

Market Review - November 2025



China Is Winning

The news remains active. The US president is precisely where he wants to be, at the center of attention from both American and international media. He knows how to make an impact. In foreign policy, the highlight of October was probably the signing of a "deal" between Israel and the Palestinians, which is supposed to bring an end to hostilities. The agreement appears to have twenty points, but these have not been made public. All living hostages have been released, and at the same time, Israel has freed 1,900 Palestinian prisoners from Israeli jails. Trump's bold move was to claim that a peace agreement had been signed when it had not, forcing the warring sides to accept the terms of the supposed deal. Although the fighting has stopped, the most challenging part is still ahead, given the complexity of the situation. However, the chance of renewed fighting remains high.

On October 23, amid the ongoing Russian-Ukrainian conflict, the US Treasury Department designated Rosneft and Lukoil (along with several of their subsidiaries) under the Russia-related sanctions program, citing their activities in the Russian energy sector, in accordance with Executive Order 14024. The goal is to target two of Russia's largest oil companies, which significantly contribute to the Russian state's revenues and Moscow's military efforts. As of November 21, non-US entities engaging in transactions with these companies will face secondary sanctions. The intention is to cut off a major source of foreign currency for the Russian government. Trump aims to see Putin at the negotiation table while demanding substantial concessions from Ukraine. The announcement of these sanctions caused crude oil prices to surge by nearly 10%, primarily due to a perceived supply reduction. These sanctions might eventually pressure Moscow to reconsider its stance and possibly engage in negotiations in the next few months. Will it work?



Domestic issues

Since October 1, the federal government has been shut down because Democrats refuse to sign the funding bill, which includes further cuts to health insurance. Since 60 votes (out of 100) are needed in the Senate and Republicans only have 53 seats, the situation is at a standstill. Only essential government functions, such as national security, federal prisons, and the military, are being maintained. These employees will only be paid once an agreement is reached. Non-essential employees, such as those in administrative services, museums, and national parks, have been furloughed without pay.

One might legitimately wonder why this is not making headlines, as the economic consequences could be significant if this impasse persists. If salaries do not "come in," demand from households affected by the shutdown will decline. According to JPMorgan, this could reduce U.S. GDP by 0.1% per week of the shutdown. The prolonged shutdown will begin to significantly affect the population, especially public services and subsidy recipients. There appears to be no negotiations underway between Republicans and Democrats to break the deadlock.

The US president has also resorted to a new provocation by launching work on his much-desired "ballroom", adjacent to the White House. This new building was not supposed to affect the existing structure. Nevertheless, a large part of the east wing is being demolished. Usually, there are commissions responsible for approving this type of work. Trump clearly does not care. The images of bulldozers tearing down the walls of a historic monument, the heart of American democracy, appear symbolic. It should be noted that the \$300 million cost of the ballroom construction, which will likely be more, will be financed by generous donors, including prominent tech executives. Some rejoice that it will cost taxpayers nothing. However, while this is good news for the state's finances, conflicts of interest will automatically arise. This last point does not bother the president, as it is his trademark.

The Future White House





Economy

Trump traveled to Japan and then to Gyeongju, South Korea, for a meeting with Chinese President Xi on the sidelines of the APEC 25 summit. For the 4th time since he came to power in January, the goal was to reach a trade agreement with China. The last few weeks have been turbulent once again, as the Chinese introduced new taxes and additional controls on rare earth exports. However, the channels of communication have never been closed. It seems clear that the two countries will not be able to "decouple" in the coming years. China needs American chips and, above all, American consumers, while the US needs Chinese labor and refined rare earths. Following this summit meeting, as expected, the US president backtracked: restrictions on exports of chips and rare earths have been frozen for a year, and customs duties on fentanyl have been reduced from 20% to 10%. Other topics discussed included taxes on merchant ships, the potential sale of TikTok in the US, and agricultural trade. The markets are therefore reassured in their optimism. Ultimately, the Chinese are returning to roughly the same level of import taxation as before Trump took office. It is a total victory for them. China has outplayed America, showcasing its commercial power.

Other "agreements" have been signed by the US president with South Korea and Japan.

