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3RD - 7TH NOVEMBER 2025

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

U.S. equity markets declined over the week, breaking a three-week stretch of gains as heightened concerns over lofty valuations and tighter oversight of artificial intelligence (AI) spending weighed heavily on growth-oriented technology shares. The tech-focused Nasdaq Composite led the major indexes lower, while the Russell 1000 Growth Index underperformed its value counterpart by 288 basis points — the widest disparity since February. The prolonged federal government shutdown, which has now become the longest in U.S. history, also appeared to dampen investor sentiment. While previous political gridlock had done little to rattle markets, attention turned to the real-world impact of the shutdown, especially following reports that the Federal Aviation Administration (FAA) would require airlines to cut flight volumes due to air traffic controller shortages. Concerns also grew around the absence of government data releases and the potential drag on GDP growth. With most federal data releases halted by the shutdown, investors relied on private-sector reports for labour market insight. According to ADP's October employment report, private employers added 42,000 jobs—a modest rebound after two months of declines. Wage growth also remained flat. Meanwhile, the Institute for Supply Management (ISM) reported that U.S. services activity returned to growth in October, with the Services PMI rising to 52.4% from 50.0% in September (readings above 50 signal expansion). Conversely, the manufacturing sector shrank for the eighth straight month, as the ISM Manufacturing PMI slipped to 48.7% from 49.1% in September, weighed down by declines in production and inventories. On a separate note, the University of Michigan's preliminary November Consumer Sentiment Index fell 3.3 points to 50.3, its lowest level since the record trough in June 2022. Over in Europe, the pan-European STOXX Europe 600 Index fell 1.64% for the week, as renewed doubts about stretched AI-related valuations weighed on sentiment. Eurozone retail sales fell 0.1% month over month in September, marking the third consecutive monthly decline and missing expectations for a 0.3% increase. Year-on-year retail growth slowed to 1.0% from 1.6%. Moreover, the Bank of England (BoE) kept its key policy rate unchanged at 4.0%, with a narrow five-to-four vote in favour of holding. Governor Andrew Bailey reinforced expectations for a December rate cut, remarking that current market pricing—implying a terminal rate near 3.5% within three years—reasonably reflected his position. In Asia, Japanese equities retreated from record highs reached in late October, with the Nikkei 225 Index down 4.07% and the TOPIX Index lower by 0.99%. Heavy selling in AI-related technology and semiconductor stocks led investors to lock in profits after the recent rally. The 10-year Japanese government bond yield climbed to 1.68% from 1.65%, reflecting expectations that the Bank of Japan (BoJ) may continue policy tightening. Finally, Chinese equities ended higher for the week-with the CSI 300 index gaining 0.82%-as easing U.S.–China trade tensions improved investor sentiment. Optimism was fuelled by news that the U.S. and China had agreed to a one-year trade truce following the APEC summit in South Korea. Long term, however, competition between the two superpowers is expected to persist across multiple domains beyond trade.

Data highlights: Canada's unemployment rate eased to 6.9%, improving from the previous 7.1%. The Bank of England held its benchmark rate steady at 4.0%, matching both forecasts and the prior level. Eurozone retail sales growth slowed to 1.0%, in line with expectations but down from the previous 1.6%. The Reserve Bank of Australia maintained its policy rate at 3.6%, in line with analysts' forecast. In New Zealand, the unemployment rate edged higher to 5.3%, matching market expectations but up from the prior 5.2%.

Week ahead: U.K Unemployment Rate-– Tuesday |– Wednesday |Australia Unemployment Rate, U.K GDP Rate YoY - Thursday| China Unemployment Rate, Eurozone Employment Change YoY - Friday

Global Markets Overview

Treasury yields: Global bond markets moved sharply this week as soft U.S. data strengthened the case for Federal Reserve rate cuts. The 10-year Treasury yield slipped to 4.1% from a one-month high of 4.16% after a string of weak indicators — including a near-record slump in consumer sentiment and a surge in corporate layoffs — reinforced signs of a slowing economy. With official data frozen by the government shutdown, investors leaned heavily on private surveys, even as stubborn inflation kept about 30% of traders betting on a Fed hold next month. Across the Atlantic, UK gilt yields climbed to 4.47% after the Bank of England narrowly held rates at 4% in a split decision, with Governor Andrew Bailey hinting at a dovish tilt as inflation appears to have peaked. Markets are now pricing a December rate cut, setting the stage for heightened volatility ahead of the Labour government's upcoming budget.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.10	0.47	-10.34
Bund 10Y	2.67	1.25	12.63
Gilt 10Y	4.47	1.29	-2.23
Japan 10Y	1.68	0.72	52.68

