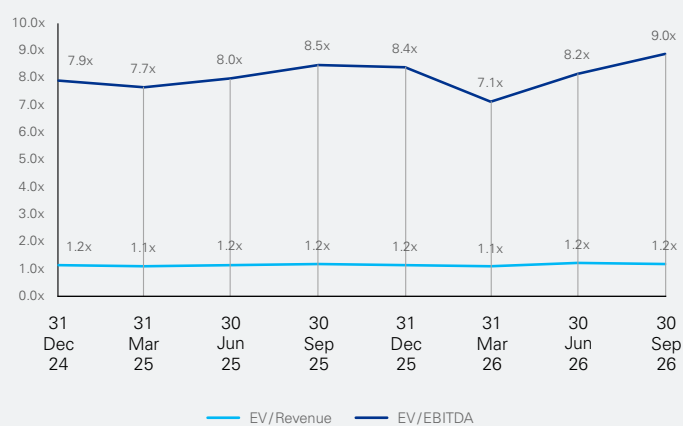
As always, it is important to interpret multiples with caution, as sector-level figures may mask company-specific fundamentals, differing capital structures, or regional regulatory impacts. A bottom-up analysis remains essential for accurate valuation assessment.



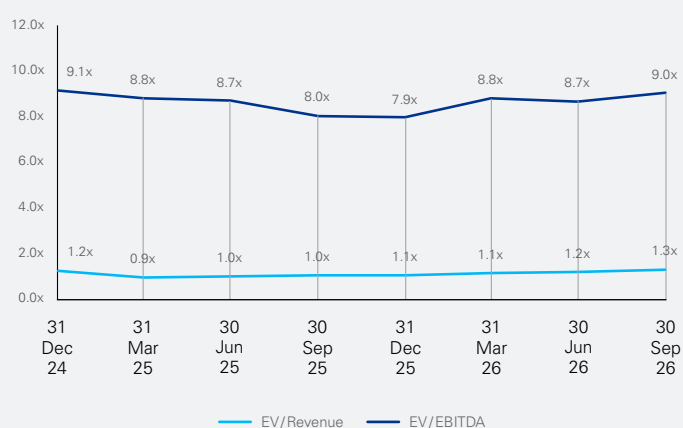
### Communication Services



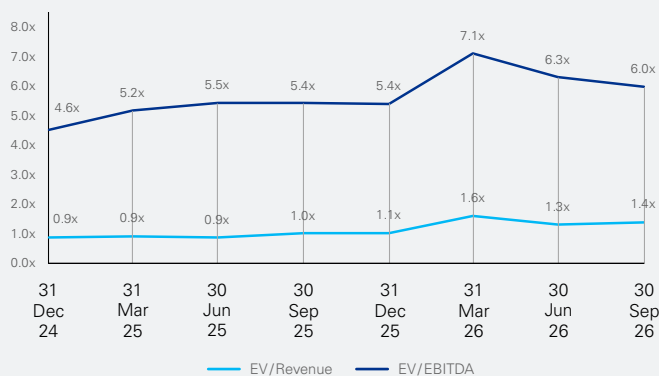
### Consumer Discretionary



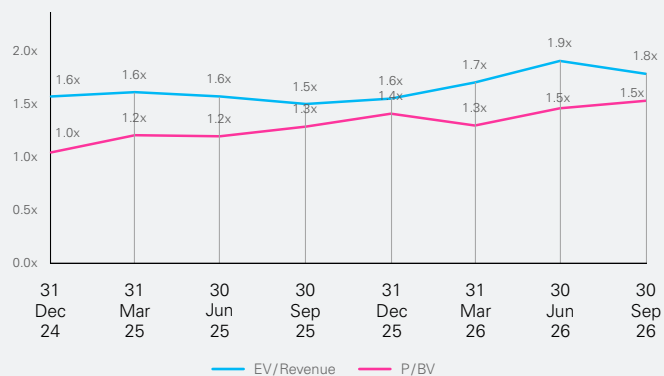
### Consumer Staples



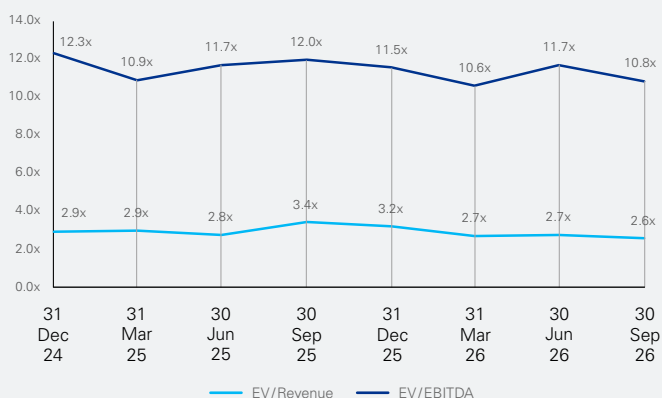
## Energy



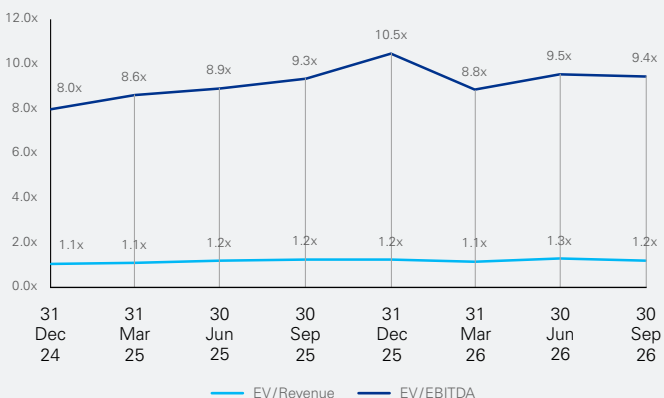
## Financials



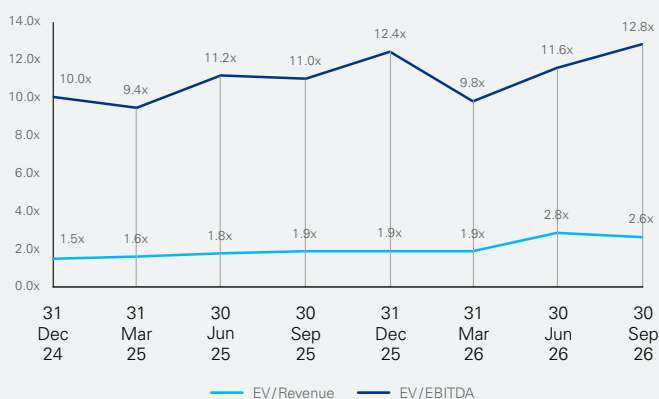
## Health Care



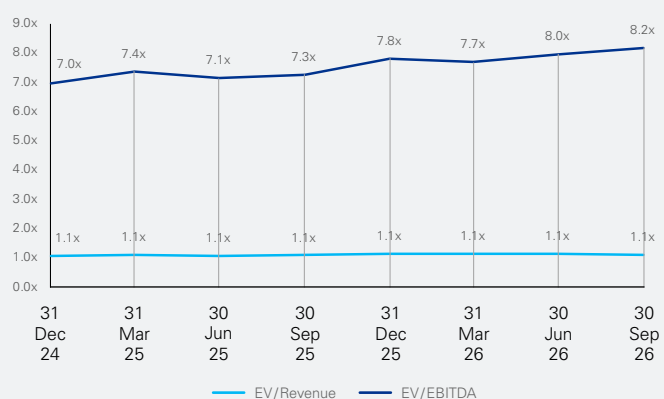
## Industrials



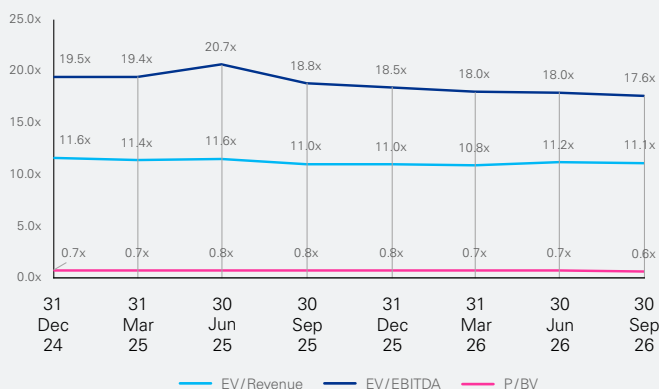
## Information Technology



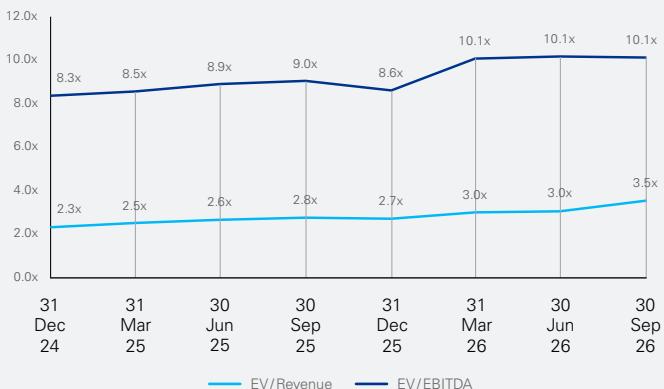
## Materials



## Real Estate



## Utilities



Sources: Capital IQ, KPMG analysis

Note: Multiples are analyzed based on the latest information available as of the assessment date for the respective edition of the Quarterly Brief newsletter. Changes in index composition, revised financial information and newly available information as of the respective assessment date may cause multiples to change.

### **Risk-free rates: Renewed monetary tightening pushes risk-free rates higher in Q3 2026**

During the third quarter of 2026, major central banks adopted diverging monetary policy approaches as inflationary pressures, elevated energy prices and geopolitical uncertainty continued to influence interest rate decisions. The Federal Reserve, European Central Bank and Bank of Japan raised their policy rates, while the Bank of England and Swiss National Bank maintained their existing rates.

