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22ND - 26TH DECEMBER 2025

GLOBAL MARKETS

# WEEKLY MARKET BRIEF

## Highlights.

U.S. equity markets posted gains during the shortened holiday trading week, with both the S&P 500 and the Dow Jones Industrial Average reaching new all-time highs. Trading activity and news flow were relatively subdued, but encouraging economic indicators and continued enthusiasm around artificial intelligence helped sustain investor optimism. According to preliminary figures released by the Bureau of Economic Analysis, the U.S. economy grew at its fastest pace in two years during the third quarter. Gross domestic product expanded at an annualized rate of 4.3% in the period ending September, exceeding the second quarter's 3.8% growth and surpassing expectations of roughly 3%. Increased consumer spending played a key role in driving this acceleration. U.S. consumer sentiment continued to weaken in December, according to the Conference Board. Its Consumer Confidence Index fell to 89.1, down from a revised 92.9 in November and below market expectations. Most components of the index declined, and consumers' assessment of current business conditions turned negative for the first time since September 2024. Worries about employment prospects and household income growth weighed heavily on confidence. Precious metals delivered strong performance during the week, with both gold and silver recording notable price increases and adding to the gains they have already achieved this year. Gold prices have soared more than 65% in this year alone while silver prices have gained a remarkable 150% for the year. Both metals have also been supported by a weaker U.S. dollar at times during the year, which makes commodities priced in dollars more attractive to international buyers. In addition, persistent inflation concerns and central bank gold purchases—especially by emerging market central banks—have reinforced the positive momentum in precious metals. In Europe, the pan European STOXX 600 gained 0.20%, supported by optimism around corporate earnings and economic prospects for the coming year. Germany's central bank projected a gradual economic recovery beginning in 2026 after several years of contraction. While growth is expected to remain subdued initially, it is forecast to strengthen later, aided by increased government spending and a rebound in exports. In the UK, business surveys offered conflicting signals. The Confederation of British Industry reported that firms remain pessimistic and expect economic activity to weaken further. By contrast, Lloyds Bank's business barometer showed improved optimism, with sentiment rebounding to its highest level in several months. Meanwhile in Asia, the Nikkei 225 rose 1,243.18 points, or 2.51%, to end at 50,750.39 on Friday, rebounding from three muted sessions and translating to a second straight weekly, amid strength in several heavyweight blue chips. Inflation data from the Tokyo region showed a slower pace of price increases than expected, but central bank officials reaffirmed their readiness to raise interest rates if inflation and wage growth remain on track. Mainland Chinese stock markets also ended the week higher, with both the CSI 300 and Shanghai Composite recording solid gains.

**Data highlights:** US GDP Growth Rate QoQ (Q3) came through higher than expected, at 4.3%, whilst the market had directionally miscalculated a 50bp drop to 3.3% from 3.8%. Both figures for the Canadian MoM GDP for October & November were released on Tuesday and the October figures fell, in line with expectations estimating a 50bp decrease to -0.3% from 0.2%. The November figures rose 40bp above its latest October release, from -0.3% to +0.1%, the market had only estimated a 10bp increase to -0.2%. The Japan Unemployment Rate for November remained steady on the 2.6% mark, as expected.

**Week ahead:** Germany Inflation Rate YoY (Dec) – Tuesday | Swiss Inflation Rate YoY (Dec), EU Unemployment Rate (Nov) – Thursday | China Inflation Rate YoY (Dec), China PPI YoY (Dec), Swiss Unemployment Rate YoY (Dec), Canada Unemployment Rate (Dec) - Friday

## Global Markets Overview

**Treasury yields:** The yield on the 10-year US Treasury note edged up to 4.13% to close the week, reversing a decline from Wednesday, as investors continued to weigh the Federal Reserve's policy outlook. Market pricing currently implies two additional rate cuts next year. This comes despite the initial estimate for Q3 GDP showing the US economy grew at a 4.3% annualized rate, well above the expected 3.3% and marking the fastest expansion in two years. The strong reading challenges recent concerns that tighter financial conditions have slowed the labour market, supporting arguments from Fed officials favouring a more hawkish stance. Germany's 10-year Bund yield closed at 2.86%, easing from the two-year high of 2.90% reached on December 22, as the global sell-off paused, while investors continued to weigh the outlook for monetary policy. The ECB left interest rates steady for a fourth meeting and signalled that borrowing costs are likely to stay at current levels for some time, as growth remains resilient and inflation hovers around the 2% target.

| Bond Yields | Close | % W/W | % YTD |
|---|---|---|---|
| US 10Y | 4.13 | -0.47 | -9.66 |
| Bund 10Y | 2.86 | -1.14 | 20.91 |
| Gilt 10Y | 4.51 | -0.38 | -1.34 |
| Japan 10Y | 2.04 | 0.84 | 85.38 |