Equities: : US indexes closed lower on Friday, capping off a losing week as investor sentiment soured amid renewed anxiety over inflated AI stock valuations and lingering uncertainty surrounding the Federal Reserve's next policy move. Growing divisions among Fed officials and rising concerns about labour market resilience added to the cautious mood, while the ongoing government shutdown delayed key economic reports, including the highly anticipated jobs data. For the week, the S&P 500 shed 1.63%, the Dow Jones lost 1.21%, and the Nasdaq dropped 3.09%. Across the Atlantic, European equities mirrored the cautious tone, reversing early gains to finish sharply lower as AI valuation jitters and mixed corporate updates weighed on sentiment. The STOXX 50 fell 1.69% and the STOXX 600 declined 1.64%. In the week, Palantir topped third-quarter estimates and issued strong guidance, attributing growth to adoption of its artificial intelligence software platform. Government sales, which have been central to Palantir's ascent, grew 52% from a year ago. Palantir shares are up more than 170% this year, but some analysts have raised concerns about the stock's elevated multiples resulting in a drop of over 10% in the past week.

Indices	Close	% W/W	% YTD
S&P 500	6729	-1.63	14.40
EU Stoxx 600	587	-1.64	16.15
FTSE 100	9683	-0.36	18.47
Nikkei 225	50276	-4.07	26.02

Currencies: The US dollar index slipped to 99.6 as consumer sentiment tumbled to its lowest level in more than three years, reflecting the strain of the prolonged government shutdown, persistent inflation, and weakening household finances. The University of Michigan's November index dropped to 50.3, with current conditions hitting a record low and unemployment fears surging. Markets now price about a 70% chance of a 25bps Fed rate cut in December, though some officials, including Chicago Fed President Austan Goolsbee, warned that the absence of official inflation data complicates policy decisions. Meanwhile, the Australian dollar slid to $0.5402, its weakest in four weeks, as a fresh wave of risk aversion gripped global markets. Despite a softer greenback and the RBA's hawkish tone earlier this month, the currency ended the week down 0.81%—its first weekly loss in a month. Markets still expect one more rate cut by mid-2025, though some analysts believe the easing cycle may have already reached its end, with the cash rate steady at 3.6%.

Currencies	Close	% W/W	% YTD
EURUSD	1.1566	0.25	11.71
GBPUSD	1.3162	0.08	5.16
USDJPY	153.42	-0.37	-2.40
USD Index	99.60	-0.20	-8.19

Commodities: Gold prices briefly surged past $4,010 per ounce on Friday before easing to close at $4,001, buoyed by weak US economic data that reinforced expectations of a Federal Reserve rate cut in December. A softer dollar also added support, making bullion more attractive to global buyers, while lingering political and economic uncertainty continued to drive safe-haven demand. Despite the resilience, gold ended marginally lower by 0.04% for the week, kicking off the month on a slightly weaker note. Copper, meanwhile, steadied near $4.96 per pound but logged a 2.59% weekly drop as risk aversion swept through global markets. Chinese exports unexpectedly fell 1.1% in October, while import growth cooled to just 1%, fuelling fears of weakening industrial demand. Adding intrigue, reports suggested Beijing may soon clamp down on new copper smelting projects to curb overcapacity—a move that could provide longer-term support for prices.

Commodities	Close	% W/W	% YTD
Gold	4001	-0.04	52.46
Copper	495.70	-2.59	23.11
WTI Crude	59.75	-2.02	-16.69
Wheat	527.75	-1.17	-11.82

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	0.5	1.3	1.3	0.7	1.3	1.4	-1.6	-3.1	-1.7	-1.6	-0.4	-4.1	1.3	-0.2	0.3	0.1	-0.4	0.0	-0.2	-2.0	0.0	-2.6	3.7	-1.2
MTD	0.5	1.3	1.3	0.7	1.3	1.4	-1.6	-3.1	-1.7	-1.6	-0.4	-4.1	1.3	-0.2	0.3	0.1	-0.4	0.0	-0.2	-2.0	0.0	-2.6	3.7	-1.2
YTD	-10.3	12.6	-2.2	52.7	-0.2	-2.5	14.4	19.3	13.7	18.4	18.5	26.0	30.8	-8.2	11.7	5.2	-2.4	-2.4	-8.2	-16.7	52.5	23.1	38.2	-11.8

KEY: -100% +100%

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

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SIB Standard Investment Bank

Regulated by the Capital Markets Authority

Headquarters

JKUAT Towers (Formerly ICEA Building),
16th Floor , Kenyatta Avenue, Nairobi, Kenya.

Telephone: +254 20 227 7000, +254 20 227 7100

Email: clientservices@sib.co.ke