It should be noted that on October 24, President Donald Trump abruptly halted "all trade negotiations" with Canada, following an advertisement featuring Ronald Reagan's voice and an old speech opposing US tariffs. Ontario Premier Doug Ford had predicted earlier in the week that the president would not be "very happy" with the 60-second commercial produced by his province. However, this is just another piece of grandstanding from Trump. For his part, Prime Minister Mark Carney immediately announced that he was ready to resume negotiations. The market was unfazed, as it is next year, when the USMCA (United States-Mexico-Canada Agreement) agreements are up for renewal, that real talks will take place.

Finally, on November 5, 2025, the US Supreme Court is scheduled to decide on the national emergency that allows Trump to impose tariffs without congressional approval. The court agreed to hear the case in September 2025, with oral arguments set for November 5, 2025. The case originates from earlier rulings by lower courts, including the US Court of International Trade and the US Court of Appeals, which found that tariffs imposed under the International Emergency Economic Powers Act (IEEPA) likely exceeded the president's authority. The Supreme Court will probably side with the president. If it doesn't, markets would react poorly, reigniting uncertainty. Polymarket, the betting site, estimates only a 40% "chance" the Supreme Court will uphold the White House's tariffs, which seems low.

Market trends to end November 2025

End of October	Equities in Local Currencies							CSI 300
	MSCI World	S&P 500	EuroStoxx	CAC	Spain	Switzerland	MSCI EM	
Perf 1 Month	1.94%	2.27%	2.39%	2.85%	3.60%	1.03%	4.12%	0.00%
Perf 3 Month	7.71%	7.90%	6.43%	4.49%	11.36%	3.37%	12.73%	13.86%
Perf YTD	18.41%	16.30%	15.65%	10.03%	38.27%	5.46%	30.32%	17.94%

End of October	Commodities				Currencies vs EUR			
	WTI Oil	Brent Oil	Gold	Copper	USD	JPY	GBP	CHF
Perf 1 Month	-2.23%	-2.91%	3.73%	6.03%	1.70%	-2.33%	-0.51%	0.67%
Perf 3 Month	-11.95%	-10.29%	21.67%	13.28%	-1.05%	-3.15%	-1.46%	-0.10%
Perf YTD	-14.97%	-12.82%	52.52%	24.17%	-10.26%	-8.38%	-5.66%	1.27%

End of October	Bloomberg Indices Bonds Total returns							
	Global Aggregate	US Aggregate	Euro Aggregate	US 10 Year Treasury	German 10 Year Bund	Global Credit	Global High Yield	Emerging Sovereign \$
Perf 1 Month	-0.25%	0.62%	0.81%	0.71%	1.24%	-0.05%	0.69%	1.72%
Perf 3 Month	1.86%	2.94%	0.97%	3.08%	0.30%	2.52%	2.92%	4.22%
Perf YTD	7.64%	6.80%	1.83%	7.94%	-5.64%	9.57%	10.36%	10.37%

Source : Bloomberg 31/10/25

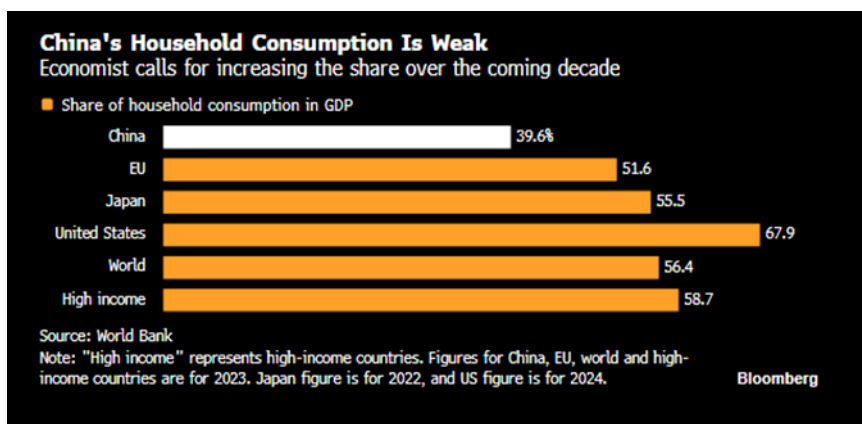
The 4th Chinese plenum

China has pledged to "significantly" increase the share of consumption in its economy over the next five years, while keeping technology and manufacturing as top priorities, to reduce its dependence on trade to fuel growth. The Communist Party pledged on October 28 in a detailed document discussed at its fourth plenary session, held in Beijing in the third week of October. China "will establish an economic development model that is more focused on domestic demand and driven by consumption," it said.

