



# November 2025 Market Pulse

more **INVESTED**

# AI FEARS CAUSE VOLATILITY IN NOVEMBER, BUT FED CUT HOPES SUPPORT SENTIMENT



Global equities ended broadly flat in November, but there was volatility throughout the month as concerns around monetisation of AI investments came and went. Ultimately, sentiment was supported by the prospect of monetary loosening by the Federal Reserve (Fed).

US Treasury yields fell amid softening data and anticipation of further policy easing.

The US dollar weakened against the euro as investors became increasingly convinced that the Fed would reduce its key rate at the December policy meeting.

## Lenny McLoughlin

Chief Investment Strategist, Irish Life Investment Managers Limited (ILIM)

## US

November saw the release of delayed economic data following the end of the government shutdown. The September jobs report revealed payroll growth of 119K, but the unemployment rate rose to 4.4%, the highest level since 2021. Wage growth remained steady at 3.8% y/y, outpacing inflation, but job gains were concentrated in healthcare, food services and government. US consumer confidence hit its lowest level since sweeping new tariffs were announced in April, with the Conference Board's index falling to 88.7 in November. Retail sales disappointed, rising by 0.2% m/m in September.

The Fed was split on the next policy move, with some members supporting a December rate cut to address labour market slack, while others cited ongoing inflation as a reason to hold rates steady. Market expectations for a December cut fluctuated, reflecting this uncertainty, but at the end of the month had shifted to an 80% chance of a rate reduction. Mixed data supported the case for this action, while dovish Fed commentary also suggested a rate cut was likely at the upcoming meeting.

## Europe

Eurozone headline inflation rose to 2.2% y/y in November. This was partly driven by an acceleration in Germany to 2.6%, largely due to a rise in food prices, while core prices were up by 2.4% y/y and unchanged from the rate in October. Economic activity remained positive – the Eurozone composite PMI held at 52.4, consistent with growth of 1.6%, but manufacturing slipped below 50, indicating contracting output. Services growth was firmer.

During the month, ECB president Christine Lagarde stated that “the interest rates we settled on at the last meetings are, in my view, set correctly”, indicating no further rate cuts in 2025.

# MARKET ROUND-UP

## Equities

Global equities were broadly flat in November, but this masked volatility during the month as concerns around monetisation of AI investments and funding of capex led to falls. However, markets recovered towards the end of the month as AI optimism returned, supported by Google's release of its Gemini 3 model, and as monetary loosening from the Fed appeared likely in order to support activity. Q3 earnings proved strong: US companies beat forecasts by 7% for 15% y/y earnings growth, with estimates for 2026 being revised up. News flow on the trade front was more benign as Trump lowered tariffs on several food imports, delayed tariffs for semiconductors and reduced Swiss tariffs from 39% to 15% as 'cost of living' issues featured heavily in poor performances by the Republicans in recent local elections.

The MSCI All Country World index ended the month up by 0.1% (-0.5% in euros), while the MSCI USA ended flat (-0.5% in euros). The MSCI Emerging Markets (EM) index fell by 1.6% (-2.9% in euros) amid profit-taking after strong recent gains, as well as lacklustre economic data from China. European stocks rose, with the MSCI Europe ex-UK higher by 1.1% (1.0% in euros).

## Bonds

Eurozone government bond returns were slightly negative with the ICE BofA 5+ Year Euro Government bond index returning -0.2% due to capital losses from rising yields. The 10-year German Bund yield increased by 4bps to 2.69% in November as the market discounted no further ECB rate cuts this cycle.



## CHARTS OF THE MONTH

### Global equities



Source: ILIM, FactSet. Data is accurate as at 30 November 2025.

### Bonds – German 10-year yield



Source: ILIM, FactSet. Data is accurate as at 30 November 2025.

# MARKET SNAPSHOT

## Market returns (EUR)

Equity Markets (EUR)	MTD Return (%)	YTD Return (%)	2024 Return (%)
MSCI Ireland	8.9	36.6	22.8
MSCI United Kingdom	0.8	16.2	14.7
MSCI Europe ex UK	1.0	17.3	7.7
MSCI North America	-0.3	5.6	32.9
MSCI Japan	-1.2	11.0	15.9
MSCI EM (Emerging Markets)	-2.9	16.4	15.3
MSCI AC World	-0.5	8.5	25.9
10-Year Yields	Yield last month	2024 Yield (%)	2023 Yield (%)
US	4.01	4.57	3.88
Germany	2.69	2.35	2.02
UK	4.44	4.56	3.54
Japan	1.82	1.09	0.61
Ireland	2.88	2.63	2.38
Italy	3.40	3.51	3.69
Greece	3.29	3.23	3.06
Portugal	3.00	2.84	2.66
Spain	3.16	3.04	2.99
FX Rates	End last month	2024 Rates	2023 Rates
U.S. Dollar per Euro	1.16	1.04	1.10
British Pounds per Euro	0.88	0.83	0.87
U.S. Dollar per British Pounds	1.33	1.25	1.27
Commodities (USD)	MTD Return (%)	YTD Return (%)	2024 Return (%)
Oil (Brent)	-2.9	-15.3	-3.1
Gold (Oz)	5.9	60.4	27.1
S&P Goldman Sachs Commodity Index	-0.1	7.4	9.2

Source: ILIM, Bloomberg. Data is accurate as at 1 December 2025.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied upon as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)



## THE ILM VIEW – LOOKING AHEAD

The fundamental backdrop for global equities on a 12-month view remains positive despite uncertain US policy. The agreement of trade deals provides clarity and helps remove uncertainty. While tariffs are higher than at the start of the year, they are at levels which should not lead to a recession. Earnings forecasts have stabilised and show positive growth; consumer balance sheets are strong; ongoing disinflation is expected through 2026; and expected Fed rate cuts and a corporate-friendly stance from the US government should mean a favourable environment for the asset class. Divergence within regional equity performance, however, is likely to remain a feature as policies in the US and the rest of the world are set to remain in flux.

