



SG Analytics

A Stralve Company

# VEDA

Monthly Investment Research Roundup



## DECEMBER CAUTIOUS

Uneven growth, geopolitical risks, and gradual monetary pivots

# Investment Research Spotlight



## **Global Macroeconomic Development** 04

Global growth improved slightly, but markets remain volatile amid policy divergence, geopolitical tensions, and mixed central bank actions—ranging from cautious easing to prolonged pauses—shaping investor sentiment worldwide

## **Fixed Income** 08

US yields fell on dovish Fed signals, German Bunds held firm with mild steepening, UK Gilts eased after volatility, while Japanese yields surged, underscoring global policy divergence

## **Currencies** 10

The US dollar strengthened on hawkish comments, while the euro, pound, and yen weakened, with most global currencies under pressure amid broad dollar strength

## **Equities** 12

Global equities were mixed, with US markets holding steady and European indices ending flat to slightly positive. Gains in India, Brazil, and defensive sectors were offset by tech weakness, Japan's decline, and broad softness across GCC markets

## **Commodities** 14

Precious metals gained, with silver hitting record highs on tightening supply and expectations of a December Fed cut. Gold remained supported, while Bitcoin experienced heavy deleveraging due to shifting macroeconomic signals. Crude oil weakened due to oversupply and easing geopolitical risks.

## **Real Estate** 16

Global CRE shows a diverging landscape, with APAC holding steady, the US gradually rebalancing, and the UK seeks post budget stability after initial slowdowns due to speculation

# From the SGA Research Desk



Global markets in November were shaped by the US resolving its 43-day government shutdown, triggering a data vacuum and a sharp policy pivot. With official releases delayed, reliance on proxy indicators revealed weakening consumer confidence and rising layoffs, prompting the Federal Reserve to abandon its hawkish stance in October. Dovish signals from key officials sent the probability of a December rate cut above 80%, sparking a bond rally.

Europe showed mixed dynamics: services resilience kept Composite PMI positive, but industrial weakness persisted. The European Central Bank (ECB) maintained its deposit rate at 2.00%, citing sticky service inflation and reaffirming a data-dependent approach.

In the UK, disinflation accelerated, and fiscal tightening dominated the Autumn Budget. The Bank of England (BoE) held rates at 4.0% (5–4 vote), signaling its proximity to easing and fueling bets for a cut in the next meeting.

Japan unveiled a ¥21.3 trillion stimulus, but inflation pressures hardened the Bank of Japan's (BoJ) hawkish tone, lifting 10-year JGB yields. China's slowdown deepened as Non-Manufacturing PMI contracted for the first time since 2022.

In India, Q2 FY26 GDP growth surprised on the upside at 8.2%. However, moderating inflation and dovish global cues prompted the Reserve Bank of India (RBI) to deliver a 25-bps rate cut, lowering the repo rate to 5.25%

The equity market remained mixed, with notable gains visible in EM and Europe, while the US remained steady, and the GCC closed weak. The Fixed Income market witnessed a rally in the US amid expectations of a rate cut, but fell in Japan due to the hawkish BOJ, and remained largely stable in the UK and Europe.

Commodities saw silver surge 16% to an all-time high, gold remained firm near \$4,180–\$4,200, Brent crude slid below \$60/bbl, and Bitcoin tumbled 17% below \$100,000.

## Our Views on Asset Classes

Asset Class	US	Europe	UK	Japan	EM/Others
Rates	▲ Positive	● Neutral	▲ Positive	▼ Negative	● Neutral (Local Currency)
Credit	● Neutral	▲ Positive	● Neutral	● Neutral	▲ Positive (Hard Currency)
Currencies	● Neutral	▲ Positive	● Neutral	▲ Positive	● Neutral
Equities	▲ Positive	▲ Positive	▲ Positive	▼ Negative	▲ Positive
Real Estate	● Neutral	▲ Positive	● Neutral	▲ Positive	▲ Positive (APAC)
<b>Commodities</b>					
Commodity	Oil	Gold	Silver	Bitcoin	
Views	▼ Negative	▲ Positive	▲ Positive	● Neutral	

Source: SGA Research

### Outlook & Strategy

We stay cautiously optimistic amid policy divergence and data distortions. Favor US and UK bonds with intermediate duration on easing prospects. Equity exposure should target US cyclical mid-cap stocks and high-yield Latin American investments. Silver offers strong upside; gold remains a macro hedge. Brent crude likely range-bound; USD softens, while JPY gains on BoJ normalization.

# Global Macroeconomic Development

## Global Macros: Policy Crossroads, Currency Strains, and Growth Divergence



### US: The November 2025 Reversal: Dovish Pivot Amid Data Drought

The US economy in November 2025 was dominated by the aftermath of the historic 43-day government shutdown, which formally concluded on November 12. While the political crisis ended, it ushered in an acute data vacuum that fundamentally altered market and policy analysis. The Bureau of Labor Statistics (BLS) canceled the crucial October Employment and CPI reports, forcing policymakers to rely on alternative indicators. The Department of the Treasury invoked contingency provisions on November 26, publishing an imputed index number for the October CPI to facilitate Treasury Inflation-Protected Securities (TIPS) calculations. Quantifying the damage, the Congressional Budget Office (CBO) estimated the shutdown would reduce annualized Q4 GDP growth by 1.0 to 2.0 percentage points and cause a permanent economic loss of \$7 billion to \$14 billion.

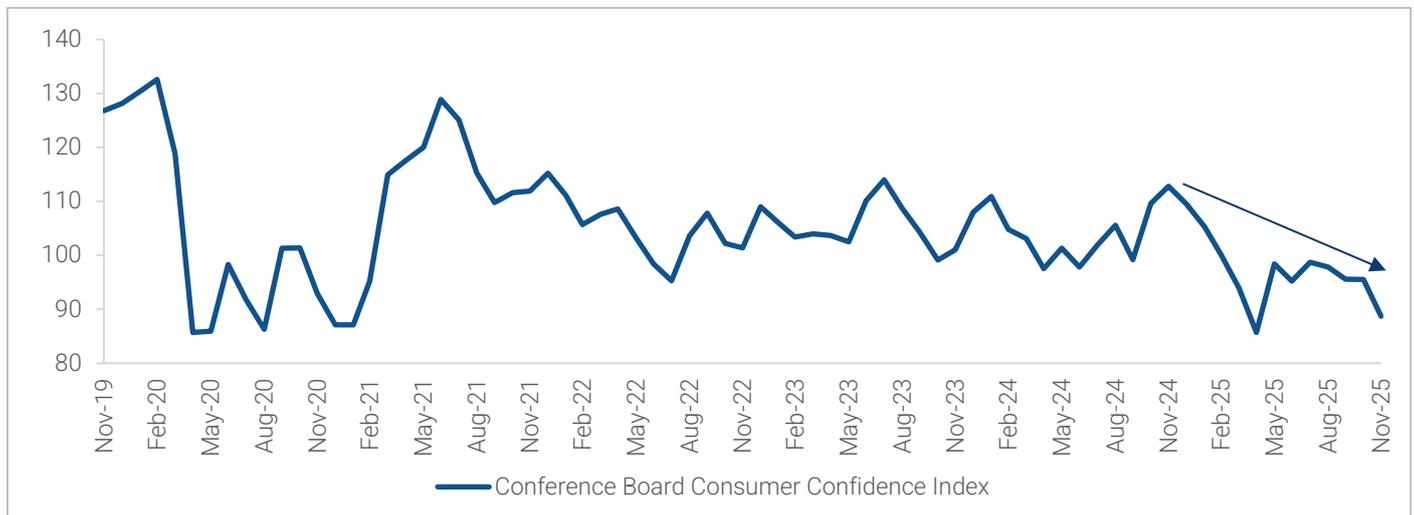
This economic disruption swiftly drove a profound shift in monetary policy expectations. The minutes from the late-October FOMC meeting, released November 19, confirmed the committee's concern over both persistent inflation and downside risks to the labor market. However, mid-month dovish commentary from key Fed officials, coupled with worrying proxy data—

including reports of approximately 54,000 cumulative job losses through early November and a sharp deterioration in consumer confidence regarding labor conditions—accelerated easing expectations.

By the end of November, the implied probability of a 25-bps rate cut at the December FOMC meeting soared above 80%, reversing the hawkish tone of the prior month. This dramatic repricing fueled a bond rally, with the 10-year Treasury yield falling by 8-bps. Equities demonstrated resilience, led by outperformance in cyclical mid-cap stocks, suggesting expectations of a domestic economic rebound.

The outlook remains complex. Although a strong, but temporary, compensatory rebound in Q1 2026 is expected, the policy focus is now clearly shifted to labor market stabilization. Investors must navigate months of potentially distorted data while factoring in the increased risk of a monetary policy error if underlying inflation pressures—such as the September PPI energy surge—re-emerge during the anticipated growth surge. The Fed's reliance on rhetoric and proxy data over official statistics highlights systemic uncertainty.