China will increase public spending on public services and strive to promote employment, according to the statement, which outlines the basic principles of the next five-year plan, set to begin in 2026. At the same time, the country will maintain "reasonable" growth in investment, another driver of domestic demand. Many economists are calling on China to set a specific target for increasing the share of household consumption in gross domestic product, which has not been done. The ratio currently stands at 40%, which is below the global average of 56% and is insufficient, as it does not accurately reflect the country's economic development. In this sense, the final communiqué of the plenum is disappointing.



Household Consumption to GDP Comparisons



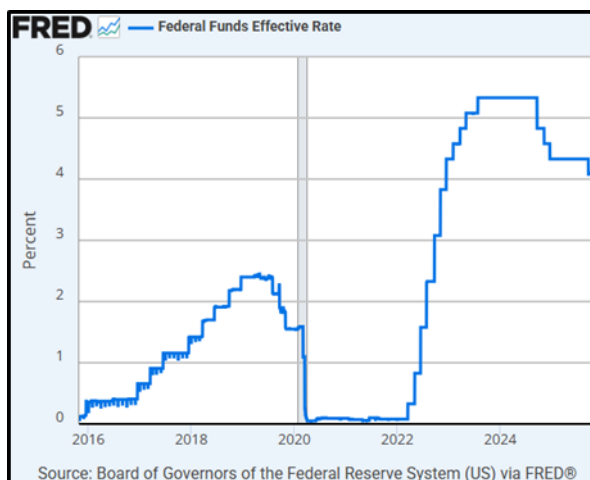
The global economy is doing well

The publication of statistical data in the US has been almost at a standstill since the shutdown began on October 1. However, the September CPI was still released on October 24 and was lower than expected, at 3% for both the CPI and the core CPI. The job market remains mixed, but massive investment spending in cloud infrastructure is driving the economy upward. According to the Atlanta Fed's GDPNow indicator, third-quarter growth is projected at 3.9%. It appears that the US economy remains in a "K" shape, as low-income households are significantly reducing their consumption, while the top 5% of households are increasing theirs. The same trend applies to businesses. Technology-related companies have full order books, whereas many companies in the food, energy, and consumer goods sectors are struggling.

On October 29, the Federal Reserve lowered its key interest rate by 25 basis points, bringing the target range for the federal funds rate to 3.75%–4.0%. The vote was not unanimous, with one vote against lowering the rate and one in favor of a 0.5% reduction in the key rate. J. Powell nevertheless dashed hopes of another automatic 0.25% cut in December. Regarding a further rate cut, he said, "that it's not to be seen as a foregone conclusion, in fact, far from it." The institution is still caught between a weakening job market and rising inflation. The problem is further exacerbated by the lack of data resulting from the government shutdown, leading Powell to say that the Fed is "driving in a fog." Alongside this rate decision, the FOMC announced the upcoming end of its quantitative tightening program, fearing that short-term financing for some banks would become too restrictive.



Fed Fund Effective Rate



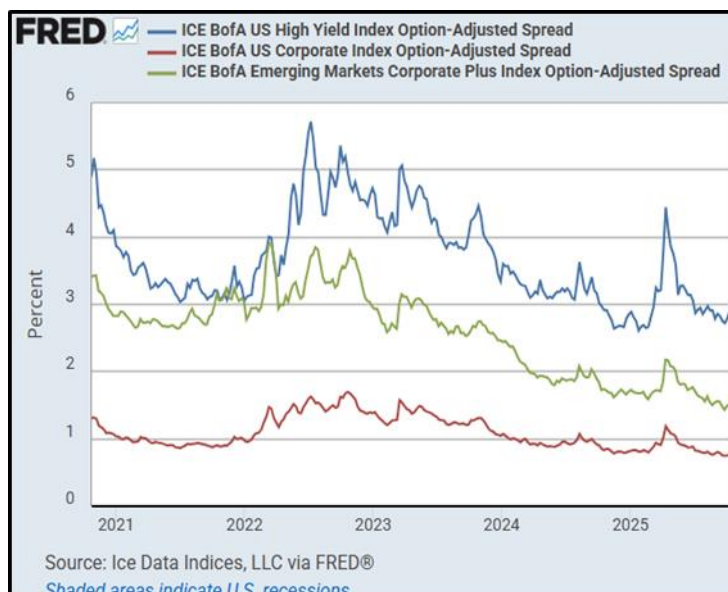
In Europe, growth remains sluggish, but it is still on the rise. In the third quarter, the eurozone economy grew by 1.3%, slightly above expectations. At the same time, inflation stabilized at 2.2% in September, up from August but stable compared to the average for recent months. The European Central Bank is not expected to lower interest rates further in the coming months.