**Equities:** The S&P 500 and Dow added 1.4% and 1.2% respectively, closing at a record as strength in technology and energy offset caution tied to robust growth data. The Nasdaq also rose 1.18%. With volumes subdued in the holiday shortened session, positioning and technical flows dominated, keeping markets resilient but restrained as investors look toward year end. At the same time, investors digested a delayed BEA release showing Q3 GDP expanded at a strong 4.3% annualized pace, reinforcing confidence in growth but tempering expectations for rapid Fed easing next year. Meanwhile, Japan's broader Topix index briefly hit a record high before easing. Sentiment was supported by cabinet approval of a record budget for FY 2026, aimed at balancing proactive fiscal support with long-term debt management, and set to be submitted to the Diet in January. Notably, Nvidia gained 5.27% for the week after announcing a licensing deal with AI startup Groq, reviving demand for AI related names and supporting the broader mega cap complex.

| Indices | Close | % W/W | % YTD |
|---|---|---|---|
| S&P 500 | 6930 | 1.40 | 17.82 |
| EU Stoxx 600 | 607 | -0.20 | 20.22 |
| FTSE 100 | 9871 | -0.27 | 20.77 |
| Nikkei 225 | 50750 | 2.51 | 27.21 |

**Currencies:** The US dollar closed at 98.02 on Friday, remaining at its lowest level since early October, as investors expect the Federal Reserve to lower borrowing costs again next year. Strong GDP data released on Tuesday had little impact on the rate outlook, with markets still pricing in two additional cuts in 2026. However, Fed officials remain divided over their next move, with most projecting only one more reduction. So far this year, the dollar has fallen 9.65%, on track for its weakest annual performance since 2017. The Japanese yen strengthened to 156.57 per dollar on Friday, positioning itself for solid weekly gains as investors expect the Bank of Japan to continue raising interest rates despite Tokyo's cooler-than-expected inflation data. The BOJ recently raised its policy rate to 0.75%, the highest since 1995, with Governor Ueda hinting at more hikes if inflation persists. Despite this, the yen remains near January lows, prompting warnings of possible market intervention.

| Currencies | Close | % W/W | % YTD |
|---|---|---|---|
| EURUSD | 1.1772 | 0.53 | 13.70 |
| GBPUSD | 1.3497 | 0.88 | 7.84 |
| USDJPY | 156.57 | -0.75 | -0.40 |
| USD Index | 98.02 | -0.59 | -9.65 |

**Commodities:** Silver strengthened to $79.2708 per ounce for the first time, as demand was fuelled by escalating geopolitical risks and bets on US rate cuts. The rally has been further reinforced by sustained central bank purchases, steady inflows into exchange-traded products, and a series of US Federal Reserve rate cuts, with markets increasingly pricing in additional easing in 2026. Lower interest rates have enhanced silver's appeal as a non-yielding asset, while policy direction and currency debasement continues to underpin investor demand. Year-to-date, silver has surged 169.77%. Meanwhile, WTI crude oil futures gained marginally to $56.74 per barrel in thin post-Christmas trading, as markets reacted to signs of progress in long-stalled Ukraine peace talks that could eventually allow more Russian oil to return to global markets already facing oversupply. Despite recent geopolitical support and solid US economic data, WTI is still heading for its steepest annual drop since 2020, down 20.89%, as most major traders expect a global oil surplus next year due to rising production inside and outside OPEC+.

| Commodities | Close | % W/W | % YTD |
|---|---|---|---|
| Gold | 4533 | 4.48 | 72.73 |
| Copper | 576.65 | 6.01 | 43.21 |
| WTI Crude | 56.74 | 0.14 | -20.89 |
| Wheat | 519.00 | 1.81 | -15.44 |

## Performance of Major Global Financial Assets

% Change.

| | 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GOV. BOND YIELDS | | | | | | EQUITY INDICES | | | | | | | CURRENCIES | | | | | | COMMODITIES | | | | |
| W/W | -0.5 | -1.1 | -0.4 | 0.8 | -0.2 | -0.9 | 1.4 | 1.2 | -0.2 | 0.2 | -0.3 | 2.5 | 0.5 | -0.6 | 0.5 | 0.9 | -0.7 | -0.5 | -0.7 | 0.1 | 4.5 | 6.0 | 2.8 | 1.8 |
| MTD | 2.9 | 6.4 | 1.5 | 12.6 | 5.0 | 4.5 | 1.2 | 0.8 | 1.4 | 2.1 | 1.5 | 1.0 | -0.2 | -1.4 | 1.5 | 2.0 | 0.2 | -1.0 | -2.6 | -3.1 | 6.9 | 11.2 | -8.1 | -3.6 |
| YTD | -9.7 | 20.9 | -1.3 | 85.4 | 8.7 | 0.9 | 17.8 | 22.0 | 17.4 | 22.3 | 20.8 | 27.2 | 28.7 | -9.6 | 13.7 | 7.8 | -0.4 | -4.0 | -11.6 | -20.9 | 72.7 | 43.2 | 25.4 | -15.4 |

*KEY:* *-100%* *+100%*

*Data Sources: Bloomberg, Investing.com, TradingEconomics, T.RowePrice, Standard Investment Bank*

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