### Consumer sentiment falls to its weakest level since April



Source: Conference Board, SGA Research

## Europe: Services Resilience Meets Industrial Drag

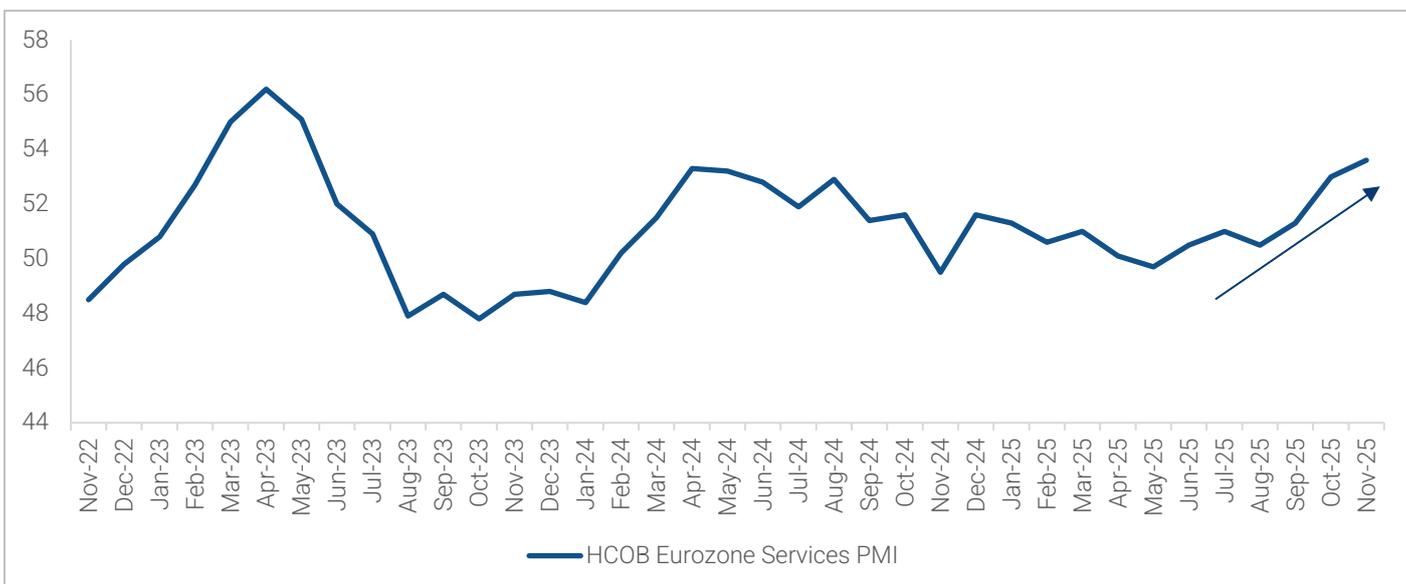
November data confirmed a fundamental economic divergence across the Eurozone. Overall activity remained positive (Composite PMI 52.4), sustained by the resilient services sector, which hit an 18-month high (PMI 53.1). In sharp contrast, industrial weakness intensified, with the Manufacturing PMI contracting at a five-month low of 49.6. This fragility was acutely visible in Germany, where the Ifo Business Climate Index declined, signaling pessimistic expectations for an industrial recovery.

Inflation remains stubbornly elevated. While headline HICP nudged up to 2.2%, the core measure held steady at 2.4%, driven by services inflation accelerating further

to 3.5%, its highest level since April. The European Central Bank (ECB) responded by holding the key deposit rate unchanged at 2.00% for the third consecutive meeting.

The sustained services-driven inflation is a binding constraint, effectively locking the ECB into a restrictive “data-dependent hold” well into 2026. This policy inertia, necessitated by underlying price pressure, eliminates the prospect of near-term rate cuts. The outlook is defined by prolonged tight financial conditions and structural fragmentation—highlighted by the elevated OAT-Bund spread of nearly 74 bps—which will continue to weigh on the struggling industrial sector.

### Eurozone service sector PMI continue to trend upward and attain 18 month high



Source: S&P Global, SGA Research

## UK: Policy Convergence Drives Market Pivot in November 2025

November cemented the narrative of UK economic stagnation and decisive disinflation, setting the stage for a major policy pivot in 2026. Data confirmed real GDP slowed to a meager 0.1% in Q3 2025, with real GDP per head showing no growth. Labor market slack intensified sharply, as the unemployment rate climbed to 5.0% in the July-September period. Critically, the disinflationary trend gained momentum, with the October CPI data easing to a 3.6% headline, and services inflation—the Bank of England’s (BoE) primary concern—falling to 4.5%.

Monetary policy remained restrictive as the BoE held the Bank Rate at 4.0% on November 6; however, the extremely narrow 5-4 vote split, with four members favoring an immediate cut, revealed the committee is

on the cusp of easing. Compounding the demand squeeze, the November 26 Budget introduced substantial fiscal consolidation, projecting the tax burden to an all-time high through extended tax threshold freezes. This convergence of easing inflation, building labor market slack, and restrictive fiscal policy strongly supports the market expectation for the first BoE rate cut in early Q1 2026. Globally, the US Federal Reserve’s accelerating easing cycle provides relative structural support to the Pound Sterling against the US dollar, even as the Gilt market prices in imminent domestic easing. The combined policy stance means the primary risk ahead is now centered on weaker growth, rather than entrenched inflation.

# Global Macroeconomic Development

## Asia: Diverging Policy Paths Amid Inflation, Trade Shocks, and Growth Challenges

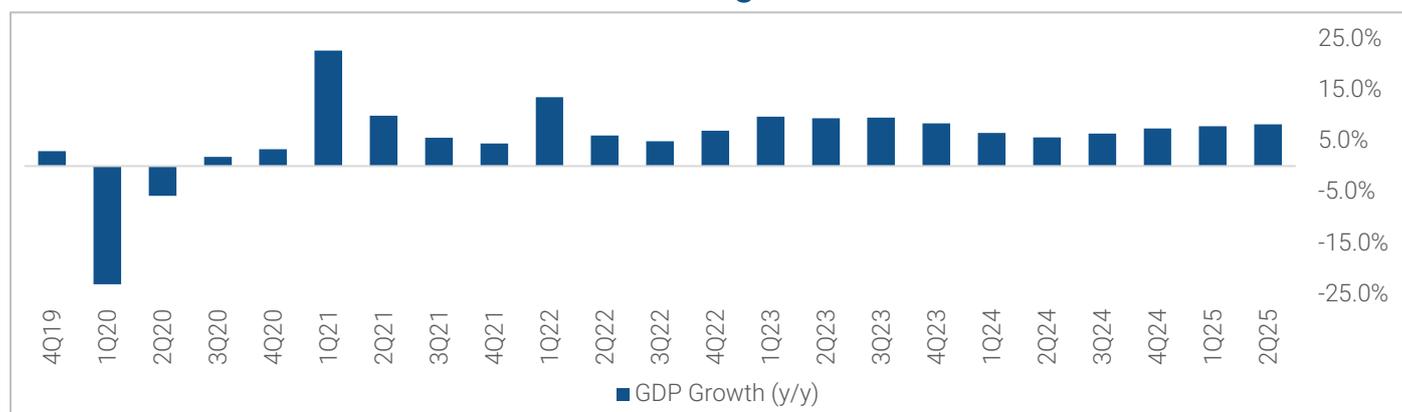


### Japan: Normalization Path Solidifies Amid Fiscal Stimulus Shock

November 2025 was defined by the clash between aggressive fiscal policy and determined monetary normalization. The Takaichi administration approved a massive ¥21.3 trillion stimulus package, which immediately triggered a sharp sell-off in the Japanese Government Bond (JGB) market; the 10-year yield rose 16-bps for the month due to concerns over debt supply. Despite this fiscal expansion, the Bank of Japan's (BoJ) normalization path solidified. Inflation pressures remained persistent, with October National CPI rising to

3.0% and November Tokyo Core-Core CPI holding steady at 2.8%. Governor Ueda signaled that the conditions for a hike were "increasingly likely to be met", pushing the market-implied probability for a December rate hike (to 0.75%) above 50%. Coupled with the weak yen, which prompted stern verbal warnings from the Finance Minister, the BoJ is now expected to prioritize price stability with a rate hike in December. This move will intensify short-term volatility but support a stronger yen outlook.

### India maintains momentum with solid GDP growth in Q2 FY26



Source: Ministry of Statistics and Programme Implementation (MOSPI), SGA Research

### India: External Drag on India's Resilient Core

November 2025 marked a sharp divergence in India's narrative. The domestic economy demonstrated powerful structural strength, underscored by confirmed Q2 FY26 GDP growth of 8.2% and the Services PMI accelerating to a five-month high of 59.8. Inflation risks simultaneously evaporated, with the October CPI collapsing to a record low of 0.25%. This disinflation provided the Reserve Bank of India (RBI) room to reduce the repo rate by 25-bps to 5.25% in its latest monetary policy held on 5 December 2025. Simultaneously, the central bank raised its growth forecast to 7.3% from 6.8% previously. However, external pressures intensified dramatically. The

merchandise trade deficit soared to an all-time high of \$41.68 billion in October, which, alongside net FPI equity outflows, drove the Indian Rupee to a lifetime low near 90.00/USD. The Manufacturing PMI easing to 56.6 confirms the direct economic drag from the punitive 50% US tariffs, which are hitting export orders.

The outlook remains bifurcated, with domestic consumption and services expected to drive core growth. Yet, sustained stability requires an immediate resolution of the external crisis. Promising progress in US-India trade talks, targeting a deal by year-end, is the critical catalyst needed to stabilize the rupee and reignite the nation's export engine.