In the United States, the Federal Reserve raised its target rate by 25 basis points in September to 3.75%–4.00%, marking its first increase since 2023. The decision reflected persistent inflation and resilient economic activity, with the Fed reiterating its commitment to returning inflation to its 2% target while leaving future policy decisions dependent on incoming data.

In the Eurozone, the ECB increased its key rates by 25 basis points, bringing the deposit facility rate to 2.50%. The decision reflected inflationary pressures associated with the Middle East conflict and higher energy prices. The ECB projects average annual inflation of 3.0% in 2026 and 2.5% in 2027, reaffirming its 2% medium-term target.

The Bank of England held its policy rate at 3.75% in September, although three committee members favoured

a 25-basis-point increase. UK inflation rose to 3.1% in August from 2.9% in July, partly due to higher motor-fuel prices. Meanwhile, the Bank of Japan raised its policy rate by 25 basis points to 1.25%, continuing its monetary policy normalization amid persistent price pressures and higher import costs.

In Switzerland, the SNB maintained its policy rate at 0%. Inflation increased from 0.6% in May to 0.8% in August, primarily reflecting higher oil-product prices. However, medium-term inflationary pressure remained limited, allowing the SNB to maintain its existing policy stance while retaining its willingness to intervene in foreign exchange markets if necessary.

These monetary policy developments and evolving market expectations contributed to an increase in risk-free rates across all major currencies during the third quarter of 2026. As shown in the table below, the United Kingdom continued to exhibit the highest risk-free rate at approximately 5.78%, followed by the United States at 5.50%. Eurozone and German rates increased to 3.82% and 3.88%, respectively. Switzerland remained the lowest among major markets, with its risk-free of 0.59%, reflecting a comparatively stable interest rate environment.

