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8TH - 12TH DECEMBER 2025

GLOBAL MARKETS

# WEEKLY MARKET BRIEF

## Highlights.

U.S. equities were mixed during the week, with some indices reaching record highs, buoyed by the Federal Reserve's third straight rate cut and remarks from officials that investors viewed as less restrictive than expected. However, technology shares lagged as renewed worries about valuations and doubts over the payoff from heavy artificial intelligence (AI) investment weighed on sentiment. The Nasdaq Composite fell 1.93% for the week while small-cap stocks led the gains, with the Russell 2000 climbing 1.19%, followed by a 1.05% increase in the Dow Jones Industrial Average. At its final meeting of the year, the Federal Reserve lowered the federal funds target range by 25 basis points to 3.50%–3.75%, in line with expectations. The decision saw rare dissent, with three policymakers split between holding rates steady and opting for a larger cut. The policy statement included language often associated with a pause, emphasizing careful evaluation of incoming data to determine future moves. Chair Jerome Powell's press conference struck a mixed tone but was ultimately less hawkish than anticipated. While he noted that rates are near estimates of a neutral level and that the Fed can afford to wait for more clarity, he also highlighted "meaningful downside risks" to the labour market. Labour market data released affirmed this sentiment, as weekly jobless claims jumped to 236,000 for the week ending December 6, the highest since early September, adding to labour market concerns. Continuing claims, however, fell to their lowest level since mid-April. Separately, job openings edged up in October to a five-month high, while layoffs increased, hiring slowed, and the quits rate dropped to its lowest since 2020—suggesting workers may be less confident about switching jobs. Meanwhile, across the Atlantic Pond, the pan-European Euro STOXX 600 ended largely unchanged, with mixed performance across major markets. ECB officials signalled caution on future policy moves. Executive Board member Isabel Schnabel said markets were justified in expecting a potential rate increase rather than a cut, though any change would depend on data while President Christine Lagarde noted economic resilience and suggested growth forecasts could be revised higher. Other policymakers emphasized keeping rates steady, and a Reuters survey showed economists broadly expect no change in the deposit rate through at least 2026. In the UK, economic data surprised to the downside. GDP contracted again in October, missing expectations for growth, with weakness in construction and services. Housing market activity also cooled, with demand at a two-year low. Meanwhile, the Swiss National Bank left rates unchanged at 0.0%, citing low inflation and subdued growth. Japanese equities advanced, with the Nikkei and TOPIX both posting gains. The yen was largely stable against the dollar as markets increasingly anticipate a Bank of Japan rate hike at its December meeting, reflecting clearer central bank communication. Economists polled expect the BoJ to raise rates by 25 basis points to 0.75%.

**Data highlights:** : The US Interest Rate Decision was long awaited with heavy expectations weighing a 25 bp cut, the actual figure came in exactly as estimated, reducing the rate to 3.75% from the previous 4%. The Canada Interest Rate Decision also remained stable on the 2.25% mark, exactly in line with expectations. Swiss Interest Rate Decision remained on the 0% mark and was expected to remain at 0%, holding at that level since November. U.K. GDP MoM was forecast to improve from the previous lows of -0.1% to 0.1%, but remained stagnant and below expectations, sitting stiff at the 0.1% mark. In China, Inflation Rates MoM, expectations were set to remain at the same level but decreased from the previous lows of 0.2%, to -0.1%. The Australian Unemployment Rate remained held fixated on 4.3%, against consensus estimates that estimated a 10bp increase.

**Week ahead:** China Unemployment Rate, Canada Inflation Rate YoY – Monday | US Non-Farm Payrolls, US Unemployment Rate, UK Unemployment Rate – Tuesday | UK Inflation Rate YoY, Eurozone CPI - Wednesday | U.K BOE Interest Rate Decision, US CPI, US Inflation Rate YoY, Eurozone Interest Rate Decision - Thursday | Japan Inflation Rate YoY, Japan Interest Rate Decision - Friday

## Global Markets Overview

**Treasury yields:** US Treasury yields climbed further, with the 10-year pushing up to 4.18%—its highest level since early September—as a growing chorus of Fed officials signalled discomfort with the pace of recent easing. Chicago Fed President Austan Goolsbee, despite backing the September and October cuts, admitted policymakers "should have waited" for more data and warned against front-loading reductions while assuming inflation progress will hold. The remarks came on the heels of the Fed's third consecutive 25bp cut and updated projections pointing to just one additional reduction in 2026. Across the Pacific, Japan's 10-year government bond yield rose to 1.95% as markets priced in a potential Bank of Japan rate hike as early as this week, with expectations for further tightening into 2026. Governor Kazuo Ueda's recent acknowledgment that inflation is nearing target has sharpened speculation, while reports suggest senior figures in Prime Minister Sanae Takaichi's cabinet are unlikely to resist higher rates amid concerns that yen weakness is fuelling import costs and inflation.

| Bond Yields | Close | % W/W | % YTD |
|---|---|---|---|
| **US 10Y** | 4.18 | 1.18 | -8.42 |
| **Bund 10Y** | 2.86 | 2.11 | 20.70 |
| **Gilt 10Y** | 4.52 | 0.92 | -1.12 |
| **Japan 10Y** | 1.95 | 0.36 | 77.48 |