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## China: Domestic Demand Falters, PBoC Pivots to Quantitative Easing

November data confirmed China's deepening domestic slump, driven by a collapse in confidence and investment. Fixed Asset Investment (YTD) contracted by -1.7%, while Real Estate Investment plummeted -23.0% y/y in October, resulting in new home prices falling at their steepest monthly pace in a year. Alarming, the NBS Non-Manufacturing PMI fell to 49.5 in November, marking the first contraction in the crucial services sector since 2022 and signaling broader weakness. While the headline CPI ticked up to +0.2% y/y due to services/holiday effects, PPI deflation persisted

at -2.1%. The People's Bank of China (PBoC) held the Loan Prime Rate steady but executed a decisive quantitative easing move, injecting a net 600 billion yuan via MLF and outright reverse repos. This strategy enables substantial government bond issuance to fund infrastructure, affirming a policy pivot towards state-directed fiscal support to stabilize the economy and offset the ongoing property crisis. The outlook depends heavily on the efficacy of these supply-side investments.

## Latin America: Monetary Policy Divergence Amid Stabilizing External Conditions

November 2025 was a pivotal month for Latin America, marked by sharp contrasts in monetary policy as central banks navigated the delicate balance between controlling inflation and supporting growth. This divergence unfolded against a backdrop of easing external pressures: WTI crude prices fell below \$60 per barrel, and market certainty of a December US Federal Reserve rate cut surged above 80%, providing critical disinflationary tailwinds for the region.

growth risks amid trade uncertainty. Notably, Banxico acted despite core inflation holding at 4.28%, above its target range for the sixth straight month. The decision reflects a calculated tolerance for near-term inflation volatility to stabilize economic momentum.

### Brazil and Colombia: Relentless Inflation Fight

Brazil's Central Bank (BCB) reaffirmed its hawkish stance, holding the Selic rate at 15.00% for the third consecutive meeting. Despite October IPCA inflation easing slightly to 4.68% y/y, policymakers emphasized unanchored long-term expectations and robust labor market conditions. The BCB signaled a "significantly contractionary monetary policy for a fairly prolonged period," prioritizing credibility over short-term growth. Industrial production contracted 0.50% y/y in October, underscoring the stagflationary trade-off inherent in Brazil's strategy.

### Argentina: From Crisis to Reform

Argentina's narrative diverged further, transitioning from crisis management to structural reform. President Javier Milei leveraged his sweeping midterm victory to push transformative legislation, including the Bases Law and Fiscal Package, aimed at liberalizing the economy, reforming labor and tax codes, and enforcing fiscal discipline. October inflation eased marginally to 31.30% y/y, but the real breakthrough was political: reforms backed by a \$20 billion exchange stabilization agreement with the US Treasury, providing a vital anchor against currency volatility.

Colombia's Banco de la República (BanRep) mirrored this defensive posture, maintaining its policy rate at 9.25%. October inflation accelerated unexpectedly to 5.51% y/y, a 13-month high, driven by entrenched indexation effects in services. BanRep's decision to hold rates—unchanged since May—reflects its commitment to breaking the inflationary inertia and defending its 3% target, even at the cost of growth.

### Investment Implications: Navigating Idiosyncratic Risk

Regional growth prospects remain modest, with forecasts of 2.3%–2.4% for 2025–2026; however, policy divergence amplifies idiosyncratic risk. Brazil's elevated Selic rate presents compelling carry opportunities ahead of an anticipated easing cycle in 2026. Argentina presents selective upside in dollar-denominated assets contingent on reform success. Conversely, Mexico warrants reduced duration exposure until core inflation retreats decisively, while Colombia's entrenched price pressures imply prolonged high rates.

### Mexico: A Strategic Pivot Toward Growth

In stark contrast, Mexico's Banco de México (Banxico) shifted gears, cutting its overnight interbank rate by 25 bps to 7.25% on November 7. This move followed a Q3 25 economic contraction and signs of stagnation in October activity, signaling a proactive effort to cushion

### Bottom Line:

November underscored Latin America's fragmented policy landscape, where credibility battles, growth pivots, and structural reforms coexist, shaping a complex yet opportunity-rich environment for investors.

# Policy Divergence and Fiscal Risks Reshape Global Market Outlook for Bonds

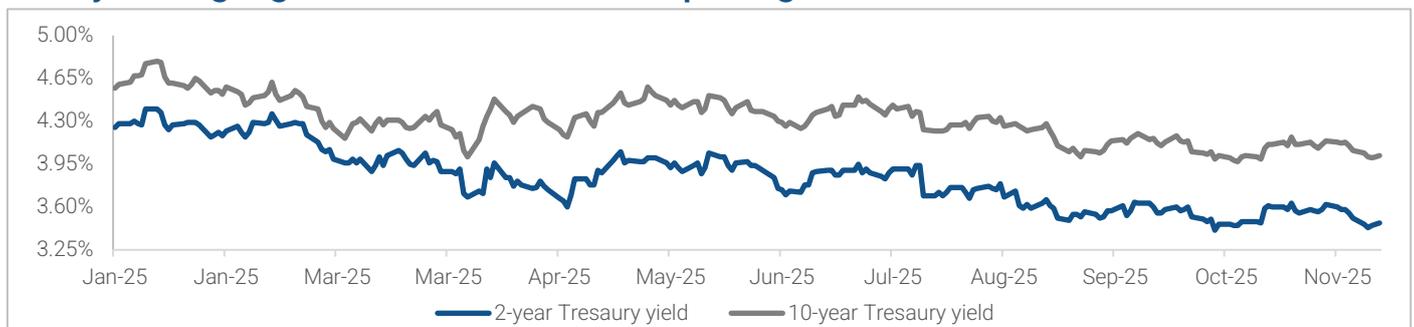


## Turning Point: Dovish Fed Signals Spark Yield Retreat

In November 2025, US Treasury markets navigated a volatile landscape defined by the resolution of the historic government shutdown and deepening splits within the Fed. Early in the month, yields drifted higher as a "data vacuum" obscured the economic picture, leaving investors reliant on conflicting rhetoric. A sharp tug-of-war emerged: hawks like Hammack argued that sticky inflation prevented easing, while doves like Governor Miran warned that the economy was nearing "stall speed." Despite this uncertainty, the US primary market proved resilient; the Treasury successfully sold billions in notes with strong demand, signaling that investors were eager to lock in yields. The narrative pivoted decisively late in the month following comments from NY Fed President Williams, who signaled that rates could fall "in the near term." This dovish signal, combined with

deteriorating labor indicators, triggered a sharp rally, with markets aggressively pricing in an 85% probability of a December rate cut. As captured in the chart provided below, this shift drove the 2-year yield to fall significantly, breaking the critical 3.50% floor to close at 3.49%, its second-lowest level of the year, following October's recent historic low. Simultaneously, the 10-year yield retreated from mid-month highs to test the 4.0% mark, ending at 4.02% in a clear flight-to-safety bid. This technical breakdown reflects a market dismissing hawkish caution in favor of preserving US growth. With spread dynamics normalizing, we remain constructive on intermediate-duration bonds, favoring their roll-down appeal as the bond market correctly anticipates the Fed's next necessary monetary policy easing move.

## Policy easing signals drive curve re-steepening



Source: FRED, SGA Research

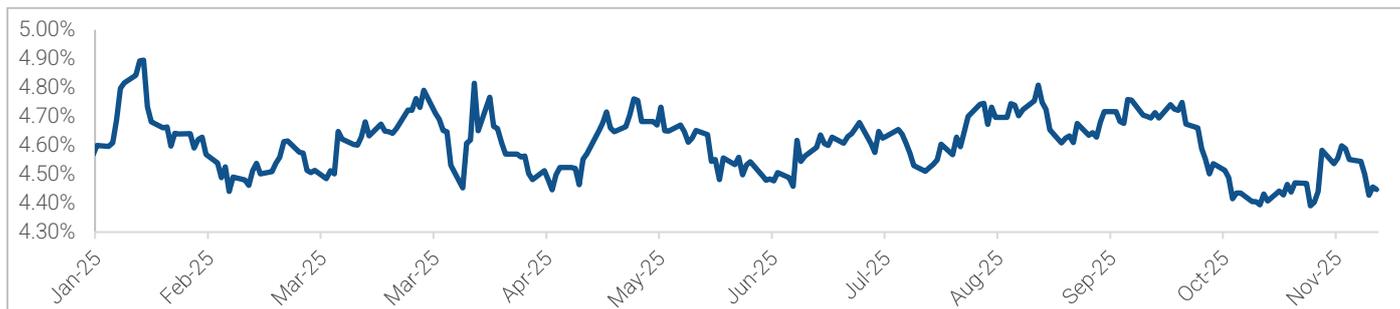
## Inflation Uptick and Fiscal Signals Steer European Bond Markets

European bonds reflected a mixed set of drivers in November, balancing policy steadiness with fiscal developments. Early in the month, the ECB maintained its deposit rate at 2.00%, while Eurozone inflation edged up to 2.2% y/y from 2.1%, reinforcing a cautious stance. German Bund yields moved in a narrow range: the 10-year yield opened at 2.64%, peaked mid-month at 2.72%, and closed at 2.69%. Meanwhile, the 2-year yield rose from 1.99% to 2.03%, and the 30-year yield climbed from 3.22% to 3.33%, signaling mild curve steepening. Conversely, French 10-year bonds experienced volatility, starting at 3.42%, spiking to 3.46% mid-month due to political friction and fiscal jitters, then easing to 3.41% as improved sentiment narrowed spreads.