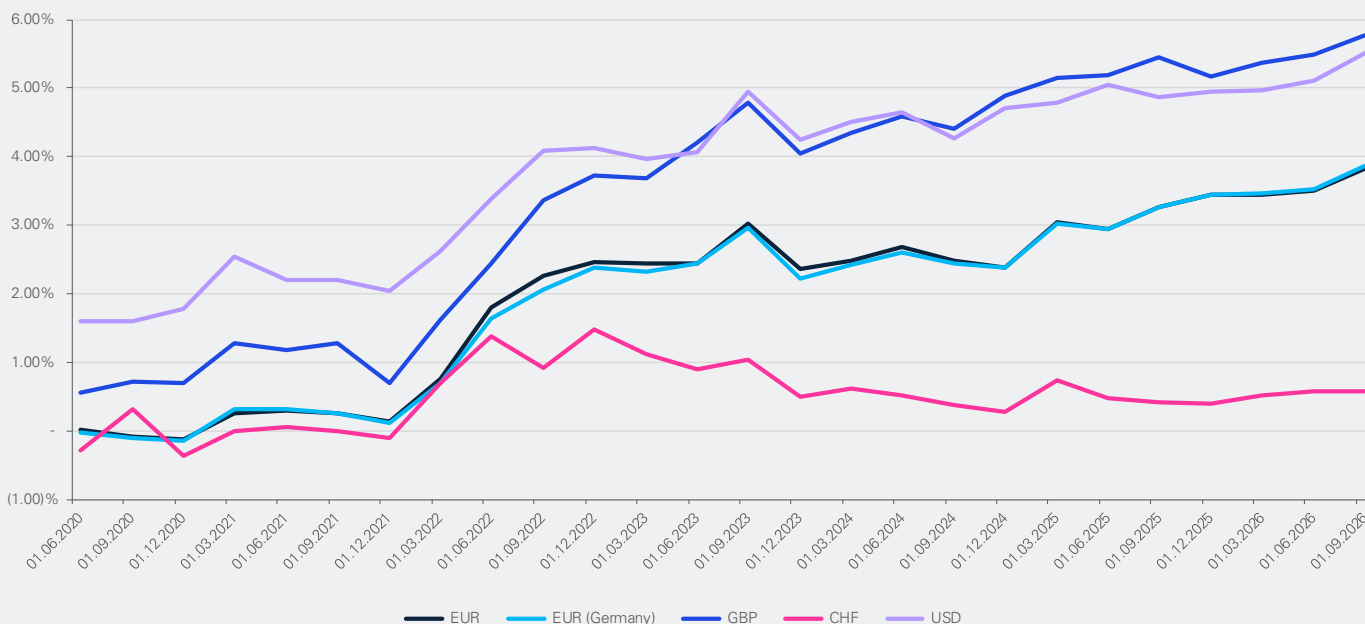


| Risk-free rates |                                                                                       |                                                                                       |                                                                                       |                                                                                         |                                                                                         |  |
|-----------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--|
|                 |  EUR |  EUR |  GBP |  CHF |  USD |  |
| 30.06.2020      | 0.01%                                                                                 | (0.02)%                                                                               | 0.56%                                                                                 | (0.29)%                                                                                 | 1.60%                                                                                   |  |
| 30.09.2020      | (0.08)%                                                                               | (0.11)%                                                                               | 0.72%                                                                                 | 0.32%                                                                                   | 1.61%                                                                                   |  |
| 31.12.2020      | (0.13)%                                                                               | (0.14)%                                                                               | 0.70%                                                                                 | (0.36)%                                                                                 | 1.78%                                                                                   |  |
| 31.03.2021      | 0.26%                                                                                 | 0.32%                                                                                 | 1.29%                                                                                 | (0.01)%                                                                                 | 2.55%                                                                                   |  |
| 30.06.2021      | 0.29%                                                                                 | 0.31%                                                                                 | 1.17%                                                                                 | 0.05%                                                                                   | 2.20%                                                                                   |  |
| 30.09.2021      | 0.26%                                                                                 | 0.25%                                                                                 | 1.29%                                                                                 | 0.00%                                                                                   | 2.21%                                                                                   |  |
| 31.12.2021      | 0.14%                                                                                 | 0.12%                                                                                 | 0.70%                                                                                 | (0.10)%                                                                                 | 2.05%                                                                                   |  |
| 31.03.2022      | 0.75%                                                                                 | 0.69%                                                                                 | 1.63%                                                                                 | 0.70%                                                                                   | 2.62%                                                                                   |  |
| 30.06.2022      | 1.80%                                                                                 | 1.64%                                                                                 | 2.45%                                                                                 | 1.38%                                                                                   | 3.38%                                                                                   |  |
| 30.09.2022      | 2.27%                                                                                 | 2.07%                                                                                 | 3.36%                                                                                 | 0.92%                                                                                   | 4.09%                                                                                   |  |
| 31.12.2022      | 2.47%                                                                                 | 2.39%                                                                                 | 3.72%                                                                                 | 1.48%                                                                                   | 4.12%                                                                                   |  |
| 31.03.2023      | 2.44%                                                                                 | 2.32%                                                                                 | 3.68%                                                                                 | 1.11%                                                                                   | 3.96%                                                                                   |  |