Global equities valuations are above long-term averages, trading on a 12-month forward P/E multiple of 19.1x against a long-term average of 16.2x. However, with a positive growth and earnings backdrop, multiples can remain close to current levels. The 12-month forward P/E for the MSCI USA is 22.8x against a long-term average of 16.6x. Equities outside the US offer better relative value in absolute terms and are trading closer to their long-term average P/E levels. Equities remain expensive against both bonds and cash given the high yields currently available on these assets.

Despite equities appearing fully valued, the outlook on a 12-month view is constructive. With growth expected to remain positive and US corporates eventually set to benefit from growth-friendly policies from the new administration through 2026,

earnings are forecast to rise by double digits over the next one to two years, which should be supportive. Additional rate cuts amidst a positive fundamental backdrop can also contribute to further gains. Over the medium term, the rollout of AI should boost efficiencies and earnings across the whole market and allow equities trade at higher valuation levels. Any short-term volatility in markets is likely to be offset by the above factors, resulting in positive returns on a 12-month timeframe.

Sovereign bond yields have been volatile over the past year amid somewhat sticky inflation, but both German and US 10-year yields are below their October 2023 highs. With inflation having fallen significantly, some central banks can cut rates further, enabling bond yields to decline over the next 12 months.

On a 12-month view, our base case is that German and US 10-year government bond yields fall from current levels of 2.69% and 4.01% to 2.25% and 3.75%, respectively. We believe fixed income offers a strong risk-reward profile at this stage in the cycle, with the potential to offer protection if the economy slows. The asset class is attractive from an income perspective while also providing potential for capital gains via falling yields. We believe that the risks of materially higher bond yields have reduced and, if the economy falters, major central banks will be able to cut rates to support growth. In that scenario we would expect bonds to outperform.



# THE MONTH AHEAD

## December

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
			<b>11</b> France IEA oil market report Brazil retail sales MoM, YoY Canada balance of trade US balance of trade; exports; imports; initial jobless claims	<b>12</b> UK GDP MoM; goods trade balance; industrial production MoM; manufacturing production MoM India inflation rate YoY, MoM
<b>15</b> Japan Tankan large manufacturers index China house price index YoY; industrial production YoY; retail sales YoY Germany wholesale prices MoM, YoY Euro Area industrial production MoM, YoY Canada housing starts; inflation rate YoY, MoM; core inflation rate YoY, MoM US Empire State manufacturing index; NAHB housing market index	<b>16</b> Australia Westpac consumer confidence change Japan S&P Global manufacturing, services & composite PMI flash India HSBC manufacturing, services & composite PMI flash UK unemployment rate; average earnings; employment change; S&P Global manufacturing, services & composite PMI flash Euro Area, Germany, France HCOB manufacturing, services & composite PMI flash US S&P Global manufacturing, services & composite PMI flash; non-farm payrolls; average hourly earnings MoM, YoY; unemployment rate; retail sales MoM	<b>17</b> Japan balance of trade; exports YoY; machinery orders MoM, YoY UK inflation rate YoY, MoM; core inflation rate YoY, MoM; CBI industrial trends orders Germany Ifo business climate, current conditions, expectations	<b>18</b> France business confidence UK BoE interest rate decision Euro Area ECB interest rate decision US core inflation rate MoM, YoY; inflation rate MoM, YoY; CPI; initial jobless claims; Philadelphia Fed manufacturing index	<b>19</b> Japan inflation rate YoY; core inflation rate YoY UK GfK consumer confidence; retail sales MoM, YoY Japan BoJ interest rate decision Germany GfK consumer confidence; PPI YoY Italy business confidence; consumer confidence Canada new housing price index MoM; retail sales MoM final, MoM prel US existing home sales, existing home sales MoM

Source: tradingeconomics.com

This is intended as a general review of investment market conditions. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person.

The author cannot make a personal recommendation for any person and you should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally, and not in relation to its suitability to any specific person.

ILIM may manage investment funds which may have holdings in stocks commented on in this document. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates. Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.

Figures referenced herein have been sourced from ILIM and Bloomberg. Forecast figures have been prepared by ILIM based on reasonable assumptions, internal data and data sourced from Bloomberg.

## Contact us

Phone (01) 704 1200

Fax 01 704 1918

Website [www.ilim.com](http://www.ilim.com)

Write to Irish Life Investment Managers, Beresford Court, Beresford Place, Dublin 1

Irish Life Investment Managers is regulated by the Central Bank of Ireland. Irish Life Investment Managers Limited is registered as an Investment Adviser with the Securities and Exchange Commission (the "SEC"). Irish Life Investment Managers Limited holds an International Adviser Exemption in Manitoba and Ontario pursuant to NI 31-103. This material is for information only and does not constitute an offer or recommendation to buy or sell any investment and has not been prepared based on the financial needs or objectives of any particular person. It is intended for the use of institutional and other professional investors.