In China, private consumption growth remains sluggish, but exports are reaching record levels. However, their growth has limits, which is why the 4th plenum was so eagerly awaited; the Chinese business model will have to change.

Capital markets remain calm. Yield curves have stabilized. The 10-year Treasury bond yield is around 4%, which seems low considering inflation is currently at 3% and is expected to increase. Powell's press conference caused the 10-year Treasury yield to rise by 0.1 percentage points to 4.1%, but this is not indicative of a panic response. Credit spreads remain low, despite a slight upward movement in the last few days of October. There is currently no reason for concern. In Europe, the 10-year Bund yield stands at 2.65%, which, like in the US, seems low considering inflation is above 2% and trending higher. The positive news in the eurozone comes from the calm sovereign bond market. Yield spreads between eurozone countries have narrowed. Even France, which faces a structural debt issue, is not experiencing a spike in its sovereign debt interest rates. Instead, they have remained stable for a year. However, Italy and Spain are borrowing at lower rates than France.



US Corporate, High Yield & EM Credit Spreads



Given current credit spreads, the market is not adequately compensating for risk. Corporate bonds with long durations should be avoided, except for idiosyncratic opportunities.

Gold soars then consolidates

Not a month goes by without mention of gold's excellent fundamentals, particularly against a backdrop of traditional currencies, such as the dollar, losing value. The appeal of gold for emerging market central banks remains intact, and these buyers are largely insensitive to price fluctuations. The dollar remains the international reserve currency, but confidence in its institutions continues to erode, and mounting deficits are a concern. The rise in gold prices has nothing to do with geopolitical uncertainties, but rather serves as a signal that traditional currencies, more than fifty years after the end of the Bretton Woods system, do not represent a reliable store of value.

There is every reason to believe that gold has not finished its upward trend, which started several years ago. However, after a sharp increase of more than 50% in 2025, it is quite possible that we will see a period of consolidation, which may take time and extend over several months. At its peak, gold reached USD 4,355 before dropping back to around USD 3,900. For risk reasons, those who reduced their positions above USD 4,000 were justified in doing so.



Gold Oz Price



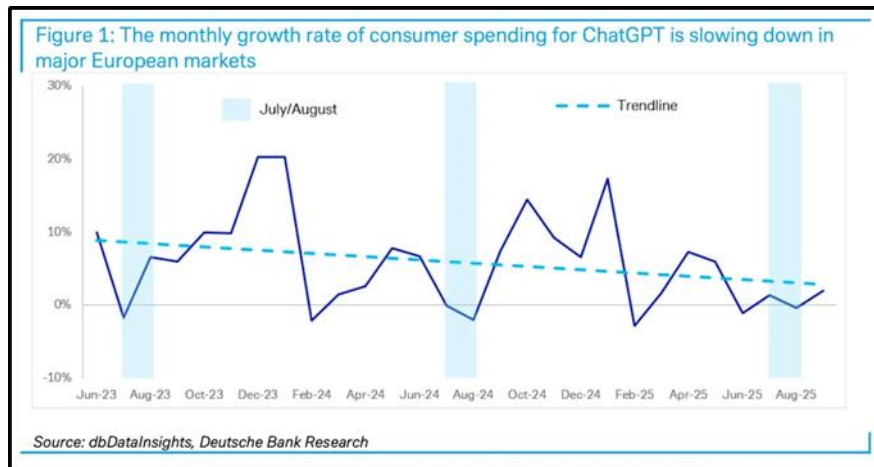
Equity markets are still on the rise

Tech giants fuel the rise of the US market. All have released their third-quarter results, and their growth remains impressive, a notable accomplishment for such prominent companies. The market continues to be driven by artificial intelligence. Investment in cloud infrastructure persists on a large scale; it's a race to see who will have the most computing power. However, it remains uncertain whether returns on investment will meet expectations in an industry where obsolescence occurs rapidly.