In the UK, the BoE held its rate at 4.00% during the November meeting, but rising unemployment to 5.0% from 4.8% and CPI easing to 3.6% y/y from 3.8%, reinforced expectations of early easing. UK 10-year Gilt yields fell sharply to 4.39%, its lowest level of the year, before settling near 4.43%, as markets priced a dovish pivot following fiscal policy signals in the UK budget.

Eurozone inflation and fiscal supply suggest Bund yields may stay range-bound, while UK growth fragility supports the BoE's further cut. We maintain a neutral view on Eurozone sovereigns and a selective long bias on Gilts, favoring intermediate maturities for roll-down potential as policy pivots materialize.

## UK 10-Year Gilt yields hit year's low on dovish signals



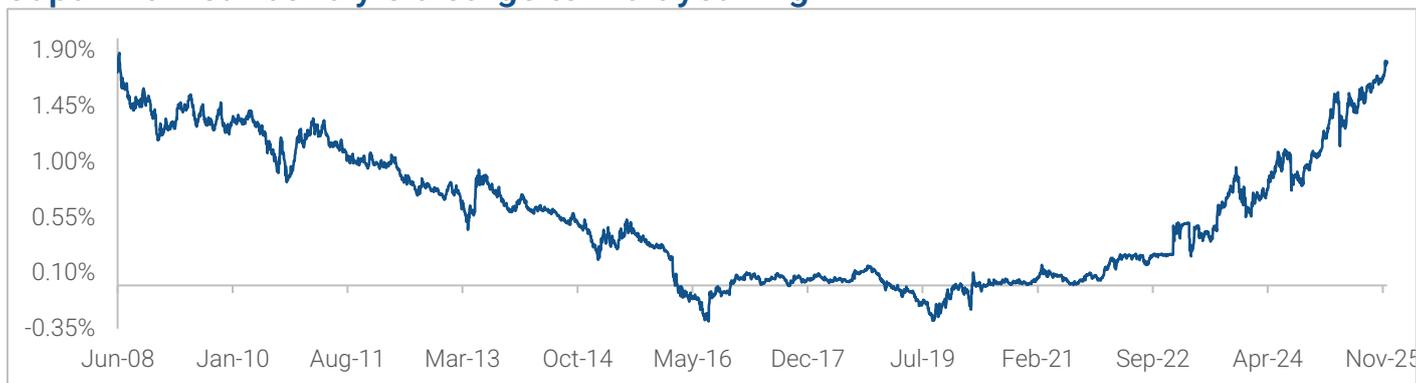
Source: Investing.com, SGA Research

## Japan's Yield Curve: The 17-Year Breakout and Policy Normalization

Japan's 10-year government bond yield climbed to 1.81% in late November, reaching its highest level since June 2008 as markets aggressively priced in a potential December rate hike. This breakout was fueled by Governor Kazuo Ueda's hawkish confidence amid core inflation exceeding the 2.0% target for 43 consecutive months. Concurrently, Prime Minister Sanae Takaichi's ¥21.3 trillion stimulus package weighed heavily on fiscal sentiment, amplifying concerns about supply. However, this shift created a compelling entry point for investors: a subsequent 30-year bond auction saw the bid-to-cover ratio jump to 4.04, the strongest demand since

2019. As illustrated above, the yield curve has steepened sharply, reflecting a structural break from the era of yield curve control. This dynamic signals a pivotal regime change; after years of suppression, Japanese yields are normalizing rapidly, driven by the definitive end of negative interest rate policies and resilient domestic inflation. Looking ahead, sustained yields near 2.0% could reshape global capital flows as domestic investors repatriate funds, challenging the broad appeal of major foreign sovereign debt assets moving forward.

## Japan 10-Year bond yield surge to multiyear high



Source: Investing.com, SGA Research

## MENA Debt Markets Stay Resilient as Sukuk and AT1 Surge in November

November underscored the strength of GCC debt markets, with issuance surpassing \$8 billion across sovereign, financial, and corporate segments. Sovereign supply was led by a dual-tranche deal of \$4 billion by the State of Qatar, signaling continued fiscal funding needs. This was followed by the issuance of the Emirates of Sharjah's \$750 million sukuk. Notably, several banks issued AT1 sukuks/bonds, underscoring the need for capital raise. Notably, issuances include First Abu Dhabi Bank's \$1 billion, Kuwait Finance House's \$850 million, and Gulf International Bank's \$500 million.

Meanwhile, sustainability-linked debt has surged regionally, with labeled issuance in the MENA and emerging Asia Pacific (APAC) regions tripling since 2020 to \$94 billion, over half of which is allocated to green projects and renewable energy.

Looking ahead, refinancing needs and a softer global rate backdrop are expected to support bond market activity, although concentrated supply windows and geopolitical uncertainty may introduce episodic volatility.

## Currencies

# Dollar Loses Momentum in November; Major G10 FX Turn Constructive



## Weakening Macro Signals Drive Fed Shift, Adding Renewed Pressure on Dollar

November delivered a marked reversal in the dollar's trajectory, as shifting policy expectations and softening macroeconomic data eroded the earlier strength. The month began with the dollar buoyed by lingering optimism from October, with the DXY attempting to hold above the 100 mark amid hopes that the Federal Reserve might pause its rate-cut cycle. However, a prolonged 43-day government shutdown created a significant data vacuum, and subsequent releases revealed clear signs of weakening momentum as consumer confidence hit a five-month low and retail spending softened. Inflation held near 3%, but underlying pressures continued to moderate. This mix of sticky headline inflation and fading demand

prompted a notable shift in market expectations. New York Fed President Williams's dovish remarks fuelled speculation of near-term easing, driving December rate-cut probabilities from 25% in mid-November to 85% by month-end. As a result, Treasury yields fell, and the US dollar became volatile throughout the month, closing below 99.50 after five consecutive daily declines at the fag end of the month. We expect the DXY to remain range-bound, with a modest weakening in December, as the Fed prepares for a potential 25-bps cut. Given compressed yield differentials and softer growth signals, our stance remains neutral on the dollar, with risks tilted marginally to the downside.

## DXY ended weaker in November on Fed cut bets



Source: Investing.com, SGA Research

## G10 Currencies Strengthened Towards the Month-end Amid Dollar Weakness

The euro remained broadly weak throughout most of November, hindered by sluggish eurozone industrial activity and weak German trade. Fiscal uncertainties and subdued domestic demand kept the currency near multi-month lows at the beginning of the month. However, improved global sentiment following the US funding resolution helped the euro stabilise into the month-end. The late-month rebound was driven primarily by broad dollar softness as markets increased

bets on a December Fed rate cut, allowing EUR/USD to firm to around 1.160.

Sterling also weakened for much of November, pressured by softer labor market data, including slower wage growth and rising unemployment. Mid-month lows reflected mounting expectations of a BoE rate cut and concerns around the UK's fiscal trajectory.

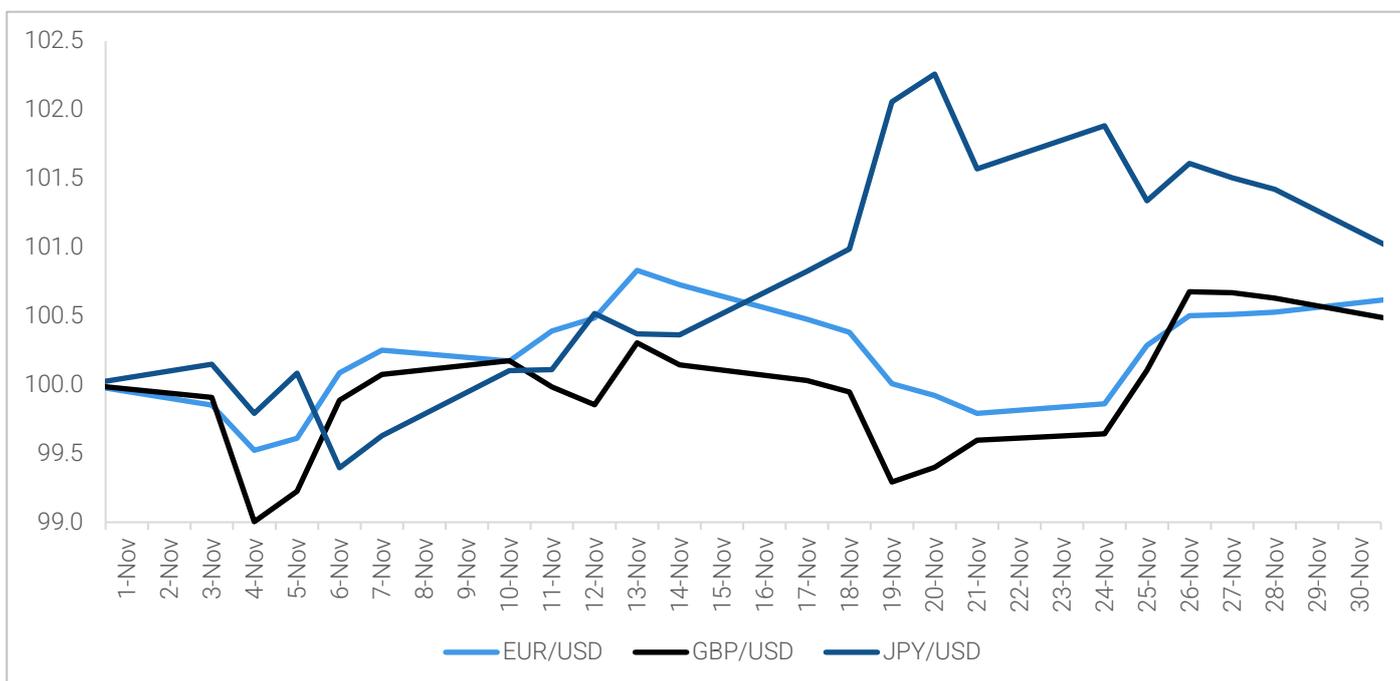
Some stability returned after the Autumn Budget reduced near-term fiscal uncertainty, helping GBP close modestly firmer at 1.320, though dollar strength capped gains.

