

Last Week at a Glance

Global equities reached but couldn't hold new peaks last week, finishing down slightly. An initial boost to markets from the Federal Reserve rate cut proved insufficient to offset growing skittishness over valuations and expanding projections by tech companies around investing in AI and data centers.

- The Fed cut its policy rate by 25 bps to 3.50%–3.75%, signaling it is near the end of the easing cycle. Growth forecasts for 2026 were boosted and inflation expectations were slightly trimmed. After initially greeting the news positively, broad equity indexes closed lower on the week. Value and small caps outperformed, reflecting both concern over rising valuations for AI-related winners but also expected benefits from rate cuts.
- Oracle surprised markets by raising its fiscal year capex budget by \$15bn (to ~\$50bn). Shares fell more than 10% on concerns about near-term margins and the sustainability of AI/cloud spending, sparking broader tech sector volatility. Broadcom shares also took a beating despite posting record 3Q revenue.
- China's trade surplus topped \$1 trillion YTD, driven by strong exports in autos, electronics, and steel. While this highlights China's external strength, weak domestic demand and manufacturing PMIs signal ongoing challenges. For European industrials, China's overcapacity and export push mean softer demand for their goods and potential margin pressures.
- US economic releases were light. In Europe, slightly firmer inflation data and the recent 3Q GDP data suggest the ECB will remain on hold next week. Japanese releases were quiet, with markets looking forward to the Bank of Japan policy meeting next week where a rate hike is widely expected.

Market Performance

As of December 14, 2025 • Local Currency • Percent (%)

Equities	Last Week	This Month	This Year
Global	-0.3	0.2	19.1
Developed Markets	-0.3	0.0	17.8
United States	-0.7	-0.3	17.0
Euro Area	0.0	0.7	21.8
United Kingdom	-0.2	-0.8	22.1
Japan	1.8	1.6	25.1
Emerging Markets	0.4	1.8	30.3
Fixed Income			
US Aggregate	-0.2	-0.7	6.7
US Treasuries	-0.2	-0.8	5.8
US Corporate IG	-0.3	-0.8	7.2
US Corporate HY	-0.1	0.0	8.0
Real Assets			
Global Equity REITs	-0.8	-2.3	2.3
Global Natural Resources	0.5	1.5	25.5
Gold Bullion	1.9	2.0	63.3
Currencies			
EUR/USD	0.8	1.1	13.4
GBP/USD	0.1	0.8	6.6
USD/JPY	0.4	-0.1	-0.8

Sources: Bloomberg Index Services Limited, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: This edition was prepared on December 14, 2025, and it reviews developments of the prior week. The equity data are total returns net of dividend taxes of MSCI indexes in local currency. Global natural resources equities are represented by the MSCI All Country World Commodity Producers Index. The fixed income data are total returns for Bloomberg indexes. Gold Bullion uses near-month gold futures contracts, as traded on the COMEX, to determine performance. Currency performance is based on Reuters data.