**Equities:** US equities slid deeper into the red by Friday as renewed weakness in tech rippled through global markets. The S&P 500 eased 0.6% from near-record levels and the Dow dipped 0.3% after touching an intraday high, underscoring growing unease around margins and stretched AI valuations even as recent Fed rate cuts continue to underpin broader sentiment. Artificial intelligence related stocks fell sharply on Friday amid separate concerns about a group of the largest companies in the space, including Broadcom (AVGO) and Oracle (ORCL). Broadcom shares fell nearly 11% after the company expressed some concerns about margins related to AI. Despite that, Broadcom received substantial praise from Wall Street firms after its latest results and guidance, with several raising their price targets. Broadcom's slide hit the shares of other semiconductor makers tied to the AI space, including Nvidia (NVDA), AMD (AMD), Micron (MU), Intel (INTC), Taiwan Semiconductor (TSM) and others, all of which saw declines of 2% or more.

| Indices | Close | % W/W | % YTD |
|---|---|---|---|
| **S&P 500** | 6827 | -0.63 | 16.08 |
| **EU Stoxx 600** | 602 | 0.01 | 19.19 |
| **FTSE 100** | 9649 | -0.19 | 18.06 |
| **Nikkei 225** | 50837 | 0.68 | 27.43 |

**Currencies:** The dollar hovered near two-month lows around 98.4, extending its slide into a third straight weekly decline as markets absorbed fresh Federal Reserve signals and recalibrated expectations for policy in 2026. The Fed delivered a 25-basis-point cut this week, lowering rates to 3.50%–3.75% for a third consecutive move, while still projecting just one additional cut next year. Beyond the Fed, the greenback faced added headwinds as relatively hawkish shifts in Australia, Canada, and Europe weighed on its appeal. In emerging markets, the South African rand strengthened to just below 16.9 per dollar, its firmest level since January 2023, buoyed by rising precious-metal prices—especially gold—and fading inflation expectations after Finance Minister Enoch Godongwana lowered the inflation target, opening room for further rate cuts. The rand is now up nearly 11% against the dollar this year, supported by improving fiscal conditions, easing inflation, and strong commodity prices.

| Currencies | Close | % W/W | % YTD |
|---|---|---|---|
| **EURUSD** | 1.174 | 0.84 | 13.39 |
| **GBPUSD** | 1.3371 | 0.32 | 6.83 |
| **USDJPY** | 155.81 | 0.31 | -0.88 |
| **USD Index** | 98.40 | -0.60 | -9.30 |

**Commodities:** Copper futures wrapped up the week at $5.28 per pound, easing back despite having touched their strongest levels in more than four months. Beneath the surface, supply constraints continued to lend support, with persistent disruptions in Chile and Peru—together responsible for nearly 40% of global output—driven by falling ore grades, water shortages, and regulatory delays. Silver, meanwhile, held near record territory, settling at $61.9608 per ounce on Friday and capping a powerful weekly gain of 6.20%. The rally drew fresh momentum from the Fed's latest rate cut and a softer-than-expected policy outlook, with Chair Jerome Powell signalling that further hikes are unlikely and projections pointing to just one more cut next year and another in 2027. Strong ETF inflows and robust retail buying reinforced expectations of a supply deficit in the year ahead, while industrial demand—from solar panels and electric vehicles to data-center infrastructure—continued to intensify.

| Commodities | Close | % W/W | % YTD |
|---|---|---|---|
| **Gold** | 4300 | 2.43 | 63.83 |
| **Copper** | 528.35 | -1.83 | 31.22 |
| **WTI Crude** | 57.44 | -4.39 | -19.91 |
| **Wheat** | 529.25 | -1.21 | -13.77 |

## Performance of Major Global Financial Assets

% Change.

| | GOV. BOND YIELDS | | | | | | EQUITY INDICES | | | | | | | CURRENCIES | | | | | | COMMODITIES | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | US 10Y | BUND 10Y | GILT 10Y | JAPAN 10Y | AUSSIE 10Y | ITALY 10Y | S&P 500 | NASDAQ | EU STOXX 50 | DAX INDEX | FTSE 100 | NIKKEI 225 | HANG SENG | USD INDEX | EURUSD | GBPUSD | USDJPY | USDCNY | USDZAR | WTI CRUDE | GOLD | COPPER | COFFEE | WHEAT |
| W/W | 1.2 | 2.1 | 0.9 | 0.4 | 0.9 | 1.8 | -0.6 | -1.9 | -0.1 | 0.7 | -0.2 | 0.7 | -0.4 | -0.6 | 0.8 | 0.3 | 0.3 | -0.2 | -0.3 | -4.4 | 2.4 | -1.8 | -1.5 | -1.2 |
| MTD | 4.3 | 6.2 | 1.7 | 7.8 | 4.7 | 4.4 | -0.3 | -0.9 | 0.9 | 1.5 | -0.7 | 1.2 | 0.5 | -1.1 | 1.2 | 1.0 | -0.2 | -0.3 | -1.3 | -1.9 | 1.4 | 1.9 | -3.1 | -1.7 |
| YTD | -8.4 | 20.7 | -1.1 | 77.5 | 8.4 | 0.7 | 16.1 | 19.9 | 16.8 | 21.5 | 18.1 | 27.4 | 29.5 | -9.3 | 13.4 | 6.8 | -0.9 | -3.3 | -10.4 | -19.9 | 63.8 | 31.2 | 32.2 | -13.8 |

*KEY: -100% +100%*

*Data Sources: Bloomberg, Investing.com, Trading Economics, T. Rowe Price, Standard Investment Bank*

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