The yen continued to depreciate amid persistent policy divergence. Expectations of continued BoJ accommodation, reinforced by discussions on additional fiscal support, further weakened the currency. Improving global risk appetite revived carry-

trade flows, pushing the yen towards 156.150 by month-end.

In December, narrowing US-eurozone rate differentials and softer US momentum support further EUR upside. We remain positive on the Euro. Mixed UK macro signals and BoE policy uncertainty maintain our neutral stance on GBP. However, anticipated BoJ normalization and seasonal USD/JPY weakness underpin a positive outlook for the JPY.

## Major G10 currencies gained in the month amid broad dollar weakness



Source: Investing.com, SGA Research

## EM FX Holds Ground Amid Dollar Weakness

Emerging Market (EM) currencies delivered a mixed performance in November, shaped by shifting global risk appetite and domestic policy signals. The Chinese Yuan (CNY) appreciated by 0.6%, supported by liquidity injections that helped cushion the impact of ongoing capital outflows and uncertainty surrounding US-China trade dynamics. However, structural pressures, such as persistent deflation and policy easing, continue to weigh on its medium-term trajectory.

The Indian Rupee (INR) weakened to a record low of 89.352, driven by sustained corporate dollar demand and equity outflows. The RBI's calibrated interventions helped limit excess volatility but did not overturn broader depreciation pressures. The Turkish Lira (TRY) remained under significant strain, sliding to a fresh low of 42.490 amid continued monetary easing and renewed political uncertainty.

In contrast, the South African Rand (ZAR) firmed modestly by 1% m/m, supported by higher precious metal prices and the South African Reserve Bank's (SARB) commitment to its inflation-targeting framework. The Brazilian Real (BRL) also gained 0.9% m/m, buoyed by clearer policy direction and improving domestic indicators, while benefiting from a strong carry appeal.

Into December, EM FX performance is expected to remain uneven. Softer US yields and improved global sentiment could support high-carry currencies such as MXN, BRL, and INR, while CNY may lag due to persistent structural headwinds. Overall positioning remains selectively constructive.

## Equities

# Global Equities Navigate Rotation and Regional Divergence



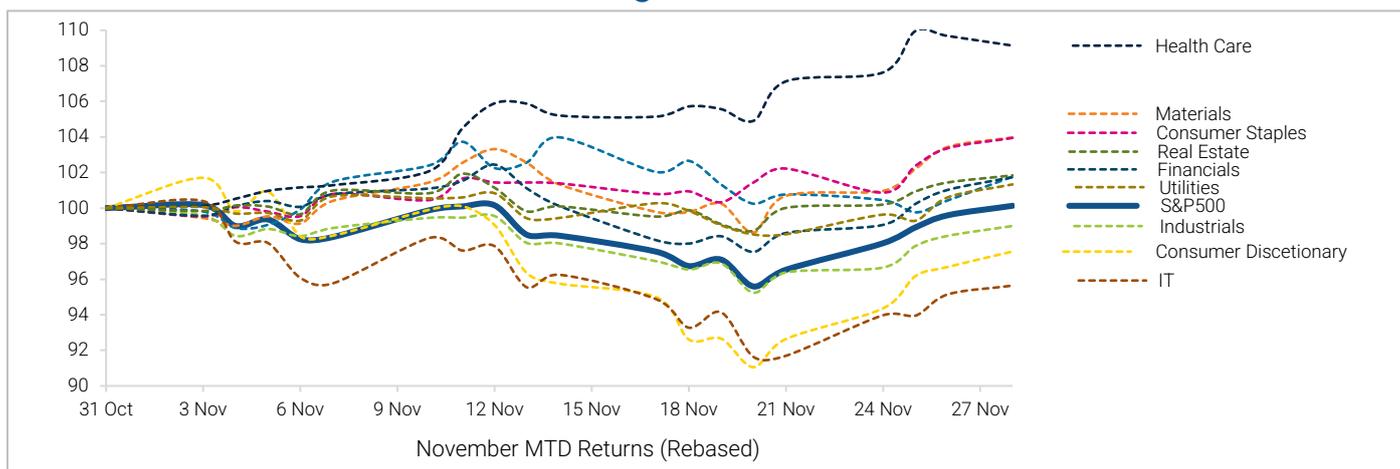
## US: Rotation Takes Center Stage as Market Leadership Shifts

The S&P 500 ended November 2025 essentially flat (+0.1%), but the headline number masked a sharp rotation beneath the surface. After an extended rally, profit-taking hit high-valuation areas – particularly Technology (-4%) and Consumer Discretionary (-2%) – as investors reassessed the durability of the ‘AI trade’ amid shifting Fed expectations. In contrast, capital flowed into Defensives and selected non-tech growth areas. Health Care led with a strong +9% gain, boosted by GLP-1 momentum, while Communication Services advanced +6%. Materials and Consumer Staples rose +4%, with modest gains across Real Estate, Energy, Financials, and Utilities. Stock-level dispersion remained high: Eli Lilly (+31.1%) and Albemarle (+34.5%) rallied on strong fundamentals, while Fiserv (-51.3%) and Super Micro Computer (-35.4%) posted steep declines as enthusiasm for high-growth technology cooled.

The outlook for the S&P 500 for December 2025 remains cautiously optimistic, supported by favorable fourth-quarter seasonality and moderate but resilient US economic growth. The recent rally is expected to continue in December, with potential for broader market participation beyond earlier concentrated leadership.

Key catalysts include the Federal Reserve’s December policy decision and guidance on future cuts. Trade policy and tariff impacts also remain watch points. Sector rotation is expected to persist, as Technology may face ongoing pressure as the AI trade cools, while undervalued areas such as Healthcare, Energy, Real Estate, and parts of Materials may benefit as investors seek value and stability. Financials could also gain from improving credit conditions and easing rate expectations.

## From tech cool-off to defensive strength: the market finds new leaders



Source: S&P500, SGA Research

## Selective Strength as European Markets Navigate Mixed Signals

European equities posted mixed returns in November 2025, reflecting diverging economic signals across the region. The STOXX 600 advanced modestly (+0.8%), supported by resilient corporate earnings and ongoing optimism around AI-driven sectors. France’s CAC 40 and FTSE 100 ended broadly flat, while the MDAX delivered marginal gains of 0.6%. In contrast, Germany’s

DAX edged slightly lower (-0.5%) as persistent domestic weakness offset the recovery in industrial exports. Overall, sentiment remained constructive, but performance dispersion highlighted varying growth outlooks and differing monetary policy expectations across major European markets.

The outlook for European equities in December 2025 remains cautiously optimistic. A still-narrowing valuation discount relative to the US suggests room for incremental gains, supported by stabilizing macro conditions across the Eurozone. Softer inflation levels, now near the ECB's 2% target, are improving confidence and may help sustain consumer activity and investment. Additional support is expected from Germany's upcoming fiscal measures and continued

spending in strategic sectors such as defense and infrastructure. That said, geopolitical tensions and uncertainty around US trade policy – particularly for export-reliant industries such as German autos – may limit momentum and contribute to periodic volatility as the year concludes.

In the UK, the BoE's rate cut could provide short-term support.

