

# Market Monthly

## December 2025

### Highlights

- **Economics** Global equities ended on a positive note in December. In the US, the second reading of the annualized GDP for 3Q25 came in higher than expected (3.3%) and previous (3.8%) at 4.3%. The unemployment rate for November came in at 4.6%, above the 4.5% expected. Final US Manufacturing PMI for November came in at 52.2, below previous (52.5) but higher than expected (51.9). Services final November numbers was 54.1, below the previous 54.8 and expected 55.0. In Europe the YoY third reading GDP for 3Q25 came in at 1.4% as previous and expected. Eurozone aggregate unemployment for November was higher than expected at 6.4% vs 6.3% whilst the previous figure was also revised up to 6.4% from 6.3%. PMI numbers for final November were mixed: manufacturing 49.6 below previous 50.0 and expected 49.7; services improved from 53.0 to 53.6 (expected 53.1).
- **Inflation:** November CPI in USA was 2.7%, below the expected 3.0%; the preferable FED measure, core price inflation (PCE) YoY was not published for November, last reading was 2.7%. Eurozone inflation for final November came in at 2.1%, (2.2% expected, 2.2% previous). Inflation figures in other economies were as follows: China 0.7 %, India 0.71%, Brazil 4.41%, Russia 6.64%
- **Central bank interest rates:** In the last FED meeting of 2025, the rate was cut 25bps, bringing the upper bound rate to 3.75%. The next meeting is scheduled for January 28, 2026. As for the ECB, there were no changes in their December 18 meeting, the next ECB meeting is scheduled for February 05, 2026 and the current main refinancing rate is at 2.15%.
- **Capital market rates:** During the month of December, the yield on the 10Y Treasuries moved up slightly to 4.15% and the general USD yield curve shifted up on maturities >3yr, and down <3yr. In the 10Y Bund, the curve shifted up slightly to 2.85%.

### Tactical Asset Allocation

- **Forex:** The USD strengthened against the EUR and at the end of the month noted at 0.85 EUR/USD up 1.15%.
- **Bonds incl. High Yields (N<sup>1</sup>):** So far, our view with peak of yields on US Treasuries in April of last year still holds. Currently fixed income rebalances should be done to utilize the still high yield environment. USD yields have not moved

<sup>1</sup> How to read: (U) underweight; (N) neutral; (O) overweight

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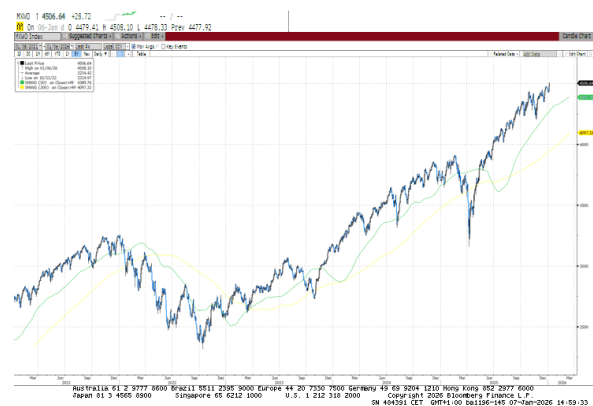
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much, but pressure and expectations continue that yields come down.

- **Equities (U):** December was a mixed month for the individual markets, with the US markets S&P500 down -0.05%; Dax up 2.74%; Eurostoxx 50 up +2.17% and the SMI up +3.38%.
- **Commodities (U):** Crude oil had a weak month in December going from \$58.55/barrel to \$57.42/barrel (-1.93%), with the various conflicts still ongoing. Gold continued on a positive note in December ending at \$4'318.65/oz (+1.89%).

### Investment Ideas<sup>ii</sup>

- Our exposure in equities remains reserved and we are focused on taking opportunities as governments start negotiations.



Performance Equity Markets MSCI World 5Y



USDEUR Technical Chart 5y, Bloomberg