| 30.06.2023      | 2.45%                                                                                 | 2.45%                                                                                 | 4.20%                                                                                 | 0.90%                                                                                   | 4.07%                                                                                   |  |
| 30.09.2023      | 3.02%                                                                                 | 2.97%                                                                                 | 4.78%                                                                                 | 1.03%                                                                                   | 4.95%                                                                                   |  |
| 31.12.2023      | 2.37%                                                                                 | 2.22%                                                                                 | 4.04%                                                                                 | 0.50%                                                                                   | 4.24%                                                                                   |  |
| 31.03.2024      | 2.49%                                                                                 | 2.42%                                                                                 | 4.34%                                                                                 | 0.61%                                                                                   | 4.50%                                                                                   |  |
| 30.06.2024      | 2.68%                                                                                 | 2.60%                                                                                 | 4.58%                                                                                 | 0.52%                                                                                   | 4.65%                                                                                   |  |
| 30.09.2024      | 2.48%                                                                                 | 2.44%                                                                                 | 4.40%                                                                                 | 0.38%                                                                                   | 4.26%                                                                                   |  |
| 31.12.2024      | 2.39%                                                                                 | 2.38%                                                                                 | 4.89%                                                                                 | 0.28%                                                                                   | 4.71%                                                                                   |  |
| 31.03.2025      | 3.04%                                                                                 | 3.03%                                                                                 | 5.15%                                                                                 | 0.74%                                                                                   | 4.78%                                                                                   |  |
| 30.06.2025      | 2.94%                                                                                 | 2.95%                                                                                 | 5.19%                                                                                 | 0.49%                                                                                   | 5.05%                                                                                   |  |
| 30.09.2025      | 3.27%                                                                                 | 3.27%                                                                                 | 5.45%                                                                                 | 0.42%                                                                                   | 4.88%                                                                                   |  |
| 31.12.2025      | 3.45%                                                                                 | 3.44%                                                                                 | 5.17%                                                                                 | 0.40%                                                                                   | 4.94%                                                                                   |  |
| 31.03.2026      | 3.44%                                                                                 | 3.46%                                                                                 | 5.38%                                                                                 | 0.51%                                                                                   | 4.97%                                                                                   |  |
| 30.06.2026      | 3.50%                                                                                 | 3.54%                                                                                 | 5.49%                                                                                 | 0.57%                                                                                   | 5.12%                                                                                   |  |
| 30.09.2026      | 3.82%                                                                                 | 3.88%                                                                                 | 5.78%                                                                                 | 0.59%                                                                                   | 5.50%                                                                                   |  |