The current mood can be illustrated as follows: Any company that announces an investment related to artificial intelligence will see its market price soar. The same is true for OpenAI's collaboration: every time its CEO, Sam Altman, signs a contract, investors conclude that its service provider's profitability will skyrocket. The main reason is that OpenAI has a billion customers, which makes any counterpart salivate, because a contract means access to a vast pool of potential consumers.

However, Deutsche Bank conducted a study of European users, who represent 15% of OpenAI's customers. The study found that their spending has already reached maturity. This would mean that projections of exponential growth over the next three years would be unrealistic, unless current customers significantly increase their budget for ChatGPT. Nothing is less certain, as competition is intense and it is difficult to raise prices. This is where Mr. Altman's challenge lies: how to convert the platform's massive traffic into regular, paying customers? Sales are not keeping pace with the increase in subscriptions. Today, OpenAI is estimated to be worth 500 billion USD, comparable to Netflix, which had revenues of 45 billion USD in 2025 and profits exceeding 10 billion USD.

Monthly Growth Rate of EU Consumer Spending For ChatGPT



Nvidia, which will release its results in November, has surpassed the 5 trillion USD market capitalization mark, a remarkable milestone. This is roughly equivalent to Germany's GDP for an entire year, involving over 80 million people. Nvidia reports 200 billion USD in revenue and employs fewer than 40,000 staff. Here are some additional comparisons: the entire Swiss stock market is valued at only 2 trillion USD, while the German market is worth 3 trillion USD. Analysts forecast sales growth of more than 50% over the next twelve months for the GPU chip maker, which remains (still) insufficient to satisfy demand. What's notable is that, despite its impressive sales figures and growth rate, the company's four largest customers account for 54% of its revenue. It operates within an ecosystem dominated by a few companies, with no serious competition currently, due to high barriers to entry.

More generally, S&P 500 companies' earnings are expected to grow by 10% in the third quarter, compared with 7.9% expected a month ago. The momentum is therefore strong. Expectations for next year remain optimistic, with earnings growth of 13%. Equity analysts see no risk of recession on the horizon. The weakness of the dollar in the coming months is also expected to benefit US companies. Despite tariffs, analysts expect margins to grow by a further 13% to 14% (source: LSEG, UBP).

YoY SP500 Consensus EPS Growth

S&P 500 - consensus EPS growth (y/y, %)							
Sectors	Earnings weight (2025E)	Q2 2025	Q3 2025	Q4 2025	Q1 2026	2025	2026
Consumer discretionary	8%	7	2	-3	8	4	13
Consumer staples	6%	1	0	4	6	0	8
Energy	4%	-19	-6	0	2	-11	13
Financials	19%	14	21	7	17	11	10
Healthcare	12%	9	-4	4	5	12	11
Industrials	8%	4	11	0	10	7	18
Materials	2%	-2	19	12	21	2	21
Real estate	1%	2	20	1	14	4	9
Technology	25%	23	24	20	26	21	22
Communication services	11%	49	4	7	-1	21	8
Utilities	3%	-2	-1	9	8	5	9
S&P 500	100%	13	10	8	13	11	14

Source: LSEG



The situation is different for European companies, which will have to contend with a currency that is stronger than the greenback and an uncertain trading environment. Earnings are expected to remain stable in the third quarter compared to 2024 (0%), then contract slightly in the fourth quarter, before growing by 13% in 2026, similar to the US. Few companies had published their results by October 30; on average, these were 7% above expectations.

Stoxx 600 Index Price





Conclusion

Overall, the environment remains favorable due to liquidity; the Fed has lowered its key interest rate and is expected to continue doing so, despite J. Powell's change in tone. It should be remembered that the chairman is in his final months at the helm of the institution. His replacement will do as the White House instructs him. In 2026, the key interest rate is expected to fall further than currently anticipated. The ECB and the Chinese central bank will also maintain low interest rates.

Budget deficits are expected to remain high in major regions; Japan is likely to approve a stimulus program. Europe is rearming, while China continues to develop its technology and industry.

The reorganization of the global economy requires significant investment in industrial, defense and technological infrastructure, in a world where international cooperation is declining. It is a paradox: initially, less cooperation generates economic activity; it is only in a second stage that the consequences of today's decisions are likely to be felt, with lower economic growth.

Despite unrealistic long-term expectations and extraordinary technology valuations, the end of the year is expected to be positive. The only stumbling block on the road to the end of 2025 is the Supreme Court's decision in early November on the validity of the tariffs imposed by President Trump without congressional approval.

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