



CIO Office Morning Notes

16 December 2025

The week started on an uncertain note. Stocks fell -1.6% in China, -1% in the GCC and -0.4% in the US but gained +1% on average in Europe. US Treasury yields shed a couple of basis points, supporting the asset class. Gold crossed the \$4,300 mark and the price of Brent crude continued to weaken to \$60.5.

After China disappointed with tepid retail sales and industrial production, the US Empire Manufacturing index unexpectedly tumbled from 18.7 to -3.9 in December, much below the median forecast of 10. On the geopolitical scene, President Trump said the end of the war in Ukraine was “closer than ever” as the US offered enhanced security guarantees, comparable to NATO’s Article 5 but without formal membership. German chancellor Merz confirmed progress, talking about a genuine opportunity, while at the same time and a bit ambiguously presenting a plan to cooperate with Ukraine on battlefield technology – which suggests that there will still be a battlefield. In other news, Nasdaq is seeking approval to extend trading hours to 23 hours per day, ending the headache of post and pre market trading.

Markets this morning

Risk aversion prevails in Asia as we write this morning, with all stock markets down between -1 and -2%. Market participants are indecisive ahead of economic data. There is no notable move in US Treasury yields, but more action in FX where the yen is strengthening to below 155 for a dollar. Flash PMIs for Japan were just released and were overall supportive, with a positive surprise in manufacturing and a manageable disappointment in services. The BoJ will meet on Friday and is expected to hike.

Upcoming key events/data

Today will provide flash PMIs for India, the Eurozone, the UK and the US in chronological order, as well as Germany’s ZEW expectation index. But investors’ attention will focus on delayed US NFP job creations for October and November, expected to be negative for the former (-25k?) and positive for the latter (+50k?). We are in a context where “bad news is good news” with a data-driven, uncertain Fed.

Have a great day.

Chief Investment Office
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