Source: KPMG analysis

Note: Risk-free rates are determined as a present value-equivalent uniform interest rate based on the yield curve of the respective central bank (Svensson model)

## Risk-free rates over time



### Country risk premium: Continued decline across emerging markets in Q3 2026

Between July and September 2026, country risk premia across most BRICS and related emerging markets continued to decline, indicating an overall improvement in sovereign risk perceptions. Brazil's country risk premium decreased from 1.9% to 1.7%, while China's declined from 0.5% to 0.4%. South Africa also recorded a further decrease from 1.8% to 1.6%.

Egypt experienced the most significant improvement among the countries in scope, with its country risk premium declining from 5.3% to 4.7%, continuing the downward trend observed over recent quarters. India's country risk

premium remained unchanged at 1.3%, while the United Arab Emirates also remained stable at 0.3%. In contrast, Indonesia's country risk premium increased from 0.9% to 1.1%, reversing part of the decline observed in previous quarters.

Consistent with previous editions of the Quarterly Brief, the availability of reliable data concerning country risk for Russia remains challenging. As such, no meaningful values can be indicated. Similarly, a meaningful CRP for Ethiopia is unavailable due to heightened default concerns. For Iran, no meaningful CRP can be estimated due to its prevailing hyperinflationary economic environment as well as the persisting geopolitical situation in the Middle East.

| Country risk premium                                                                                            |            |            |            |            |            |
|-----------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|
|                                                                                                                 | 30.09.2025 | 31.12.2025 | 31.03.2026 | 30.06.2026 | 30.09.2026 |
|  <b>Brazil</b>                 | 2.0%       | 2.0%       | 1.9%       | 1.9%       | 1.7%       |
|  <b>Russia</b>                 | n/a        | n/a        | n/a        | n/a        | n/a        |
|  <b>India</b>                  | 1.6%       | 1.5%       | 1.4%       | 1.3%       | 1.3%       |
|  <b>China</b>                 | 0.8%       | 0.7%       | 0.6%       | 0.5%       | 0.4%       |
|  <b>South Africa</b>         | 2.3%       | 2.1%       | 2.0%       | 1.8%       | 1.6%       |
|  <b>Egypt</b>                | 7.6%       | 6.4%       | 5.7%       | 5.3%       | 4.7%       |
|  <b>Ethiopia</b>             | n/a        | n/a        | n/a        | n/a        | n/a        |
|  <b>Iran</b>                 | n/a        | n/a        | n/a        | n/a        | n/a        |
|  <b>United Arab Emirates</b> | 0.4%       | 0.3%       | 0.3%       | 0.3%       | 0.3%       |
|  <b>Indonesia</b>            | 1.1%       | 1.0%       | 1.0%       | 0.9%       | 1.1%       |