## Emerging Markets: Divergence Continues as Latin America Leads Gains

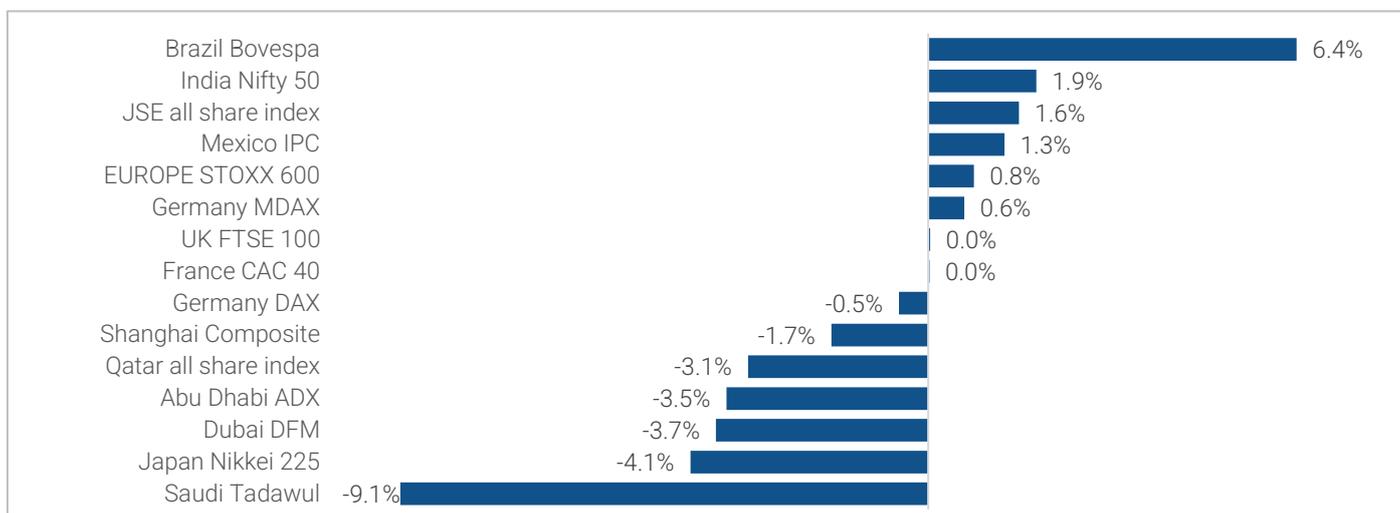
Asian equities showed a mixed performance in November 2025, reflecting varied domestic conditions across key markets. Japan's Nikkei 225 was the notable underperformer, declining sharply by -4.1% in November, likely weighed down by an adverse shift in global risk appetite and a strong yen early in the month. India's Nifty 50 led regional gains, rising 1.9% and approaching a new all-time high, supported by strong local inflows and strength in defense, banking, and capital goods sectors. In contrast, China's Shanghai Composite declined 1.7% as ongoing challenges in the property sector and soft industrial activity weighed on sentiment despite selective gains in technology names. Overall, regional performance remained dispersed, influenced by growth dynamics and evolving expectations for US interest rates.

Middle Eastern equity markets saw broad declines in November 2025, with Saudi Arabia's Tadawul leading the downside, dropping sharply by -9.1%. Other regional markets also weakened, including Dubai's DFM (-3.7%), Abu Dhabi's ADX (-3.5%), and Qatar's All-Share Index (-3.1%). The correction was largely driven by volatility in oil prices, a shift of capital toward higher-yielding fixed-income instruments and international markets, as well as subdued risk appetite. Saudi Arabia's steeper decline was further exacerbated by slower trading activity and weaker corporate earnings, particularly within the petrochemical sector.

Emerging market performance in November 2025 was led by Latin America, which delivered notable gains. Brazil's Bovespa was the strongest performer, rising 6.4%, supported by a softer US dollar and growing expectations of Selic rate cuts in 2026, which attracted renewed foreign investment. Mexico's IPC advanced +1.3%, briefly reaching a record high earlier in the month on solid trade momentum and favorable market sentiment. South Africa's JSE All Share Index also increased by +1.6%, supported by a broader risk-on tone across emerging markets and strength in commodity-linked sectors. Overall, performance across emerging markets remained positive but regionally concentrated.

Emerging markets appear positioned for a constructive finish to December 2025, supported by expectations of continued Federal Reserve easing, which is sustaining risk-on sentiment, attractive relative valuations, and interest in high-yielding assets. Latin America remains the primary beneficiary of these flows. In Asia, performance is likely to remain uneven: India may continue to see selective sector-led strength, while Japan could experience short-term volatility amid yen appreciation and evolving signals from the Bank of Japan's policy. Middle Eastern markets are beginning to stabilize following November's correction, with resilience in the UAE supported by robust non-oil economic activity and ongoing strategic corporate investment, helping offset softer energy markets and geopolitical uncertainty.

## Strong rally in Brazil and India offset by GCC weakness



Source: Investing.com, SGA Research

# After the Swings: Commodities Seek Direction

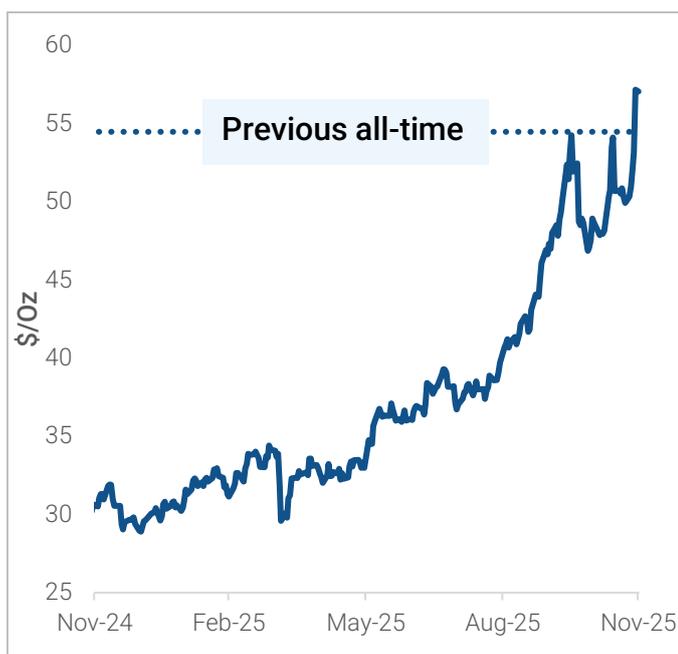


## Silver Hits New High as Supply Tightens and Rate Cut Nears

Silver extended its volatile run in November, surging over 16.0% and breaking above the previous all-time high of \$54.4 toward the end of the month. A 43-day US government shutdown delayed key economic data, creating uncertainty that supported silver prices beyond the mid-November reopening, as markets awaited information to guide Fed policy. Expectations for a December rate cut have now anchored, with market-

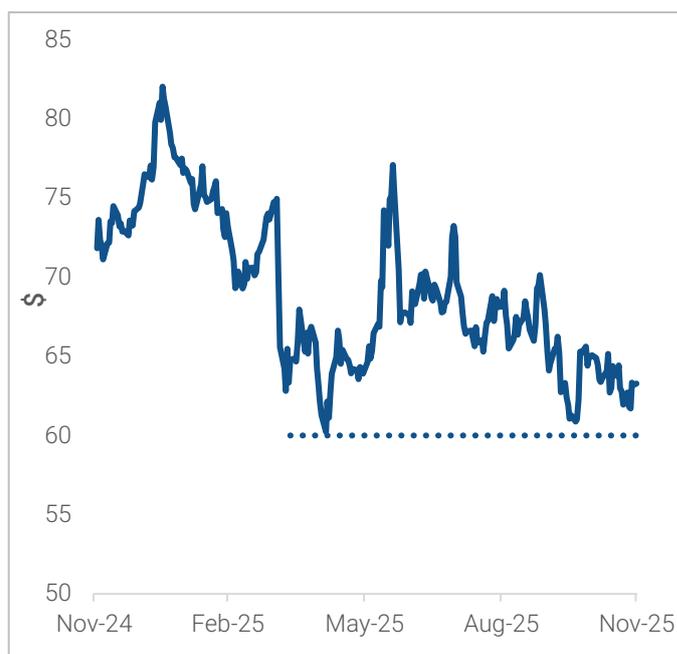
implied odds rising to nearly 85%. At the same time, a steep drawdown in Chinese silver inventories to decade-low levels has reinforced concerns around global supply tightness. The combination of tightening physical supply and a dovish Fed setup keeps the risk skewed to the upside for silver, with markets now trading at fresh record levels and the potential for further gains if supply stress persists.

### Silver makes a fresh new high



Source: Investing.com, SGA Research

### Brent nears critical support area



Source: Investing.com, SGA Research

## Crude Oil Drops as Oversupply Rises and Risk Premium Unwinds

Crude oil prices fell 2.9% in November, with Brent drifting toward \$58/bbl as rising supply continued to weigh on sentiment. The market faced persistent oversupply pressures, driven primarily by US crude output reaching a record 13.8 mbpd. Meanwhile, the geopolitical risk premium eased further amid reports of progress on a potential US-brokered Ukraine–Russia peace framework, reducing fears of major supply disruptions in 2026. Confidence in OPEC+ also weakened, as internal disagreements and

