Weekly Report

Global Equities

U.S. stocks moved higher on Friday as a cooler Fed-preferred inflation gauge boosted odds of interest rate cuts

Review: U.S. stocks moved higher in Friday as a cooler Fed-preferred inflation gauge boosted odds of interest rate cuts.

Outlook: U.S. equities are expected to remain resilient, underpinned by a favorable mix of fiscal stimulus, robust consumer demand, strong corporate earnings, and a shift toward Fed easing, despite persistent concerns over trade conflicts and inflation.

European stocks ended higher on Friday, supported by improving global risk sentiment as expectations for Fed rate cuts remained firm

Review: The MSCI Europe Index rose by 0.40% last week, supported by improving global risk sentiment as expectations for Fed rate cuts remained firm.

Outlook: With global rotation out of U.S. assets slowing and the ECB's decision to keep rates unchanged, Europe is unlikely to enjoy the same reallocation tailwind as in the first quarter of 2025, reinforcing our neutral stance on the region's equities.

China equities rose last week

Review: The Shanghai Composite gained 0.37% last week and the Shenzhen Composite rose 0.61%, as Chinese equities were lifted Friday by renewed optimism in domestic chipmakers after AI-chip firm Moore Threads ("China's Nvidia") jumped about 5x on its IPO, boosting sentiment around China's home-grown AI/semiconductor sector.

Outlook: Chinese equities show cautious optimism, supported by favorable PBOC policies and AI/tech momentum. However, weak earnings and property sector challenges may constrain gains, with markets likely to remain range-bound and tech/consumer sectors outperforming traditional industries.

Hang Seng Index rose last week

Review: Hang Seng Index rose 0.87% last week, supported primarily by renewed Fed rate-cut hopes, which lifted risk appetite across Asian markets. The rally was reinforced by AI/tech optimism after a blockbuster IPO by Chinese GPU maker Moore Threads, and by gains in major financials amid expectations of further policy support from Beijing.

Outlook: Hong Kong equities appear cautiously constructive but remain choppy, with lower U.S. rate expectations and ongoing, albeit modest, China policy support providing a slight upward bias. However, weak Chinese growth and unresolved property-sector stress remain key risks and potential sources of negative headlines.

Global Bonds

FTSE World Government Bond declined last week

Review: FTSE World Government Bond Index fell 0.32% last week.

Outlook: Major central banks are now at distinctly different stages of their monetary policy cycles. For passive investors, a barbell strategy may be worth considering, which combines short- to intermediate-duration U.S. Treasuries and high-grade USD corporates to capture prospective Fed easing, and includes selective EM local-currency bonds poised to benefit from a softer dollar and the current risk-on tone.

Global high yield bond rose, while EM bond fell last week

Review: The Bloomberg Barclays High Yield Bond Index gained 0.25%, while Bloomberg Barclays EM USD Aggregate Total Return Index slipped 0.04%.

Outlook: Major central banks are now at distinctly different stages of their monetary policy cycles. For passive investors, a barbell strategy may be worth considering, which combines short- to intermediate-duration U.S. Treasuries and high-grade USD corporates to capture prospective Fed easing, and includes selective EM local-currency bonds poised to benefit from a softer dollar and the current risk-on tone.

Weekly Report

Commodities

U.S. WTI crude rose 2.61% last week

Review: U.S. WTI rose 2.61% last week to US$60.17/bbl, supported primarily by growing expectations of a Fed rate cut in December, which bolstered the outlook for future oil demand. In addition, geopolitical tensions related to Russia–Ukraine and Venezuela added a supply-risk premium that more than offset bearish inventory data.

Outlook: Crude oil is likely to trade sideways in a range with a slight upside bias, supported by OPEC+ keeping supply restrained and lingering geopolitical risks. However, any rallies are likely capped because the broader picture still shows modest demand and potential oversupply, so sentiment can quickly swing back if markets refocus on growth worries or high inventories.

Gold prices fell 0.98% last week

Review: Spot gold fell 0.98% last week to US$4,209.48/oz t, weighed down by improved risk sentiment on Fed rate-cut expectations and profit-taking after prices hit a six-week high earlier in the week.

Outlook: Demand from central banks to allocate a larger share of reserves to gold has effectively established a price floor, encouraging dip-buying even during periods of dollar strength or rising real yields. Moreover, with Trump in office as U.S. President, persistent policy uncertainty continues to support gold prices.

Wheat price rose 1.22% last week

Review: Wheat price rose 1.22% last week to US$5.375/bushel, supported mainly by renewed Black Sea tensions raised fears of disrupted exports from Russia and Ukraine, adding a risk premium to the market. At the same time, solid export demand and lingering concerns about weak harvests in parts of Europe helped support prices despite generally ample global supply.