Source: KPMG CRP study  
Note: Based on a two-year analysis



## Inflation expectations: Mixed revisions across BRICS+ countries in Q3 2026

*Inflation forecasts are one of the typical indicators that can be used to assess the long-term growth rate for the terminal value calculation. The inflation rates for the BRICS countries are based on the Economist Intelligence Unit's inflation forecast for the years 2026 to 2030. The expected inflation can be measured through several parameters. For our presentation, we consider the GDP deflator. It is calculated as the difference between nominal and real GDP and measures the change in prices for all the goods and services produced in an economy.*

Inflation expectations were revised in different directions across BRICS+ countries compared to the previous quarter, with significant downward revisions in some markets and renewed inflationary pressures in others. Brazil's 2026 inflation forecast was revised down materially from 7.0% to 5.4%, while the 2027 forecast decreased from 5.1% to 3.8%. However, the 2028 forecast increased significantly from 3.7% to 6.8%, indicating greater uncertainty over the medium-term inflation trajectory. Russia recorded the largest downward revision among the major economies, with its 2026 inflation forecast falling from 12.8% to 4.1%, while forecasts for 2027 to 2030 were also revised lower.

India's inflation outlook was revised upward in the near term, with the 2026 forecast increasing from 3.0% to 4.1%

and the 2027 forecast from 2.8% to 4.1%, while longer-term expectations remained broadly unchanged. China's forecasts were also revised moderately upward for 2026 and 2027, to 1.4% and 0.5%, respectively, although inflation is expected to remain subdued thereafter. South Africa experienced downward revisions for 2026 to 2028, with the 2026 forecast declining from 7.2% to 5.7%, while forecasts for 2029 and 2030 were revised slightly upward.

Egypt recorded a substantial upward revision, with its 2026 inflation forecast increasing from 7.3% to 13.6% and its 2027 forecast from 7.5% to 12.0%, with higher inflation also expected in 2028. Ethiopia's forecasts were revised moderately upward in the near term, with inflation increasing to 16.4% in 2026 and 12.9% in 2027. Iran, by contrast, saw a significant downward revision for 2026, from 48.7% to 24.9%, although inflation is expected to remain exceptionally high, reaching 40.3% in 2027 and 34.5% in 2028.

The United Arab Emirates' inflation forecasts remained unchanged across the projection period, including 10.1% for 2026 and 1.5% for 2027. Indonesia's near-term inflation outlook was revised upward, with the 2026 forecast increasing from 2.9% to 3.3% and the 2027 forecast from 2.3% to 2.8%, while longer-term forecasts remained broadly stable.

| Inflation forecast                                                                                              |       |       |       |       |       |  |
|-----------------------------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|--|
|                                                                                                                 | 2026  | 2027  | 2028  | 2029  | 2030  |  |
|  <b>Brazil</b>               | 5.4%  | 3.8%  | 6.8%  | 3.6%  | 3.5%  |  |
|  <b>Russia</b>               | 4.1%  | 5.9%  | 4.6%  | 4.2%  | 4.8%  |  |
|  <b>India</b>                | 4.1%  | 4.1%  | 2.8%  | 2.0%  | 3.5%  |  |
|  <b>China</b>                | 1.4%  | 0.5%  | 0.2%  | 0.0%  | 0.2%  |  |
|  <b>South Africa</b>         | 5.7%  | 3.6%  | 3.5%  | 3.3%  | 3.4%  |  |
|  <b>Egypt</b>                | 13.6% | 12.0% | 9.2%  | 8.1%  | 7.3%  |  |
|  <b>Ethiopia</b>             | 16.4% | 12.9% | 10.1% | 7.8%  | 7.1%  |  |
|  <b>Iran</b>                 | 24.9% | 40.3% | 34.5% | 27.6% | 25.0% |  |
|  <b>United Arab Emirates</b> | 10.1% | 1.5%  | 0.3%  | 0.8%  | 0.4%  |  |
|  <b>Indonesia</b>            | 3.3%  | 2.8%  | 2.1%  | 2.8%  | 3.1%  |  |

Source : Economist Intelligence Unit

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