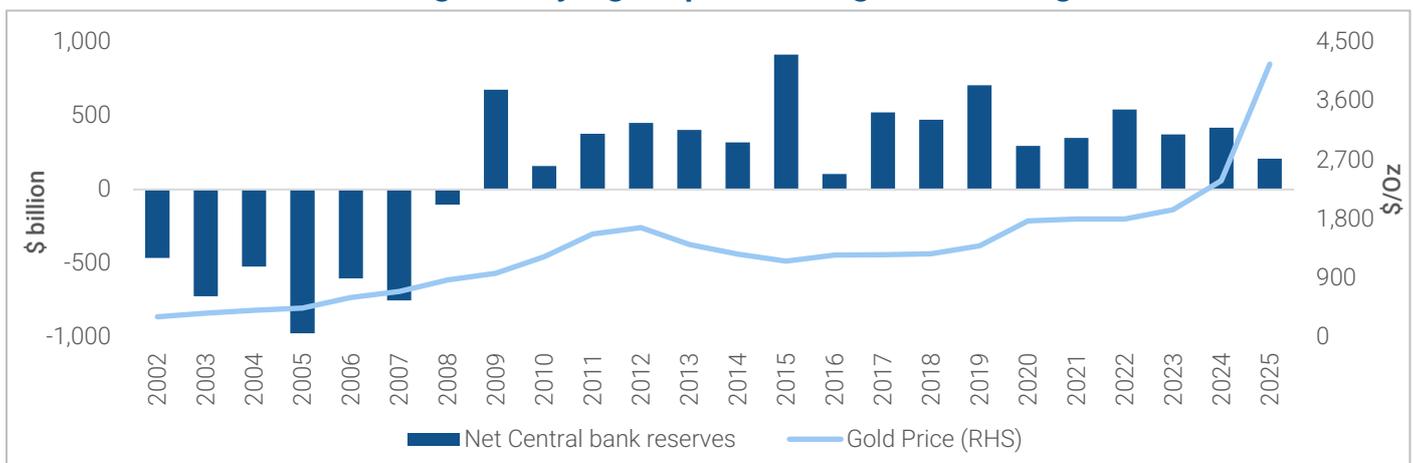
overproduction by some members raised doubts about the group’s ability to stabilize prices. Adding to demand concerns, Saudi Arabia’s cut to its official selling price for Asian buyers signaled softer regional fundamentals. With prices trending lower, Brent is nearing a key support zone around \$58/bbl, an area the market has repeatedly defended through 2024–25. Overall, crude maintains a mild downside bias, with strong US output and limited OPEC+ control likely keeping Brent in the \$58–\$65/bbl range through December.

## Gold Stabilizes as Markets Firm Up Expectations for a December Fed Cut

Gold traded in a volatile range through November, oscillating between \$3,940 and ~\$4,270 as shifting US macro signals and evolving rate cut expectations drove sharp two way moves. Early in the month, prices softened toward the \$3,940–\$3,960 zone on a stronger dollar, triggering unwinding of safe-haven flows. The trend reversed mid-month after the US government shutdown ended, pulling Treasury yields lower and briefly pushing gold above \$4,200, aided by short-covering and renewed demand for duration-sensitive

assets. Into December, softer retail sales, stable inflation, and increasingly dovish Fed communication have anchored expectations for a December rate cut, keeping gold supported in the \$4,180–\$4,200 band. With \$4,200 emerging as near-term resistance, a sustained break above it could pave the way for a retest of recent highs. For December, we expect gold to remain broadly neutral with a sideways bias, potentially retesting highs but largely hovering near its upper range barring major macro surprises.

## Central banks accelerate gold buying as prices surge to new highs



Source: S&P500, SGA Research

## Macro Shocks Trigger Deep Bitcoin Deleveraging

Bitcoin (BTC) ended November sharply lower, declining around 17% and breaking below the \$100,000 level amid shifts in macroeconomic conditions that prompted rapid deleveraging across crypto markets. Headlines about stalled talks and US Treasury Secretary Scott Bessent's Thanksgiving-deal deadline created a binary event risk, driving ~\$523 million in ETF outflows in a single day and more than \$2 billion in crypto liquidations, including \$964 million in BTC. Sentiment weakened further as the 43-day US government shutdown froze regulatory activity and

strengthened the US dollar, pulling BTC toward \$80,500. With the probability of a December rate cut rising, BTC's near-term outlook appears more constructive. A dovish shift from the Fed would help stabilize sentiment after November's sharp correction and could act as a catalyst for a relief rebound. While volatility may persist, the improving policy backdrop tilts the balance toward a moderately firmer BTC trajectory heading into year-end. BTC is expected to trade within a \$87,000–\$104,000 range.

## Bitcoin breaks the channel



Source: Investing.com, SGA Research

# APAC Holds, US Rebalances, UK Seeks Post Budget Stability



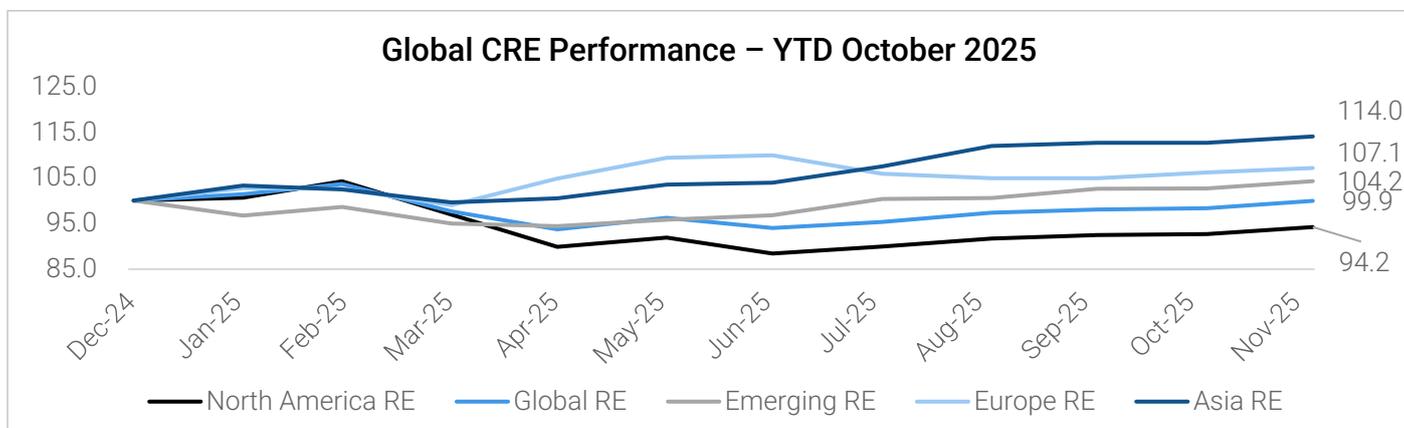
## APAC Maintains Steady Momentum, US Stabilizes, And UK Stays Cautious

November 2025 underscored widening divergence across global real estate. In the US, residential markets continued to rebalance as easing mortgage rates met subdued demand, while commercial real estate (CRE) strengthened amid improving liquidity and office vacancy edging down to 18.6%. Industrial remained the standout performer, and multifamily began to firm as supply tapered. In the UK, sentiment stayed cautious ahead of the Budget despite slight price gains, while Europe showed firmer momentum with 3Q investment up 12% y/y as growing optimism reflected in the INREV Indicator. APAC posted a steady yet uneven recovery, with Japan, Australia and Singapore benefiting from lower funding costs and stronger cross-

border demand. In Saudi Arabia, real estate activities dominated the month with government announcing deals worth \$42 billion in the first two days of Cityscape Global exhibition. The UAE market witnessed strong demand momentum despite high prices as relative value growth kept investors/buyers interested.

The global RE indices were down 0.7% YTD November 2025. Among the regional indices, North America RE had the largest decline, at 5.8% YTD, while Asia RE grew 14.2%, the highest among all regions. Europe RE expanded at a moderate rate of 6.9% on a YTD basis, whereas Emerging RE was up 4.4%

## Global CRE performance – YTD November 2025



Source: Global RE Represented by FTSE EPRA Nareit Global Index, Regional RE Indices Are Subsectors of Broader Index, SGA Research; Numbers are sourced from the database (not directly from the EPRA website) & may vary from the EPRA's published report

## Market Rebalance Signals Mild Upside Ahead For US Housing and CRE

The US residential market in November continued its transition towards a more balanced, albeit constrained environment. Despite 30-yr fixed rate mortgage (FRM) further eased to 6.23% during the month, median monthly mortgage payment remained high, reinforcing challenge for rate sensitive buyers waiting for FRM to drop below the 6.00% psychological threshold. Nonetheless, active listing remained above one million mark for the 8th consecutive month, prompting more frequent price adjustments to align with buyers' expectations. Overall, these trend signals a steady shift toward a more balanced market as buyers slowly regain leverage heading into early 2026.

On CRE side, the fundamentals are firming with gradual return of investors driven by lower borrowing cost and stabilizing financial value. CoStar's Commercial Repeat-Sale Index (CCRSI) posted its fifth consecutive monthly gain in October, with the value-weighted index up 0.5%, reinforcing signs of price stabilization for high value assets in core markets. National office vacancy edged down to 18.6% in October, marking one of the first sustained improvements in occupancy this year as tenant demand slowly recovers.

A sharp slowdown in new construction has provided additional support, allowing the market to absorb available space more efficiently. Though this trend varies across markets and asset quality, office appears to be approaching a cyclical bottom, Moody's expects vacancy to peak around 24% in 2026 as hybrid work trend reshape demand dynamics. Industrial remains the standout performer as robust leasing and subdued new construction kept the vacancy at 6.6% in Q3 (Source: CBRE). Further, trend

suggests strong demand momentum to continue for data centers/ logistics, contracting vacancy to a low to mid single digit. Retail net absorption rebounded strongly in Q3, hitting 4.7 million sq.ft (Source: JLL), following two quarters of decreases. With the sector addressing its supply limitations, it is expected to stabilize in coming months. Overall, a gradual recovery is expected for CRE heading into early 2026.