Outlook: Wheat is expected to remain range-bound as global supply looks ample and import demand is muted. Upside would mainly come from crop problems or logistics issues, while a strong dollar or bigger-than-expected harvests would pressure prices lower.

Currencies

USD fell 0.47% last week

Review: The US Dollar Spot Index declined 0.47% last week, primarily as markets grew more confident of a December Fed rate cut, pushing U.S. Treasury yields lower and eroding the dollar's interest-rate advantage over other major currencies.

Outlook: The USD is likely to be slightly weaker and range-bound, as markets price in a December rate cut and U.S. yields stay under pressure. However, the Fed meeting could trigger sharp two-way moves: a hawkish message or stronger-than-expected data could quickly spark a short-term dollar rebound.

EUR rose against the USD last week

Review: The EUR rose 0.38% against the dollar last week, mainly as markets shifted decisively toward expecting a December Fed rate cut, pulling U.S. yields and the dollar lower. At the same time, comparatively cautious ECB messaging and improved risk sentiment further supported the euro relative to the dollar.

Outlook: The euro is expected to appreciate against the USD in the near term, as the Fed initiate interest rate cuts and proceed at a faster pace than the ECB. Indications of moderating U.S. inflation, combined with weaker labor market data, reinforce expectations for a more rapid Fed easing cycle.

Weekly Report

Major market indexes

Index Name	Price	Return (Weekly)	Return (Monthly)	Return (Annual)	Return (YTD)	Return (3Y)	Return (5Y)	Return (10Y)
Hang Seng Composite	26085.08	0.87	-1.34	30.32	29.06	33.11	-1.58	19.08
Hang Seng China Enterprise	9198.30	0.75	-1.53	27.87	25.18	36.88	-12.33	-4.79
Shanghai Composite	3902.81	0.37	-1.76	15.37	17.17	22.83	15.16	12.47
Shenzen Composite	2468.88	0.61	-0.87	20.96	27.58	20.97	8.86	11.15
Dow Jones Industrial	47954.99	0.50	2.06	7.42	12.72	41.96	58.93	172.97
S&P 500	6870.40	0.31	2.10	12.81	16.81	73.34	85.57	232.93
NASDAQ COMPOSITE	23578.13	0.91	2.49	18.72	22.10	112.76	87.38	362.48
FTSE 100	9667.01	-0.55	-0.16	16.35	18.28	29.37	47.39	57.57
DAX	24028.14	0.80	1.94	17.87	20.69	68.45	80.96	125.12
NIKKEI 225	50491.87	0.47	0.39	29.12	26.52	83.05	90.70	159.03

Source: Bloomberg 2025/12/5

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
Canada	Unemployment Rate (November)	6.9%	7.0%	6.5%	Below
Eurozone	Unemployment Rate (October)	6.3%	6.3%	6.4%	Above
Eurozone	PPI YoY (October)	-0.2%	-0.5%	-0.5%	On Par
South Korea	CPI YoY (November)	2.4%	2.3%	2.4%	Above
Indonesia	CPI YoY (November)	2.86%	2.75%	2.72%	Below
Philippines	CPI YoY (November)	1.7%	1.7%	1.5%	Below

Source: Bloomberg 2025/12/5

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury Bond 30Y	97.35	-1.92	4.79
US Treasury Note 10Y	98.90	-0.89	4.14
US Treasury Note 5Y	99.04	-0.47	3.71
US Treasury Note 2Y	99.65	-0.08	3.56
US Treasury Bill 3M	3.62	-1.76	3.70
China Govt Bond 10Y	100.01	-0.47	1.83
Japan Govt Bond 10Y	1.94	-1.07	1.94
German Bund 10Y	98.33	-0.86	2.77
UK Gilt 10Y	100.18	-0.18	4.43

Source: Bloomberg 2025/12/5

ps: The tick size for the US 30-year Treasury Bond is 1/32 of a point, while the US 10-year Treasury Note's tick size is 1/64 of a point. These are represented in decimals.

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.7847	-0.11	0.08	0.15
HKD/CNH	0.9081	0.06	-0.84	-3.80
USD/CNH	7.0692	-0.05	-0.77	-3.68
USD/JPY	155.3300	-0.29	0.56	-1.39
USD/CAD	1.3817	-1.27	-1.43	-3.91
GBP/USD	1.3328	0.96	1.25	6.58
AUD/USD	0.6640	1.56	1.68	7.40
EUR/USD	1.1642	0.38	0.84	12.56

Source: Bloomberg 2025/12/5