## Muted UK Momentum Contrasts With Europe's Accelerating Real Estate Rebound

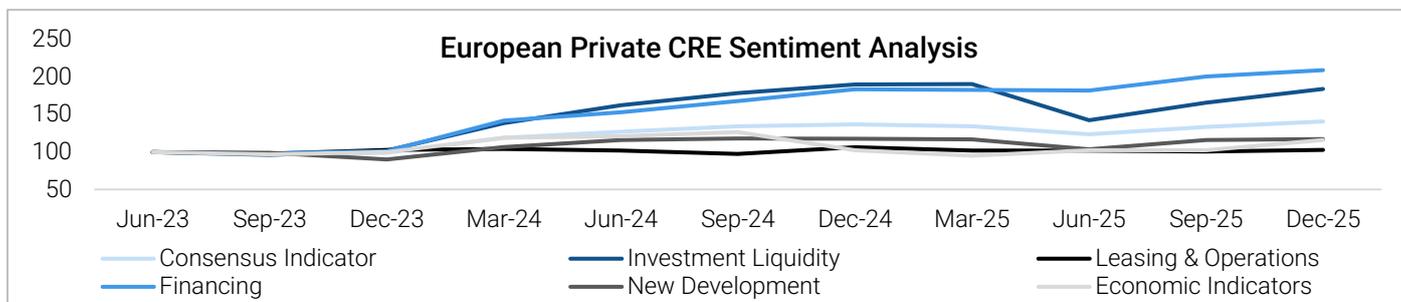
The UK property market showed signs of stabilization heading into December, with house prices rising 0.3% m/m in November even as annual growth eased to 1.8% (Source: Nationwide) amid pre-Budget caution. The newly introduced mansion tax, which affects fewer than 1% of properties, is unlikely to significantly shift market dynamics. Rental inflation continued to moderate, but persistently tight landlord supply is keeping underlying rent pressures firm. Commercial sentiment remained soft in 3Q, particularly across secondary offices and retail, underscoring the continued divergence between prime and non-prime assets.

Across Europe, the tone was comparatively stronger. Real estate investment rose 12% y/y to €48.4 billion in 3Q (Source: CBRE), supported by improving sentiment and broader capital deployment across hotels, living, retail, and offices, while industrial activity lagged following a quieter summer.

Combined with UK trends, the broader European landscape is entering year-end with firmer pricing stability, an improving funding backdrop, and early signs of a recovery in deal flow. Looking ahead, easing mortgage rates and post-Budget clarity are expected to release some pent-up demand in the UK, while Europe is positioned for continued liquidity improvement as investors respond to a lower-rate outlook and improved macroeconomic visibility. The tight rental supply across both markets suggests a limited downside to rents, despite softer demand indicators.

INREV's December 2025 Consensus Indicator reinforced this improving backdrop, marking a second consecutive quarter of stronger sentiment, with financing conditions easing and investment liquidity recording one of its sharpest recent gains.

## European CRE: Optimism growing as financing & liquidity conditions improve



Source: INREV Consensus Indicator, SGA Research

## APAC Edges Toward Firmer Recovery as Lower Funding Costs Support Momentum

Asia Pacific real estate showed a steady but uneven recovery through late 2025, with investment activity and leasing conditions gaining momentum in several key markets while others remained constrained by still-tight financial conditions. Transaction volumes improved sequentially in 3Q, led by Japan, Australia and Singapore, where lower funding costs and stronger cross-border demand supported deal flow. Office leasing stabilized in Tokyo and Singapore, while China and Seoul continued to face elevated vacancy and subdued corporate expansion. Industrial remained the region's outperformer, supported by resilient logistics demand and limited new supply in markets such as Sydney and Hong Kong. Residential activity improved modestly as funding costs eased, though policy tightening in China kept buyer

sentiment cautious. In Saudi Arabia, government signed deals worth \$42.3 billion in November, reinforcing real estate's vitality for Vision 2030; as evident from the sector's growing contribution to country's GDP & employment. UAE witnessed demand resilience despite high prices owing to strength in value growth. Specifically, Dubai recorded transactions worth of \$17.6 billion in November, led by strong demand for both commercial & residential properties. Looking ahead, further stabilization is expected across majority of the APAC markets as borrowing costs eases further and investors position for a broader 2026 recovery. Industrial and residential sectors should remain the strongest performers, while selective office markets likely to benefit from corporate pipelines rebuild.

## Currencies

Currencies	Nov-end	▲ 1-Month	▲ YTD	▲ YoY
DXY Index	99.4440	-0.4%	-8.3%	-6.0%
EUR/USD	1.1595	0.5%	12.0%	9.6%
GBP/USD	1.3236	0.6%	5.8%	3.9%
USD/CHF	0.8037	-0.1%	-11.4%	-8.8%
USD/CAD	1.3973	-0.3%	-2.8%	-0.2%
USD/AUD	1.5274	0.1%	5.8%	0.6%
USD/AED	3.6729	0.0%	0.0%	0.0%
USD/INR	89.3520	0.7%	4.4%	5.7%
USD/CNY	7.0750	0.6%	-3.1%	-2.3%
USD/JPY	156.1500	1.4%	-0.7%	4.3%
Bitcoin	91,176.4900	-16.7%	-2.7%	-5.8%

## Commodities

Commodities	Nov-end	▲ 1-Month	▲ YTD	▲ YoY
WTI Crude (\$/barrel)	58.6	-4.0%	-18.4%	-13.9%
Brent Oil (\$/barrel)	63.2	-2.9%	-15.3%	-13.4%
Natural Gas (\$/mmBtu)	4.9	17.6%	33.5%	44.2%
Gold (\$/oz)	4,230.4	5.7%	61.2%	59.4%
Silver (\$/oz)	56.4	15.9%	95.3%	84.2%
Platinum (\$/oz)	1,672.5	6.7%	85.0%	76.8%
Palladium (\$/oz)	970.5	-4.5%	6.3%	1.7%
Copper (\$/metric ton)	9,518.8	6.6%	10.0%	12.6%

## Fixed Income

Rates	30-Nov-25	31-Oct-25	31-Dec-24	30-Nov-24
Fed Funds Target	4.0%	4.0%	4.5%	4.8%
ECB Depo Rate	2.0%	2.0%	3.0%	3.3%
US Treasuries 2-year	3.5%	3.6%	4.3%	4.2%
US Treasuries 10-year	4.0%	4.1%	4.6%	4.2%
US Treasury 2-10 Spread (bps)	53	50	33	2
German Bunds 2-year	2.0%	2.0%	2.1%	2.0%
German Bunds 10-year	2.7%	2.6%	2.5%	2.1%
UK Gilts 10-year	4.4%	4.4%	4.5%	4.2%
Japanese Govt Bonds 10-year	1.8%	1.7%	1.2%	1.1%
Swiss Govt Bonds 10-year	0.2%	0.2%	0.4%	0.2%
China 10-year	1.8%	1.8%	1.7%	2.1%
India 10-year	6.5%	6.5%	6.7%	6.8%
Australia 10-year	4.5%	4.3%	4.4%	4.4%

Source: investing.com, November-end data as of 30 November 2025, SGA Research

## Global Equity Markets

Country	Index	Nov-end	▲ 1-Month	▲ YTD	▲ YoY
US	S&P 500 (\$)	6,849.1	0.1%	16.4%	13.5%
	DJ Industrial Average (\$)	47,716.4	0.3%	12.2%	6.2%
	Nasdaq 100 (\$)	25,434.9	-1.6%	21.0%	21.5%
Europe	STOXX Europe 600 (€)	576.4	0.8%	13.6%	13.0%
	STOXX Europe 50 (€)	5,668.2	0.1%	15.8%	18.0%
	UK FTSE 100 (£)	9,720.5	0.0%	18.9%	17.3%
	Germany DAX (€)	23,836.8	-0.5%	19.7%	21.5%
	France CAC 40 (€)	8,122.7	0.0%	10.1%	12.3%
	SWISS MKT (CHF)	12,834.0	4.9%	10.6%	9.1%
APAC	Japan Nikkei 225 (JPY)	50,253.9	-4.1%	26.0%	31.5%
	SHANGHAI COMPOSITE (CNY)	3,888.6	-1.7%	16.0%	16.9%
	Hang Seng (HKD)	25,858.9	-0.2%	28.9%	33.1%
	Australia S&P/ ASX 200 (AUD)	8,614.1	-3.0%	5.6%	2.1%
	India Nifty 50 (INR)	26,203.0	1.9%	10.8%	8.6%
MENAT	UAE ADX (AED)	9,747.2	-3.5%	3.5%	5.5%
	Dubai DFMGI (AED)	5,836.9	-3.7%	13.1%	20.4%
	Qatar DSM (QAR)	10,615.1	-3.1%	0.4%	1.9%
	Saudi Arabia Tadawul (SAR)	10,590.9	-9.1%	-12.0%	-9.0%
	Kuwait BK Main 50 (KWD)	8,440.6	-4.7%	24.0%	30.0%
	Muscat MSM30 (OMR)	5,705.7	1.7%	24.7%	25.0%
	Bahrain All Share (BHD)	2,040.3	-1.1%	2.7%	0.4%
	Egypt EGX 30 (EGP)	40,753.5	6.5%	37.0%	34.8%
	Turkey N100 (TRY)	10,898.7	-0.7%	10.9%	12.9%

Source: investing.com, November-end data as of 30 November 2025, SGA Research

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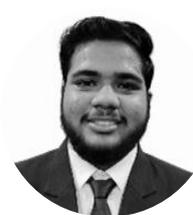
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